



**An Internship Report  
On  
Financial Performance Analysis of  
OnnoRokom Group**

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**Date of Submission: November 30, 2018**

## LETTER OF TRANSMITTAL

November 30, 2018

To

Mr. Mahbub Parvez

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report.

Honorable Sir,

I would like to thank you for assigning me this subject to prepare the Internship Report. This task has been given me the opportunity to explore one of the most important aspect of the OnnoRokom Group. The topic of my report is Financial Performance Analysis of OnnoRokom Group, contains a comprehensive analytical study on the financial and managerial activities. It was a great pleasure for me to work on the above-mentioned subject.

I hope that you would be kind enough to accept my report for evaluation and oblige thereby.

Sincerely yours,

.....  
**Sadnan Saeb Sajib**

ID No: 171-14-2342

Batch: 46<sup>th</sup> Batch

MBA Program

Major in Finance

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## **CERTIFICATE OF APPROVAL**

This is to certify that, Sadnan Saeb Sajib, Student of MBA Program (Major in Finance), ID No: 171-14-2342, Batch: 46<sup>th</sup>, Daffodil International University (DIU) main campus, Dhaka, Bangladesh, has completed his Internship Report entitled Financial Performance Analysis of OnnoRokom Group. He has completed this internship under my supervision as he partial fulfillment for the award of MBA degree.

He has done his work accordingly to my supervision and guidance. He has tried his best to do this successfully. I think his study will help him in the future to build up his career.

I wish him every success in life.

.....  
**Mahbub Parvez**

Associate Professor

Faculty of Business & Entrepreneurship

Daffodil International University

## ACKNOWLEDGEMENT

The Almighty “Allah” is so great that he gave me the ability to finish the task within the time.

First of all I am indebted to my supervisor teacher **Mr. Mahbub Parvez**, Associate Professor and Head, Department of Tourism & Hospitality Management; Faculty of Business & Entrepreneurship. Who has extended all types of assistance and cooperation to do such an enthusiastic and challenging topic. He suggested on how to prepare an effective report and provided valuable guidelines in writing and including revision whenever requested.

I want to express my special thanks to Mr. K. M. Mostafa Kamal (DGM, Finance, and Accounts & Taxation), Mr. Md. Kowshar Alam (Manager, Finance, and Accounts & Taxation), Mr. Tasawoof Bin Faroque (Senior Executive Officer, Human Resource), Mr. Bony Amin (Head Business Development, ORELCO), Mr. Abdus Sajed (Manager, Operation ORG), Mr. Sujjan Chowdhury (Head Business Development, OSL), for giving their valuable time and adequate information. I am also grateful to all other employees of OnnoRokom Group, Corporate Office, Kawran Bazar, for their support and assistance.

I especially like to thank to my parents for their helping hand at a time when I need it most. I remember all the care and love of my teacher and friend for their inspiration, valuable suggestion and co-operation.

.....  
**Sadnan Saeb Sajib**

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## **EXECUTIVE SUMMARY**

The economic development of a country depends largely on the activities of business Organizations. Especially a Country like Bangladesh, our agricultural, industrial, technological and socio economic developments are very much depending in smooth operation of every small business sectors. So we must ensure the efficient and effective performance of every business arena. OnnoRokom Group (ORG) is one of the finest growing diversified groups of companies in Bangladesh. The main objective of the group is to build up a better Bangladesh by introducing all possible innovative products & services at the doorsteps of the people and by providing smart solutions of day to day problems. The ultimate success, smooth operations of an organization and financial stability are involved each other. So the main purpose of this report is Financial Performance Analysis of OnnoRokom Group.

This report includes five chapters in total. The first chapter is consisting of introduction, background, origin, objectives, methodology & limitations. The second chapter presents an overview of the OnnoRokom Group which includes the mission, vision, objectives, and financial highlights, management aspects, key revenue products, services and human resource strength & SWOT Analysis of the group.

The third chapter reveals some important data stemmed from balance sheets and income statements at year end 30 June, 2016, 2015 and 2014. Different ratios were also calculated along with trend analysis, vertical & horizontal analysis, Dupont Analysis and Z-Score calculation. All the data are critically analyzed by using some important analyzing tools and shown in tabular and graphical presentation; so that the financial manager will be aware of its current financial performance and can then compare it with other industries in the same sector.

The fourth chapter is about the findings of the study, recommendations and conclusion. It was grate pleaser for me to get such an opportunity to work and to gather real experience in OnnoRokom Group.

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## Abbreviations

✓ ORG:	OnnoRokom Group
✓ OSL:	OnnoRokom Software Limited
✓ ORELCO:	OnnoRokom Electronics Co. Limited
✓ OWSL:	OnnoRokom Web Services Limited
✓ TSB:	Techshop Bangladesh
✓ DIU:	Daffodil International University
✓ OCS:	Optical Counting System
✓ VTS:	Vehicle Tracking System
✓ LED:	Light Emitting Diode
✓ DVS:	Digital Voltage Stabilizer
✓ EVM:	Electronic Voting Machine
✓ SCPS:	Smart Car Parking System
✓ SCC:	Solar Charge Controller
✓ PSPS:	Power Saving Power Supply
✓ IAS:	International Accounting Standards
✓ CA:	Current Assets
✓ CL:	Current Liabilities
✓ T/O:	Turnover
✓ A/R:	Accounts Receivable
✓ COGS:	Cost of Goods Sold
✓ ROA:	Return on Assets
✓ ROE:	Return on Equity
✓ SOWT:	Strength, Opportunities, Weakness & Threats
✓ R&D:	Research and Development
✓ ITES:	Information & Technology Enabled Services
✓ GDP:	Gross Domestic Product

*Chapter One*

***-INTRODUCTION***

## 1.1 Origin of the Report

This internship report prepared as a requirement for the completion of MBA program (Major in Finance), Daffodil International University (DIU). The primary goal of internship is to provide the job exposure to the student and an opportunity to implement theoretical knowledge in real life situation. Currently I'm working at OnnoRokom Group (ORG). From here I'm taking the real life exposure of the financial and managerial activities.

## 1.2 Background of the Report

As a requirement for the fulfillment of our MBA program (Major in Finance), Daffodil International University (DIU), we have to perform four months internship. As a student of MBA I have gathered enough theoretical knowledge, and now I want to put my potentiality in the practical field. I've the opportunity to commence my internship at OnnoRokom Group as I've been working here for the last two and half years. During the internship program, students are required to prepare a report on the organization where they have been attached. OnnoRokom Group and all the officials always encourage and welcome the students for their internship program. I have tried my best to properly apply my potentiality and theoretical knowledge to make the report reliable and information worthy.

## 1.3 Objectives of the Report

The general objective of the report is to examine the financial performance and possibilities of OnnoRokom Group in diversified area of business.

The Specific focuses of the study are:

- To know about OnnoRokom Group.
- To know the Financing activities of OnnoRokom Group.
- To evaluate the performance of the group by analyzing financial data.
- To provide some recommendations for OnnoRokom Group.

## 1.4 Methodology of the Report

This study utilized the quantitative research methodology. In order to investigate the financial performance, accounting information were derived from audit reports, internal reports and financial statements of the OnnoRokom Group for three consecutive years. Initially, horizontal and vertical analysis for balance sheets and income statements were conducted. Thereafter, to assess the relationships between various data on balance sheets and income statements, financial ratios were measured and evaluated for the studied period. Raw data were analyzed using Microsoft Excel 2010 software. Results are stated through frequency counts and other descriptive statistics.

### 1.4.1 Primary Sources:

Major sources of Primary information were collected through

- ❖ Face to face conversation with respective Officials.
- ❖ Face to face conversation with Manager Operation.
- ❖ In charge & Head of Finance, Accounts & Taxation.

### 1.4.2 Secondary Sources:

Sources of Secondary information are as follows

- ❖ Annual Report of OnnoRokom Group.
- ❖ Audit Report of OnnoRokom Group.
- ❖ Organizational oriented information releases.
- ❖ Website of OnnoRokom Group.

## 1.5 Limitations of the Report

The report is written mainly on the basis of face to face conversation with the officials and the little practical experience I have gathered by working with this company. So, on perfect study is conduct to measure the viability of the report. There are some other limitations. Such as:

- ❖ Vast areas of tasks operated by the company.
- ❖ Due to the safety and security reasons, access to all the confidential data was not obtained.
- ❖ The research was conducted only within the Kawran Bazar office.
- ❖ Sufficient books, publications, information and figures are not available; these constraints narrowed the scope of accurate analysis.
- ❖ Data and result were not compared and contrast with competitor.

*Chapter Two*

***-OVERVIEW OF ONNOROKOM  
GROUP***



**অন্যদক্ষ**



## 2.1 The OnnoRokom Group

OnnoRokom Group consist of various diversified Company and partnership firms registered under the Companies Act, 1994 and partnership act 1932 with its Head Office at 39, ARA Bhaban, Kawran Bazar, Dhaka-1215. The group started its operation from 2010. OnnoRokom has been building one of the most consequential technology companies in Dhaka over the past years and have done important works in a host of sectors. The group has businesses in education, research and innovation, software, hardware, ecommerce, publication and more. Over the past years, OnnoRokom team has built a mission-driven entire group of companies from scratch which continues to experience tremendous growth while staying true to its core vision of building a better Bangladesh. Now OnnoRokom Group is employing more than 1800 people.

Firstly, if someone looks at the organizations, it will look like disjointed points. But if someone goes deeper into the companies then they will notice that these are not disjointed at all but are related to one another. They are connected in this way – Companies tagline, dreams & theme **“OnnoRokom Bangladesh”**. Why do OnnoRokom want **“Onnorokom Bangladesh”**? Because none of us are happy with “Airokom Bangladesh” / this Bangladesh. The place where we are in, that is not desirable by us at all. Hence the companies dreams of a different Bangladesh **“OnnoRokom Bangladesh”**.

OnnoRokom is a group of spontaneous people who, quite frankly, dream of building up better Bangladesh. Better Bangladesh is a vast concept; it will practically become true only when desired development can be ensured in every field of living. OnnoRokom eyes at diversity, and the name of our group 'OnnoRokom' (অন্যরকম) is directly motivated by this spirit. OnnoRokom being a Bengali word itself means something different. OnnoRokom are determined to go beyond traditionalism, because it's OnnoRokom's earnest belief that tradition can never make things excellent.

The persons who dreams of building a different Bangladesh is the founder of the group its chairman Mr. Md. Mahmudul Hasan and Managing Director Mr. Muhammad Abul Hasan Liton.

## 2.2 Vision of OnnoRokom Group

To shape up a different looking Bangladesh through the continuous development and refinement of Technology, Education, Research and Entrepreneurship.

## 2.3 Mission of OnnoRokom Group

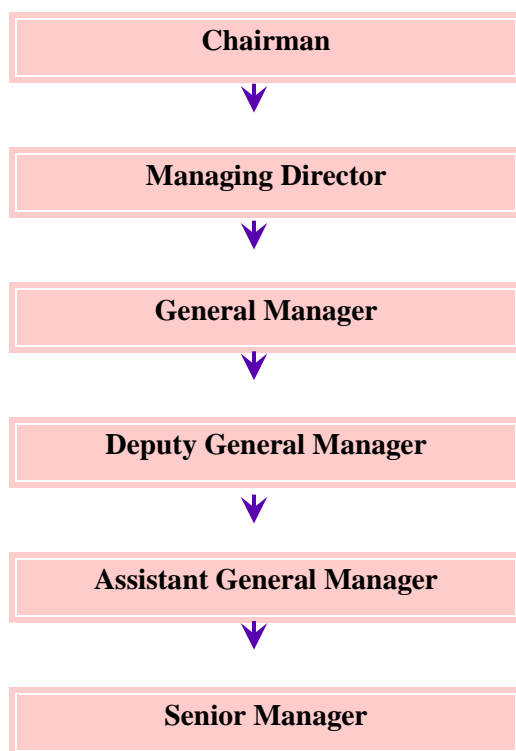
Enhancing Human Competency, Promoting Research, Inventing and Developing Quality Products, Creating Innovative Solutions, Patronizing Potential guys of any Promising field and Delivering Superior Service to Customers.

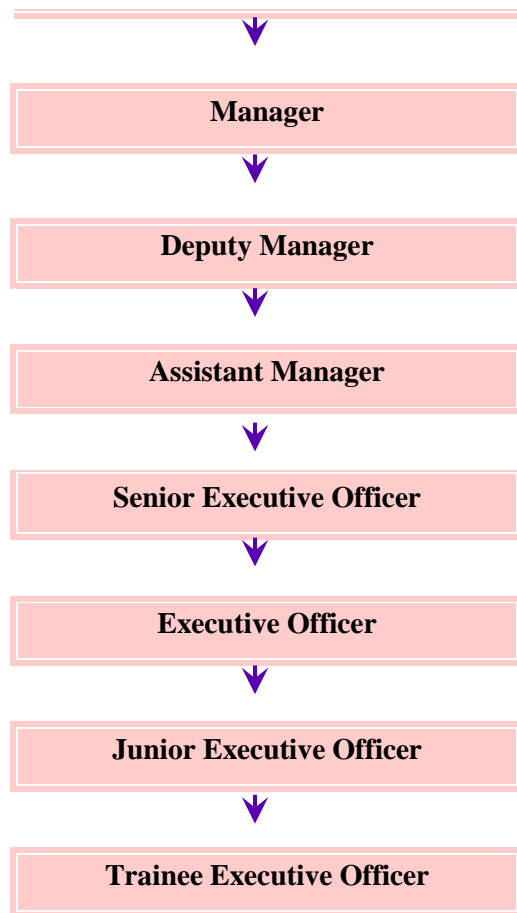
## 2.4 Corporate Slogan

“অন্যরকম বাংলাদেশের স্বপ্ন নিয়ে”

## 2.5 Management Hierarchy of OnnoRokom Group

A team of professionals headed by the Chairman has been functioning to carry out the day to day operations of the Group.





**Fig 1.1: The Management Hierarchy of OnnoRokom Group**

## 2.6 Board of Directors

**Table 1.1: The Present Board of Directors of OnnoRokom Group:**

<b>S.L. NO.</b>	<b>Name</b>	<b>Status</b>
1.	Md. Mahmudul Hasan	Chairman
2.	Muhammad Abul Hasan Liton	Managing Director

## 2.7 Associates of OnnoRokom Group

The group has 7 associates.

01. OnnoRokom Software Limited (OSL).
02. OnnoRokom Web Services Limited (rokomari.com).
03. OnnoRokom Electronics Co. Limited (ORELCO).
04. OnnoRokom Solutions Limited.
05. Pi Labs Bangladesh Limited.
06. OnnoRokom Prokashonee.
07. Techshop Bangladesh.



**Figure 1.2: Logo of Associates, OnnoRokom Group**

### 2.7.1 OnnoRokom Software Limited (OSL)

OnnoRokom Software Ltd. is one of the fastest growing software companies in Bangladesh. OSL started its journey with web application, desktop application and customized solution development.

