Report On
"Risk Management Framework for Etacol Bangladesh Ltd"

By

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20104051

An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

Brac Business School
Brac University
2024

Declaration

It is hereby declared that

1. The internship report submitted is my/our 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/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Shah MD Nahian

20104051

Supervisor's Full Name & Signature:

Dr.Saad MD Maroof Hossain

Assistant Professor

Brac University

Letter of Transmittal

Dr. Saad Md. Maroof Hossain

Assistant Professor,

Brac Business School

BRAC University

Kha 224 Bir Uttam Rafiqul Islam Avenue

Merul Badda, Dhaka 1212

Subject: Risk Management Framework for Etacol Bangladesh Ltd

Dear Sir,

It is an honor for me that I have finished my internship report on "Risk Management Framework for Etacol Bangladesh Ltd".

I have obtained the skills and knowledge during my internship that will be beneficial for my future career. Without your guidance and support, the paper development would be unimaginable.

I expect that the report demonstrates my internship appropriately.

Sincerely yours,

____

Shah MD. Nahian

20104051

BRAC Business School

BRAC University

Date: Month Day, Year

Non-Disclosure Agreement

This arrangement is established between Etacol Bangladesh Limited and Shah MD, Nahian, who is a recognized student at BRAC University. a student of BRAC university I, Shah MD. Nahian confirm that this report does not contain any confidential information which is either dangerous or critical to Etacol Bangladesh Limited. This will be a joint report with the office manager, and based on my encounters each day. Hence, the Online internship program valuation report of my organization will not be accessible in the online media but it will store at our BRAC University. I certify that this report will not be harm any embarrassment to the company and sources of information have been acknowledge by me.

Acknowledgement

To begin with I want to thank Allah for giving me this opportunity. Also, I would like to thank Dr.Saad Md Maroof Hossain, Assistant Professor of BRAC Business School who contributed as my supervisor during this period. I am grateful to Mr. Abir Hossain, the controller of Etacol Bangladesh Limited (supervisor & mentor in Internship period).

Executive Summary

The paper provides a comprehensive analysis of Etacol Bangladesh Ltd's financial performance and market position, drawing insights from a three-month internship experience within the company. At almost 25% of Bangladesh's projected $1.2 billion interlining market, Etacol, a Chargeurs PCC subsidiary, is a top producer of interlinings. Important conclusions from the financial ratio study show that profitability is facing serious problems; the profit margin will drop sharply from 6.2% in 2022 to 0.2% in 2023. The Return on Assets (ROA) and Return on Equity (ROE) both showed comparable decreases, suggesting that the company's capacity to produce a profit and provide returns for shareholders is under tremendous strain. Better asset utilization and liquidity ratios, however, point to improved operational effectiveness and a more solid short-term financial situation. Financial stability of Etacol is threatened by a number of risk factors, according to the report, including market competitiveness, liquidity issues, debt and solvency problems, and profitability hazards. A number of strategic proposals are put forward to counter these risks, with an emphasis on debt restructuring, product offering diversity, better working capital management, and research and development spending. Though Etacol Bangladesh has significant operational and financial difficulties, there are chances for expansion and recovery. Etacol can strive to regain its strong market position and guarantee long-term financial stability by putting strategic plans into place to handle profitability issues, streamline operations, and take advantage of market developments.

Keywords: Financial ratio analysis; Interlining manufacturing; Risk management; Bangladesh textile industry;

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List of Acronyms

ROA - Return on Assets

ROE - Return on Equity

EBIT - Earnings Before Interest and Taxes

BBS - Bangladesh Bureau of Statistics

RMG - Ready-Made Garments

BGMEA - Bangladesh Garment Manufacturers and Exporters Association

EPZ - Export Processing Zone

DEPZ - Dhaka Export Processing Zone

VAT - Value Added Tax

IFRS - International Financial Reporting Standards

CFT - Convertible Free Trade

PCC - Protected Cell Company

Chapter 1

Overview of Internship

1.1 Student Information

Name: Shah MD Nahian

ID: 20104051

Program: Bachelor of Business Administration

Major 1: Finance

Major 2 : Accounting

1.2 Company Information

Period: 3 months

Company Name: Etacol Bangladesh Limited

Department: Accounting & Finance

Address: Road #07, House # 13,Block -F(DOM-INNO House, 1st Floor)BANANI, DHAKA 1211, BANGLADESH

Figure 1 Etacol Bangladesh

1.3 Internship Company Supervisor's Information

Name: Muhammad Abir Hossain

Position: Controller

1.4 Internship Outcomes

1.4.1 Student's contribution to the company

At Etacol Bangladesh, where I interned, I was instrumental in keeping the business financially stable by careful cash management and bookkeeping. I painstakingly documented transactions and entered them into QuickBooks every day to make sure the financial records were correct and up to current. Completing monthly bank reconciliations was another of my duties; matching the company's records with the bank statements needed close attention to detail. Managing small change was another important aspect of my job. The petty cash fund was to be managed, local payments up to 5000 BDT were to be handled, and all expenses were to be recorded and justified. Issuing bank checks and vouchers was one of the more difficult and satisfying parts of my internship. For every monthly payment—vendor, supplier, and service provider—I created vouchers. Writing bank checks needed to be done precisely and with responsibility because the Deputy County Manager and the controller of the company had to approve them. This experience improved my technical abilities but also made me realize how crucial trust, accountability, and thoroughness are to sound financial management. It was a fulfilling event that deepened my comprehension of the financial processes in a business environment.

