

Internship Report on
Financial Performance Analysis of
Shasha Denims Ltd.



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Financial Performance Analysis of Shasha Denims Ltd

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Date of Submission:

LETTER OF THE SUBMISSION

To,
Mr. Nurul Mohammad Zayed
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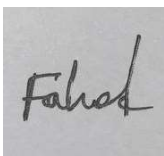
Subject: Submission of Internship Report on “Financial Performance Analysis of Shasha Denims Ltd”

Dear Sir,

With great pleasure, right here I have submitted my internship report on “Financial Performance Analysis of Shasha Denims Ltd”. This document is totally based on the experience that I have got from my internship at Shasha Denims Ltd. I would be extraordinarily delighted and honored if you proceed my Internship Report and apprehend my difficult work and dedication. I have tried my best to convey out the original situation of the Financial Performance Analysis of Shasha Denims Ltd with full of effectiveness & efficiency.

Finally, I would like to express my sincere appreciation and thanks to you for preparing this report. I would be happy to answer any of your questions on this topic.

Sincerely Yours,



Kh. Fahad
ID: 191-11-783
Department of Business Administration
Daffodil International University

ACKNOWLEDGEMENT

I am delighted to take this opportunity to acknowledge the direction, assistance, and patience of the imperfect person, without whom I would not have been able to make my report a success.

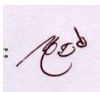
I would like to thank our honorable teacher Mr. Nurul Mohammad Zayed Assistant Professor of Daffodil International University, Dhaka, Bangladesh for giving detailed feedback and advice on this responsibility. He always gave us his valuable advice to do this work.

We should publish some more names besides the internet, truth books, newspapers, other important information that BBA students of other universities do not get. They generously scattered their time and took the trouble to answer in detail and helped us complete the study. We thank them for their support and cooperation.

SUPERVISOR'S CERTIFICATE

This is to certify that, ***Kh. Fahad ID: 191-11-783***, BBA (Finance), is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at Shasha Denims Ltd and has prepared for this internship under my direct supervision. He assigned internship topic is “**Financial Performance Analysis of Shasha Denims Ltd**”. I think that the report is well- intentioned of fulfilling the partial requirements of BBA program.

I wish his success in the future.



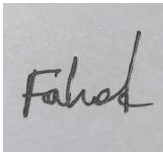
Mr. Nurul Mohammad Zayed
Assistant Professor,
Department of Business
Administration, Daffodil
International University.

DECLARATION

I solemnly declare that the work of this internship report titled "Financial Performance Analysis of Shasha Denims Ltd." is one of my key works under the supervision of Mr. Nurul Mohammad Zayed, Assistant Professor (Finance), Department of Business Administration, Daffodil International University.

No part of this report has been submitted to any other organization before and I am collecting all the information from the internet and senior executives of my bank.

I have done more to identify the department against my loss or damage arising from a breach of mandatory obligation against it, if any.



Kh. Fahad

ID: 191-11-783,

Major in Finance,

Department of Business

Administration,

Executive Summary

The objective of the report is to understand the Financial Performance Analysis of Shasha Denims Ltd and practices performed by Shasha Denims Ltd. Provides textile facilities and customers-oriented schemes, the textile has captured the hearts of the customers as well became the market and the leading textile company in the country. In the first part of my report, I gave a background that describes the overall content report. I will then briefly describe Shasha Denims Ltd. I have this part Shasha Denims Ltd to cover historical background, number of branches, vision, mission etc.

Then comes the part of the project. In that part I have shown the Financial Performance Analysis of Shasha Denims Ltd. I have discussed each section of general; Denim textile detail. In addition, I have briefly outlined the terms and guidelines for each financial analysis. In the research part I have provided the fact that denim textile banks provide updated product projects.

Then, I get some guidelines based on the results obtained in this report. I have the denim textile authorities to associate themselves with the modern over-the-counter technology acquire customized textile tools and applications.

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Chapter 1

Introduction

1.1 Introduction:

Over the past few years, Bangladesh has been experiencing a rapid and significant change in the garments sector. Not just in our country. The level of garments around the world is changing rapidly due to technological innovation, globalization, and lack of control. This change has significantly affected the garments industry of our country all over the world, which has resulted in the change in this sector in our country. Now the condition is that the garments must compete in the market with both local institutions as well as foreigners. For this reason, I chose the garments sector for the successful completion of my internship program.