OSL has already developed and deployed Modern OMR (Optical Mark Reader) Technology, OCS (Optical Counting System) for election, Multi set Question Generation and Evaluation Software, iTrader (online share trading software), Share Price Board, Municipality Management System, Football Club Management System, Online HR Management Software, Accounting & Inventory Management Software, Meeting Management Software, E-Notice Board and so on for

various clients in home and abroad. OSL also developed online multi gateway bulk SMS sending portal.

### **2.7.2 OnnoRokom Web Services Limited (OWSL)**

The domain name [www.rokomari.com](http://www.rokomari.com) (referred to as "Website") is owned by Onnorokom Web Services Limited a company incorporated under the Companies Act, 1994(Act XVIII of 1994). Rokomari.com is the largest online book store in Bangladesh that helps saving a lot of time and money. People can buy books online through few-clicks or convenient phone call with breathtaking discounts one can buy more from rokomari.com. Superfast cash on delivery service brings the products at your doorstep. Rokomari's customer support, return and replacement policies will surely add extra confidence in customer's online shopping experience.

### **2.7.3 OnnoRokom Electronics Co. Limited (ORELCO)**

ORELCO is a nationally recognized company in power and automation technologies in Bangladesh. Based in Dhaka, Bangladesh, the company employs 600 people and operates in approximately 8 districts. The Company is particularly proud of its record for innovation - widely recognized through countless awards and scientific accolades. Many of the technologies take for granted today, were developed or commercialized by ORELCO. Today ORELCO is one of the largest supplier of Voltage Stabilizer, Solar Charge Controller, Vehicle Tracking System, LED Lighting Solution in the country. The most popular product of the company is OnnoRokom Biggan Baksho. Biggan Baksho is the first *science kit* in Bangladesh. It comes in six versions.

### **2.7.4 OnnoRokom Solutions Limited**

"Onnorokom Solutions Limited" is an export-import business oriented technology company run by BUET Engineers and sister concern of Onnorokom Group. Onnorokom Solutions Limited eyeing at making a bridge among the nations through the exchange of products to ensure security, safety and comfort in day to day life. Technology-based solutions are an integral part of "Onnorokom Solutions Limited" total capability. The Company has the ability to provide unique services and products, which matches the needs of its clients in a continually changing

environment. It is committed to the development, supply and maintenance of sophisticated electronic communication and security systems.

### **2.7.5 Pi Labs Bangladesh Limited**

Basically Pi Labs is a research based firm. Pi Labs has started its journey with a vision to instigate a platform for research that is needed and appropriate for our country. Initially Pi Labs has started with embedded system developing, electronic circuit imaging and developing other IT related projects. Though started with electronic segment, the potentiality of the center will be diversified into research and development in the other segments of engineering. As a company Pi Labs Bangladesh Ltd. started its journey from 2004. Since birth, the organization has been serving successfully both foreign and national clients, receiving a lot of appraisal from all of them. Pi Labs Bangladesh Ltd. listed as incorporation in the year of 2010.

### **2.7.6 Techshop Bangladesh (TSB)**

Techshop Bangladesh is an online retail store that sells the electronic bits and pieces needed for a competent electronic project. Its ultimate vision is to release the tension, of the enthusiastic researchers, about the availability of the necessary devices and make electronics reach to the limit of the average persons. However, its endeavors are not confined within selling and reaching electronics only, it also offer essential tutorials on diversified projects and according to the demand of the researchers this sector is updated time to time. TSB dreams of building up skilled individuals who will flourish our country through the innovation of unforeseen electronic devices and also of acquainting people with the wonderful world of embedded electronics. As a Partnership Firm registered under Partnership Act 1932, Techshop Bangladesh started its journey from December 2012. Since birth, Techshop Bangladesh has been serving successfully students, researchers and entrepreneurs, receiving a lot of appraisal from all of them.

## **2.8 Products & Services of OnnoRokom Group**

### **❑ OnnoRokom Software Limited**

- Software Development
- ORM Sheet Supply & Evaluation
- Optical Counting System (OCS)
- Bulk SMS Gateway Service

#### ❑ **OnnoRokom Web Services Limited**

- Books
- Electronics
- Accessories
- Gift Voucher

#### ❑ **OnnoRokom Electronics Co. Limited**

- OnnoRokom Biggan Baksho/Science Kits
- Vehicle Tracking System (VTS)
- Energy Efficient Solar Charge Controller
- Energy Efficient ORELCO LED
- Digital Voltage Stabilizer (DVS)

#### ❑ **OnnoRokom Solutions Limited**

- Smart Time Attendance
- Metal Detection Device
- CCTV, Access Control, Intruder Alarm.
- Fire Safety & Protection
- Air Purification System
- Water Pump Auto Controller
- Solar System, Electronic White Board, Mimi IPS

#### ❑ **Pi Labs Bangladesh Limited**

- Electronic Voting Machine (EVM)
- Smart Car Parking System (SCPS)
- Solar Charge Controller (SCC)

- Power Saving Power Supply (PSPS)
- Digital Bill Board
- Industrial Auto Timer
- Web Based Digital Weight Machine
- Vault Security System
- Production Line Monitoring System
- Customize Solution

#### ❑ **Techshop Bangladesh**

- Electronic bits and pieces
- Electronics Components & Modules
- Embedded Electronic Devices.
- Local & International Sourcing Orders.

## **2.9 Key Revenue Generating Product & Services of ORG**

The key revenue generating and popular responsive products and services of the group are mentioned in the following paragraphs.

### **2.9.1 OnnoRokom Biggan Baksho/Science Box**

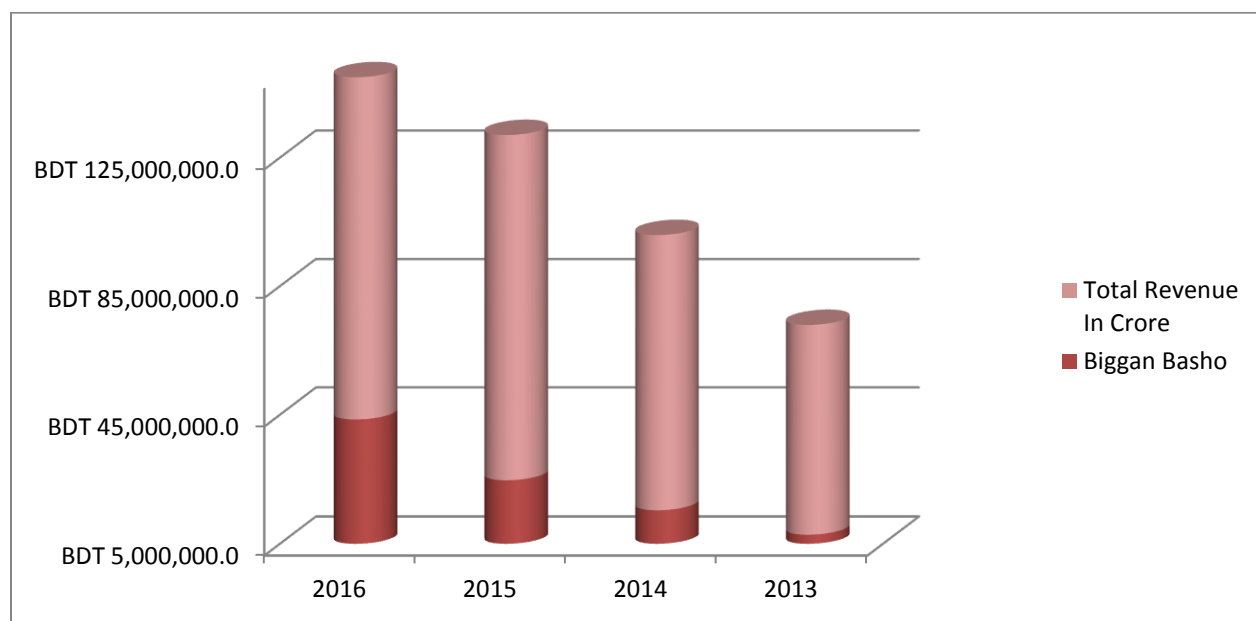
Biggan Baksho is the first and only science-kit till date in Bangladesh. It consists of different types of equipment. With them, many scientific experiments can be done. Biggan Baksho is mainly designed for kids of age seven and above. It comes in six versions both in English & Bengali. Biggan Baksho contains a guide book and video tutorials. In the manual instructions about every experiment is written in simple words. Not only that, it also describes why and what's happening during the experiment with pictures. As a result, a kid could learn a lot of scientific stuff while playing with science! Biggan Baksho acts as a play thing, but also a mini laboratory.



## Features

- 20+ exclusive experiments to explore in every science kit.
- Amazing collections of ideas and scientific instruments.
- Attractive and specially designed manual booklet with story book.
- Video tutorials included for better learning.
- First ever Science kit from Bangladesh.
- Science kits available on Light, Magnetism, Electricity, Chemistry, Measurement.
- More science kits are coming – Sound, Robotics etc.
- Available in Bangla (অন্যরকম বিজ্ঞানবাক্স) and English (OnnoRokom Science Box).

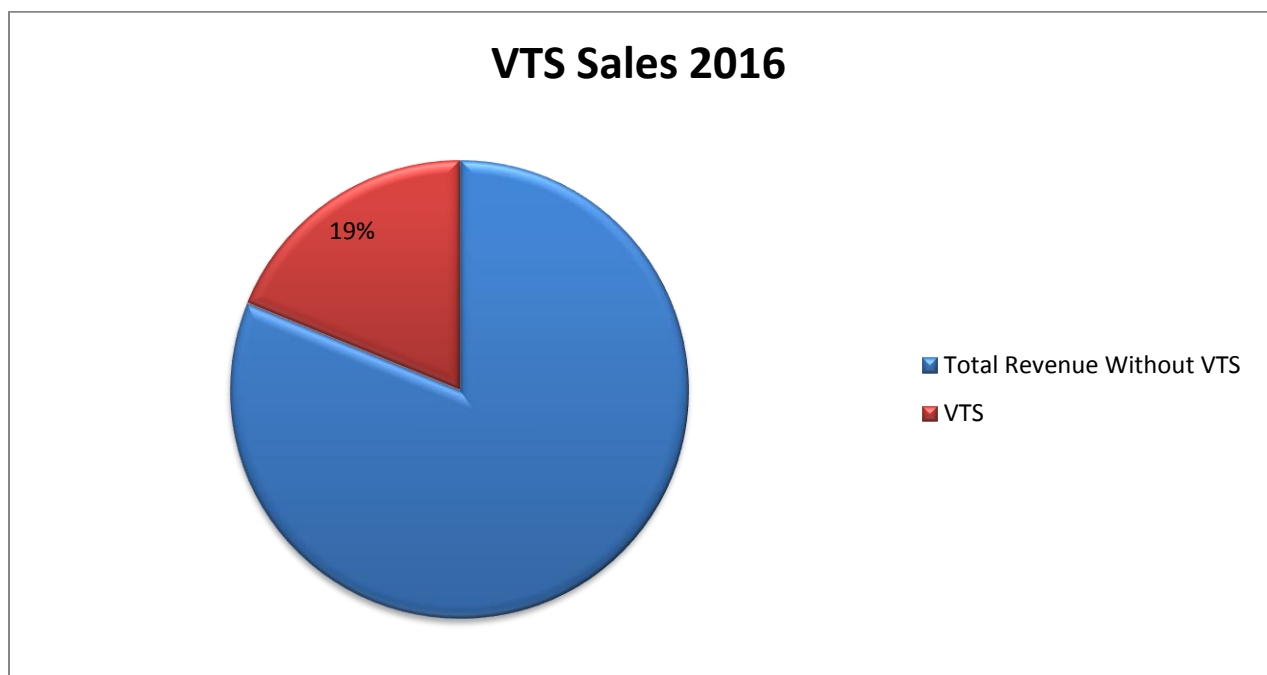
Lion share of ORELCO's revenue comes from by selling Biggan Baksho. It can easily understand that how much Biggan Baksho contributes to total revenue. In 2016 it was almost 31% of total revenue whereas in 2015 it was only 23%.



**Figure 2.1: Contribution of Biggan Baksho to total revenue of ORELCO.**

## 2.9.2 Vehicle Tracking System (VTS)

Prohori Vehicle Tracking System a major component of any transport or service business is the need for real time information on the activities of your vehicle. Knowing the location of your vehicle is essential to protect your vehicle and the people inside it. ORELCO's robust and sophisticated tracking technology 'Prohori' monitors vehicle's precise location 24/7 giving you a sense of safety and security. In other words, it never sleeps and Prohori's eyes are never shut. It is a virtually undetectable unit. Size of your palm Rugged and protected with unbreakable casing. Tucked inside the vehicle, with a simple plug and play interface. Advantages: Increase vehicle safety by under real time surveillance. Constant communication between vehicle and authority. Monitor driver's behavior and driving style. Identify unauthorized private mileage and excessive idling. Now a day's people are becoming very conscious about the safety of their vehicle and new business areas are developing rapidly. The emerged of new transport business organizations like Uber, Pathao, OBHAI, Shohoz has boost up the sales of VTS. In 2016 VTS added 19% to total revenue.



**Figure 2.2: Contribution of VTS to total revenue.**

### 2.9.3 Smart Car Parking System (SCPS)

Traffic jam is one of the biggest inconveniences we face every day. And the main reason behind this issue is unplanned and illegal parking. Even if there are arrangements for parking, people face a lot of unwanted incidents due to improper management. Our parking systems are not as efficient to tell us if there are slots free inside while we are outside. A lot of the parking arrangements are one way- as a result of which the whole road gets blocked due to cars coming from both sides. Many accidents occur due to manual management despite having barriers. Moreover, it's difficult to keep the parking slot free of unauthorized people. Which is why, car theft is not a very unfamiliar concept to us. There are also privilege/ VIP parking arrangements that we need to be concerned about. It is often risky and troublesome to manage parking by the help of guards. Even a small parking requires an active team of at least 2-3 members along with a manager to manage them.

To solve these problems at a time is a big challenge. And to do that manually is a more complicated issue. Keeping all these in mind, Pi Labs Bangladesh brings you “Smart Car Parking System”- an automatic digital management system for parking

#### Features

- One Way Management
- Slot Automation
- Automated Barrier Controlled Parking Security
- Parking Log
- Parking Bill Management
- VIP/ Guest/ Official Car Management
- Display Automation
- Other Facilities

In addition to all these, all sorts of data related to parking can be collected and saved for further use.

Renowned institutions like Mutual Trust Bank (MTB), Suvastu Development have already subscribed to these parking facilities. Pi Labs is open to customizing these facilities as per clients need and want. Pi Labs is eager to provide customized solutions for all sorts of technical problems.

<https://www.youtube.com/watch?v=1ZBX8zuG8qA&feature=youtu.be>

The above video link will show how Pi Labs Bangladesh Limited provides smart solutions of MTB's car parking problem. Now Pi Labs working in a 57 lac taka government smart car parking project at Sher-e-Bangla Nagar, Agargaon and also a 12 lac taka project of smart car parking at Gulshan 2, Head Office of United Group.

