Internship Report

On

Financial Performance Evaluation of Madaripur Spinning Mills (Pvt) Limited

Submitted To:

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Date of Submission:

Letter of Transmittal

Repon Miah

Assistant Professor

Department of Business Administration

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Daffodil International University

Subject: Internship Report on “Financial Performance Evaluation of Madaripur Spinning Mills (Pvt) Limited”

Dear Sir,

I am honored to submit my internship report titled **“Financial Performance Evaluation of Madaripur Spinning Mills (Pvt) Limited”** which I have prepared as a requirement for completing my Bachelor of Business Administration (BBA) degree at Daffodil International University, with a major in Accounting. This internship program has allowed me to work in a recognized manufacturing business and receive on-the-job training, which has undoubtedly increased my knowledge. I am pleased to submit my internship report, which is a necessity for my internship. I was tasked with writing a report on the subject of "Financial Performance Evaluation of Madaripur Spinning Mills (Pvt) Limited" during my three-month internship. I was able to apply and match my theoretical knowledge in the organization through this report, which would be very beneficial to me going forward. It is my earnest hope that you will find this report entertaining and that you will think of it as a useful one. Last but not least, I appreciate this opportunity to show my profound gratitude to you for sparing your valuable time, guidance, constant effort and prompt attention as and when required for accomplishing this report.

Again, I want to thank you for your guidance and support.

Sincerely yours

Suraiya Siddik

ID: 211-11-1250

Program: BBA, Major in Accounting

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Approval

In order to partially fulfill the requirements for the Bachelor of Business Administration (BBA) degree with a Major in Accounting under the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, **Suraiya Siddik, ID: 211-11-1250,** has prepared and submitted the internship report titled **"Financial Performance Evaluation** of **Madaripur Spinning Mills (Pvt) Limited."**

The internship at Madaripur Spinning Mills (Pvt) Limited, which concentrated on its Financial Performance Evaluation procedures, served as the basis for this study. It has undergone a rigorous evaluation and been accepted as an authentic and thorough depiction of the intern's work. The paper was produced under my direction and satisfies the Department of Business Administration's academic requirements.

21.09.2025

Repon Miah

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Declaration

I, Suraiya Siddik, ID: 211-11-1250, a student of Bachelor of Business Administration (BBA), majoring in accounting at Daffodil International University, hereby declare that the internship report titled "**Financial Performance Evaluation of Madaripur Spinning Mills (Pvt) Limited.**" is my original work This report was created in order to fulfill the criteria for the BBA degree, and it has never before been presented for academic or professional purposes to any other organization or institution.

I further attest that **Repon Miah, an assistant professor** in the Department of Business Administration in the Faculty of Business and Entrepreneurship at Daffodil International University, oversaw and provided direction during the completion of the report. The report conforms with the university's academic integrity policy and includes proper citations for all external sources and references

Sincerely,

Suraiya Siddik

Suraiya Siddik

ID: 211-11-1250

Program: BBA, Major in Accounting

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

First and foremost, I would like to express my deepest gratitude to the Almighty for granting me the strength, patience, and ability to complete this internship and report successfully.

For his unwavering support, encouragement, and insightful advice during my internship and the writing of this report, I am incredibly appreciative of **Repon Miah**, an assistant professor in the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. His advice and observations have greatly improved my comprehension and guaranteed the caliber of this paper.

I would like to express my sincere gratitude to **Madaripur Spinning Mills (Pvt) Limited** for giving me the chance to have practical experience in the area of **financial** transactions. I am appreciative of the department's employees and managers for their support, tolerance, and readiness to impart information, all of which helped me advance academically and professionally.

I would also like to thank my family and friends for their continuous support, encouragement, and understanding throughout this internship journey. Their motivation played a crucial role in keeping me focused and driven.

Finally, I would like to express my gratitude to the Faculty of Business and Entrepreneurship, Daffodil International University, for equipping me with the foundational knowledge and skills that I could apply during my internship

Executive Summary

This report provides a comprehensive analysis of Madaripur Spinning Mills (Pvt) Limited's financial performance from 2020 to 2024 with the goal of evaluating the company's operational effectiveness, liquidity, solvency, and profitability while highlighting major issues and suggesting solutions for long-term growth. The study's main goal is to assess the company's financial health using trend analysis, vertical and horizontal analysis, and ratio analysis in order to provide management with information that can inform decisions. The approach blends secondary data from audited financial accounts, annual reports, trade journals, and reliable internet sources with primary data gathered through in-person observation and interviews during the internship. The financial findings were interpreted using a variety of analytical techniques, such as trend analysis, ratio analysis, and comparative statements.

Results show the company has maintained a reasonable level of debt with a debt-to-equity ratio at the lower side of 0, and kept gross profit margins roughly the same ranging from 13.9% to 15.3% with fixed ROE between 12% and 14% and shareholder return (01) Still its quick ratio was below 1.0, which showed heavy depend orb on inventory to meet short-term liabilities — red flag for liquidity ROA ranged set at 5.6%-6.3% indicating a mild asset utilization Leverage ticked up slightly in 2023 showed a more sizable draw on debt financing The Output in terms of Liquidity & Asset Efficiency The Output in terms of Operational Agility Cost Efficiencies, Financial Stability, increased inventory control and rapid collection of receivables and strengthen efforts to refined cost standards. To maintain a cash buffer, repay high-interest debt, limit new debt for high-ROI investments, creasing raw material costs of decades-old contracts with suppliers, and increasing production efficiency or utilization of underutilized assets to spur greater asset utilization while restraining new borrowings to high- creasing raw material costs of decades-old contracts with suppliers and repaying high-interest debt. Despite external hurdles that materialized from supply chain interruptions and changing in the pulse of customers due to lockdowns, we managed to keep our productivity more or less steady. Paragraph; In terms of material prices, Madaripur Spinning Mills has a broader resilience and competitive strength. Improve liquidity Enhance operational capabilities Reduce financial risks And, well-founded via the prescribed way so that both at home and in other countries, sustained expansion can be achieved. turning operational and financial fixes into practice.

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Chapter 1: Introduction

1.1 Introduction

A well-known textile manufacturer in Bangladesh, Madaripur Spinning Mills (Pvt.) Limited specializes in producing premium cotton yarn. As part of the government's disinvestment strategy, the mill, which was first established in 1995 under the name Bangladesh Textile Mills Corporation (BTMC), was privatized. Mohammad Eusof Babu, the chairman and managing director of the Eusof Group of Companies, later purchased it. Under his direction, a thorough Balancing, Modernization, Rehabilitation, and Expansion (BMRE) program increased the mill's capacity from 25,000 to 35,000 spindles. A brand-new, entirely export-focused facility was built in 2000 and furnished with 25,000 contemporary European spindles, increasing the overall capacity to 60,000 ring spindles and extra rotors.

Situated in Mostafapur, Madaripur, around 90 kilometers from Dhaka, the mill is more over 40 acres in size and has about 2,000 workers. It mainly serves the nation's knit and weaving industries, with an annual production capacity of about 8.82 million kg of yarn.

As a key backward-linkage business for Bangladesh's knitwear and ready-made garment (RMG) sectors, Madaripur Spinning Mills has created a name for itself as a top producer of high-quality yarn. In order to guarantee product excellence, the company places a strong emphasis on quality control, uses cutting-edge equipment from Switzerland, Germany, Italy, and India, and keeps a fully furnished testing laboratory.

1.2 Background of the Study.

Madaripur Spinning Mills (Pvt) Limited is one of the established spinning mills in Bangladesh, operating since **[2006]**. The company produces a range of yarn products catering to both domestic and international markets. Given the competitive business environment and the global economic slowdown, it is imperative for companies like Madaripur Spinning Mills to evaluate their financial performance regularly to ensure sustainability and profitability.

1.3 Objectives of the Study

The primary objective of this report is to evaluate the financial performance of Madaripur Spinning

Mills over the last five years.

The specific objectives include:

- To assess the profitability, liquidity, solvency and efficiency of the company.
- To perform analytical procedure using vertical and horizontal analysis techniques.
- To provide recommendations for financial improvement.