Internship Program Prerequisite for obtaining a BBA degree from DIU. DIU BBA Program Intern During this internship program, students are required to prepare a report on the respective institution. I am very proud to join Shasha Denims Ltd as part of the required program. I was kept in the Shasha Den Ltd office for three months. This internship is a full working activity of Shasha Denims Ltd. and a direction to study the field of garments as a whole. While working there, I had to select a field of study so that I could do detailed research and present any understanding in the report. From this perspective, after completing the 3-month internship program, I have prepared this report. I highly appreciate this performance and hope it will play a great role in building my future career.

1.2 Background of the Study:

Every graduate student from the business discipline has to participate in the internship program with the determination of learning how to do work practically after achieving theoretical knowledge as a business student. It is a perfect chance for every student to gather

a practical understanding of the theoretical knowledge that we have gained in our four years of undergraduate life. Study research should be done for putting the knowledge in a practical manner. I have done my internship in the Marketing Department of SHASHA DENIMS LTD. Garments Division. The topic of my report is “Financial Performance Analysis – A Study on Shasha Denims Ltd. ,”. My organization supervisor Mr. Hasan Faruk as well as my institutional supervisor of DIU , Assistant Professor Mr. Nurul Mohammad Zayed, accept it.

SHASHA DENIMS LTD. Group is one of the famous and oldest names in both home and abroad. Shasha Denims Ltd. is also very popular with the best quality and uniqueness. It is one of the top leading companies in Bangladesh and persistently struggling for innovating superior quality products and services.

Shasha Denims Ltd. is a wing of the SHASHA DENIMS LTD. Group is actually comprised of 5 Apparel manufacturing companies which are: SHASHA DENIMS LTD. Garments Industries Ltd, SHASHA DENIMS LTD. Hi-Tec Garments BD Ltd, SHASHA DENIMS LTD. Apparels Ltd, SHASHA DENIMS LTD. Fashion Ltd and HN Garments Ltd. Altogether, the Garments sector of the group, has earned 11 National Awards (President Gold Trophy) between 1991 to 2012 for the highest exports of readymade apparel from Bangladesh. It has also earned various international awards and recognitions during this time. The garments division of the group is also among the few selected global strategic vendors of KMRAT, Fila, Target, Global Trotter, Walmart, and many other highly prestigious global brands names and they also have exclusive supply agreements for certain product lines with some of these global companies as well.

Within this division, there are sub-divisions of Denim, Woven, Jackets, Washing, Embroidery, Quilting, and many others, which equips the group to be the provider of all kinds of apparels manufacturing solutions to any apparels company worldwide. They are currently expanding their facilities and by the middle of 2009, they shall be the largest manufacturer in the denim sectors across Asia, which will be a matter of national pride as well.

1.3 Objectives of the Study

Broad Objective:

- To evaluate the financial performance of Shasha Denims Ltd.

Specific Objectives:

- To demonstrate five years' financial performance of SDL by using different types of ratios.
- To identify the problems related to the financial performance of SDL.
- To make some recommendations based on problems to improve the financial performance of SDL.

1.4 Methodology

This study is a descriptive type of study. The required data and information have been collected from both primary and secondary sources. The amalgamated and concise data and information have been tabulated, processed, and analyzed carefully.

In order to make the study more meaningful and presentable only secondary data have been used in the study. I have tried my best to be acquainted with all the sections and departments of this organization. The data was collected through direct and indirect interview and observation.

Secondary Data:

While the secondary data have been collected from the relevant sources that includes-

- Internet search
- Company website
- Magazines
- Newspaper
- Annual report of the company. (2017-2021)

Data analysis: To analyze the data in this report different types of diagrams & pie-chart are drawn. Ratio analysis and trend analysis are performed.

1.5 Scope of the study:

This study is purely based on primary and secondary data supplied SHASHA DENIMS LTD. As I worked in the company for two months, I know various areas of their financial performance, their managing procedures, working system and environment which are very helpful to know and increase our knowledge & to get more information & data regarding my topic.