### **2.9.4 Electronic Voting Machine (EVM)**

Electronic Voting Machine is the most glorious recognition Pi Labs has so far achieved. Pi Labs developed this voting machine in joint venture with IICT, BUET. It is one of the leading products of Pi Labs Bangladesh Ltd. It has shown a new path of technology in home and abroad. It is a machine by which people can give their votes easily. In this system vote casting, counting and result publishing made far more convenient than the usual system.

#### **Features**

- Vote Casting is very easy.
- Each EVM can accommodate up to 80 candidates & 65000 voters.
- Vote counting & result publishing is almost instantaneous & 100% accurate.
- 0% chance of losing data, highly stable memory with 4 backups which can store data up to 100 years.
- Vote records are completely safe & confidential.
- In spite of damaging of the device vote record can be retrieved.
- Battery operated no need of electricity.
- Applicable for both national & panel election.
- Reusable & cost effective.



## **Pi Labs Bangladesh Limited, Chairman Mr. Md. Mahmudul Hasan speaking to honorable Prime Minister, Sheikh Hasina about voting through EVM.**

### Successful Operation

- Officers' Club Election (2007)
- Chittagong City Corporation Election (2010)
- Cumilla City Corporation Election (2011)
- Narayanganj City Corporation Election (2011)

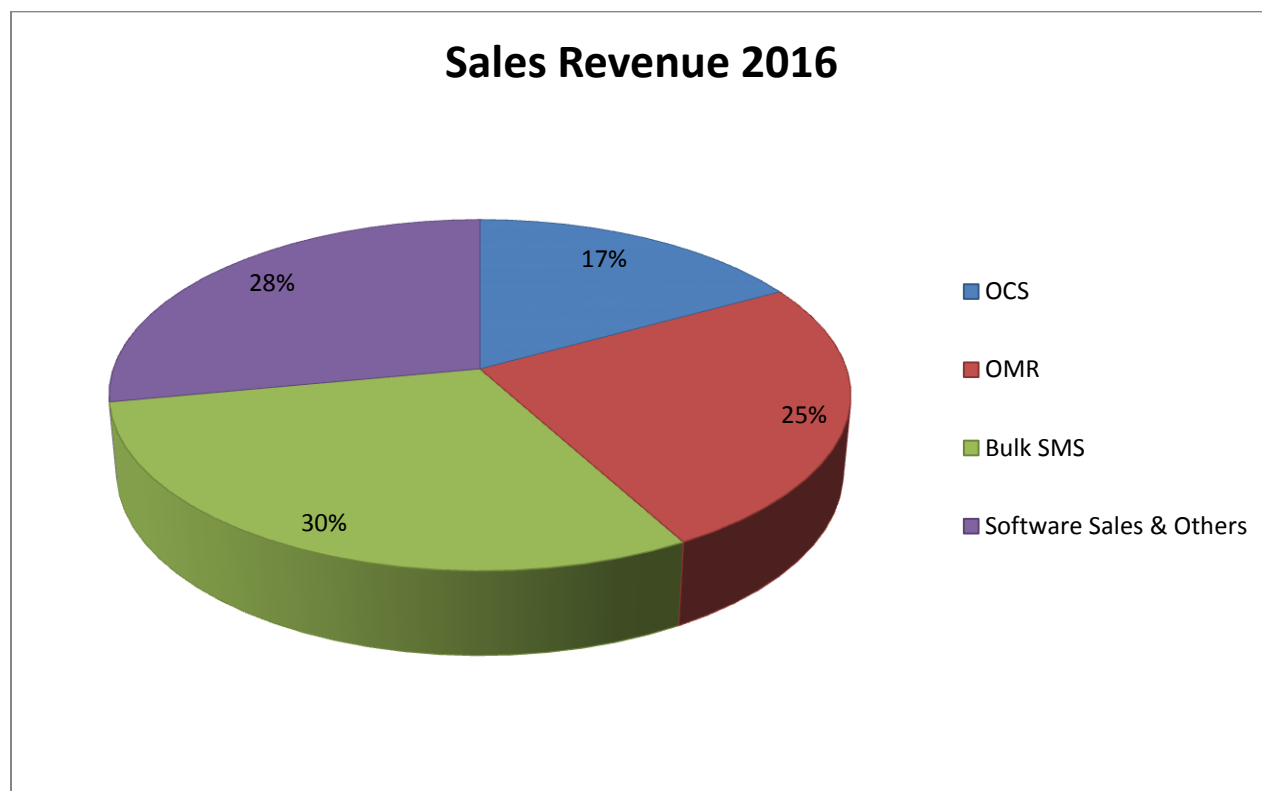
Mahmudul Hasan Sohag, Chairman of Pi Labs Bangladesh Ltd, together with Bangladesh University of Engineering and Technology (BUET), invented the device. While studying Electrical and Electronic Engineering at the country's best engineering university, he along with his two classmates, Masum Habib and Rajib Mikail, met Dr Lutful Kabir, Director of Institute of Information and Communication Technology (IICT), and they decided that they would develop a voting machine. The IICT gave them a lab with all the required facilities. The trust of Dr Kabir was not in vain as the project was ready in three months and they were still studying in their third year.

### **2.9.5 OMR, OCS & Bulk SMS Gateway Service**

Easy OMR Technology is a special type of OMR software that is used in evaluating MCQ answer sheet with 100% accuracy rate. It visions to subdue the traditional OMR (Optical Mark Recognition) machine which always bears the high risk of error. As opposed to traditional OMR device, our OMR Evaluation service ensures 100% accuracy and transparency in evaluation process.

Optical Counting System (OCS) is computer software that is used to count votes on ballot paper with 100 % accuracy rate in a very short time. It's a digitalization movement of substituting traditional antediluvian paper ballot and human counting system, which always possesses high risk of error, with unerring computer software.

OnnoRokom SMS Service is a web-based bulk SMS service through which you can send thousands of SMS to thousands of number straight from your internet enabled computer in a second. OnnoRokom SMS Service is a leading bulk SMS gateway service provider in Bangladesh to facilitate your mass communication with your clients, employees, members at a stretch. Besides these product and services Finance, Accounting, Inventory Management, ERP software sales and other services are contributing a lot to the total revenue.



**Figure 2.3: Product Contribution to total revenue of OSL.**

## 2.10 Financial Highlights of the ORG

Till now OnnoRokom Group is a financially sound group of company. Its diversified investment in different business sectors and innovative product and services has built up very strong portfolio. Its financial strength is very impressive since 2013. In June 30, 2016 the group's total revenue was BDT 540,353,672. Net Profit After Tax (NPAT) was BDT 77,779,419 whereas in

June 30, 2015 it was BDT 46,549,750. That means the group's net income is increased by BDT 31,229,669 at year end June 30, 2016 and the upward moving ratio was 67% indicates financial strength and growth of the group.

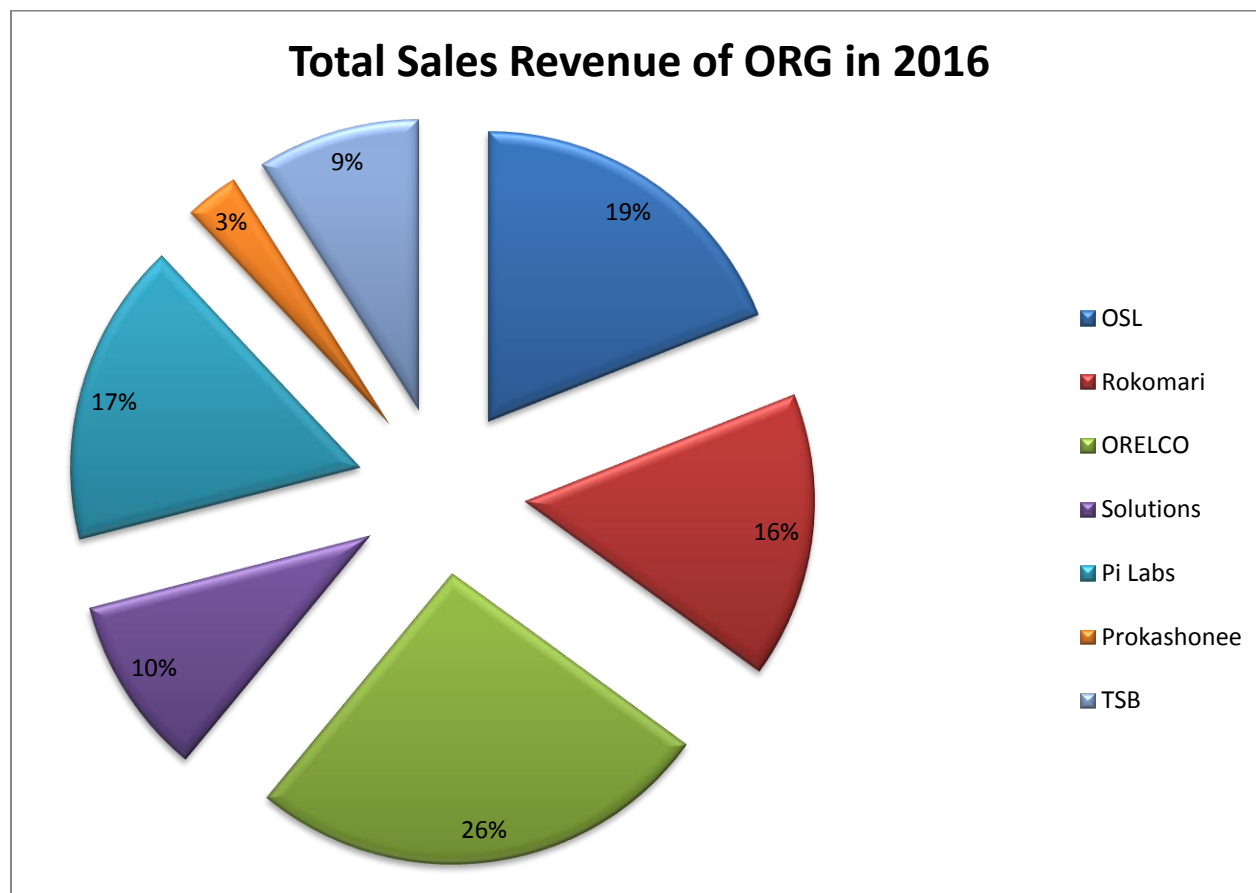


Figure 2.4: Sister Concern's Contributions to Total Revenue in 2016.

Particulars	Growth		June 30,	June 30,	June 30,
	2016	2015	2016 Taka	2015 Taka	2014 Taka
<b>Total Revenue</b>	<b>13%</b>	<b>9%</b>	<b>540,353,672</b>	<b>478,577,029</b>	<b>439,587,211</b>
<b>Cost of Goods Sold</b>	<b>3%</b>	<b>8%</b>	<b>(369,145,375)</b>	<b>(358,155,222)</b>	<b>(332,763,970)</b>
<b>Gross Profit</b>	<b>42%</b>	<b>13%</b>	<b>171,208,297</b>	<b>120,421,807</b>	<b>106,823,342</b>
<b>Total Operating Expenses</b>	<b>18%</b>	<b>8%</b>	<b>(84,266,523)</b>	<b>(71,639,939)</b>	<b>66,451,192</b>
<b>Operating Profit</b>	<b>78%</b>	<b>21%</b>	<b>86,941,774</b>	<b>48,781,868</b>	<b>40,372,050</b>



<b>Profit Before Tax</b>	<b>82%</b>	<b>25%</b>	<b>81,805,160</b>	<b>45,006,169</b>	<b>35,996,284</b>
<b>Net Profit After Tax</b>	<b>67%</b>	<b>35%</b>	<b>77,779,419</b>	<b>46,549,750</b>	<b>34,473,642</b>

**Table 2.1: Financial Highlights, Comparison of financial data of three subsequent years.**

### **2.10.1 Human Resource Accounting (Quantitative Analytical Information about the Value of Human Resource)**

There are several areas in which non-monetary measurements may be evolved in accounting and human resource accounting is probably one of these. To make valuation of human resource objective and comparable there must be a universally acceptable method of valuation.

Accounting Standard for Human Resource International Accounting Standards (IAS) 38 defined intangible asset as "an intangible asset is an identifiable non-monetary asset without physical substance held for use in production or supply of goods or services, for rental or others or administrative purposes". IAS 38 requires that for an asset to be recognized as intangible asset it should be identifiable in a way that it is possible to distinguish it from goodwill. In addition, the enterprise should have sufficient control of the asset in order to meet the definition of intangible asset. Based on this definition, human resource is identifiable and possible to separate it from goodwill thus can be recognized as intangible asset.

ORG continues to maintain a very satisfactory position in terms of people productivity. This is confirmed by the following indicators:

**Table 2.2: Employee Productivity Data**

<b>Particulars</b>	<b>2016 Taka</b>	<b>2015 Taka</b>	<b>2014 Taka</b>
Total Employee	1800	1687	1571
Net Profit Per Employee	43,211	27,593	21,944
Revenue Per Employee	300,196	283,685	279,814
Assets Per Employee	442,900	424,355	417,881

Human dimension is the key to organization's success. Several initiatives for development of human resources to meet new challenges in the competitive business environment have gained momentum. ORG acknowledges the value of its human assets who are committed to achieve excellence in all spheres. The Human resource profile given below in table shows that ORG has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the group's desired goals.