1.4.2 Benefits to the student

At Etacol Bangladesh, people can learn professional skills and cooperate with different departments to accomplish company objectives. I learnt professional client interaction from this organization. I can now speak with clients and coworkers both clearly. Moreover, one will get knowledge on how to react well under pressure. The employee may also have to communicate with a good number of clients via phone, text messaging and email working for this textile company. Perhaps that is not a bad thing for the unleashing of interpersonal and communication skills. But I also learned teamwork and co-operation on the other hand. As I saw it, that was the way to survive in a corporate setting and keep the peace. Now I have a quite good indication of what to do in a number of cases & how the chain in command works within a company. For the time and energy they put into their internships, many other companies do not pay interns. But Etacol Bangladesh appreciates the interns' work very much. As so, our organization offers interns various benefits including a monthly stipend and meeting transportation.

Chapter 2
Organization Part

2.1 Company Overview:

Etacol Bangladesh Ltd is a prominent maker of interlinings in Bangladesh. The company specializes in producing and marketing interlinings to garment manufacturers in Bangladesh who focus on exporting their products. The company is located in Dhaka, Bangladesh and functions as a subsidiary of Chargeurs PCC. Our group's substantial efforts in research and development enable us to maintain a technological advantage that is recognized by the clothing industry. Chargeurs is a worldwide corporation that holds a dominant position in particular key areas within the manufacturing and service sectors. It is an influential global producer of clothing interlining. Bangladesh has a considerable inflow of foreign direct investment due to firm like Etacol being owned entirely by the foreigners. The following are all of these different components of this specialist product in which Etacol Interlining thrives because it is positioned between fabric and the lining area to improve clothing flexibility while enabling clothes to hold their shape. Etacol Interlining : The World Leader in Manufacturing for Interlinings which have the skills, proficiency and range of products to add interlining into any part of a garment. Chargeurs PCC provides a comprehensive selection of products designed for menswear, and womenswear suitable for: nonwoven, woven Bottoms, outerwear, Tops & Dresses shirts wool Bi-elastic Fabrics The annual interlining market in Bangladesh is around $1.2 billion, according to BGMEA estimates. Etacol represents more than 25% of the market.

A green producer and seller of safety-focused products, Etacol Interlining And so, again to be clear; Etacol Interlining have not only their quality control methods Oekotex and Reach compliant as part of them being fully on-board with these tenets such (which they are), but also this much I am adding now. Virtually all interlining products by Etacol are Oekotex class 1-certified Accredited with ISO 9001 This 360 degree sustainable approach is a true commitment to corporate social responsibility.

- DHJ leads the shirt interlining industry.
- Lainiere de Picardie, a global leader in knit goods, produces and distributes a wide variety of fusible knitted interlinings, playing a major role in the suit canvas and womenswear sectors.
- Intissel is the non-woven products specialized brand .

- Etacol is among Bangladesh's top interlining producers and is preferred by major retailers due to its ongoing investments and social compliance efforts.
- PCC specializes on tricot and nonwoven materials.

These brands make it possible to better satisfy the unique needs of every client and provide access to a larger range of interlinings.

2.2 Company's Management Practices

Etacol Bangladesh started out life on June 28, 2003, as a DEPZ (Dhaka Export Processing Zones) sole proprietorship. Owner of it was Bernard Frey. Bernard Frey sold Etacol to the Chargeurs last January 2008. In 1992, Etacol joined the list of Chargeurs brands. EU plant: Chargeurs has a plant in the Dhaka EPZ (Export Processing Zone), so it is able to locally deliver all of the export garment companies. This was the firm's foundation. in Etacol depends on Chargeurs Singapore for its accounting, purchasing, logistical and financial functions. In 2015 the company changed ownership and in this movement, which included a divesture of Chargeurs Entoilage stake to Fitexin. PCC with CFT is yet another revolutionary development implemented by the administration. Clearly, that kind of action would have quite an impact on the market. An unholy trinity of sorts, also adopted in Bangladesh — a combination of CFT along with PCC targeting the market—together with Singapore and Hong Kong. They can help as many clients on Earth ship their wares under one banner, due to them being currency agnostic.The management decisions are made in the Chargeurs headquarters in Singapore, which is also responsible for all Asian brands. Peter Seah, the chairman of the firm is having substantial influence within a network of companies across Bangladesh, India, Sri Lanka, Vietnam and Ethiopia among other places.

2.3 Sales Analysis of Etacol Bangladesh

Current days, companies are waking up to the power of relationship-building in their sales strategies – a trend that's only gaining momentum. At Etacol, we've had an epiphany: our sales team isn't just important; they're the lifeblood of our customer connections! These passionate individuals are the face of our interlining brand, shouldering the thrilling responsibility of winning over hearts and securing those precious orders.

But wait, there's more! Our sales dynamos juggle a dizzying array of tasks. They're the wizards behind our monthly sales targets, conjuring realistic goals from a cauldron of past data and carefully brewed estimates. When it comes to our product lineup, they're the judges and jury, deciding which items deserve a price makeover or need to bow out gracefully. It's not just number-crunching – they're tuned into the rhythm of customer feedback, market trends, and gut instincts. Building and nurturing client relationships? That's where our sales team truly shines! They're the friendly faces welcoming new customers, the patient voices answering burning questions, and the keen eyes keeping tabs on our competitors' every move. But here's the real magic: our sales team isn't an island. They're the glue that holds Etacol together, sharing invaluable insights across departments like a well-oiled machine. When hiccups happen (because let's face it, they always do), our sales heroes swoop in, collaborating with production and commercial teams to save the day and keep our customers grinning from ear to ear.