The scope of the study is to determine the financial status, efficiency and performance of the company through the ratio analysis. Ratio analyses are including liquidity ratios, solvency ratios, turnover ratios, profitability ratios, and market ratios.

Chapter 2

Organizational Part

Background of Shasha Denims Ltd

2.1. History of Shasha Denims Ltd

Since inception, the Company never compromises with its quality; rather emphasizes on the production to deliver superior quality denim to its valued clientele. Shasha Denims is now stronger and more confident to compete with any denim companies of the country. To cope up with the current denim craze, the Company manufactures and exports top class denim in diverse shade, quality, color, weight, and style and as such meets up buyers' demand. Subsidiary Companies There are four subsidiaries companies under Shasha Denims Ltd.-Energies Power Corporation Ltd. (EPCL), Shasha Garments Limited, Shasha Textiles Limited and EOS Textile Mills Limited. Shasha Denims has been continued its drive having a sustainable growth and accordingly maintained a flagship position in the nation's denim industry. Our Products & Renowned Buyers SDL is a trusted source for the world renowned buyers; and in many cases, it is the only nominated supplier to a number of eminent buyers. Currently, SDL manufactures fabrics for the international famous brands i.e, H&M, O'STIN, Esprit, Debenhams, Marks & Spencer, LPP, Pull & bear, S. oliver, Zara, Bestseller, River island etc. Its premium design and enriched diversified product portfolio have made the Company special and distinctive to its customers. Again many such new and unique products are still in its plan to introduce shortly. The Company exports its products through export oriented RMG. The final destination of the products is EU, Australia and beyond. Current Production Capacity Under its maximum capacity; at present, SDL manufactures 28.80 million yards of denim per year. Additional requirements of Shasha Denims is fulfilled through contracting with its subsidiaries & other sources. Social Causes Programs For ensuring the highest security to the lives of common people; since start, Shasha Denims has been putting effort to enrich economic and social indicators of the society by supporting and contributing in the following sectors: Education, Poverty Elimination, Standard of Living, Healthcare, COMPANY OVERVIEW 08 SHASHA DENIMS LTD. | Annual Report 2021 With a motto to work as a growth partner of the economy, Shasha Denims Limited (SDL) started its journey in 1996. Gradually, marching forward with vigor and now took the position as a 100% export oriented one of the leading denim manufacturers of Bangladesh. SHASHA DENIMS LTD. | Annual Report 2021 09 Environment Related Issues and also Various

Community Development Programs through its charitable Shasha Foundation which is formed only for the wellbeing of the nation's underprivileged people. The Company also contributes in health care support through providing financial assistance to the society's poor people and also critical medical treatment to its staff, workers and others who are financially challenged. In a word, SDL always thinks and cares for the sustainable development of the society through its relentless endeavors and active CSR initiatives. Award & Recognition SDL has completed 24 years momentous journey in 2020-2021. As a token of recognition its conformity in compliance regulation, governance & transparency, the Company has received a number of prestigious awards and accolades from home and abroad that have spotted as the landmark for the Company. Shasha Denims is the winner of prestigious 'National Export Trophy' (Gold) three times for three consecutive years (financial years 2011-12, 2012-13 & 2013-14) for its outstanding contribution in denim exporting. In the financial year 2019-2020, again we achieved 'National Export Trophy' (Silver). Glorious 'ICSB National Award'-(Silver), (Bronze) and (Gold) was achieved for Corporate Governance Excellence in 2020, 2018 and 2019 respectively. We had another accreditation as the 'Gold Supplier-2021' of H&M (one of the world leaders in fashion and outfits). It's an acknowledgment of our remarkable effort in their good business. Those bring gratification and inspiration for us to move ahead towards a newer height. Besides, the Company has had its great recognition as the excellent performer client and achieved the Gold Award from Premier Bank Ltd. and Sonali Bank Ltd. also from the Agrani Bank Ltd. as well. Credit Rating The Credit Rating Agency of Bangladesh (CRAB) has rated Shasha Denims as AA3 (long term credit rating) and as ST2 (short term credit rating). The report also stated that Shasha Denims has a stable outlook from the industrial point of view for overall industry growth and policy regulations implicated by the regulatory authority

2.2. Vision & Mission

Vision:

Our vision is to value the company shareholders as trustworthy, honest & fair concerning all financial responsibilities of the company. We strive for excellence in providing reliable, accurate, secure, accessible & innovative services while being honest, fair, transparent & responsive.