**Table 2.3: Staff Strength as at 30 June 2018, OnnoRokom Group**

<b>Staff Strength</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Senior Management	49	41	39
Mid-Level Management	297	279	271
Junior Level Management	1032	1005	983
Support Staff & Temporary Employee	422	362	278
<b>Total Employee</b>	<b>1,800</b>	<b>1,687</b>	<b>1,571</b>

**Table 2.4: Service Life Analysis of Employees as at 30 June 2016, OnnoRokom Group**

<b>Service Group Year</b>	<b>Senior Level Mgt.</b>	<b>Mid-Level Mgt.</b>	<b>Jr. Level Mgt.</b>	<b>Support &amp; Temporary</b>
Above 10	8	15	0	0
7-10	16	49	5	12
5-7	18	97	69	26
2-5	7	129	225	51
Below 2	0	7	733	333
<b>Total Employee</b>	<b>49</b>	<b>297</b>	<b>1032</b>	<b>422</b>

Average service life of the employees as at June 30, 2016 was 3.23 years (2015: 3.88), (2014: 4.55)

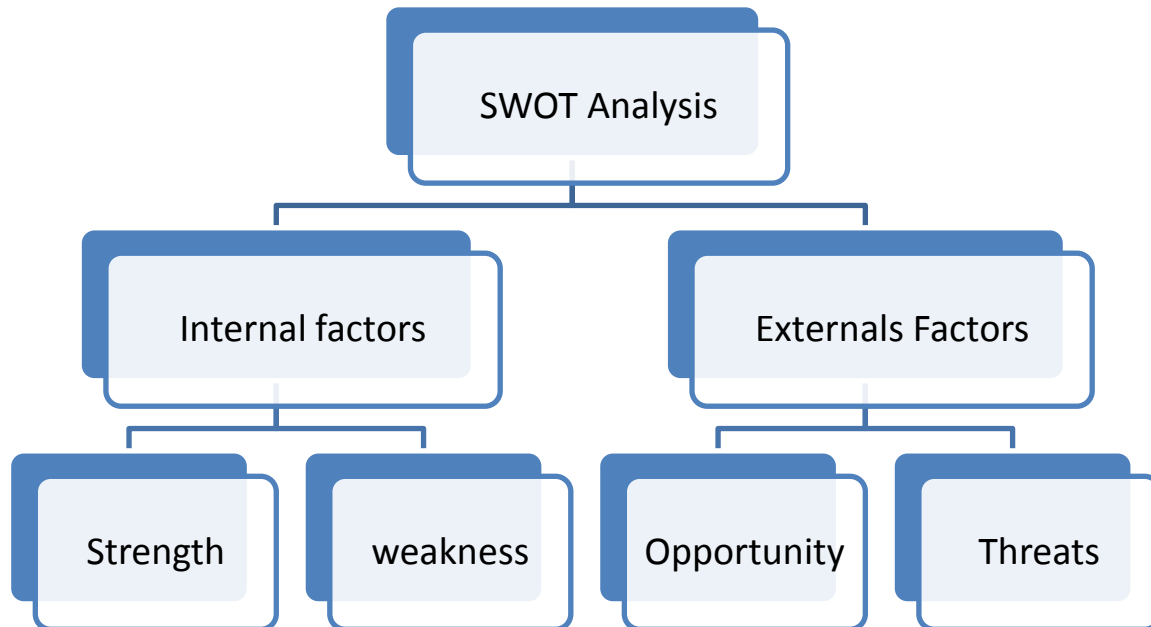
**Table 2.5: Age Analysis of Employees at 30 June 2016, OnnoRokom Group**

<b>Age Group Year</b>	<b>Senior Level Mgt.</b>	<b>Mid-Level Mgt.</b>	<b>Jr. Level Mgt.</b>	<b>Support &amp; Temporary</b>
51-60	5	7	0	0
41-50	15	27	0	7
31-40	29	245	148	47
21-30	0	18	884	368
<b>Total Employee</b>	<b>49</b>	<b>297</b>	<b>1032</b>	<b>422</b>

Average age of the employees as at June 30, 2016 was 28.35 years (2015: 31.97), (2014: 33.89)

## **2.11 SWOT ANALYSIS of ORG**

Every organization is composed of some internal strengths and weaknesses and also has some external opportunities and threats in its whole life cycle. The following will briefly introduce the management to the ORG's internal strengths and weaknesses, and external opportunities and threats as I have explored from my experience.



**Figure 2.5: SOWT Analysis**

### 2.11.1 STRENGTHS:

- ❖ **Superior Quality:** ORG provides its customers excellent quality of products and services at a fair price. It gives the first priority to customer satisfaction. Strong after sales services, return policy, technical support and other facilities makes the clients loyal to the organization.
- ❖ **Dynamism:** ORG draws its strength from the adaptability and dynamism it possesses. It has quickly adapted to world class standard in terms of R&D and Information & Technology Enabled Services (ITES). ORG has also adapted state of the art technology to connect with the world for better communication to integrate facilities.
- ❖ **Diversified Product & Services and Strong Portfolio:** OnnoRokom Group has businesses in education, research and innovation, software, hardware, e-commerce, publication, manufacturing and more. Over the past years, OnnoRokom team has built a mission-driven entire group of companies. ORG's investment in diversified negatively co-related business arena has minimized its unsystematic risk to zero.

- ❖ **Financial Strength:** ORG is a finally sound and solvent company backed by the enormous resource. Which I have already discussed and analyzed in details by using some important analytical tools and all the result goes in favor of ORG. As a result customers feel comfortable in dealing with the company.
- ❖ **Experts:** The key-contributing factor behind the success of the ORG is its employee, who is highly trained and most competent in their own field. ORG provides their employees training both in-house and outside job. They are highly productive and ORG has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the group's desired goals, which are already shown in tabular analysis.
- ❖ **Efficient Management:** All the levels of the management of ORG are solely directed to maintain a culture of the betterment of the quality of the service and development of a corporate brand image in the market through organization wide term approach and open communication system.
- ❖ **State of the Art Technology:** ORG utilizes state-of-the-art technology to ensure consistent quality and operation. The corporate office is equipped with all necessary modern technologies. ORG always focuses on technological superiority.
- ❖ **In-House Utility:** JBL is free from dependence on ever-disruptive power supply of our public sources. The company generates the required power through generator fed on diesel.
- ❖ **Excellent Working Environment & Culture:** ORG provides its workforce an excellent place to work in. Total office has been centrally air-conditioned. The interior decoration was done exquisitely with choice of soothing colors and blend of artistic that is comparable to any multinational company. ORG follows its own culture at work place. Each and every person from support staff to managing director calls each other "Vai". There is no discrimination or agency conflict. Flexibility and secured work station makes the employee to feel comfortable.

### 2.11.2 WEAKNESSES:

- ❖ **Employees Mobility:** On an average it has been seen that ORG has a mixed of youth and expertise human resource but the mobility of youth employees has increased in recent years. After being complete of training session the employees switch the job. This is very harmful for the group. Because it's very expensive task training cost, Staffing cost recruiting cost involves in it. ORG should focus on it.
  
- ❖ **Problem in Proper Marketing Strategy:** ORG has some unique product and services. Which is developed by rigorous research and innovation of its R&D team like OnnoRokom Biggan Baksho / OnnoRokom Science Kit. The first science kits introducer in Bangladesh is ORELCO till today. But I have found that in my research ORELCO is not capable to take first mover advantage. Noted that ORELCO's lion share of revenue comes from selling Biggan Baksho I have shown in my analysis.
  
- ❖ **Avoiding Debt Capital:** Every organization should have a balanced capital structure containing both equity capital and debt capital. But ORG has financed all of its capital by equity capital. This has ensured the financial solvency of the group but this is not balanced capital structure at all. Noted debt is the cheapest source of finance and Debt capital enjoys tax shield advantages. ORG avoiding these advantages where as competitors are taking this superiority without any hesitation.
  
- ❖ **Incapability in Quick Due Collection:** It has been clearly noticed that OnnoRokom Group's capability of due collection is questionable. In analytical part I have found in 2016 ORG takes 35.43 days to collect its due where as in 2015 & 2014 it was respectively 23.03 days and 12.60 days. The Average collection period is increased year by year along with its sales revenue.

### 2.11.3 OPPORTUNITIES:

- ❖ **Government Support:** Government of Bangladesh has rendered its full support to the Information and Technology Enabled Services (ITES). Noteworthy that government provides lots of opportunities for the IT sector in their last budget session 2018-19, such as VAT exemption on software sales, Software Development, Web Designing, Call Centre, e-commerce, Virtual Business etc. and charged only 5% VAT on ITES services where standard rate of VAT is 15%.
- ❖ **Evaluation of e-Business:** Emergence of e-commerce and online shopping is opening more scope for ORG to reach the clients not only in Bangladesh but also in the global business arena. Now ORG selling ORELCO's manufactured products on Rokomari.com and Techshop Bangladesh. Although ORG already entered the world of e-commerce but yet to provide full electronic or virtual facilities to its customer.
- ❖ **Innovation of New Products & Services:** In addition of those things, ORG introduces special product and services for the corporate customer as per their requirement and demand. Already Pi Labs Bangladesh Limited has offered and included customized features into Digital / Smart Car Parking Solution. ORG first listen its customers problem and then its R&D team works on it rigorously and comes with a smart solution of their problems. Besides these customized software and Bulk SMS sales opens new opportunities.

### 2.11.4 THREATS:

- ❖ **Merger and Acquisition:** The worldwide trend of merging and acquisition in business organizations is causing concentration. The industry and competitors are increasing in power their respective areas.
- ❖ **Poor Technological Infrastructure:** As previously mentioned, the world is advancing e-technology very rapidly. Though ORG has taken effort to join the stream of information

technology, it is not possible to complete the mission due to poor technology and infrastructure of our country because the world is advancing very quickly in technology and we are failed to adapt ourselves with rapid global changes. When advanced countries are enjoying 5G facilities we are using backdated technology 3G.

- ❖ **Frequent Currency Devaluation:** Frequent devaluation of Taka exchange rate fluctuations and particularly South-East Asian currency crisis adversely affects the business globally. It hampers import and export activities. Recently Bangladesh and China has expanded their business very rapidly. ORELCO imports most of its raw materials from china. The value of Taka is devaluating day by day. Last one year RMB fluctuates between Taka 12.15 to 13.45.
  
- ❖ **Emergence of Competitors:** Due to high customer demand, more and more organizations are being introduced in the country. ORG has two e-commerce associates' rokomari.com and Techshop Bangladesh. In this industry these concerns facing very stiff completion. In this arena the giant competitors are Amazon, Daraz, Bikroy.com, Alibaba.com and many more. On the other hand the online customer base are not very good, still people prefer physical shopping. Beside these customers are very price sensitive online shop charges shipping & handling charges with products which demotivated customers to purchase online.



## 2.12 APPENDIX

**OnnoRokom Group**  
**Statement of Profit & Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2016, 2015 and 2014**

Particulars	June 30 2016	June 30 2015	June 30 2014
Revenue	537,852,979	477,670,675	438,696,142
Other Operating Revenue	2,500,693	906,354	891,069
<b>Total Revenue from Operation</b>	<b>540,353,672</b>	<b>478,577,029</b>	<b>439,587,211</b>
Less: Cost of Goods Sold	(369,145,375)	(358,155,222)	(332,763,970)
<b>A Gross Profit</b>	<b>171,208,297</b>	<b>120,421,807</b>	<b>106,823,241</b>
<b>B Operating Expenses</b>			
Administrative Expenses	(82,352,190)	(70,103,299)	(65,027,124)
Selling & Distribution Expenses	(1,914,333)	(1,536,640)	(1,424,068)
<b>Total Operating Expenses</b>	<b>(84,266,523)</b>	<b>(71,639,939)</b>	<b>(66,451,192)</b>
<b>C Operating Profit (A-B)</b>	<b>86,941,774</b>	<b>48,781,868</b>	<b>40,372,049</b>
<b>D Non Operating Income /(Expense)</b>			
Indirect Income	2,878,692	1,903,900	2,359,618
Other Expenses	(3,958,120)	(3,429,291)	(6,735,384)
Provision for Contribution to WPPF	(4,057,186)	(2,250,308)	-
<b>Non Operating Income (Net)</b>	<b>(5,136,614)</b>	<b>(3,775,699)</b>	<b>(4,375,766)</b>
<b>E Profit Before Tax</b>	<b>81,805,160</b>	<b>45,006,169</b>	<b>35,996,283</b>
<b>Income Tax</b>			
Current Income Tax Provision	(3,612,096)	(1,090,355)	1,522,642
Deffered Tax Income/Expenses	(413,645)	2,633,936	-
<b>Total Income Tax</b>	<b>(4,025,741)</b>	<b>1,543,581</b>	<b>1,522,642</b>
<b>F Net Profit After Tax</b>	<b>77,779,419</b>	<b>46,549,750</b>	<b>34,473,641</b>

**OnnoRokom Group**  
**Statement of Financial Position**  
**For the Year Ended 30 June 2016, 2015 and 2014**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b><u>ASSETS</u></b>			
<b>Non-Current Assets:</b>			
Property, Plant & Equipment	454,959,065	451,588,834	434,112,497
Intangible Assets	53,133,858	52,658,840	54,946,137
Deferred Tax Assets	2,220,291	2,633,936	
<b>Total Non Current Assets</b>	<b>510,313,214</b>	<b>506,881,610</b>	<b>489,058,634</b>
<b>Current Assets:</b>			
Inventories	89,736,379	70,884,819	60,794,805
Trade and Others Receivable	60,497,970	45,855,922	15,387,184
Advances, Deposits and Prepayments	126,335,396	79,291,858	85,278,373
Cash & Cash Equivalents	10,336,375	12,973,272	5,972,596
<b>Total Current Assets</b>	<b>286,906,120</b>	<b>209,005,871</b>	<b>167,432,958</b>
<b>Total Assets</b>	<b>797,219,334</b>	<b>715,887,481</b>	<b>656,491,592</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b>Shareholders' Equity:</b>			
Retained Earnings	625,097,466	607,212,760	560,663,010
<b>Total Shareholders' Equity</b>	<b>625,097,466</b>	<b>607,212,760</b>	<b>560,663,010</b>
<b>Non-Current Liabilities:</b>	<b>78,115</b>	-	-
<b>Current Liabilities:</b>			
Trade & Others Payable	123,848,946	72,821,183	61,732,217
Liabilities for Expenses	20,992,592	12,925,454	12,212,329
Provision for Income Tax	27,202,215	22,928,084	21,884,036
<b>Total Current Liability</b>	<b>172,043,753</b>	<b>108,674,721</b>	<b>95,828,582</b>
<b>Total Equity &amp; Liabilities</b>	<b>797,219,334</b>	<b>715,887,481</b>	<b>656,491,592</b>

*Chapter Three*

***-LEARNING PART***

***FINANCIAL PERFORMANCE ANALYSIS***

This part reveals some important data stemmed from balance sheets and income statements at year end 30 June, 2016, 2015 and 2014. Different ratios were also calculated and analyzed; so that the financial manager will be aware of its current financial performance and can then compare it with other industries in the same sector.

Beside this, horizontal and vertical analysis of financial statements is done along with the trend analysis of three consecutive year of the group. As Trend analysis is an aspect of technical analysis that tries to predict the future movement of company's financial condition based on past data. Trend analysis is based on the idea that what has happened in the past which gives an idea of what will happen in the future. Under trend analysis I have calculated Liquidity Ratios, Profitability Ratios, Asset Management Ratios and Debt Ratios.

### 3.1 Balance Sheet Analysis

#### 3.1.1 Horizontal analysis of balance sheets for year ended 30 June 2016, 2015 and 2014

This section shows the major accounting data in balance sheets, and compares the amount of changes during the three-year period using horizontal analysis.

**Table 3.1: Horizontal Analysis of Balance Sheet**

<b>Balance Sheet</b>					
<b>Particulars</b>	<b>Growth</b>		<b>June 2016</b>	<b>June 2015</b>	<b>June 2014</b>
	<b>2016</b>	<b>2015</b>			
Total Non-Current Assets	1%	4%	510,313,214	506,881,610	489,058,634
Total Current Assets	37%	25%	286,906,120	209,005,871	167,432,958
Total Assets	11%	9%	797,219,334	715,887,481	656,491,592
Total Equity	3%	8%	625,097,466	607,212,760	560,663,010
Total Non-Current Liabilities	100%	0%	78,115	-	-
Total Current Liabilities	58%	13%	172,043,753	108,674,721	95,828,582
Total Liabilities	28%	13%	172,121,868	108,674,721	95,828,582
Total Equity and Liabilities	11%	9%	797,219,334	715,887,481	656,491,592

As it can be seen from Table 3.1, in the year 2016 the amount of total noncurrent assets was increased but not up to the mark due to the poor increase in amount of intangible assets and investments. Where as increased in receivables resulted in increased current assets; therefore, total current assets went up remarkably. Moreover, the amount of non-current liabilities during 2016 was very less, though current liabilities increased at an increasing rate. Shown data in above table states year of 2011 has operated very well as two other years. Total liabilities grew noticeably, and total assets have not increased as much as liabilities during 2016, which does not because, the Company had paid its liabilities by assets in year 2016.