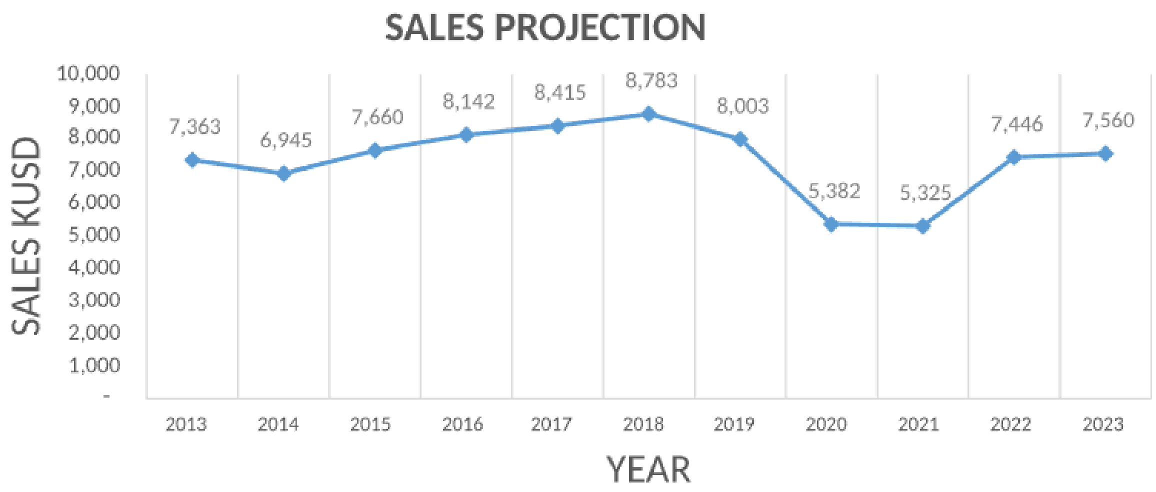

Figure 2 Sales Analysis of Etacol Bangladesh

In an attempt to meet the organization's sales goal, the sales department is working tirelessly. Sales for the company dropped sharply during the epidemic, but they recovered and were back in the black by 2022.

2.4 Account and Finance Department Activities

At Etacol Bangladesh, the Accounting and Finance Department is instrumental in overseeing the appropriate recording of financial transactions, compliance with established guidelines, optimal cash management and identification of resource requirements. Preparation of Financial statements, Balance sheet, Income Statement, Statements of Cash flows Ensuring the compliance of International financial reporting standards (IFRS). As of December 31, 2023, Etacol's balance sheet showed total assets of BDT 2.5 billion and total liabilities of BDT 1.8 billion. The department also prepares annual budgets and forecasts, guiding financial planning. For the fiscal year 2023, the budget projected revenues of BDT 1.2 billion and operating expenses of BDT 900 million, aiming for a net profit margin of approximately 25%. The team manages accounts payable and receivable, ensuring timely vendor payments and collecting receivables, which totaled BDT 350 million in outstanding invoices at the end of 2023. Ensuring compliance with local tax laws, the department files corporate income tax, VAT, and other necessary taxes, paying BDT 150 million in corporate taxes in 2023. Implementing internal controls to prevent fraud and errors, the department regularly undergoes audits, with the 2023 audit confirming fair presentation of financial statements.

On the financial management front, the department focuses on managing the company's capital structure, including equity and debt financing, raising BDT 500 million in 2023 through a mix of equity and long-term debt for expansion plans. It evaluates investment opportunities and manages Etacol's investment portfolio, valued at BDT 300 million, which includes equity stakes in several strategic ventures. The finance team also works on cost control and reduction, implementing efficiency measures that led to savings of BDT 50 million in 2023, primarily in procurement and operational expenses. Through Financial Planning and Analysis (FP&A), the department analyzes financial data to support strategic decision-making, contributing to the company achieving a return on equity (ROE) of 18% in 2023. Overall, the integrated efforts of the Accounting and Finance Department ensure Etacol's financial health, compliance, and strategic growth, thereby playing a critical role in the company's success in the competitive market.

2.5 SWOT Analysis

SWOT analysis stands for Strengths, Weaknesses, Opportunities and Threats. This can be applied in a company's strategic planning process for the purpose of macro and micro environmental evaluation using SWOT analysis. The SWOT analysis still takes both the internal and external strategy components together Therefore, the elements that facilitate and impede the company in achieving its goal are considered as strong and weak aspects of the company. Both threats and opportunities are considered to be external, meaning that the final element of an SWOT analysis is an evaluation of how they will affect the organization's ability to meet its desired objectives. In light of the foregoing discussion, we have attempted to do a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of Etacol Bangladesh below.

Strength:

Strong supplier nomination by a host of International Brands is the major key for success of Etacol Bangladesh. That nomination has kept them ahead of a number of local competitors. We're all familiar with the quality of product and service provided by this company, and they are never less than solid in either regard. Brilliant R&D department of this company always comes with a variety of items based on the requirements of its customers. This company has over a thousand goods, so that customers can find the right interlining for clothing within a larger range. They never also face any legal action since they operate within the law provided by the government.

Weakness:

Etacol Bangladesh, like any other company, has its own share of shortcomings. And due to their rigid pricing, they are miles behind their competitors. The reason is that product prices are moving higher in response to rising raw material costs but vendors are not absorbing the higher pricing. There is a big elephant in one more come company and they could potentially loose to much amount of bunsiness if do not work onto this. Of course, the long lead times for raw materials result in longer cycle times. This in turn irritates customers and a longer delivery lead time.