Mission

To continue endeavors for the development towards satisfaction of existing customers through quality denim products with innovations. — To expand business by increasing capacity of production using IPO fund and become premier denim producer of the country.

2.3. Corporate profile:

Registered Name : Shasha Denims Ltd.
Legal Status : Public Limited Company
Date of Incorporation : October 28, 1996 & C-31649 (770)/96
Commencement of Commercial Operation : July 2000
Business : Denim Fabric Manufacturer
Present Production Capacity : 28.80 Million Yards Per Year
Chairman : Barrister Anisul Islam Mahmud
Chairman Audit Committee : NKA Mobin FCA, FCS, CFC
Chairman Nomination and Remuneration : Md. Shahadat Hossain FCA
Managing Director : Shams Mahmud
Director (Operation) : Mohammad Jamal Abdun Naser
Director (Finance) & CFO : Md. Ahasanul Haque
Company Secretary : Aslam Ahmed Khan FCA
Authorized Capital (Ordinary Share Capital) : BDT. 2,000 million
Paid up Capital : BDT. 1,410.36 million
Date of Approval for IPO : November 05, 2018
Date of Listing with DSE : February 18, 2019
Date of Listing with CSE : January 17, 2019
Auditors : M/S Pinaki & Company
Chartered Accountants
Ahsandell, 2/A,
Mymensingh Road, (2nd Floor),
Shahbag, Dhaka-1000.
Legal Adviser : Barrister Sameer Satter
Rating Agency : Credit Rating Agency of Bangladesh
Registered Office : House # 07, Road # 117,
Gulshan, Dhaka.
Tel: 88- 02-2222264144,
Corporate Office : House # 23, Road # 129, Gulshan-1,
Dhaka-1212.
Tel: – 88-02-2222260548, 2222264679
2222291632, 2222290659
Fax:-88-02-2222284761
Factory Address : Plot # 184-193 & 277, DEPZ (Ext.)
Savar, Dhaka.
Tel: 88-02-7789188, 7789302-05