### 3.1.2 Vertical analysis of balance sheets for year ended 30 June 2016, 2015 and 2014

This part indicates changes in principal data in the balance sheets during the studied period using vertical analysis of ORG.

**Table 3.2: Vertical Analysis of Balance Sheet**

<b>Balance Sheet</b>						
<b>Particulars</b>	<b>Growth</b>			<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>2016</b>	<b>2015</b>	<b>2014</b>			
Total Non-Current Assets	64%	71%	74%	510,313,214	506,881,610	489,058,634
Total Current Assets	36%	29%	26%	286,906,120	209,005,871	167,432,958
Total Assets	100%	100%	100%	797,219,334	715,887,481	656,491,592
Total Equity	78%	85%	85%	625,097,466	607,212,760	560,663,010
Total Non Current Liabilities	1%	0%	0%	78,115	-	-
Total Current Liabilities	22%	15%	15%	172,043,753	108,674,721	95,828,582
Total Liabilities	22%	15%	15%	172,121,868	108,674,721	95,828,582
Total Equity and Liabilities	100%	100%	100%	797,219,334	715,887,481	656,491,592

Based on Table 3.2, it can be interpreted that total liabilities for the Group was similar in 2014 and 2015 but increased in 2016 due to the increased in amount of payables. However, the

Company had almost similar amount of assets during three years. The assets for the Company were mostly belonged to the noncurrent assets during the period.

## 3.2 Income Statement Analysis

### 3.2.1 Horizontal analysis of Income Statement for year ended 30 June 2016, 2015 and 2014

This section highlights the important information in income statements, and evaluates changes during the three-year period using horizontal analysis of ORG.

**Table 3.3: Horizontal Analysis of Income Statement**

Income Statement						
Particulars	Growth			30 June 2016	30 June 2015	30 June 2014
	2016	2015	2014			
Revenue	13%	9%	-	540,353,672	478,577,029	439,587,211
Cost of Goods Sold	3%	8%	-	(369,145,375)	(358,155,222)	(332,763,970)
Gross Profit	42%	13%	-	171,208,297	120,421,807	106,823,241
Profit Before Tax	82%	25%	-	81,805,160	45,006,169	35,996,283
Net Profit After Tax	67%	35%	-	77,779,419	46,549,750	34,473,641

Table 3.3 illustrates profit for the Group was raised considerably from 2014 to 2015, but in 2016 it was almost double than previous years. As a matter of fact, revenue, gross profit and net profit were grown in significantly during 2016. The main reason was on account of the increased in sales in 2016, so it impacted the revenue and profit. Amounts of revenue, gross profit and net profit for the group were different by far from 2015 and 2014. On the other hand cost of goods sold has not much increased than previous years it indicates the group is utilized its sources more wisely than previous two years.

### 3.2.2 Vertical analysis of Income Statement for year ended 30 June 2016, 2015 and 2014

This part demonstrates vertical analysis of data in income statements during the three-year period using vertical analysis of ORG. This analysis is useful for timeline **analysis**, to see relative changes in accounts over time on a comparative basis over three-year period.

**Table 3.4: Vertical Analysis of Income Statement**

Income Statement						
Particulars	Growth			30 June 2016	30 June 2015	30 June 2014
	2016	2015	2014			
Revenue	100%	100%	100%	540,353,672	478,577,029	439,587,211
Cost of Goods Sold	-68%	-75%	-76%	(369,145,375)	(358,155,222)	(332,763,970)
Gross Profit	32%	25%	24%	171,208,297	120,421,807	106,823,241
Profit Before Tax	15%	9%	8%	81,805,160	45,006,169	35,996,283
Net Profit After Tax	14%	10%	8%	77,779,419	46,549,750	34,473,641

Table 3.4 shows in the year of 2016, the Group was allocated the largest amount of net profit by 14% percent growth in regard to the previous two year; however, previously the highest profit was assigned to the group in 2015 with 10% percent growth that is there was 4% growth in 30 June 2016 and there was also decreased in cost of goods sold resulted 7% increase in gross profit.

## 3.3 Ratio Analysis

### 3.3.1 Liquidity Ratios

A liquidity ratio is an indicator of whether a company's current assets will be sufficient to meet the company's obligations when they become due. The liquidity ratios include the current ratio and the acid test or quick ratio. The current ratio and quick ratio are also referred to as solvency ratios. Working capital is an important indicator of liquidity or solvency, even though it is not technically a ratio. Liquidity ratios sometimes include the accounts receivable turnover ratio and

the inventory turnover ratio. These two ratios are also classified as activity ratios. I have evaluated here all the ratios.

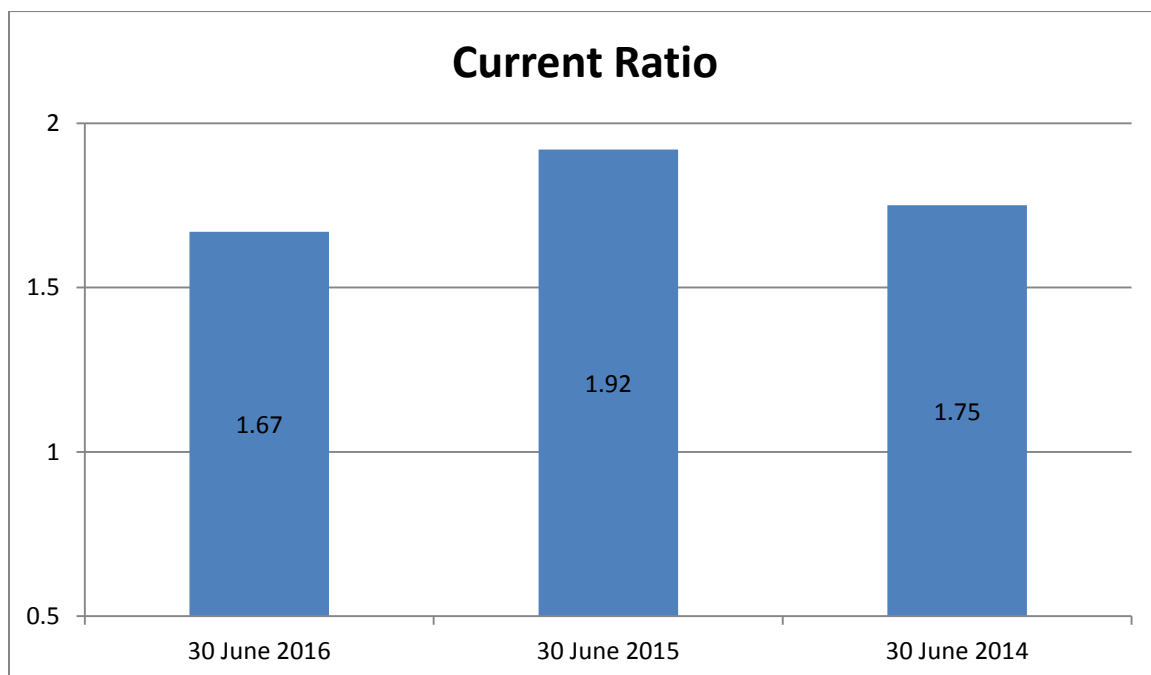
### 3.3.1.1. Current Ratio

An indication of a company's ability to meet short-term debt obligations, the higher the ratio, and the more liquid the company is. Current ratio is calculated by dividing firm's current assets by its current liabilities.

**Current Ratio = Current Asset ÷ Current Liability**

**Table 3.5: Current Ratio Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Current Asset(a)</b>	286,906,120	209,005,871	167,432,958
<b>Current Liability(b)</b>	172,043,753	108,674,721	95,828,582
<b>Current ratio (a÷b)</b>	1.67	1.92	1.75



**Figure 3.1: Current Ratio Analysis of three years**



Figure 3.1 & Table 3.5 illustrates, current ratio of ORG has increased in 2015 and declined in the year 2016. Current ratio in 2016 was the lowest in three years. It means in the year 2015 the condition of the group was better than the year 2014 and 2016 in term of current liabilities covered up by currents assets. As the current liabilities of the group was increased in the year 2016. It can be interpreted positively; the group has expanded its business and invested a lot in the year 2016. Still the groups' current ratio is not that bad though the standardize ratio is 2:1.

### 3.3.1.2 Quick Ratio

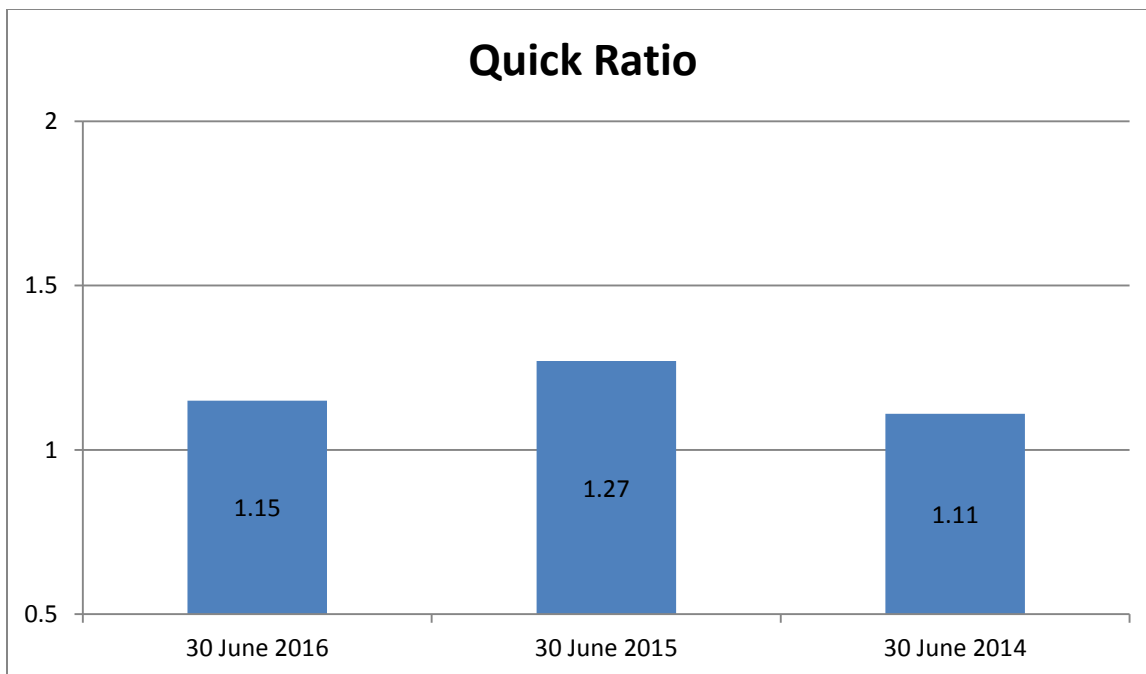
The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. Acid Test ratio is calculated by dividing firm's quick asset by its quick liability.

**Quick Ratio = Quick Asset ÷ Quick liability**

**Table 3.6: Quick Ratio Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Quick Asstes</b>	197,169,741	138,121,052	106,638,153
<b>Quick Liabilities</b>	172,043,753	108,674,721	95,828,582
<b>Quick ratio (a÷b)</b>	1.15	1.27	1.11

Figure 3.2 & Table 3.6 highlighted that quick ratio of ORG has increased in 2015 and declined in the year 2016 by 0.12. It means in the year 2015 the group contained with more quick assets than the year 2014 and 2016. As the inventories of the group were increased in the year 2016 at the same time the cash & cash equivalents decreased at a reasonable rate caused a decline in quick ratio in the year 2016. It can be interpreted positively; the group has expanded its business and invested a lot in the year 2016.



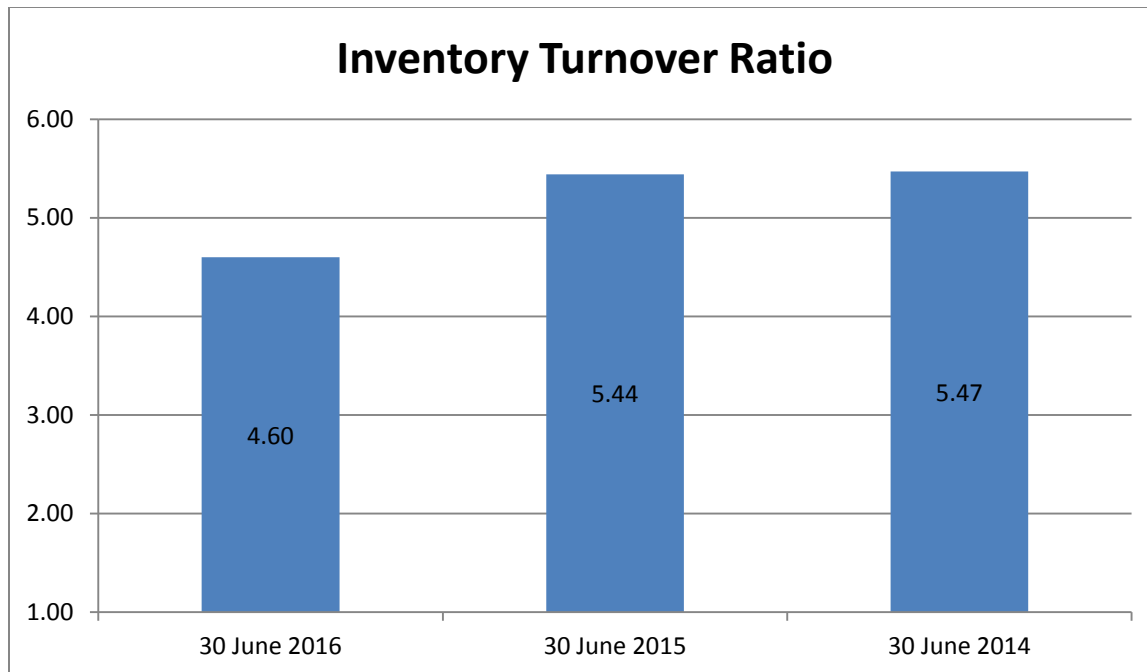
**Figure 3.2: Quick Ratio Analysis of three years**

### 3.3.1.3 Inventory Turnover Ratio

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. In other words, it measures how many times a company sold its total average inventory during the year.

**Table 3.7: Inventory Turnover Ratio Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Cost of Goods Sold</b>	369,145,375	358,155,222	332,763,970
<b>Agerage Inventory</b>	80,310,599	65,839,812	60,794,805
<b>Inventoty T/O (a÷b)</b>	4.60	5.44	5.47



**Figure 3.3: Inventory Turnover Ratio Analysis of three years**

Figure 3.3 & Table 3.7 demonstrate inventory turnover ratio was good in previous two years but in 2016 it has declined as the average inventory increased in that year. Till 2014 to 2015, on an average ORG was able to sold out and restock its inventory by 5.46 times and in 2016 it was only 4.60 times.