Opportunity:

Etacol Bangladesh is enhancing its product offerings to meet customer demands, signaling promising future prospects. In line with corporate responsibility goals, many textile companies are prioritizing sustainability by exploring recyclable product alternatives. Responding to this trend, Etacol Bangladesh has expanded its range to include sustainable products and launched the "Sustainable 360 degree" program, underscoring its commitment to corporate social responsibility. This initiative also positions the company to forge partnerships with firms seeking eco-friendly goods. Additionally, Etacol Bangladesh has introduced a variety of fusible and non-fusible elastic products, paving the way for entry into the global sportswear and lingerie markets. Leveraging existing customer relationships in these sectors could facilitate gaining market share.

Threat:

If this carbon issue leads with the global financial ruin due to inflation and customer orders reduction in decline, then it will leave the company in most danger. If the problem above is not solved then it will have a serious impact on the sales of the company. Ever increasing costs: the general manufacturing price are being hurt on some fronts. Even more, it is a very competitive industry where a large part of the market is served by small business owners. In order to bring in more business, they also slashed their prices but, in doing so, took a hit on the quality of the product and service. It has however grown on to pose a possible threat to Etacol Bangladesh where they could lose customers.

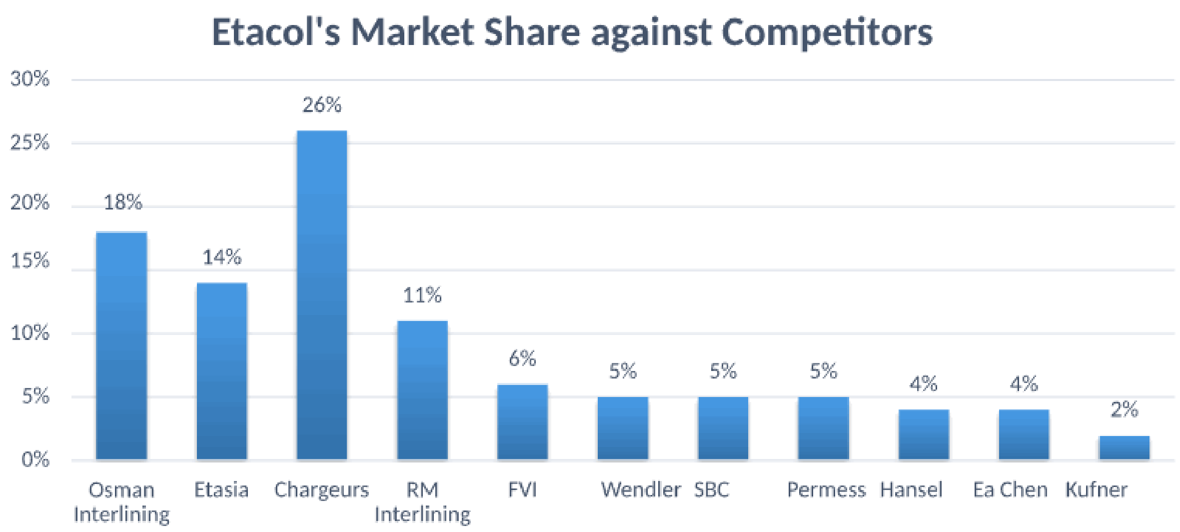

Figure 3 Etacol's Market Share Comparison

Chapter 3

Risk Management

3.1 Introduction

Financial ratio analysis is one of the most important indicators of a company's financial health and operational efficiency, making it an indispensable tool for risk management. Etacol Bangladesh Ltd. works in a competitive and dynamic industry that depends on the ability to evaluate where risks are concentrated and how they should be mitigated or eliminated. This will help the stakeholders to know what ratios they need to see, whether in terms of liquidity, profitability and Safeguarding (long term) part of the company. With this, it identifies the areas of financial strength and weakness which helps in sensitizing the company to take cautious steps when dealing with cash flow concerns or debt management challenges or market instabilities. Etacol identifies trends, performance relative to industry benchmarks and is able constantly course-correct based on its insights gained from the entire process, thus helping it manage through various economic waves — allocate resources more effectively and make better decisions. In brief, this complete financial ratio analysis will enable Etacol Bangladesh Ltd with the necessary intelligence and insight to build greater financial resilience, enable sustainable growth and help them realize their company objectives within an increasingly globalised world.