Fax: 88-02-7789307

Web Address : www.shashadenims.com

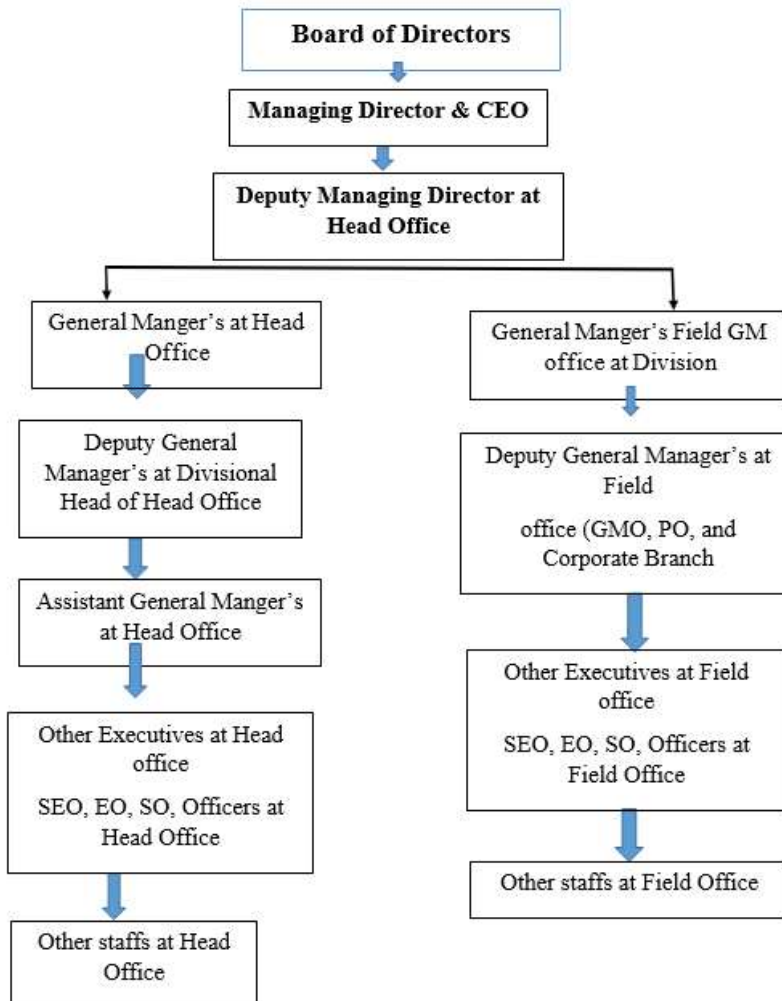
Email Address : info@shashabd.com

LEAD BANKERS : The Premier Bank Ltd., Bank Asia Ltd

2.4. Hierarchy of Shasha Denims Ltd

Management:

The Board of Directors of the garments is entrusted with the Board of Directors, overall supervision and instructions regarding the policy of the Board which was constituted in accordance with the. The Board of Directors, comprising of seven members, has the authority to organize, manage and conduct its affairs for commercial purposes in accordance with the Government's Board Policy. There are directors appointed by the CEO. Other members of the board, including the MD, are also appointed by the company, at least three of whom have experience in finance, banking, commerce, commerce, industry. The Managing Director is the Chief Executive Officer of the garments. He conducts all activities under the direction of the board. All lines and employees of the garments except the members of the Board of Directors are self-appointed



2.5. Services of Shasha Denims Ltd:

Product Portfolio

- Denim
- Woven
- Washing
- Jackets
- Embroidery
- Quilting

Major Department

Like every other corporation SHASHA DENIMS LTD. Group has different department for carrying out several activities. The major department of SHASHA DENIMS LTD. Group are:

- ① Human Resource Department: The Human Resource Department is responsible for the management of the employee in order to achieve organizational goals & coordinating with other department for effective utilization of resources.
- ② Supply Chain Department: This department collects raw materials from specific vendors at suitable price & quantity.
- ③ Finance Department: Under finance department there are small units which are Budget & Cost control, Financial Accounting & Treasury, Audit & VAT.
- ④ Marketing Department: Marketing Department basically promotes the business & drives the sales of products or services.
- ⑤ Information Technology Department: This department develops & maintains an internal networks of workstations, digital networking equipment, operating systems & servers to tie the departments together.
- ⑥ Research & Development: This department find out whether the existing products need any change & upgrades according to the requirements.

Chapter 3

Theoretical Background

3.1 Theory of Ratio Analysis:

The analysis of financial statements and the interpretation of the financial data on the specialty of the operation with the help of the use of ratios is called ratio analysis. Thus the analysis of ratios is used here to find the financial fluidity of a particular organization. Ratios hold different results for stakeholders, creditors, tors defaulters, investors as well as well executive. Proportion analysis is essential to build relationships between two accounting figures to present important information to management or other users, so that effective action or decision can be made in the light of current business situation or decision. Company financial performance to be in a better position in the future. Ratios are divided into five ways in banking sector. These are given below:

1. Liquidity Ratio.
2. Asset Activity Ratio.
3. Efficiency Ratio.
4. Profitability Ratio.
5. Credit Risk Ratio.

1. Liquidity Ratio: The liquidity ratio analyzes a company's ability to pay both as it decreases a company's current liabilities as they present themselves as long-term liabilities. In other words, these ratios demonstrate a company's ability to convert cash levels and other assets into cash and pay off other current obligations. Liquidity is not a measure of how much cash a business has. This is a measure of how easy it will be to raise enough cash or convert assets into cash. Thus, all these assets go into the liquidity account of an organization. Liquidity ratios are given below:

- Loan to deposit ratio.
- Cash to deposit ratio.
- Cash to asset ratio.
- Cash ratio.
- Loan to total asset ratio.