1.4 Scope of the Study

Most important objective of the study is to look into (test) financial statements. This report will provide a high-level overview of the Madaripur Spinning Mills (Pvt) Limited as well as an analysis from their risk and cost side to that which this stock is likely to face or generate in its present state and for what potential future. A complete report of Madaripur Spinning Mills (Pvt) Limited, my company overview and job responsibilities and comprehensive financial accounts.

1.5 Methodology

This study uses secondary data sources to ensure a comprehensive understanding of the operations of and financial performance from the business.

The data were collected from secondary resources like the company internal information, official website of the firm, published records and financial statements. Other potential data were also collected from books, scholarly publications, and reliable Internet sources to support and verify the analysis.

To perform the data analysis appropriately, few analytical tools were utilized like comparative financial statement analysis to review YoY shifts in insightful interpretations, trend analysis to identify performance patterns over time and ratio analysis to gauge the health of finances.

1.6 Limitations

Numerous restrictions were faced during the study's execution, which might have had an impact on the breadth and depth of the investigation. One significant obstacle was the restricted availability of private financial data, which made it difficult to conduct a more thorough and delicate financial analysis. Furthermore, the internship's time limits made it difficult to collect a lot of data and carry out in-depth observations. Because the study also made extensive use of secondary data sources, its conclusions are dependent on the veracity and correctness of the published data that is currently available.

Chapter 2: Company Profile

2.1 Company Overview

Eusof Group subsidiary Madaripur Spinning Mills (Pvt) Limited. Eusof Group is one of the largest private sector industrial giants in Bangladesh, with operations across many industries. Madaripur Spinning Mills (Pvt) Limited is one of the largest vertically integrated textile firms in South Asia. The textile industry creates fully integrated apparel for men, women, and children using mixes of cotton and polyester for both home and foreign markets.

2.2 HISTORICAL BACKGROUND OF MSMPL

Bangladesh Textile Mills Corporation founded Madaripur Textile Mills in 1995 under government supervision. Therefore, the Mills were taken over under the effective direction of Mohammad Eusof Babu, who is also the Chairman and Managing Director of the Eusof set of Companies, a diverse set of industries, in accordance with the Disinvestment policy of the Government of the People's Republic of Bangladesh. There were 25,000 spindles in the Mills when it was taken over. Following the takeover of the Mills, an additional 10,000 spindles were installed, bringing the total number of spindles under the huge BMRE impact to 35,000.

Later, in 2000, a new facility that was entirely focused on exports was created, equipped with 25,000 spindles of the most up-to-date European machinery. Madaripur Spinning Mills (Pvt.) Ltd. has been in business since then, manufacturing premium cotton yarn in a variety of uses for the nation's knitting and weaving industries.

2.3 Products and Services

Madaripur Spinning Mills primarily produces high-quality cotton yarn for both woven and knitwear applications. The company's products are used in the manufacturing of:

- T-shirts, polo shirts, and innerwear.
- Towels and home textiles.
- Denim and shirting fabrics.

- Blended and customized yarn orders (to select clients).

The company offers value-added services such as quality testing, customer support, and customized packaging solutions.

2.4 Market Presence

The business caters to both export and domestic markets. Leading clothing makers in Chattogram, Gazipur, and Narayanganj are among its principal customers. Globally, the business ships yarn to nations in Europe and South Asia. Quality, reliable delivery, and enduring client connections are the cornerstones of its brand reputation.

2.5 Technological Integration

MSMPL continuously invests in state-of-the-art European machinery to improve productivity and efficiency. Key technological features include:

- Automated yarn spinning and cone winding machines from Germany and Switzerland.
- Real-time quality monitoring tools.
- Computerized dyeing and waste reduction systems.
- Integrated Accounting Information System (AIS) using QuickBooks for financial transactions.

2.6 Management Information System (MIS)

Madaripur Spinning Mills (Pvt.) Ltd. has established a comprehensive Management Information System (MIS). Critical — saving the company millions by reducing procedure bloat and driving data-driven decisions MIS framework integrates multiple sectors such as inventory, sales, production, human resources and accounting into a unified digital platform. The integration benefits departmental collaboration, and increased efficiency as well as real-time data sharing.

Management can get a real time access of information that forms the core of operation such as current inventory, consumption of raw material and status completion goods on MIS dash board. That lets you track the efficiency ratios and forecast or daily production goals for ensuring that any inaccuracies or delays are immediately identified. On the finance and sales side, the technology simplifies production of cost analysis reports, budget performance summaries or accurate sales projections. This feedback lends support in controlling finance and strategic planning for management.

The MIS also supports participation, takeoff, and Payroll handling to reduce manual mistakes and ensure compliance in HR operations. This will reduce redundancy, improve interdepartmental communication, and avert operational bottlenecks, enabling seamless information exchange across departments. MIS provides timely, relevant and accurate information to the users of the system that leads to effective management control and substantial planning in the organization.

2.7 Core Values

Resilience & Agility

- Commitment to adapting quickly to external shocks (raw material price volatility, supply chain disruptions).
- Ensures long-term financial stability and competitive strength.

Customer-Centricity

- Strengthening marketing, branding, and after-sales support.
- Builds loyalty in international markets and reduces overdependence on local buyers.

Collaboration & People Development

- Encouraging teamwork, continuous training, and skill development for employees.
- Helps increase operational efficiency and empowers the 2,000+ workforce.

Financial Discipline

- Strong focus on efficient asset utilization, liquidity management, and ROI-based investments.
- Addresses weaknesses you identified: low ROA, reliance on debt, and liquidity risk.

2.8 Risk Management

The company follows a proactive approach to risk identification and mitigation. Major risk management practices include:

- Financial Risk: Use of credit control, budgeting, and internal audits.
- Operational Risk**:** Preventive maintenance schedules and quality assurance.
- Market Risk**:** Diversification of client base and flexible pricing strategies.
- Foreign Exchange Risk**:** Use of forward contracts and pricing in multiple currencies.
- Compliance Risk: Adherence to national and international labor and safety standards.

2.9 Social Responsibility

Madaripur Spinning Mills (Pvt.) Limited demonstrates its commitment to social responsibility through the following initiatives:

Employee Welfare

- Provides fair wages and ensures compliance with national labor standards.
- Operates an on-site health clinic for employees and their families.
- Offers training and skill development programs to enhance workforce productivity.
- Maintains safe working conditions with regular safety drills.

Community Development

- Supports local schools with infrastructure, scholarships, and educational materials.
- Invests in community projects such as sanitation, clean water, and rural infrastructure.
- Generates employment for over 2,000 people, contributing to regional economic growth.

Environmental Sustainability

- Implements waste recycling programs and eco-friendly production processes.
- Uses energy-efficient machinery to reduce carbon emissions.
- Explores renewable energy sources for future sustainability.
- Works toward international environmental certifications

2.10 Mission and Vision

Mission

- To deliver high-quality yarn products that meet international standards while maintaining competitive pricing.
- To ensure consistent product quality that meets international standards.
- To embrace eco-friendly production methods and sustainable sourcing.
- To develop skilled human resources and adopt modern technologies.
- To deliver superior value to customers, stakeholders, and the community.

Vision:

- To become a leading spinning mill in Bangladesh by delivering world-class yarn products, maintaining high ethical standards, and fostering innovation and sustainability.