3.2 Financial Ratio Analysis

Profitability Ratios

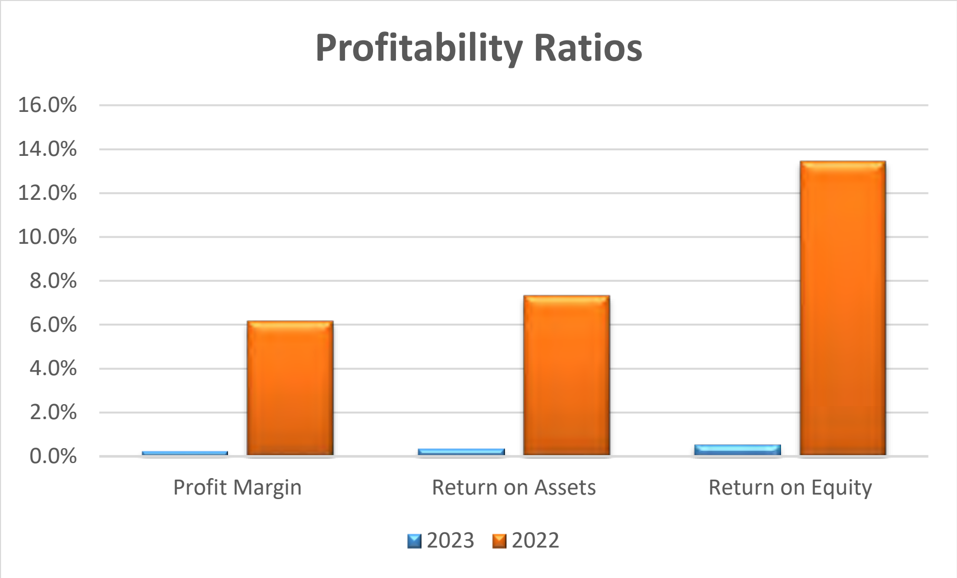

Figure 4 Profitability Ratio

1. Profit Margin: Profit margin is a measure of profitability for a company (business unit etc…); in general, the higher the profit margin ratio, the more efficient & profitable condition of the business to secure a reasonable ROI. This is a simple ratio of net income into revenue.

$$\text{Profit Margin} = \left(\frac{\text{Net Income}}{\text{Revenue}}\right) \times 100$$

- **2022:** 6.2%
- **2023:** 0.2%

The big drop from 6.2% to 0.2% signals a steep fall in the profitability for Etacol Bangladesh Ltd. A margin of 5-10% is respectable in the interlining industry. This decrease could be a sign of problems with cost control, pricing, or increased competition.

2. Return on Assets (ROA): Return on Assets is a measure of how much profit a company earns over an accounting period relative to the assets it had during that period. This is measured by dividing net income by total assets.

Formula:

$$\text{ROA} = \left(\frac{\text{Net Income}}{\text{Total Assets}}\right) \times 100$$

- **2022:** 7.3%
- **2023:** 0.3%

The ROA for the interlining industry typically ranges from 5-8%. The drastic drop from 7.3% to 0.3% suggests that Etacol Bangladesh Ltd is not using its assets efficiently to generate profits in 2023 compared to 2022.

3. Return on Equity (ROE): RoE stands for Return on Equity and captures profitability by showing how much return a company through the money-funds of shareholders. Net income Shareholders equity *its net income divided by shareholder's equity

Formula:

$$\text{ROE} = \left(\frac{\text{Net Income}}{\text{Shareholder's Equity}} \right) \times 100$$

- **2022:** 13.4%
- **2023:** 0.5%

- **Comparison with Industry Standard:** A typical ROE in the interlining industry ranges from 10-15%. The drop from 13.4% to 0.5% indicates a significant decrease in profitability from the shareholders' perspective, highlighting issues in generating returns on investments.

Asset Utilization Ratios

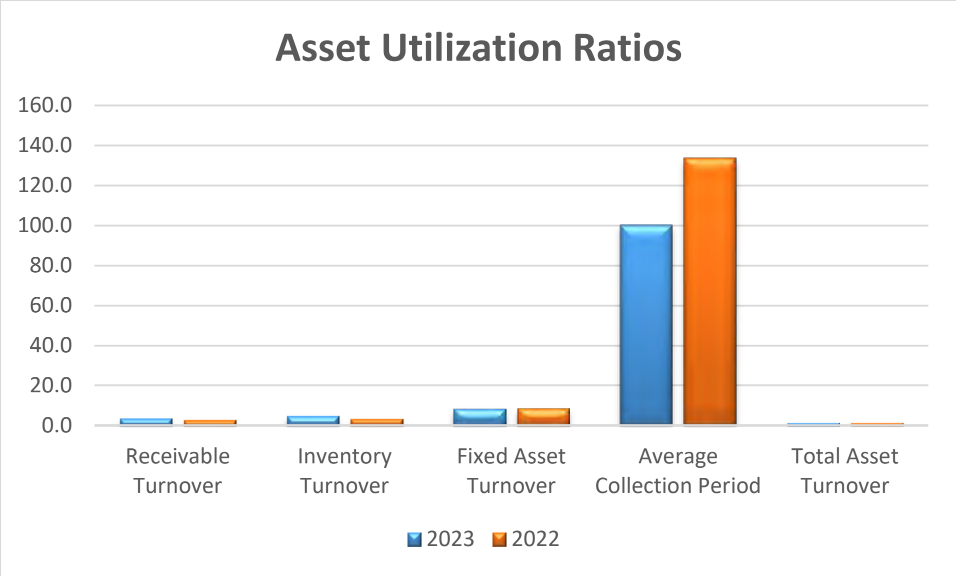

Figure 5 Asset Utilization Ratios

1. **Receivable Turnover:** Receivable Turnover is a function of how quickly or efficiently the company collects revenue from credit customers. It is calculated by taking net credit sales and dividing it by average accounts receivable.
2. **Formula:**

$$\text{Receivable Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

- **2022:** 2.7
- **2023:** 3.6

A normal receivable turnover ratio for the interlining sector is really generally between 3-5. This improvement from 2.7 to 3.6 indicates a more efficient collection of receivables in 2023 compared to the past two years.

2. Inventory Turnover: This measure tells you how often a company sells and replaces its inventory within a period of time. It is the cost of goods sold divided by Average Inventory.