- 2. Asset Activity Ratio:** The activity ratio measures each company's sales in another asset account - the most common asset accounts are acceptable, inventory and total asset accounts. Activity ratio measures a company's ability to use resources. Since most companies invest heavily in acceptable or inventory accounts, these accounts are used in the most popular activity ratio donors.
- Fixed Asset Turnover
 - Total Asset Turnover
- 3. Efficiency Ratio:** The definition of efficiency ratios is to measure the acceptance of turnover, amount and use of equity, liability review and general activity of inventory and instruments. The efficiency ratio enables analysts to invest and execute commercial banks. The lower the percentage, the greater the efficiency of the company or bank. Efficiency ratios are given below:
- Income to Cost Ratio.
 - Cost to Asset Ratio.
- 4. Profitability Ratio:** Profitability ratio is the financial metrics used by analysts and investors to measure and evaluate the ability of a company to earn revenue (profit) in relation to revenue, balance sheet assets, operating expenses and shareholders' equity over a period of time. They show how well a company uses its resources to generate profits and value for its shareholders. A higher ratio or value is usually sought by most companies, as this usually means that the business is performing well by generating income tax, profit and cash flow. The most useful when analyzing ratios compared to similar companies or compared to previous times.
- Gross profit margin
 - Net profit margin
 - Return on asset
 - Return on equity.

5. Credit Risk Ratio: The ratio is calculated as a percentage or probability that the donor will incur a loss due to the donor's inability to pay on time. It acts as a decision maker when it comes to investing or making decisions.

- Equity to asset
- Equity to net loan.

3.2 Common Size Analysis: Common size analysis (also called vertical analysis) refers each line item as a percentage of one-line item in a year's financial statements, which is referred to as the base amount. The principal amount of the balance sheet is the total assets (which is equal to the total liability and equity of the shareholders) and in the statement of income it is usually net sales or income. The change in the mix of assets, liabilities and equity is evident by comparing it to the general size statements of two or more years. In the statement of income, the change in the mix of revenue and the expenditure for different types of expenditure can be identified.

3.3 Trend Analysis: Trend analysis is an analysis of a company's trends based on past performance results compared to its financial statements to analyze market trends or future analysis and attempts to make the best decision based on the results. Trend analysis involves gathering data from multiple periods and plotting the data collected in horizontal lines with the objective of finding actionable patterns from the given data. In finance, trend analysis is used for technical analysis of stocks and accounting analysis.