#### 3.3.1.4 Inventory Turnover in Days

Inventory turnover in days is an activity ratio measuring the efficiency of the company's inventories management. It indicates how many days the firm averagely needs to turn its inventory into sales. The ratio can be computed by multiplying the company's average inventories by the number of days in the year, and dividing the result by the cost of goods sold.

The decline of the inventory turnover (days) value during the year is a positive trend for the company. It means that fewer funds are being distracted to form the inventories. To estimate the efficiency of the company's efforts in this area more precisely, it is reasonable to compare the value of this ratio with the major competitors.

**Table 3.8: Inventory Turnover in Days Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>360 (a)</b>	360	360	360
<b>Inventory T/O (b)</b>	4.60	4.55	5.47
<b>Inventory T/O (a÷b)</b>	78.26	79.12	65.81

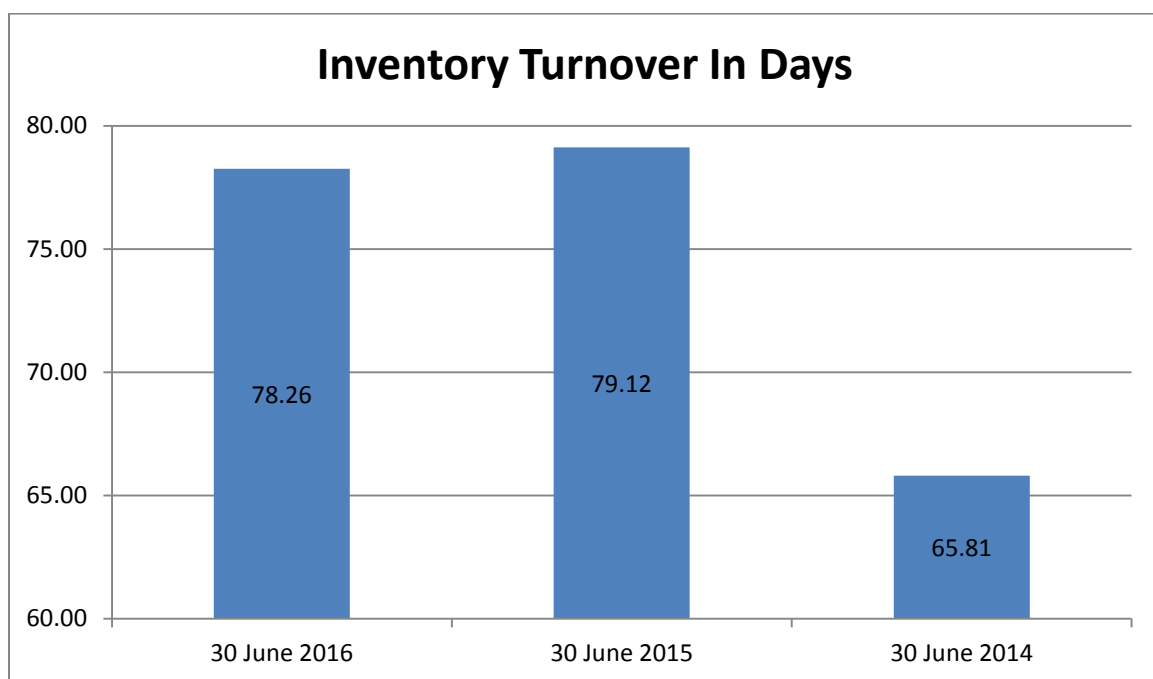
**Figure 3.4: Inventory Turnover in Days Analysis of three years**

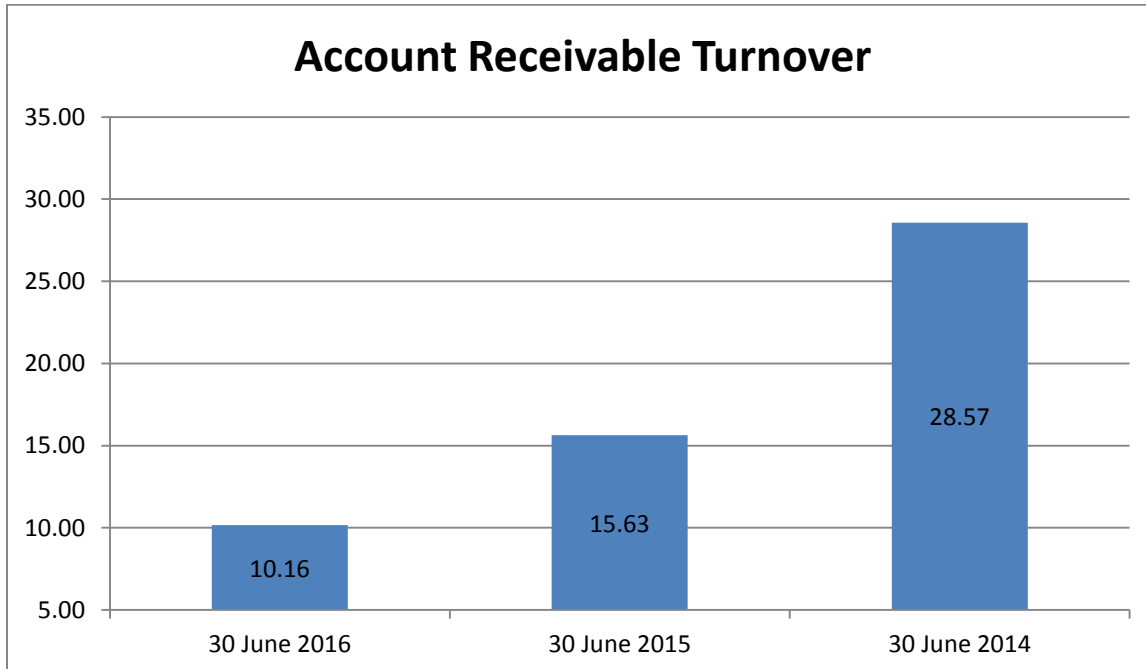
Table 3.8 and Figure 3.4 shows that in year 2014 company averagely needed 65.81 days to turn its inventory into sales. In year 2015 it increased to 79.12 days to turn its inventory into sales. That's means ORG has done well in the year 2014. But company has reduced this value to 78.26 days in the year 2016, indicating that a company has been intensifying its sales little bit than previous year.

### 3.3.1.5 Accounts Receivable Turnover Ratio

Accounts receivable turnover is an efficiency ratio or activity ratio that measures how many times a business can turn its accounts receivable into cash during a period. In other words, the accounts receivable turnover ratio measures how many times a business can collect its average accounts receivable during the year.

**Table 3.9: Inventory Turnover in Days Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Net Sales (a)</b>	540,353,672	478,577,029	439,587,211
<b>Average A/R (b)</b>	53,176,946	30,621,553	15,387,184
<b>A/R T/O (a÷b)</b>	10.16	15.63	28.57



**Figure 3.5: Account Receivable Turnover Analysis of three years**

As we can see, ORG's turnover was 10.16 in year 2016. This means that ORG collects its receivables about 10.16 times a year or once every 35 days. In other words, when ORG makes a credit sale, it will take him 110 days to collect the cash from that sale. ORG's performance was far better in year 2015. During the year ORG collects its receivable 15.63 times or once every 23 days. The variation was caused due to expansion of business activities, increase in credit sales, and growth in business during the year 2016.

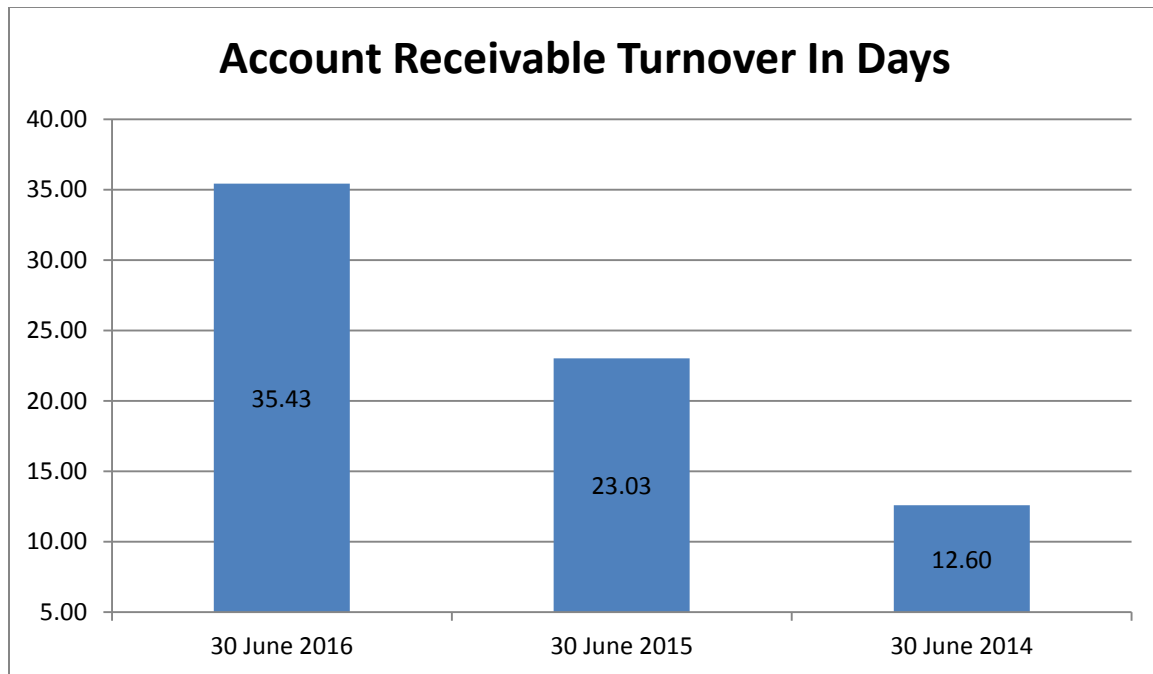
### 3.3.1.6 Accounts Receivable Turnover in Days

Accounts Receivable Turnover (Days) (Average Collection Period) – an activity ratio measuring how many days per year averagely needed by a company to collect its receivables. In other words, this indicator measures the efficiency of the firm's collaboration with clients, and it shows how long on average the company's clients pay their bills. The ratio reflects the payment history of the firm's clients.

**Table 3.10: Accounts Receivable Turnover in Days Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>360 (a)</b>	360	360	360
<b>A/R T/O (b)</b>	10.16	15.63	28.57
<b>A/R T/O Days (a÷b)</b>	35.43	23.03	12.60

Accounts Receivable Turnover in year 2015 was 23.03 days. It means that the company was able to collect its receivables averagely in 23.03 days that year. In year 2016 this ratio increased, indicating that the company needed 35.43 days to collect its receivables. This means that ORG's collaboration efficiency with clients decline in year 2016. This happened as the credit sales increased in year 2016 remarkably which indicates ORG's operating strength to generate revenue. So ORG Need to focus on how the average collection period can be reduced.



**Figure 3.6: Account Receivable Turnover in Days Analysis of three years**

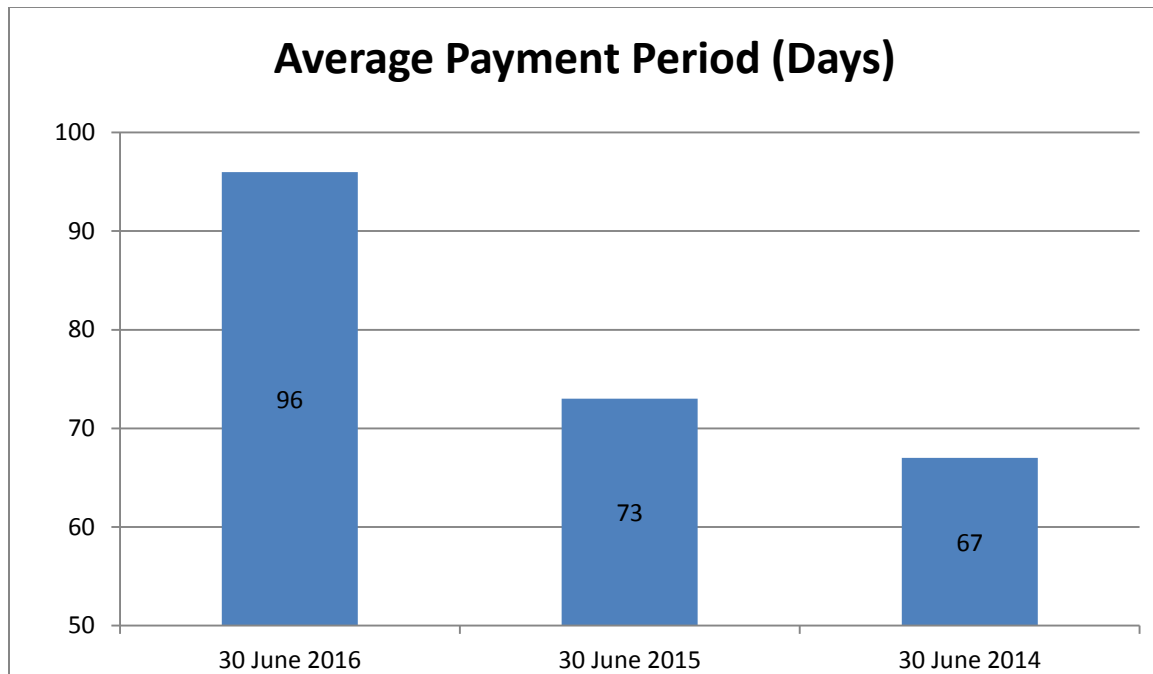
### 3.3.1.7 Average Payment Period

It measures how many days on an average does the company take to repay its bills to its suppliers.

**Average Payment period = Accounts payable ÷ (purchase or COGS ÷ 360)**

**Table 3.11: Average Payment Period Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Accounts Payable (a)</b>	98,335,065	72,821,183	61,732,217
<b>Purchase Or COGS/360 (b)</b>	1,025,404	994,876	924,344
<b>Payment Period Days (a÷b)</b>	96	73	67



**Figure 3.7: Average Payment Period Analysis of three years**

In last three years ORG has a high payment period that is it took or had a lot of time to pay back to its suppliers and it is greater than its payment period from their suppliers. This is a good situation for the group.

### 3.3.2. Profitability Ratio

Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its associated expenses. For most of these ratios, having a higher value relative to a competitor's ratio or relative to the same ratio from a previous period indicates that the company is doing well.