Formula:

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

- **2022:** 3.4

- **2023:** 4.8

For the interlining industry, an inventory turnover of 4-6 is typical by industry standard. So the 3.4 to 4.8 really indicates that Etacol Bangladesh Ltd is sporting… It turned into-sales with high frequency, more close-in less storage costs in your inventory management efforts.

3. Fixed Asset Turnover: It measures how well a company is utilizing its fixed assets to generate sales. Net Sales/Net Fixed Assets

Formula:

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

- **2022:** 8.7
- **2023:** 8.3

In the interlining industry, a typical fixed asset turnover ratio is between 7 and 9. A 0.4 decrease is needed to fall within the acceptable range of efficiency in the use fixed assets to generate sales and despite no other change a dragging figure better than it was>A minor reduction from 8.7 to 8.3 still amounts for stable efficiency in using fixed Assets to generate sales\Services are rendered same as they were

4. Average Collection Period: The average collection period tells you how long on average it takes for a company to collect on its receivables. This is calculated as total Number of Days in the period divided by Receivable Turnover ratio

Formula:

$$\text{Average Collection Period} = \frac{365}{\text{Receivable Turnover}}$$

- **2022:** 133.5 days
- **2023:** 100.1 days

The average collection period [ACP] norm for the industry is approximately 60 to 90 days. While the situation in Etacol has improved, their ACC is still lagging behind industry norms — this means it takes them longer to collect money than other companies in the sector.

5. **Total Asset Turnover:** Total Asset Turnover is a measure of how effective the firm is in utilizing its assets to generate sales. ROA = Net Sales / Average Total Assets

Formula:

$$\text{Total Asset Turnover} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

- **2022:** 1.2
- **2023:** 1.4

A typical industry standard for total asset turnover is 1.0-1.5. Based on 2023, the increase from 1.2 to 1.4 shows better efficiency of converting sales into total assets.

Liquidity Ratios

Figure 6 Liquidity Ratios

1. **Current Ratio:** The current ratio measures a company's ability to pay short-term obligations with its short-term assets. Expressed as current assets/current liabilities

Formula:

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

- **2022:** 1.90

- **2023:** 2.42

For the current ratio, anything around 1.5-2.5 is the general accepted industry standard. A rise to 2.allback level of For Etacol Bangladesh Ltd is Norway it indicates that the business has a strong liquidity position and can meet its short-term obligations comfortably.

2. **Quick Ratio:** Quick Ratio is also known as the acid-test ratio and it helps us to measure company's most liquid assets in order to know whether they will do good for meeting short term obligations or not? The quick ratio is derived by dividing quick assets (current assets less inventories) by current liabilities.

Formula:

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

- **2022:** 1.16
- **2023:** 1.59

Ideally, the industry standard quick more than 1.0 to 1.5. Its spike to 1.59 is quite powerful, demonstrating Etacol has been enhancing its capacity to fulfill its short-term obligations without being reliant on inventories.

Debt Utilization Ratios

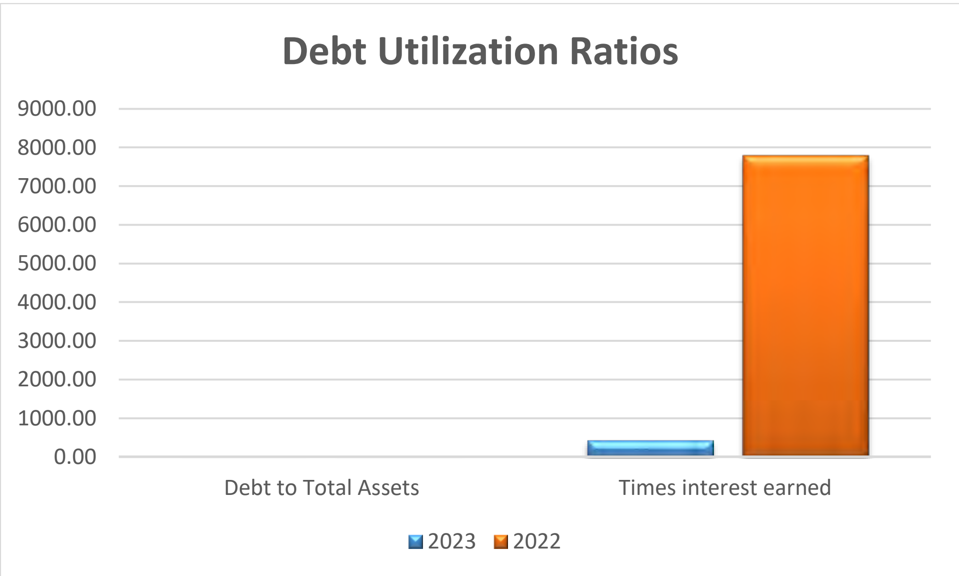

Figure 7 Debt Utilization Ratios

1. Debt to Total Assets: Debt to total assets is calculated by dividing the company's book debts by its total assets. To find this ratio we divide total debt by total assets.

Formula:

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

- **2022:** 0.46
- **2023:** 0.35

Usually, sector industry debt-to-total-assets for interlining companies is about 0.4-0.5 fold It represents a more experienced balance sheet with less reliance on debt capital in 2023.

2. Times Interest Earned Facts: Times Interest Earned ratio is an indirect measure of a company's ability to pay its interest on the debts. It is a metric that results from Earnings before interest and taxes (EBIT) divided by the Interest Expense.

Formula:

$$\text{Times Interest Earned} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

- **2022:** 7792.67
- **2023:** 418.19

This is on the high side, but it has fallen substantially from 7792.67, which may not be good if this is due to a decrease in interest coverage or an increase in interest expense. A ratio greater than 5 in the interlining industry will be acceptable.