Chapter 4

Financial Performance Analysis

3.2. Data Analysis

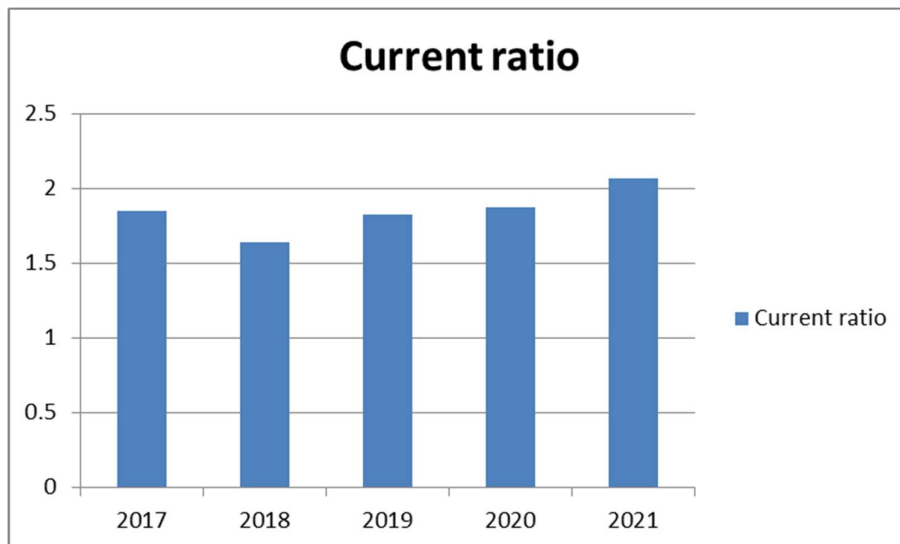
3.1.1 Ratio Analysis

A. Liquidity Ratio:

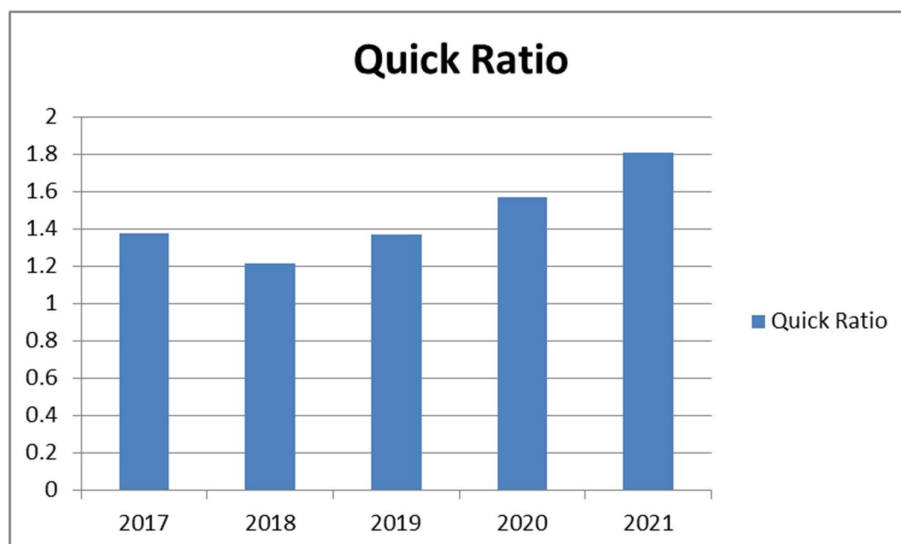
Current Ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------|------|------|------|------|------|
| Current ratio | 1.85 | 1.64 | 1.83 | 1.88 | 2.07 |

Source: Author's Computation



Source: Estimated



Source: Estimated

Interpretation:

The current ratio for the year 2018, 2019, 2020 & 2021 is 1.64, 1.83, 1.88 & 2.07 respectively, compared to standard ratio 2:1. This ratio is higher which shows high short term liquidity efficiency at the same time holding sufficient current assets means efficient use of resources.

Quick Ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------|------|------|------|------|------|
| Quick Ratio | 1.38 | 1.22 | 1.37 | 1.57 | 1.81 |

Source: Author's Computation

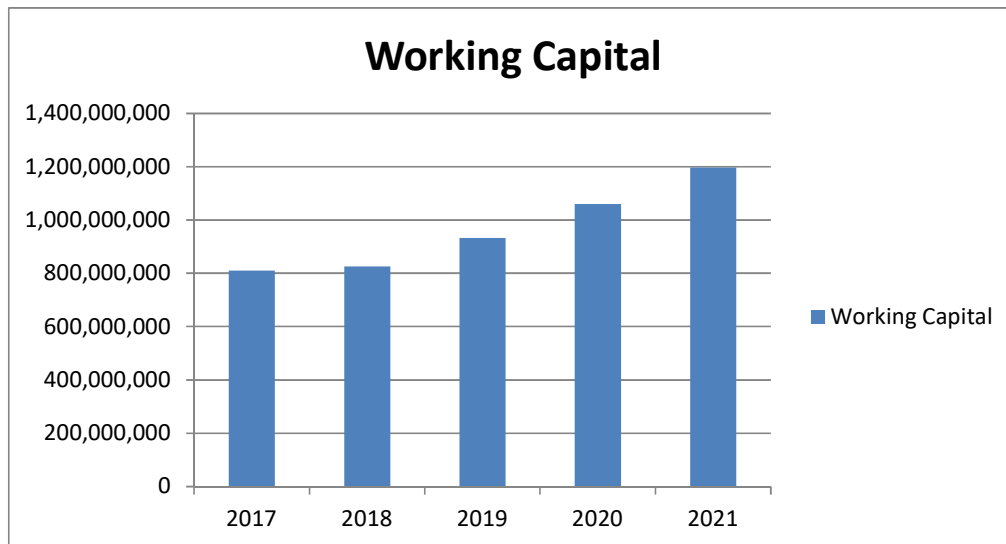
Interpretation

The quick ratio for the year 2018, 2019, 2020 & 2021 is 1.22, 1.37, 1.57 & 1.81 respectively, compared to the standard ratio 1:1. This ratio is higher which shows that the company could pay off its current liabilities without selling any long term assets.