#### 3.3.2.1 Net Profit Margin

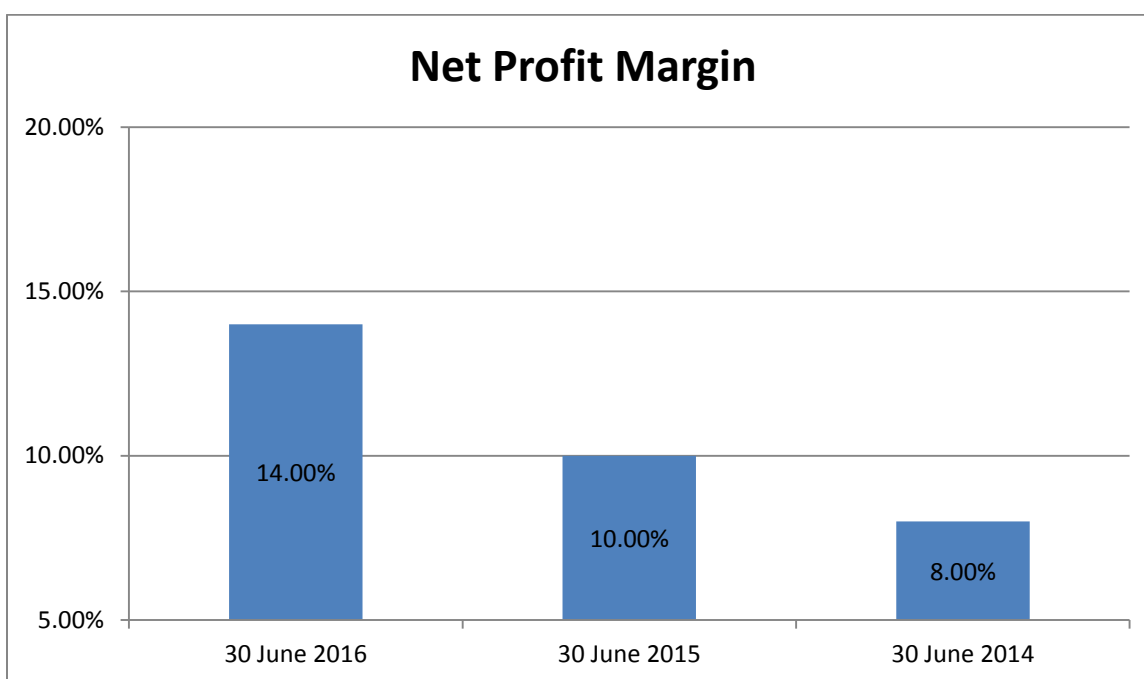
Net profit margin is the percentage of revenue left after all expenses have been deducted from sales. The measurement reveals the amount of profit that a business can extract from its total



sales. The net sales part of the equation is gross sales minus all sales deductions, such as sales allowances.

**Table 3.12: Net Profit Margin Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
Net Income (a)	77,779,419	46,549,750	34,473,641
Net Sales (b)	540,353,672	478,577,029	439,587,211
Net Profit Margin (a÷b)	14%	10%	8%



**Figure 3.8: Average Payment Period Analysis of three years**

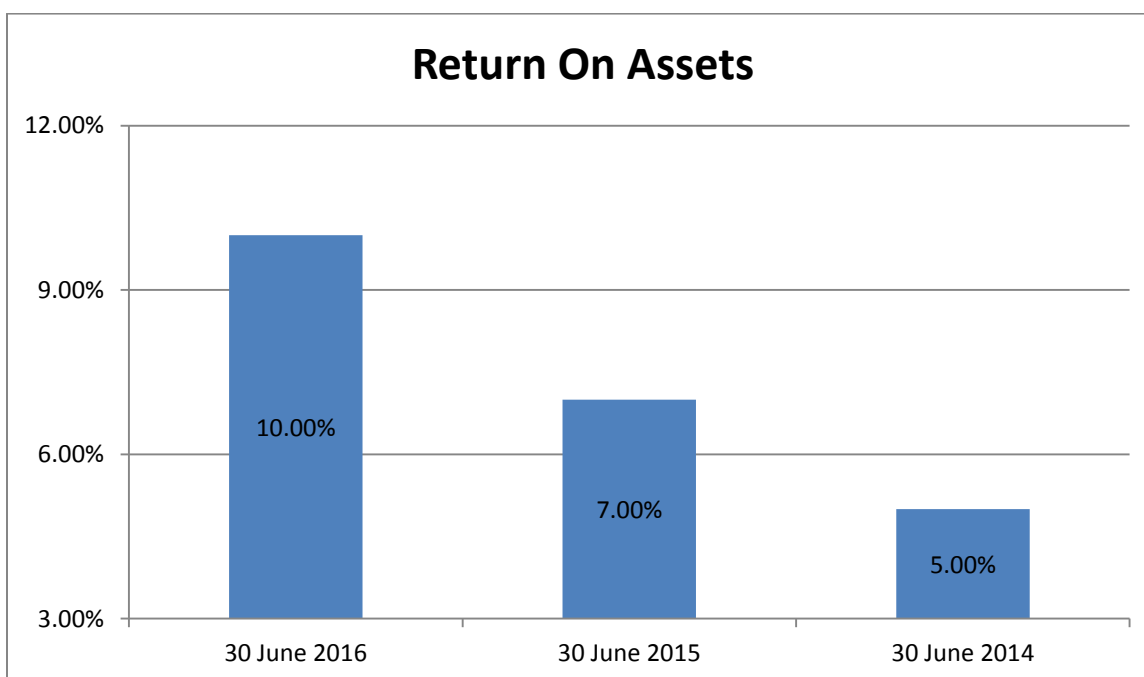
In last three years the net profit margin of ORG was increased at a stable rate. Though it was increased slightly more than the year 2015. It means ORG is paying its operating and other expenses without any problems. Over all we can say that ORG has a net profit of around Tk 14 for every taka 100 sales.

### 3.3.2.2 Return on Assets

Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It is commonly defined as net income divided by total assets. Net income is derived from the income statement of the company and is the profit after taxes.

**Table 3.13: Return on Assets Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
Net Income (a)	77,779,419	46,549,750	34,473,641
Total Assets (b)	797,219,334	715,887,481	656,491,592
ROA (a÷b)	10%	7%	5%



**Figure 3.9: Return on Assets Analysis of three years**

The profit percentage of assets varies by industry, but in general, the higher the ROA the better. Here the graph represents that the ROA of ORG was increased year by year at a satisfactory rate.

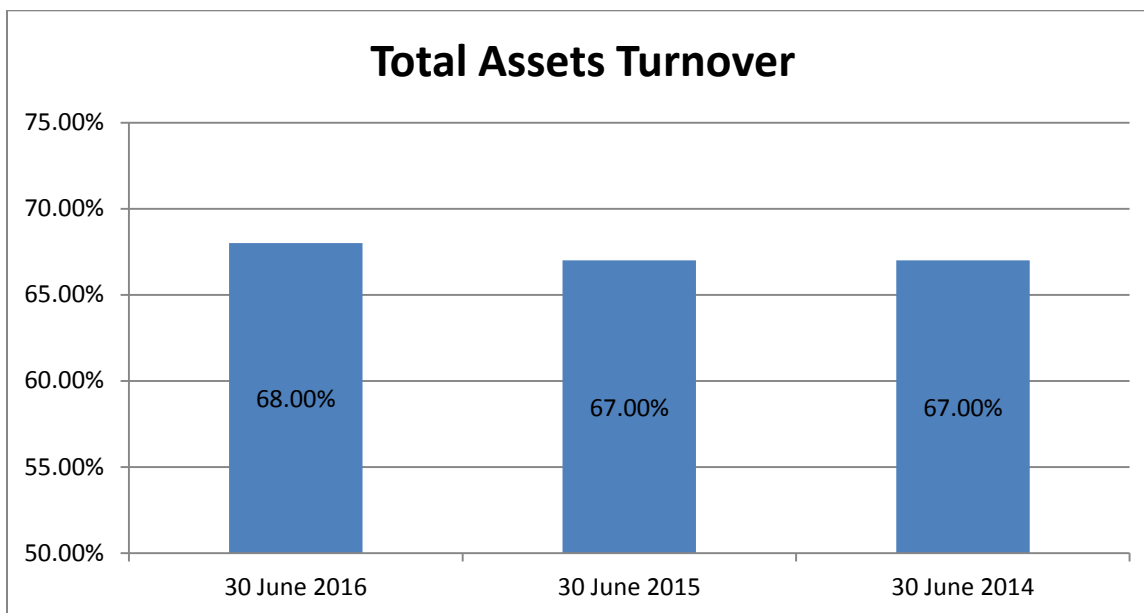
But analysts should bear in mind that the ROA does not account for outstanding liabilities and may indicate a higher profit level than actually derived.

### 3.3.2.3 Total Assets Turnover

The asset turnover ratio is an efficiency ratio that measures a company's ability to generate sales from its assets by comparing net sales with average total assets. For instance, a ratio of 0.5 means that each taka 100 of assets generates taka 50 of sales.

**Table 3.14: Total Assets Turnover Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
Net Sales (a)	540,353,672	478,577,029	439,587,211
Total Assets (b)	797,219,334	715,887,481	656,491,592
Assets Turnover (a÷b)	68%	67%	67%



**Figure 3.10: Total Assets Turnover Analysis of three years**

In last three years the total assets turnover ratio of ORG was stable although it was increased slightly in year 2016. Assets turnover ratio of ORG was 0.68 in 2016. It means every taka 100 invested in the assets ORG produces taka 68 of sales in the year 2016.

### 3.3.2.4 DuPont Analysis

DuPont Analysis is an expression which breaks ROE into three parts. The name comes from the DuPont Corporation. It was created by the DuPont Corporation in the 1920s.

$ROE = \text{Profit Margin} \times \text{Total Asset Turnover} \times \text{Leverage Factor}$

The formula breaks down further to:

$ROE = (\text{Net Income}/\text{Revenues}) \times (\text{Revenues}/\text{Total Assets}) \times (\text{Total Assets}/\text{Shareholders' Equity})$

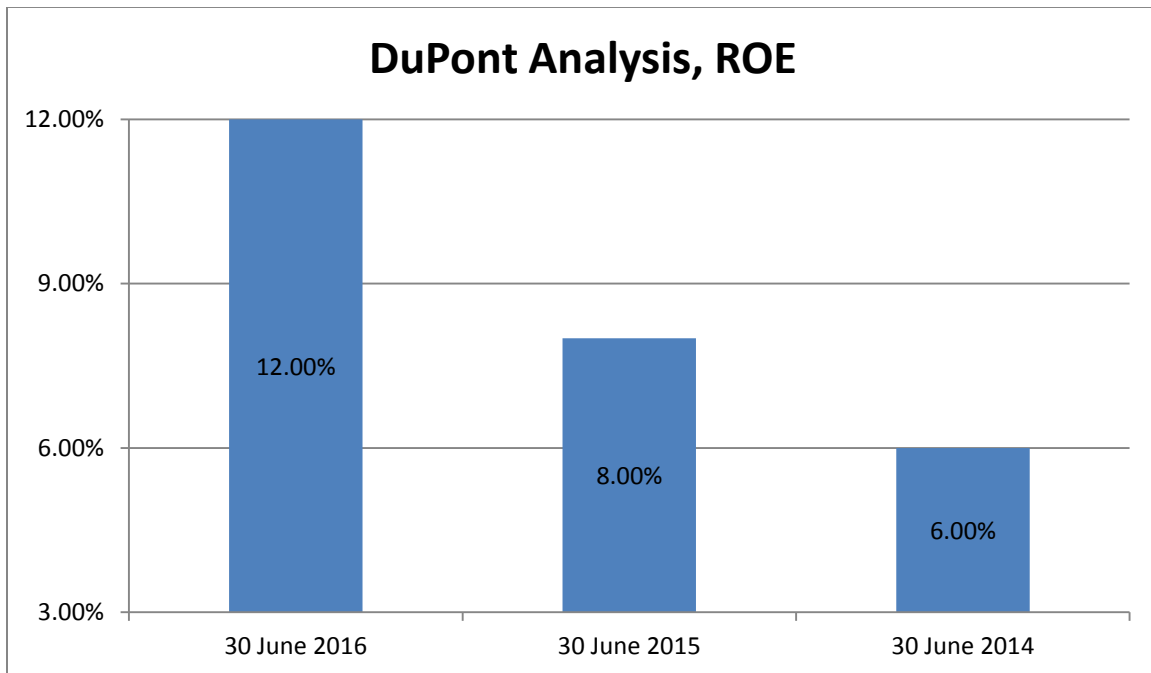
**Table 3.15: ROE Calculation using DuPont Model**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Profit Margin (a)</b>	0.14	0.10	0.08
<b>Total Assets T/O (b)</b>	0.68	0.67	0.67
<b>Leverage Factor (c)</b>	1.28	1.18	1.17
<b>ROE (a×b×c)</b>	12%	8%	6%

In 2015 ORG's Profit Margin was 10% and in 2016 Profit Margin Increased to 14%. On the other hand in 2015 Assets Turnover was 0.67 times and in 2016 it reached to 0.68 times not that much changes occurred.

That means in 2016 ORG's Profit Margin rose by 4% as firm's Sales increased by 12.60%. The Impact of increasing in Margin showed in above table in DuPont's way.

After analyzed the data the result found that ORG had done well in profit margin and leverage factor but ORG should emphasize on its total assets turnover ratio, during the period it was stable.



**Figure 3.11: ROE Analysis of three years using DuPont Model**

### 3.3.3. Solvency Ratio

Solvency ratios measure a company's ability to meet its longer-term obligations. Analysis of solvency ratios provides insight on a company's capital structure as well as the level of financial leverage a firm is using.

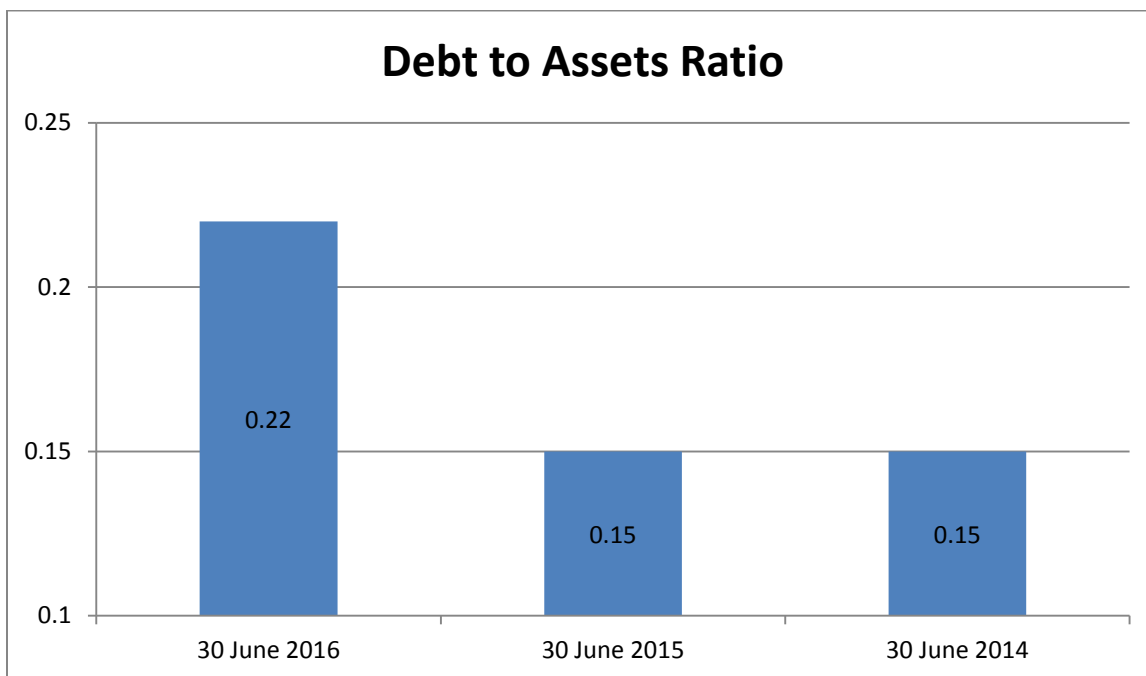
Some solvency ratios allow investors to see whether a firm has adequate cash flows to consistently pay interest payments and other fixed charges. If a company does not have enough cash flows, the firm is most likely overburdened with debt and bondholders may force the company into default.