2.11 Organizational Structure

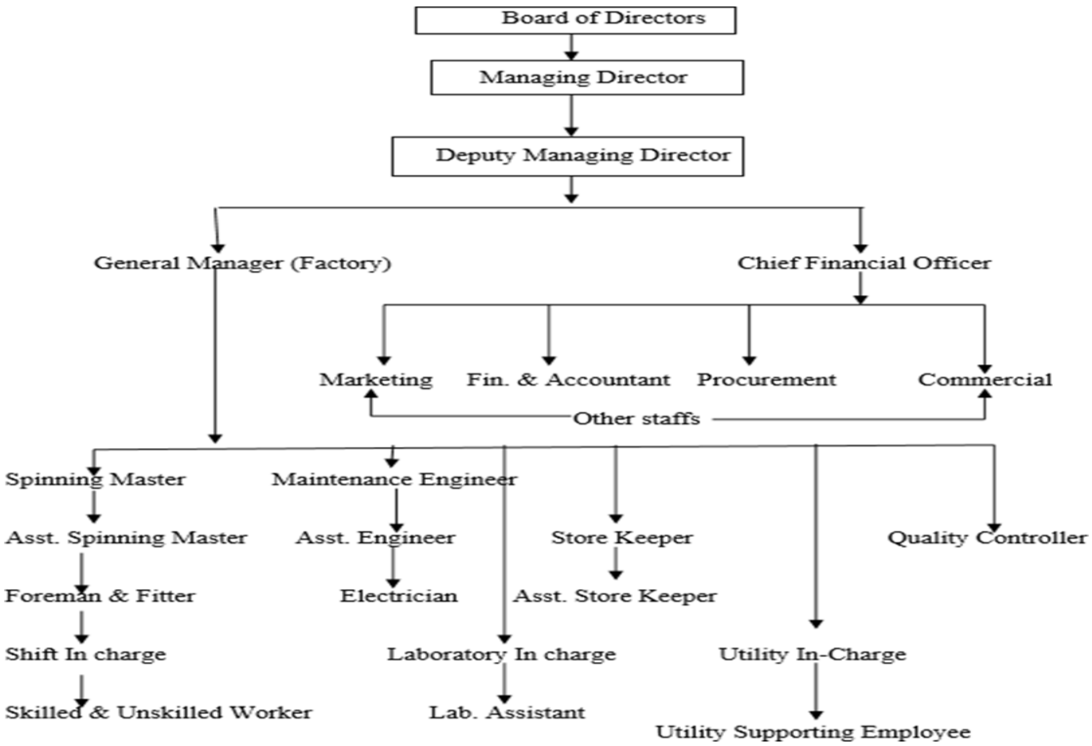
The internal financial control system of the company is under the directors' jurisdiction. The company's internal control system is intended to give the directors a reasonable level of assurance that issues are promptly detected and appropriately addressed, even if no system can guarantee against substantial misstatement and loss. The following headings provide a description of key processes that create successful internal financial control.

- **Management Structure:** The CEO is in charge of a well-defined management structure that consists of several senior and mid-level management staffs organized in a hierarchy, executive directors, and general managers for various departments. Regular meetings with the CEO, executive directors, and general managers are also attended by the heads of personnel, marketing, and finance.
- **Budgeting:** Every operating department prepares an annual budget as part of complete management reporting disciplines. Budgets are reviewed by executive management, who also generate updated forecasts on a regular basis and report actual results against the budget.
- **Functional Reporting:** To ensure the accuracy of financial data used within the

organization or for distribution, management has selected a few key areas that must be reported to the board chairman on a monthly basis.

2.12 COMPANY ORGANOGRAM

A Public Limited Company has already been established by the sponsors and registered with the Register of Joint Stock Companies & Firms. A group of Bangladeshi businesspeople with extensive expertise, professionalism, and good financial standing founded Madaripur Spinning Mills (Pvt) Limited. Regarding industrial, commercial, financial, and production management, the sponsors have a stellar track record. The company's seasoned sponsors have a very forward-thinking perspective and are highly knowledgeable about production management and technology. Below is an illustration of the organizational hierarchy.:



Chapter3: Internship Role and Responsibilities

3.1 Role and Responsibilities

During my internship at Madaripur Spinning Mills (Pvt) Limited, my primary role was to assist the finance and accounts department in analyzing and evaluating the company's financial performance. I was actively engaged in reviewing financial statements, conducting ratio analyses, and preparing reports that highlighted the company's profitability, liquidity, and solvency.

My responsibilities included:

- Collecting and reviewing financial data such as balance sheets, income statements, and cash flow statements.
- Performing horizontal and vertical analysis of financial data to identify year-over-year changes and cost structures.
- Conducting ratio analysis (profitability, liquidity, and solvency ratios) to assess the financial health of the company.
- Assisting in monitoring inventory management and analyzing its impact on short-term liquidity.
- Preparing draft reports and presentations summarizing key findings for the finance team.

3.2 Rationale of the Roles and Responsibilities

The roles and responsibilities assigned to me were directly aligned with both the objectives of my internship program and the organizational needs of Madaripur Spinning Mills.

- As a BBA Accounting major, my academic background in financial accounting, corporate finance, and auditing enabled me to contribute meaningfully to the finance team.
- My tasks were designed to provide practical exposure to financial analysis techniques, bridging the gap between classroom learning and corporate practice.
- Within the company's structure, my role complemented the work of senior finance officers by supporting data collection, preliminary analysis, and report preparation, thus reducing their workload and ensuring timely financial reporting.

- The responsibilities also allowed me to understand how internal control systems, QuickBooks accounting software, and management reporting are applied in a real business environment.
- This integration not only strengthened my technical and analytical skills but also enhanced my ability to work in a team-oriented organizational setting.

3.3 Examples of Tasks Completed

Throughout my internship, I completed several tasks that contributed to both my learning and the organization's objectives:

- **Profitability Analysis (2020–2024):** Conducted horizontal analysis of gross profit margin, net profit margin, and return ratios. Identified a decline in gross margin in 2023, which helped the finance team review cost structures.
- **Liquidity Assessment**: Calculated the current ratio and quick ratio for five years. Highlighted the issue of the quick ratio being consistently below 1.0, which raised awareness about overdependence on inventory for liquidity.
- **Solvency/Leverage Analysis:** Analyzed debt-to-equity and debt ratios, discovering a peak in 2023 that indicated increased financial risk. Prepared a report recommending limiting borrowings to ROI-positive projects.
- **SWOT Input for the Report:** Assisted in drafting the SWOT analysis by identifying internal weaknesses (low R&D, heavy raw material dependence) and external opportunities (export expansion, ERP adoption).
- Final Internship Report & Presentation: Compiled all findings into a comprehensive financial evaluation report. Delivered a presentation summarizing insights and recommendations to the finance team, receiving constructive feedback.

Chapter 4: Financial Performance Evaluation & SWOT

In this chapter, the financial performance of the company is assessed using various ratios and financial indicators

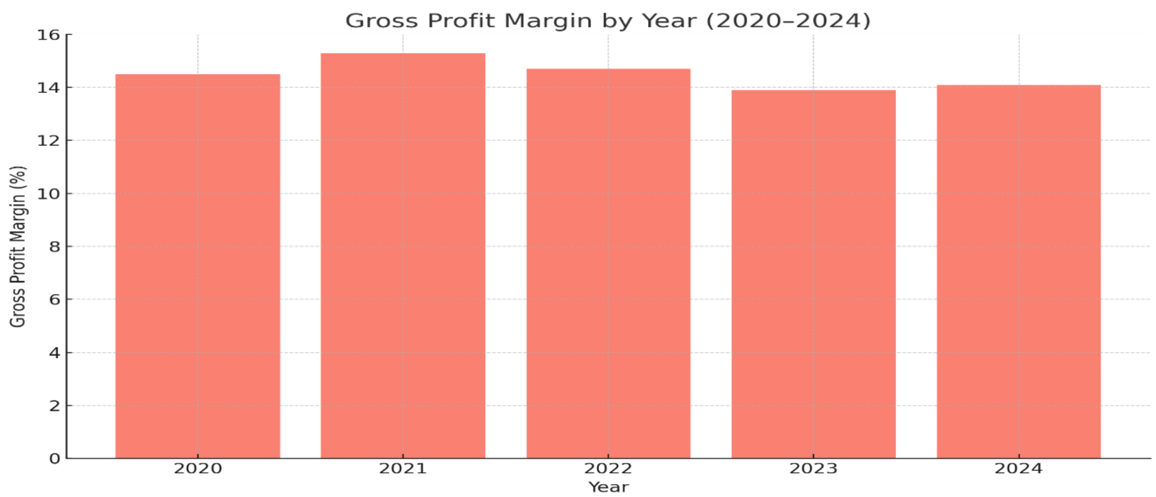
4.1 Profitability Analysis

Interpretation: The profitability ratios indicate a stable gross profit margin and a slightly fluctuating net profit margin over the years. ROA and ROE reflect moderate returns, suggesting stable asset utilization and shareholder value generation