Performance in terms of various financial ratios appears to be mixed by Etacol Bangladesh Ltd. The liquidity and asset utilization ratios are on an improving trend and stabilized however the profitability and certain debt use ratios are showing challenges and in overall financial health is declining (Chart 4). A comparison of these ratios to those in the industry demonstrates that Etacol is clearly underperforming and steps must be taken to address these concerns. Based on a few financial ratios, the financial health of Etacol Bangladesh Ltd appears to be a bit complex relative to the industry average. This substantial reduction in profitability ratios, the profit margin falling from 6.2% to 0.2% and ROA decreasing considerable from 7.3% to 0.3%, points out alarming issues regarding cost control problem, pricing strategies and possibly facing challenging competition issues as well. Return on stock (ROE) has also plunged from 13.4% to 0.5%, which indicates a really problematic ability the company's stock in generating profit for shareholders – at the expense of undellaneousing and inefficiencies. However, it is also important to mention that improvements in asset utilization ratios i.e. receivable turnover and inventory turnover are indications of better operational efficiencies and inventory management. The ratios for liquidity continue in an upward trend, with the current ratio at 2.42 and the quick ratio at 1.59 showing some improvement. This means that compared to Ibuprofen, Etacol is more capable of meeting its short-term obligations. But the drop in debt to total asset ratio from 0.46 to 0.35 reveals that Grove lines up with industry benchmark for how he takes advantage of money borrowed and improves his financial stability at the same time. Nonetheless, the large drop in times interest earned ratio of 7792.67 to 418.19 is quite troubling because it either shows a lower profit for the company or higher interest costs, and this could mean Ferroglobe may become financially distressed in the future if one of these worries proves correct.

3.3 Risk Factors and Mitigation Strategy for Etacol Bangladesh

Future threats to Etacol Bangladesh Ltd. revolve around its performance decline, tougher competition and liquidity related concerns. Margins have compressed from levels of 6.2% to 0.2%, return on assets have tanked from 7.3% to (0.3%) and return on equity has plummeted from 13.4% to something like 0.5%, all which may present some structural problems for the ongoing future profitability of the company as well moving forward. Increased costs, ineffective operations of a weaker market position all threaten the company's ability to produce sustainable returns.

1. Profitability Risk: The significant decline in profitability ratios suggest that Etacol is finding it hard to maintain the profits levels. Here, the situation may escalate if loss cannot be contained even by cost control or/and revenue increase is not certain for the company. In addition to high operating costs (cost of goods sold amounted to BDT 518,228,511 thousand in 2023 after rising from BDT 551,963,348 thousand in previous year) and fluctuating raw material prices; prevailing intense competition can erode profit margins even more.

The most profitable risk to Etacol would be high profitability risks, for this they should focus on cost control in production processes, negotiations with suppliers and lower overhead costs. Moreover, the company should consider new potential revenue streams by expanding its product portfolio, foraying into new markets and capitalizing on technology leadership.

Marketing efforts, however, could do more for brand recognition and attracting new customers — leading to increased sales and greater profitability.

2. Liquidity Risk: Liquidity ratios have improved, but further deterioration in profitability could stress cash flow. Liquidity (the ability to pay short-term obligations) is the key component of operational viability. The company reported a jump from negative BDT -42,415,633 thousand (2.5% of LTM revenue) in cash burn in 2022 to positive BDT 32,711,667 thousand (~1.0% of LTM revenue) of operating cash flow contribution to EBITDA in 2023 needs to be sustained.

Etacol should always Try to keep a track of its Cash Flow, which should have an adequate amount of difference between the Current Assets and Liabilities (not too high or not too low). Increase in inventory levels, I would strongly advise to keep the inventory minimising at lower and optimal level as much possible(Cost Erosion) and lowering down receivables collection cycle (BDT 176,067,462 thousand in 2023 over BDT 238,214,438 thousand in 2022). Large clearing houses are also said by derivatives traders to be stockpiling cash, so that readily available credit lines are not put at risk and reserves can be managed safely through stressful times.

3. Debt and Solvency Risk: A large drop from the median times interest earned ratio of 7,792.67 to 418.19 suggests Etacol's ability to meet its interests obligations has decreased. If the company's revenues do not rebound — or interest expenses increase further — solvency could become a concern. The scope of total liabilities reduced from BDT 250,735,051 thousand in previous year to BDT 156,304,970 thousand means a significant decrease overall, albeit the risk associated with this has not been completely mitigated.

To minimize debt and solvency risks, Etacol should make it as easy as possible to pay off those debts by restructuring its financing to decrease interest burdens. They might look into refinancing opportunities, for example or in a time of economic recession pay down high interest debt with the copious amounts of cash sitting on their books. Moreover, the company will also gain in terms of generating enough profits to take care of interest costs simply by way of concentrating on operational efficiency and profitability.

4. Market and Competitive Risk: The interlining industry is competitive in which the Etacol operatesMLP against its competitors market share. More competition squeezes prices and margins, adding another drag on the company's financial results.

Research and development: They have to keep on innovating the products, should invest in R&D. It is important to remain ahead in technology compared to others in the market so Etacol has a competitive edge. Cultivating that can lead to an even stronger bond with those key customers, provide additional services your competitors don't offer and help mitigate market share risk. The company should also be observant to market dynamics and competitors' actions in order to be able to keep up with proactive and reactive date of market.