### 3.3.3.1 Debt to Assets Ratio

The debt-to-assets ratio is the most basic solvency ratio, measuring the percentage of a company's total assets that is financed by debt. The ratio is calculated by dividing total liabilities by total assets. A high number means the firm is using a larger amount of financial leverage, which increases its financial risk in the form of fixed interest payments.

**Table 3.16: Debt to Assets Ratio Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Total Liabilities (a)</b>	172,121,868	108,674,721	95,828,582
<b>Total Assets (b)</b>	797,219,334	715,887,481	656,491,592
<b>Debt to Assets (a÷b)</b>	0.22	0.15	0.15



**Figure 3.12: Debt to Assets Analysis of three years.**

In last three years the group has maintained a very impressive rate of debt to assets ratio. In year 2015 and 2016 the rate was stable no changes has found but in the year 2016 it increased to 0.22 as the group expanded its operation during the period. As A ratio less than one ( $<1$ ) means the company owns more assets than liabilities and can meet its obligations by selling its assets if needed. The lower the debt to asset ratio, the less risky the company. According to this this condition ORG was very much solvent in the last three years period.

### 3.3.3.2 Debt to Equity Ratio

Debt to equity ratio is a long term solvency ratio that indicates the soundness of long-term financial policies of a company. It shows the relation between the portion of assets financed by creditors and the portion of assets financed by stockholders. As the debt to equity ratio expresses the relationship between external equity (liabilities) and internal equity (stockholder's equity), it is also known as "external-internal equity ratio".

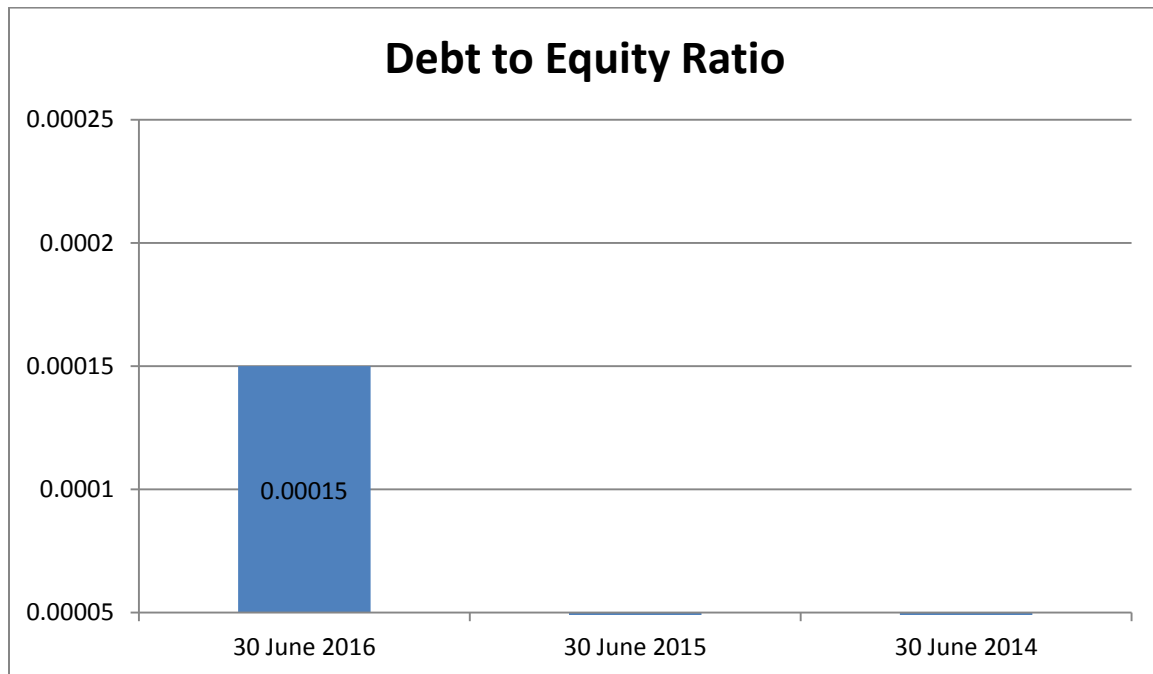
**Table 3.17: Debt to Equity Ratio Calculation**

Particulars	30 June 2016	30 June 2015	30 June 2014
<b>Total Debt (a)</b>	78,115	-	-
<b>Total Equity (b)</b>	625,175,581	607,212,760	560,663,010
<b>Debt to Equity (a÷b)</b>	0.00012	-	-

Here we can observed that in the year 2016 debt to equity ratio was only .01% and in previous two years it was nothing, that's means the group financing all the money by own investment. ORG not enjoyed debt financing during the period as debt is the cheapest source of financing. The reasons behind was that the Chairman and managing director of the group are very pious and

in Muslim religious point of view interest related activities is not accepted and prohibited or banned. That's why ORG had no debt financing during the period.

**\*As ORG had not debt finance during the period so no interest paid by ORG. Hence, Times Interest Earned ratio or Interest Coverage ratio is not applicable for ORG.**



**Figure 3.13: Debt to Equity Analysis of three years.**

### 3.3.4 Altman Z-Score Analysis

The Altman Z-Score is an analytical representation created by Edward Altman in the 1960s which involves a combination of five distinctive financial ratios used for determining the odds of bankruptcy amongst company. Most commonly, a lower score reflects higher odds of bankruptcy. There are 5 variables:

- $T_1 = \text{Working Capital} / \text{Total Assets}$
- $T_2 = \text{Retained Earnings} / \text{Total Assets}$
- $T_3 = \text{Earnings Before Interest and Taxes} / \text{Total Assets}$



- $T_4 = \text{Equity} / \text{Total Liabilities}$
- $T_5 = \text{Sales} / \text{Total Assets}$

The Model is calculated as follows:

$$\square \text{ Z-score} = 0.717T_1 + 0.847T_2 + 3.107T_3 + 0.42T_4 + 0.998T_5$$

Z-SCORE ABOVE 2.9 –The Company is considered ‘Safe’ based on the financial figures only.

Z-SCORE BETWEEN 1.23 to 2.9 – ‘On Alert’. This zone is an area where one should ‘Exercise Caution’.

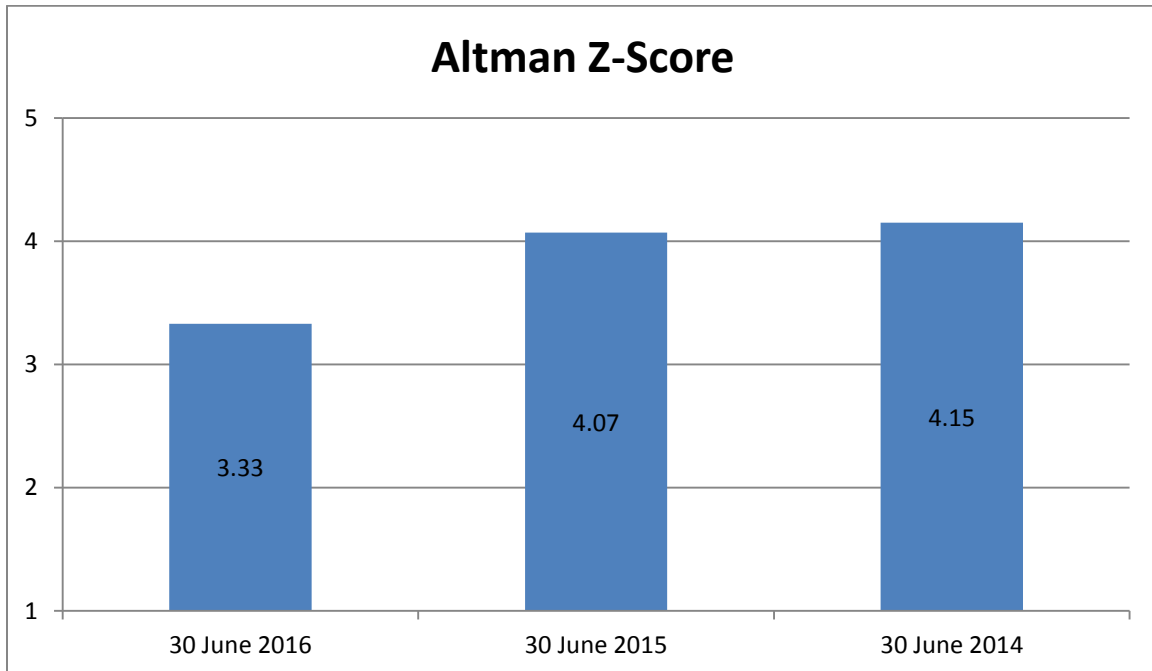
Z-SCORE BELOW 1.23 or less – Good chance of the company going bankrupt within 2 years of operations from the date of financial figures given. Probability of Financial Catastrophe is Very High.

**Table 3.18: Altman Z-Score Calculation**

Ratio	Particulars	30 June 2016	30 June 2015	30 June 2014
<b>T1</b>	Working Capital / Total Assets	0.1441	0.1401	0.1091
<b>T2</b>	Retained Earnings / Total Assets	0.7841	0.8482	0.8540
<b>T3</b>	EBITDA / Total Assets	0.1157	0.0770	0.0718
<b>T4</b>	Equity / Total Liabilities	3.6317	5.5874	5.8507
<b>T5</b>	Sales / Total Assets	0.6778	0.6685	0.6696
<b>Z-SCORE:</b> $0.717T_1 + 0.847T_2 + 3.107T_3 + 0.42T_4 + 0.998T_5$		3.33	4.07	4.15

Table 3.15 and Figure 3.14 represent in all the three years ORG’s Z-Score was in higher site that indicates that the group is considered ‘Safe’ based on the above financial figures only. There are no chances ORG going to bankrupt in near future. This happened because ORG had not any

finance by debt capital all the investment was done by own capital and this ultimately leads ORG in a healthy position



**Figure 3.14: Altman Z-Score Analysis of three years.**

*Chapter-Four*

***-FINDINGS, RECOMMENDATIONS  
& CONCLUSION***

## 4.1 Findings:

- 1. Unequal Contribution:** The entire sister concerns of the group are not contributing equally to total revenue. ORELCO, OSL and Pi Labs are contributing a lot but OnnoRokom Prokashonee, OnnoRokom Solutions and Techshop Bangladesh's contribution are not mentionable. Out of these three concerns two has negative profit margin.
- 2. Excessive Cost & Expenditure:** In vertical analysis it has seen that in 2015 the percentage of cost of goods sold was 75% & it decreased to 68% in 2016. This reduction of cost helped only 3% increase in Net Profit. That's means there are still scopes to cut the cost & accelerate the profit after tax.
- 3. Not Interested in Debt Financing:** ORG does not have equilibrium or balanced capital structure. ORG financed all of its capital by equity capital. So ORG has to pay higher tax on income. Noted that interest rate is lower than corporate tax rate.
- 4. Inconsistent Current Ratio:** current ratio of ORG has increased in 2015 and declined in the year 2016. Current ratio in 2016 was the lowest in three years. It means in the year 2015 the condition of the group was better than the year 2014 and 2016 in term of current liabilities covered up by currents assets.
- 5. Decline in Performance in 2016:** Inventory turnover ratio was good in previous two years Till 2014 to 2015, on an average ORG was able to sold out and restock its inventory by 5.46 times and in 2016 it was only 4.60 times. On the other hand ORG has taken more time to convert its receivable into cash this means that ORG's collaboration efficiency with clients decline in year 2016.
- 6. Increase in Profit Margin:** It has been seen in ratio analysis that the net profit margin of ORG has increased at a stable rate over the last three years & return on assets was mentionable indicating good sign for the company.

## 4.2 Recommendations:

The following suggestions are put forward for present and future sustainability of OnnoRokom Group.

1. Financial analysis has found that ORG is not as good as it was in 2015 & 2014 in due collection. Now ORG needs 35.43 days to convert its receivable into cash. ORG should focus on it.
2. 2014 to 2015, on an average ORG was able to sold out and restock its inventory by 5.46 times and in 2016 it was only 4.60 times. That's means ORG taking more time to sale its inventories in 2016. ORG should work on it carefully.
3. ORG should use financial leverage that is debt capital. There are two primary advantages of using debt capital. Enhanced earnings, financial leverage may allow an entity to earn a disproportionate amount on its assets. Favorable tax treatment, in all tax jurisdictions, interest expense is tax deductible, which reduces its net cost to the borrower.
4. The ratio of current assets against currents liabilities were not up to the mark. In 2015 the ratio was 1.92 but in in 2015 it decreased to 1.67 whereas the standard ratio is 2:1 that's means ORG gradually losing its ability of paying current obligations. On the other hand ORGs most assets are in non-current form of asset. ORG maintained only 14% working capital out of total assets. There must be balanced assets combination. ORG should focus on its working capital management.
5. Though there was an upward in the graph of net profit margin in the last three years but the analysis found that still there are lots of scope to do better and better in upcoming years.
6. There are 2 concerns in ORG that generating negative profit margin over the last three years; ORG must take these concerns seriously. So that in the upcoming years these concerns can maintain at least breakeven level and boost up the overall profit margin of the group.

### 4.3 Conclusion:

OnnoRokom Group is a strong, financially sound and effective group on companies in the industry. It is a solid, forward-looking, modern local group of company with a record of sound performance. It is a new generation group. ORG committed to provide high quality services and products to contribute to the growth of GDP of the industrialization, boosting up export, creating employment opportunity for the educated youth, rising standard of living of limited income group and overall sustainable socio-economic development of the country. ORG has the vision to build up a better Bangladesh.

ORG bear an Engineering and Technological background, for the time being ORG are concentrating on this sector, but with the flow of ages, ORG is likely to head towards some other arenas. That's why ORG are not confined to any particular genre, ORG is diversified and the name of the group 'OnnoRokom' is directly motivated by this spirit as mentioned early. ORG prefers to go beyond traditionalism, because OnnoRokom team's earnest belief that conventionality can never make things excellent and for excellence you must try and approach something different.

In the discussion of this report many information are ignored like CSR, societal contribution, philanthropy activities etc. ORG believe that they are the part of the society and them performing their business activities within the society and harming the society a lot that's why ORG contributes a lot to the society. ORG involves in CSR activities, running madrasha's, helping to developed mosques and runs a school named "OnnoRokom Pathshala". Beside these ORG runs a co-operative society named "Sromojibi Uddog" for lower income group people. Before finish, as a part of OnnoRokom family wishing lots of good wishes for ORG and its dreams may come true.

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