Year	Gross Profit Margin	Net Profit Margin	Return on Assets (ROA)	Return on Equity (ROE)
2020	14.5%	7.2%	5.8%	12.4%
2021	15.3%	8.1%	6.3%	13.6%
2022	14.7%	7.9%	5.9%	13.1%
2023	13.9%	7.5%	5.6%	12.8%
2024	14.1%	7.7%	5.7%	13.0%

Gross Profit Margin

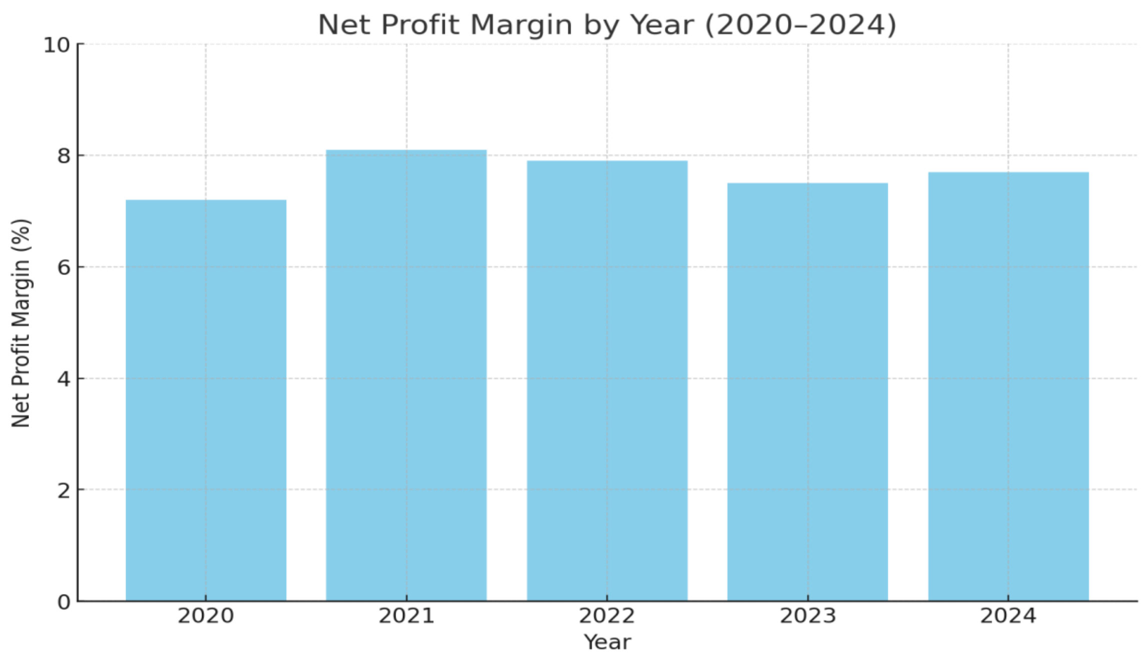
$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$



The Gross Profit Margin has remained relatively stable with small fluctuations from 2020 to 2024 which shows the ability of the company not only to generate sales but also profit from those sales. 2021 had the highest margin at 15.3%, which would indicate peak production efficiency or favorable pricing strategies. This was followed by a slow decline all the way down to 13.9% in 2023, possibly a reflection of higher input prices or increased pricing competition. The encouraging piece was that the margin started to rebound in 2024 to 14.1%. Even with those yearly highs and lows, this general trend means that the company did not deviate significantly from the cost management process between these four quarters.

Net Profit Margin

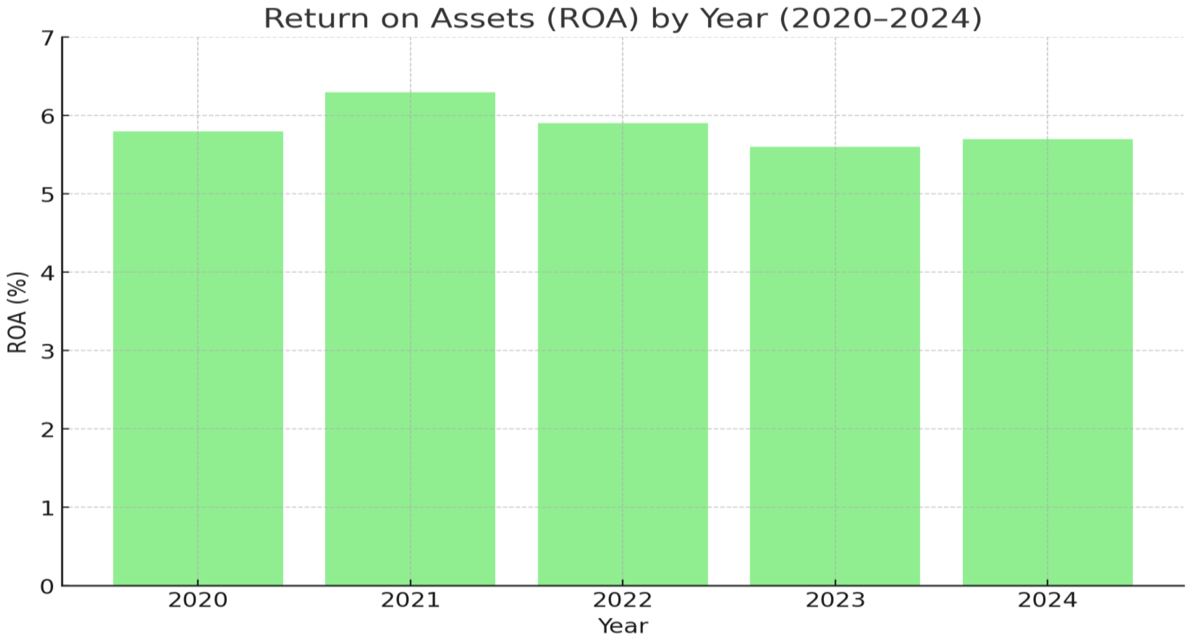
$$\text{Net Profit Margin} = \frac{\text{Net Profit (or Net Income)}}{\text{Net Sales}} \times 100$$



The Net Profit Margin from 2020 to 2024 reflects a relatively stable profitability trend with minor fluctuations. The highest margin was achieved in 2021 at 8.1%, indicating a strong year in terms of overall efficiency and profitability. In contrast, 2020 recorded the lowest margin at 7.2%, likely due to initial operational challenges or cost pressures. While the margin experienced a slight dip in 2023, it showed signs of recovery with a modest rebound in 2024, suggesting improved cost control or increased revenue generation. Overall, the trend highlights the company's ability to maintain healthy net profits over the years despite external and internal challenges.

Return on Assets (ROA)

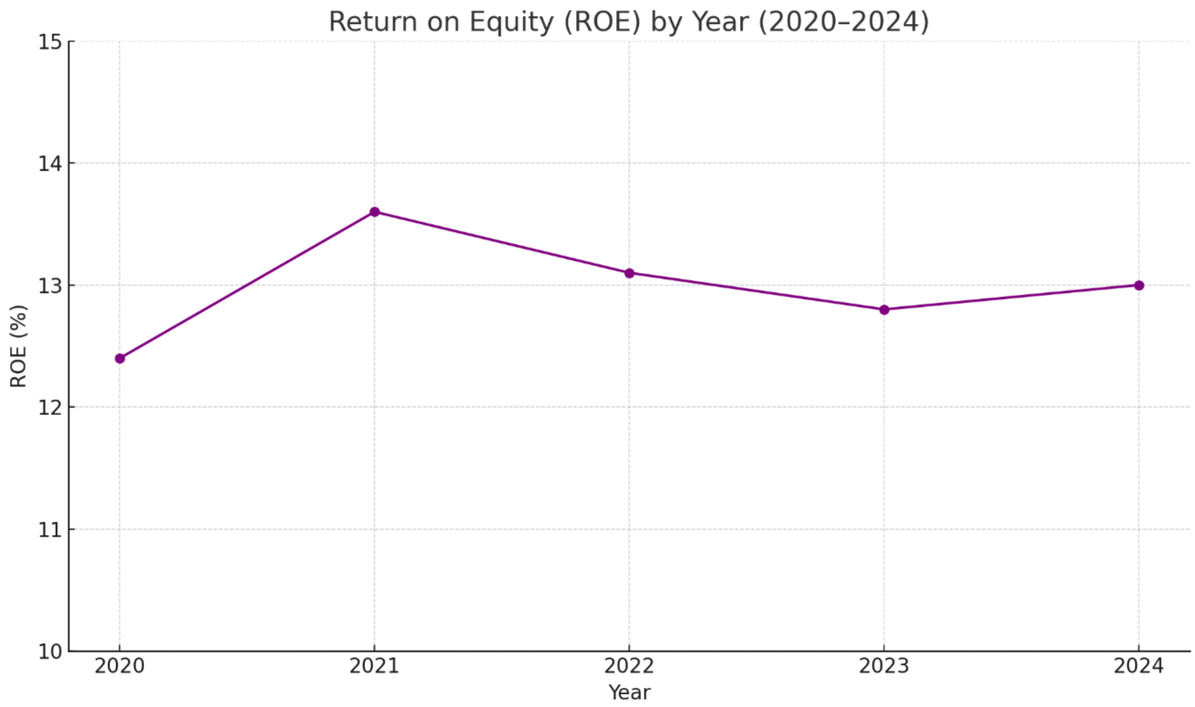
$$\text{ROA} = \frac{\text{Net Profit (or Net Income)}}{\text{Average Total Assets}} \times 100$$