5. Regulatory and Environmental Risk: As a manufacturer, Etacol is subject to a range of laws and regulations concerning the environment. Facing fines, penalties, and damaged reputation for failing to comply with regulations;

These quality control and environmental management systems should allow Etacol to comply with local regulations Audits and reviews on a consistant basis help keep an eye on compliance issues so that you can correct them before they become a problem.

Chapter 4
Conclusion and Recommendations

4.1 Challenges

The clothing industry has grown significantly since its founding, but much more has to be done and many more peaks to be conquered .Opportunities and difficulties abound and need to be managed. Among the several reasons Bangladesh's textile sector is failing is a shortage of qualified workers. Following a serious power crisis came non-tariff restrictions, continuous labor unrest, inadequate infrastructure, growing production costs, a dearth of fresh investment, and a collapse of the world economy. Both productivity is hampered and expenses are increased by these problems. For Bangladesh's RMG industry, problems include inadequate and weak infrastructure as well as a shortage of gas and electricity.

Financial Crisis Worldwide:

In the mean time, Bangladesh textile industry under severe condition as a result of global crisis and increasing price. Which is why retailers are pushing back shipments to American and European stores or canceling orders. These challenges largely result from the volatile development variables caused by continued uncertainty, and also from a host of objectives that need to be moved in order to improve on occasions unstable international environments. The economic recovery in China and the US from pandemics as well as crises with Russia and Ukraine have all affected the textile sector of Bangladesh. Specifically, utilities and raw materials costs are way up. The textile industry is an importer by and large. The plant is dependent to Etacol Bangladesh Ltd for raw materials and coating. Running a business on the funds provided by foreign buyers has become very expensive and difficult.

The BGMEA claims US$1.2bn of interlining is made in the country every year and Etacol Bangladesh Ltd also has a 25 per cent share of this market,

Market Share

Decline in global sourcing industry position of China. Countries turns to charter lead service instead of China outsourcing The plunge of the fibre industry has been compounded by the Covid-19 hit, increasing US-led boycotts on Chinese cotton that goes into many textiles and rising costs of raw materials. Some Chinese businesses have lost up to 30% of their orders, said research firm Beijing Cotton Outlook in a June 2022 South China Morning Post article. For example, you can see on the most recent data available at CNBC Supply Chain Heat Map that Vietnam, Malaysia, Bangladesh and India are picking off substantial parts of business from China above for considerable volumes outside this category. Bangladesh is currently 12% of the worldwide export apparel market. A few decades ago, Bangladesh was not even a leading exporter of clothing to richer Western nations. Now it is the only country being one of the largest clothing exporters to global arena. It is a valuable alternative to those customers looking for ways to import from China. Economies of scale do not generally benefit Bangladesh since they limit the specialization potential and make Vietnam cheaper due to the lower level of bureaucracy. It is one of the most common source location due to its considerable labor advantage.

4.2 Recommendations for Etacol Bangladesh

After three months fully immersed in Etacol Bangladesh's operations, I have learned a great deal about the company's difficulties and possible future directions. Though I think there is possibility for a recovery, the rapid fall in profitability is very worrying. Above all, our cost structure has to be actively addressed. Efficiency gains should be examined in every department, from supplier negotiations to production process simplification. The extent of the possibilities to improve our inventory control and cut waste really surprised me. To increase productivity everywhere, we ought to make investments in staff training as well. I believe there is unrealized revenue potential in broadening our product portfolio. I heard a lot of clients mention interest in environmentally friendly and sustainable interlining choices when I was here. Creating cutting-edge, ecologically friendly items would allow us to set ourselves apart from the competition and maybe earn larger profits. We should also focus even more on our areas of technical proficiency and customer service strength. I have seen personally how our experienced sales staff established confidence with customers; we should take advantage of this to strengthen our bonds with important accounts and increase our market share. We must, financially, enhance our cash flow management. Tightening up on loan terms and rewarding early payments could lower our accounts receivable and improve our liquidity. Finally, I think that digital transformation is something we should fund. Better data for decision-making throughout the company and major efficiencies could result from system modernization.

4.3 Conclusion

Feelings are mixed up as I finish my internship at Etacol Bangladesh. Unquestionably, the organization has difficult obstacles, but I am also motivated by the tenacity and commitment of this staff. The present financial difficulties notwithstanding, there is a great deal of experience and a sincere dedication to quality that provide a strong basis for recovery. Having a front-row view to the challenges of running a company in the fast-paced textile sector, my time at Etacol has been an amazing educational opportunity. I have a profound understanding of the value of flexibility and creativity in the modern business environment having witnessed personally how global economic issues may affect even the most well-established businesses. Even if the path ahead could be challenging, I firmly think Etacol Bangladesh can not only survive this storm but come out stronger with a strategic focus, operational enhancements, and a readiness to welcome change. My colleagues' enthusiasm and expertise inspire me to believe that this company can take back its leadership role in the interlining industry. I shall take the important things I have learnt during this demanding but worthwhile internship experience with me as I advance in my career.

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Appendix A.
Survey Questions

- ✓ How long ago did you start working actively in the textile sector?
- ✓ Which main problems does this sector face?
- ✓ The interlining market in Bangladesh is how big?
- ✓ With what percentage of the market does your business operate?
- ✓ How much your company can produce?
- ✓ In what ways affects your company overall the energy crisis?
- ✓ What percentage of errors occurs in the manufacturing unit of your company?

- ✓ Which consequences from the world recession do you think will follow?
- ✓ Have your production expenses increased recently?