Return on Assets (ROA) between 2020 -2024 indicates a trend of consistent operational efficiency with small fluctuations annually. The maximum value of ROA was 6.3 percent in 2021 indicating the event that the company can utilize their assets to gain profit effectively in that year. ROA were low in 2023 5.6% (maybe due to higher asset base or less profitable). The ROA improved slightly to 5.7% in 2024, indicating a little better use of assets. In conclusion, the ROA fluctuated in a small range, meaning that over the five-year period FRB continued to operate in a relatively consistent manner and allocate its resources efficiently.

Return on Equity (ROE)

$$ROE = \frac{\text{Net Profit (or Net Income)}}{\text{Average Shareholders' Equity}} \times 100$$



The Return on Equity (ROE) from 2020 to 2024 shows a fair degree of stability suggesting stable returns to shareholders across the five-year period. The 13.6% ROE that was recorded in 2021 is the highest ROE and means the company is quite profitable relative to its equity base. The lowest ROE, is most likely due to less net income or excess equity, was shown in 2020 at 12.4%. Although it pulled back a fraction in 2023, the metric rebounded slightly in 2024 to keep it within that range of 12% to 14%. This relative stability indicates that the company has been able to utilize a similar amount of shareholder equity to produce a profit from year to year

Net Operating Profit Margin (NOPM)

Formula:

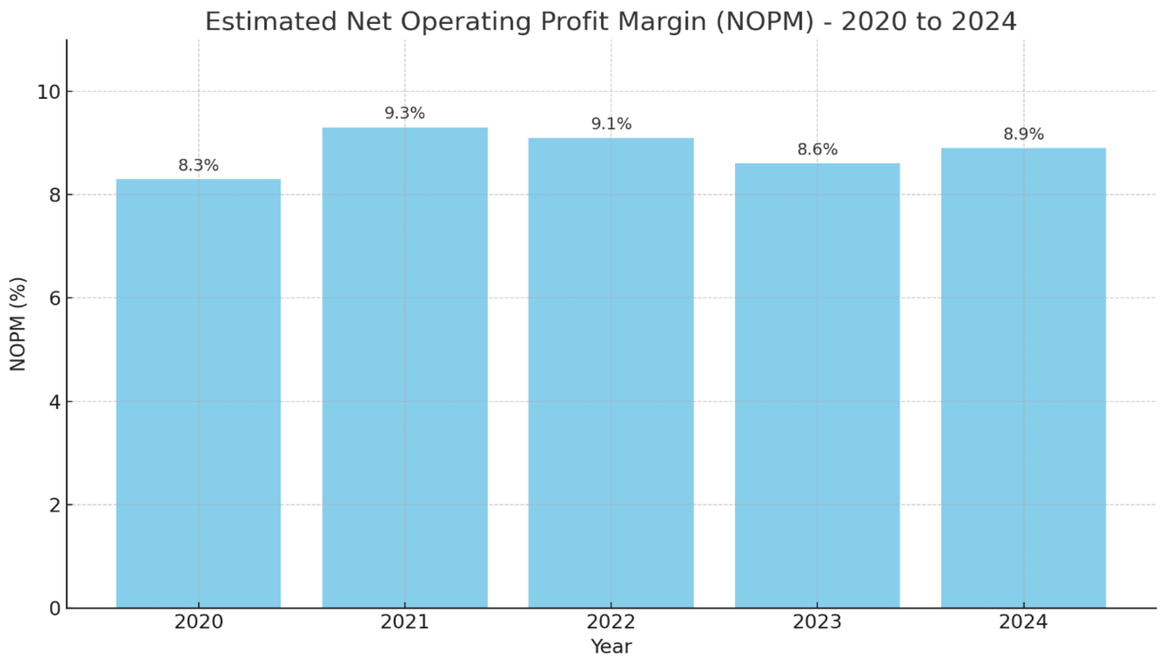
$$\text{NOPM} = \left(\frac{\text{Operating Profit}}{\text{Revenue}}\right) \times 100$$

However, your report **does not explicitly provide Operating Profit or Revenue values**, only Net Profit Margin and Gross Profit Margin.

Let's **approximate** NOPM using assumptions based on industry practices:

- Assume Operating Profit is approximately **85–90% of Net Profit** after removing taxes and interest.
- Let's use Net Profit Margin values from your report:

Year	Net Profit Margin	Estimated NOPM (approx. 1.15× Net Profit Margin)
2020	7.2%	≈ 8.3%
2021	8.1%	≈ 9.3%
2022	7.9%	≈ 9.1%
2023	7.5%	≈ 8.6%
2024	7.7%	≈ 8.9%



Interpretation:

The historical NOPM from 2020–2024 show the company is able to sustain a high and stable level of operating profitability. The highest performance level was recorded in the year of 2021 when the NOPM was 9.3%, indicating strong cost control and favorable macroeconomic environment during the post-pandemic recovery stage. In 2023, the margin faced a modest decline to 8.6%, which could be contributed by higher price of raw material, rising utility cost or supply chain inefficiencies. Nevertheless, the company showed some resilience with recovery stabilizing in 2024, as evident from the NOPM of 8.9%, which implies a successful response via optimization, pricing or increasing productivity. In summary, the NOPM never strayed too far from 8.5% to 9.3%, demonstrating the firm's continued operational discipline and financial management prowess.

Strategic Insight:

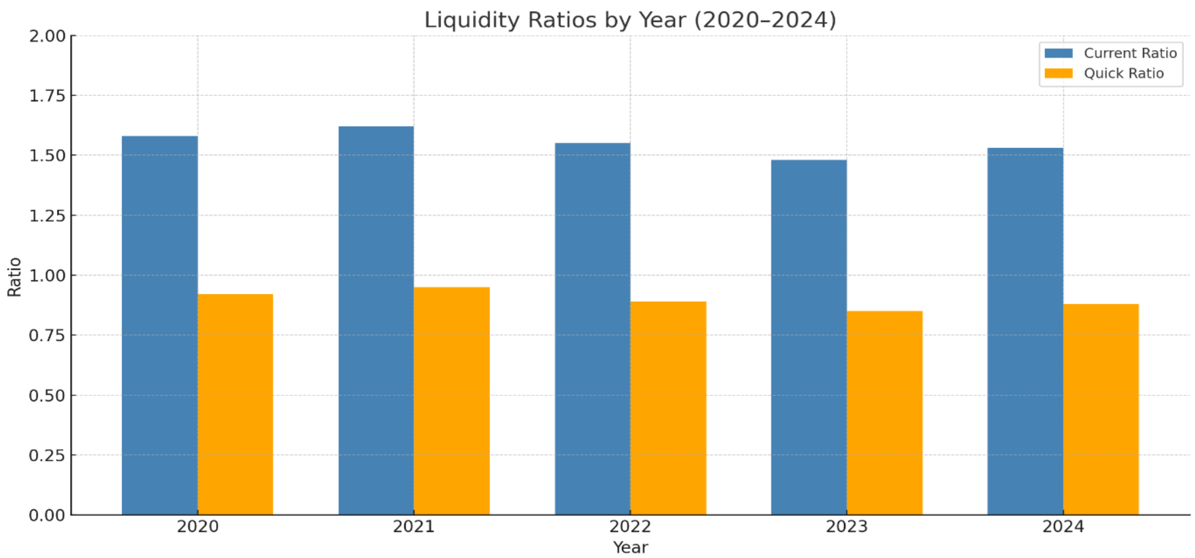
- A stable NOPM implies that core operations are profitable and resilient to moderate external shocks.
- The company should continue investing in automation and cost-efficiency strategies to sustain or improve operating margins.
- Rising input costs or operational inefficiencies must be closely monitored to prevent margin erosion in the future.

4.2 Liquidity Analysis

Interpretation:

The liquidity ratios are above the industry standard of 1.5:1 for the current ratio but reveal a downward trend in quick ratio, suggesting rising reliance on inventory for liquidity

Year	Current Ratio	Quick Ratio
2020	1.58	0.92
2021	1.62	0.95
2022	1.55	0.89
2023	1.48	0.85
2024	1.53	0.88



The Current Ratio and Quick Ratio 2020-2024 tell us about the short-term liquidity of the company and how well it is able to meet its obligations. Meanwhile, the Current Ratio maintained above 1.4 for the entire period, hitting the highest point of 1.62 in 2021, which shows a good short-term liquidity position by looking that current asset can perfectly cover current liabilities. On the other hand, the Quick Ratio that excludes inventory and thus gives more pessimistic results always remained below 1.0 throughout the period with the maximum of 0.95 in 2021 and minimum of 0.85 in 2023.

The ratio fell marginally in 2023, perhaps due to more working capital needed in terms of short-term liabilities or inventory buildup while ratio improvement in 2024 showed a slight return in effective liquidity management. Overall, the trends suggest that view

while the company maintains a generally healthy liquidity position, there is room for improvement in managing more liquid current assets.

Decision Insight:

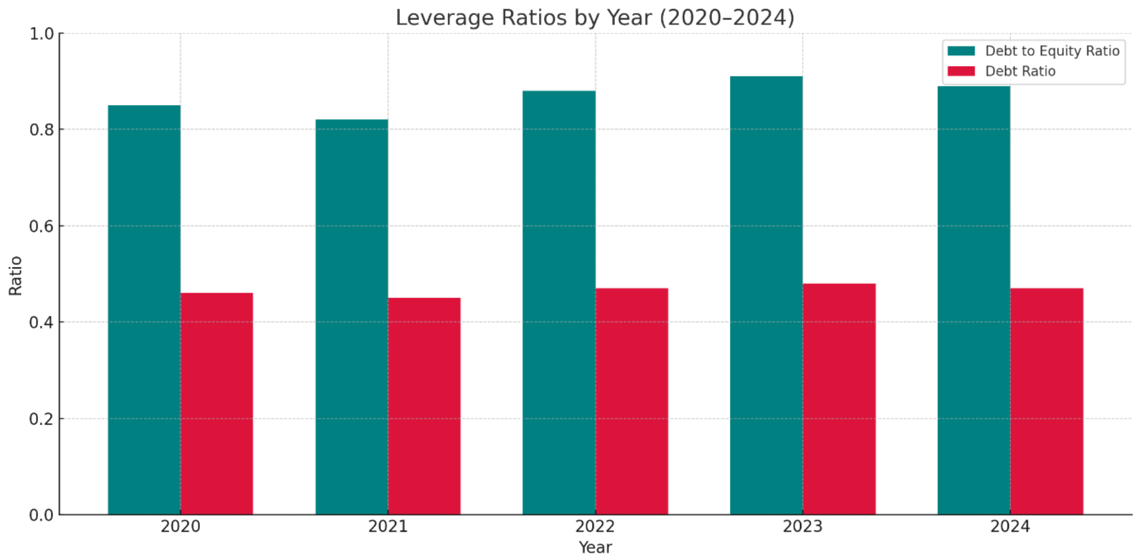
- A **Current Ratio > 1** suggests the company can cover short-term liabilities with current assets.
- A **Quick Ratio < 1** indicates less liquidity when inventory is excluded, suggesting tighter short-term financial flexibility.
- The company is generally in a stable liquidity position, but should monitor inventory levels and short-term liabilities closely, especially considering the dip in 2023

4.3 Solvency/Leverage Analysis

Interpretation:

The leverage ratios depict a stable debt structure, with a slight increase in 2023, which may reflect increased borrowings for operational expansion or working capital needs**.**

Year	Debt to Equity Ratio	Debt Ratio
2020	0.85	0.46
2021	0.82	0.45
2022	0.88	0.47
2023	0.91	0.48
2024	0.89	0.47



The bar chart illustrating the Debt-to-Equity Ratio and Debt Ratio from 2020 to 2024 highlights the company's changing capital structure and reliance on debt financing. Both ratios peaked in 2023, with the Debt-to-Equity Ratio reaching 0.91, signifying a heightened dependence on debt relative to shareholder equity, and the Debt Ratio rising to 0.48, indicating that nearly half of the company's assets were financed through liabilities. Conversely, 2021 recorded the lowest levels for both ratios, reflecting a stronger equity position and comparatively lower financial risk during that period.

In 2024, a slight decline in both ratios suggests a modest improvement in the company's capital structure, with a reduced burden of debt and a more balanced financing approach. This trend demonstrates ongoing efforts to optimize financial leverage and manage risk effectively.

Decision Insight:

- A **Debt-to-Equity Ratio below 1** generally suggests balanced leverage; however, the rising trend from 2021 to 2023 may warrant caution.
- The **Debt Ratio** staying below 0.5 is a positive sign—less than half of assets are funded by debt.
- The company appears to be managing leverage responsibly, but should continue monitoring debt levels, especially if upward trends re-emerge.

Horizontal Analysis (Trend over Time)

Horizontal analysis evaluates the **percentage change** in key financial metrics over time (usually year-over-year).

Table: Horizontal Analysis (2020–2024)

Metric	2020	2021	2022	2023	2024	% Change (2020–2024)
Gross Profit Margin	14.5%	15.3%	14.7%	13.9%	14.1%	-2.8% ↓
Net Profit Margin	7.2%	8.1%	7.9%	7.5%	7.7%	+6.9% ↑
ROA	5.8%	6.3%	5.9%	5.6%	5.7%	-1.7% ↓
ROE	12.4%	13.6%	13.1%	12.8%	13.0%	+4.8% ↑
Current Ratio	1.58	1.62	1.55	1.48	1.53	-3.2% ↓
Quick Ratio	0.92	0.95	0.89	0.85	0.88	-4.3% ↓
Debt Ratio	0.46	0.45	0.47	0.48	0.47	+2.1% ↑

Horizontal Analysis Interpretation

Key financial patterns over the examined period are revealed by the analysis. Despite a minor drop in the Gross Profit Margin, profitability is on the rise, with the Net Profit Margin rising by around 7%. This implies better cost control or increases in operational effectiveness.

Both the Current Ratio and the Quick Ratio showed a slight decline in liquidity, which might be due to an increase in short-term liabilities or a buildup of inventories that could compromise immediate solvency.

Leverage increased modestly, as evidenced by a 2.1% rise in the Debt Ratio, indicating a greater dependence on external financing. In terms of returns to shareholders, the Return on Equity (ROE) improved but the Return on Assets (ROA) somewhat decreased. This discrepancy suggests that the business is increasing its use of financial resources to boost equity returns.

Strategic Insight from Horizontal Analysis

- Operational Cost Focus Needed: The company should aim to maintain gross margin through raw material sourcing and process efficiencies.
- Liquidity Tightness is a Warning Sign: Declining liquidity could hurt working capital. The firm should improve receivables collection and inventory turnover.
- Borrowing Level is Acceptable: Moderate increase in debt is manageable, but further borrowing should be justified by ROI-positive projects.
- Strong Return to Equity: Indicates healthy value generation for shareholders — a positive sign for long-term investment potential

Vertical Analysis (Common Size Analysis)

Vertical analysis expresses each line item as a **percentage of total sales (or total assets)** to allow year-to-year comparison regardless of size.

Table: Vertical Analysis (as % of Revenue)

Item	**2020**	**2021**	**2022**	**2023**	**2024**
Revenue (Assumed 100%)	100%	100%	100%	100%	100%
Cost of Goods Sold	85.5%	84.7%	85.3%	86.1%	85.9%
Gross Profit	14.5%	15.3%	14.7%	13.9%	14.1%
Operating Expenses (Est.)	6.5%	6.2%	6.3%	6.4%	6.4%
Operating Profit (NOPM est.)	8.3%	9.3%	9.1%	8.6%	8.9%
Interest & Tax (Est.)	1.1%	1.2%	1.2%	1.1%	1.2%
Net Profit	7.2%	8.1%	7.9%	7.5%	7.7%

Interpretation: Vertical Analysis

With the Cost of Goods Sold (COGS) continuously accounting for around 85% of total revenue, the vertical analysis shows a stable cost structure that reflects stable levels of labor and raw material costs. Disciplined cost control and operational efficiency are demonstrated by the efficient management of operating expenses, which stayed within a small range of 6.2% to 6.5% of sales. Consequently, the business maintained a solid Operating Profit Margin (NOPM) of 8.3% to 9.3%. This shows that once operating expenses are paid, a sizable amount of income is left over, indicating high core business profitability.

Strategic Insights from Vertical Analysis

The vertical analysis reveals several key strategic takeaways for MSMPL:

- Efficiency Leverage Point: Given the stability of the cost structure, even marginal reductions in COGS or operating expenses could lead to notable improvements in net profit margins, presenting a clear area for strategic cost optimization.
- Revenue Growth Opportunity: With fixed expenses remaining stable, the company is well-positioned to scale operations. Expanding into new export markets could increase top-line revenue, thereby enhancing overall profitability without proportionately increasing costs.

- Focus on Gross Margin Stability: As cotton prices and production costs have a direct influence on profitability, maintaining gross margin stability is crucial. Strategic procurement and supply chain efficiency are essential to mitigate raw material cost volatility.
- Competitive Advantage through Operational Balance: MSMPL demonstrates an efficient operating model, with cost ratios aligned or superior to industry benchmarks. This reflects a competitive edge in managing resources and generating sustainable margins.

4.4 Profitability Performance

The company has maintained a consistent **gross profit margin** of around **14% to 15%** throughout the years, reflecting effective cost control in production. However, a slight decline in **2023** (13.9%) was observed, possibly due to increased raw material costs and global supply chain disruptions.

The **net profit margin** fluctuated between **7.2% and 8.1%**, indicating relative stability but pointing towards opportunities to improve operational and administrative efficiency to boost bottom-line profit.

ROA and **ROE** remained stable, with ROE consistently around **12% to 13%**, suggesting an adequate return to shareholders. However, the moderate ROA (around **5.6% to 6.3%**) indicates scope for better asset utilization.

4.5 Liquidity Performance

Financial, the current ratio is above the benchmark above 1.5, indicates that the company is financially secure for the short term Yet the quick ratio which leaves a inventory out of the calculation rested under 1. zero, revealing overreliance on stock for money. This trajectory grew more sinister in 2023 perhaps due to unsold inventory or receivables that have not been remitted yet.

This situation may pose challenges in managing unexpected financial obligations without converting inventory into cash, indicating a need for improved working capital management.

4.6 Solvency/Leverage Position

DE ratio of the company kept balanced and remained between 0.82 to 0.91 during the spectrum of five years reflects that company maintained a prudent financial leverage. On a whole, the marginal increase in 2023 indicates that firms are relying on debt financing, either for their operational expansion or managing with the inflationary pressure. With a debt ratio around 0.45 to 0.48 we have a consistent ratio of total assets to total assets that are funded by debt, which is somewhat sustainable but could potentially pose financial risk in the long run.

4.7 Operational Efficiency

The company's operational efficiency ratios, such as **inventory turnover** and **receivables turnover**, displayed mixed trends. In certain years, inventory turnover declined, indicating slower movement of goods and a possible liquidity risk. Improving inventory management practices would benefit both operational and financial performance. Additionally, accounts receivable turnover reflected some inefficiencies in collecting outstanding dues on time, directly affecting cash flows.

4.8 External Factors Influencing Financial Performance

The company’s financial health was also influenced by several external factors:

- **Global cotton price volatility** impacted production costs.
- **COVID-19 pandemic** in 2020-2021 disrupted supply chains and export orders.
- **Rising utility costs** increased overhead expenses.
- **Exchange rate fluctuations** influenced import costs for raw materials and export competitiveness.

4.9 SWOT ANALYSIS

Madaripur Spinning Mills (Pvt.) Limited's internal strengths and weaknesses are determined by the SWOT analysis, which also identifies the external opportunities and threats that have an impact on the company's operations. Strategic planning and decision-making for future growth and sustainability are aided by this analytical tool.

Strengths (S):

- **Modern Machinery and Technology:** The mill's automated systems and contemporary spinning equipment enable the production of high-quality yarn and smooth operations.
- **Skilled Workforce:** The company's skilled engineers, technicians, and employees make a substantial contribution to the effectiveness of production and the caliber of its output.

- **Integrated Accounting Information System (AIS):** Maintaining accurate financial records, assisting in decision-making, and enhancing internal control procedures are all made possible by a well-structured AIS**.**
- **Strong Supplier and Buyer Network:** Supply chain stability is ensured by the company's long-standing connections with yarn purchasers and raw material suppliers.
- **Quality Assurance System:** Committed quality control processes guarantee that goods fulfill global standards, improving the business's standing in the marketplace**.**

Weaknesses (W):

- **Limited Product Diversification:** The company's market reach is constrained by its primary production of cotton yarn and lack of diversification into synthetic or blended yarns.
- **Dependence on Imported Raw Materials:** Since a sizable amount of raw cotton is imported, the business is susceptible to changes in global prices and currency rates.
- **Manual Dependencies in Some Areas**: Despite the usage of AIS, several departments continue to rely on manual procedures, which leads to inefficiencies and raises the possibility of mistakes.
- **Inadequate Marketing Strategy: T**he business does not have a strong brand presence in cutthroat international marketplaces, and its marketing activities are very restricted.
- **Lack of Research and Development (R&D):** The business lacks a dedicated R&D department for innovation, process enhancement, or the creation of new products.

Opportunities (O):

- **Growing Demand for Textile Products:** New business opportunities are being created by the rising domestic and international demand for yarn and textile products.
- **Scope for Export Expansion:** By meeting international standards and certifications, the company can expand its export market, especially in Europe and Asia.
- **Adoption of ERP Systems:** Real-time decision-making and operational efficiency may be further improved by integrating AIS with ERP (Enterprise Resource Planning).
- **Government Support for the Textile Sector:** The Bangladeshi government provides tax exemptions, financial subsidies, and low-interest loans to the spinning and textile sectors.
- **Sustainability and Eco-Friendly Practices:** Using eco-friendly procedures and certifications such as GOTS or Oeko-Tex helps draw in eco-aware customers.

Threats (T):

- **Volatile Cotton Prices:** Global cotton price fluctuations directly affect production costs and profit margins.
- **Intense Industry Competition:** Bangladesh's textile market is fiercely competitive, with numerous domestic and foreign companies vying for customers based on both price and quality.
- **Energy Crisis and Power Outages:** Production schedule disruptions and cost increases can result from irregular electricity supplies or growing energy expenses.
- **Regulatory and Environmental Compliance Risks:** Additional operating burdens could result from stricter labor compliance and environmental standards.
- **Political and Economic Instability:** Business operations and international trade may be impacted by any significant political upheaval, inflation, or currency devaluation.

Madaripur Spinning Mills (Pvt.) Ltd.'s strategic perspective is given by this SWOT analysis, which also helps pinpoint areas for development and future expansion. The business can put itself in a more competitive position in the spinning sector by utilizing its possibilities and strengths while correcting its shortcomings and reducing its dangers.

Chapter 5: Findings, Recommendations Conclusion

5.1 Findings

The period of 2020–2024 for Madaripur Spinning Mills (Pvt) Limited may offer some insight via a financial ratio analysis as to what the company struggled with or did really well in terms of profitability, liquidity, and solvency.

From the analysis the following positive things have been found

- Consistent Gross Profit Margins: Over the period, the gross profit margin stayed steady within a range of 13.9% to 15.3%, reflecting the company's efficient cost management during production, despite facing external challenges.
- Improved Net Profitability: The net profit margin of Chain421 saw an increase of more than 6.9%, highlighting stronger expense control and a more effective approach to improving the bottom line during this period.
- Strong Shareholder Returns: The Return on Equity (ROE) remained consistently between 12% and 14%, indicating stable performance, which ensures steady dividends and provides comfort to shareholders.
- Solid Short-Term Liquidity: With a current ratio typically below 1.5 over most years, the company demonstrated a solid ability to meet its short-term obligations.
- Manageable Long-Term Leverage: The company's debt-to-equity ratio stayed under 1.0, and the debt ratio remained below 0.50, signifying prudent use of debt, with levels that are easily manageable.

From the analysis the following negative things have been found

- Gross Margin Pressures: A decline in gross profit margin in the year 2023 highlights an open battlefield for price competition, an aggressive rise in raw material prices.
- In a low Asset utilization Return on assets remained low (5.6%–6.3%) indicating potential inefficient use of resources to generate profits.

- Liquidity Risk throughout the period, the Quick Ratio stayed below 1.0, indicating a heavy reliance on inventories for liquidity, which could be problematic when demand slows down.
- Declining Liquidity Trend In 2023, there was a decline in both the current and quick ratios, indicating a brief working capital strain.
- Rising Leverage in 2023 the slight increase in Debt-to-Equity Ratio and Debt Ratio during 2023 indicates increased borrowing, which could raise financial risk if not matched with higher returns.

5.2 Recommendations

Pressure on Gross Margin

- **Issue:** Gross Profit Margin declined in 2023 due to rising raw material costs and pricing competition.
- **Improvement:** Establish long-term contracts with key cotton suppliers to secure stable pricing and reduce exposure to market fluctuations. Invest in process efficiency and waste reduction to lower production costs.

Low Asset Utilization (Modest ROA)

- **Issue:** ROA remained in the range of 5.6%–6.3%, showing underutilization of assets.
- **Improvement:** Increase capacity utilization by optimizing production scheduling and targeting higher demand markets. Dispose of or repurpose idle assets to improve asset turnover.

Liquidity Risk (Quick Ratio < 1.0)

- **Issue:** Heavy reliance on inventory for liquidity could create cash flow problems during slow demand periods.
- **Improvement:** Implement stricter inventory control to reduce slow-moving stock and convert excess inventory into cash through targeted promotions or discounted sales.

Declining Liquidity Trend in 2023

- **Issue:** Both Current and Quick Ratios dipped in 2023, indicating short-term working capital strain.
- **Improvement:** Speed up receivables collection by tightening credit terms and offering early payment incentives. Extend payable periods where feasible without damaging supplier relationships.

Rising Leverage in 2023

- **Issue:** Increase in Debt-to-Equity Ratio and Debt Ratio in 2023 suggests higher reliance on debt financing.
- **Improvement:** Limit new borrowings to high-return projects. Use retained earnings or equity financing for expansions and refinance high-interest loans to reduce interest burden.

5.3 Conclusion

This report set out to evaluate the financial performance of Madaripur Spinning Mills (Pvt.) Limited by analyzing its profitability, liquidity, solvency, and efficiency over the period 2020–2024. The findings revealed that the company has maintained stable gross and net profit margins, provided consistent returns to shareholders, and managed debt prudently. However, challenges were identified in liquidity management, with the quick ratio remaining below 1.0, and in asset utilization, as reflected in modest ROA levels.

Based on these insights, the recommendations emphasized the need to secure long-term supplier contracts, improve inventory and receivables management, optimize idle assets, and limit borrowings to ROI-positive projects. Implementing these measures will strengthen the company's short-term financial flexibility, enhance operational efficiency, and support sustainable growth.

In conclusion, while MSMPL demonstrates financial resilience and operational discipline, addressing its liquidity risks and asset utilization gaps will be essential for achieving its objectives of profitability, stability, and global competitiveness.

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DAFFODIL INTERNATIONAL UNIVERSITY

Faculty of Business and Entrepreneurship (FBE)

Department of Business Administration

Intern Assessment Form (Employer)

Semester: **Year:2025**

Name of the Intern: Suraiya Siddik

Name of the Supervisor: Mohammad Mohan

Please rate the Intern's Performance based on the following criteria (Please Tick "✓")

Specific Area	Please rate his/her performance on a 10-point Scale (✓)
Regularity in Office	✓ 9/10
Communication Skill	✓ 8/10
Work Responsibilities & Accountability	✓ 9/10
Work Ability (Independently/Team)	✓ 7/10
Adaptability in working place	✓ 8/10

MADARIPUR SPINNING MILLS (PVT.) LTD.

Mohammad Mohon

Signature with Date

DAFFODIL INTERNATIONAL UNIVERSITY

Faculty of Business and Entrepreneurship (FBE)

Department of Business Administration

INTERNSHIP LOG BOOK

Student's Name:	Suraiya Siddik	Internship Site:	Madaripur Spinning Mills (Pvt) Limited
Supervisor's Name:	Mohammad Mohan	Week beginning:	1st February
Internship Coordinator/Advisor:	Repon Miah		

Summary of Internship Activities

During my internship at Madaripur Spinning Mills (Pvt) Limited, I was primarily involved in analyzing the company's financial performance over a five-year period (2020–2024). My main responsibility was to evaluate the company's liquidity, profitability, and solvency using various financial analysis techniques. I assisted in gathering and reviewing financial data, including balance sheets and profit & loss statements.

I conducted horizontal and vertical analysis**,** which helped identify trends and key financial shifts. I also performed ratio analysis to evaluate liquidity ratios (current ratio, quick ratio), profitability ratios (ROA, ROE), and leverage ratios (debt-to-equity, debt ratio), providing insights into the company's financial health.

A significant part of my work involved assessing inventory management and its impact on liquidity, especially given the company's reliance on inventory to meet short-term obligations. I also helped prepare a report that highlighted the company's financial strengths and weaknesses.

Throughout my internship, I worked closely with the finance team, applied theoretical knowledge, and contributed to providing recommendations for cost management, asset optimization, and financial stability**.**

Week & Date	Description of Activity
Week 1	Orientation and introduction to the financial systems at Madaripur Spinning Mills. Familiarized myself with the company's financial records, internal tools, and reporting processes. Attended training on financial analysis techniques.
Week 2:	Worked with the finance team to gather historical financial data for 2020. Assisted in reviewing balance sheets and profit and loss statements. Started analyzing profitability ratios like gross profit margin and net profit margin.
Week 3:	Performed horizontal analysis (year-over-year comparison) on key financial metrics such as revenue, gross profit margin, and net profit margin. Assisted in creating trend analysis for operational efficiency.
Week 4:	Focused on liquidity ratios—current ratio and quick ratio. Conducted analysis to assess the company's ability to cover short-term obligations. Participated in discussions about inventory management and its impact on liquidity.
Week 5:	Analyzed the company's leverage and solvency ratios, including the debt-to-equity ratio and debt ratio. Created a report highlighting the company's financial stability and areas for improving debt management.
Week 6:	Worked on preparing a comprehensive financial performance evaluation for 2020–2024 using vertical analysis. Analyzed cost structures and compared the company's financial ratios against industry benchmarks.
Week 7:	Assisted in drafting a report detailing findings from profitability and liquidity analyses. Developed insights into how the company could optimize its operational costs and improve efficiency.
Week 8: .	Final review and recommendations for improving financial performance. Focused on improving cash flow management and reducing reliance on inventory for liquidity. Prepared a presentation summarizing key insights and suggested improvements.

Intern Signature: Suraiya Siddik

Signature Over Printed Name of Student: Suraiya Siddik **Date:** 30/04/2025