Working Capital

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------|-------------|-------------|-------------|--------------|--------------|
| Working Capital | 809,853,954 | 826,293,907 | 932,534,940 | 1060,038,362 | 1196,274,746 |

Source: Author's Computation



Source: Estimated

Interpretation

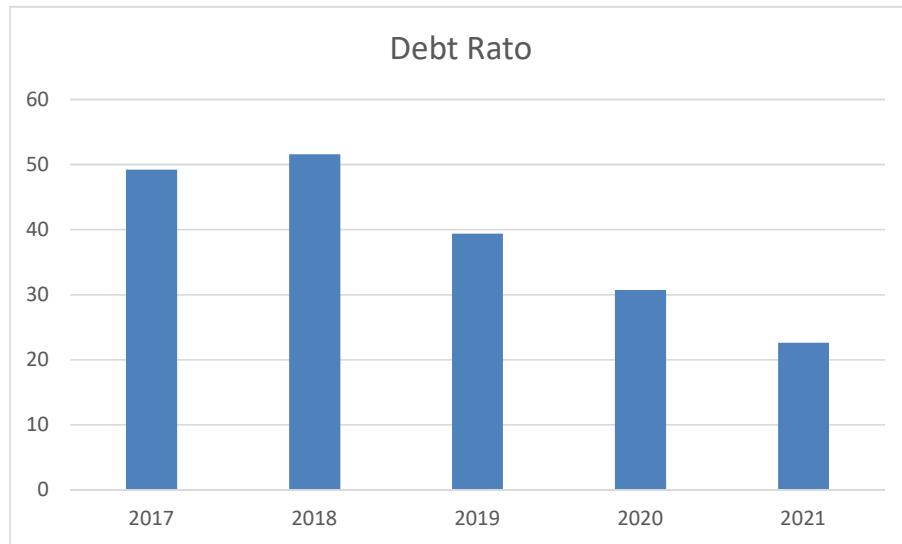
It is very clear from the above calculations that the working capital of the company is gradually increasing over the years, which show good short term liquidity efficiency.

B. Solvency Ratios

Debt Ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------|-------|-------|-------|-------|-------|
| Debt to Assetratio | 49.24 | 51.58 | 39.44 | 30.73 | 22.63 |

Source: Author's Computation



Source: Estimated

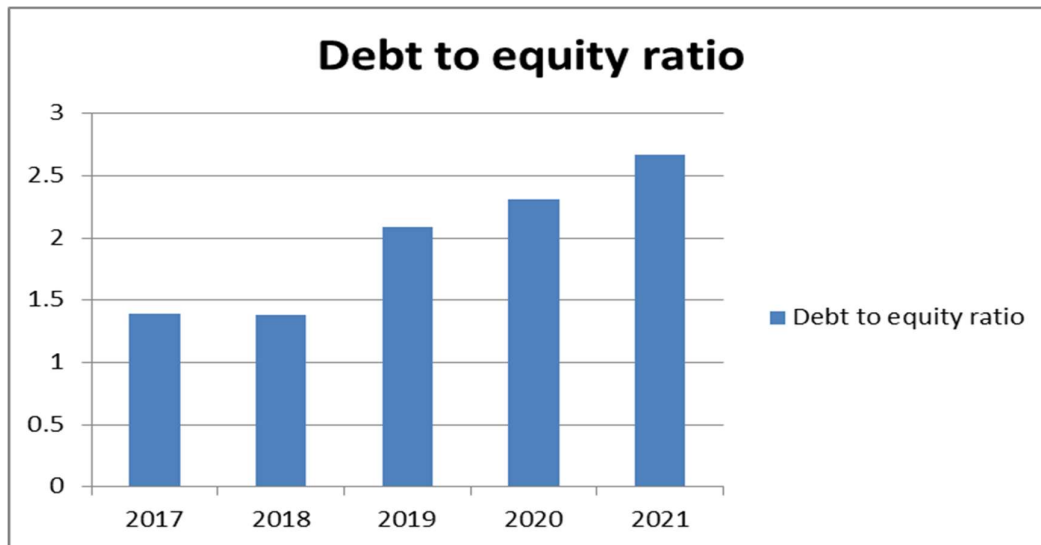
Interpretation:

A debt ratio of .5 is often considered to be less risky. This means that the company has twice as many assets as liabilities. Calculating the debt ratio; we can see that this company is a lowly leveraged one.

Equity Ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------|------|------|------|------|------|
| Debt to equity ratio | 1.39 | 1.38 | 2.09 | 2.31 | 2.67 |

Source: Author's Computation



Source: Estimated

Interpretation

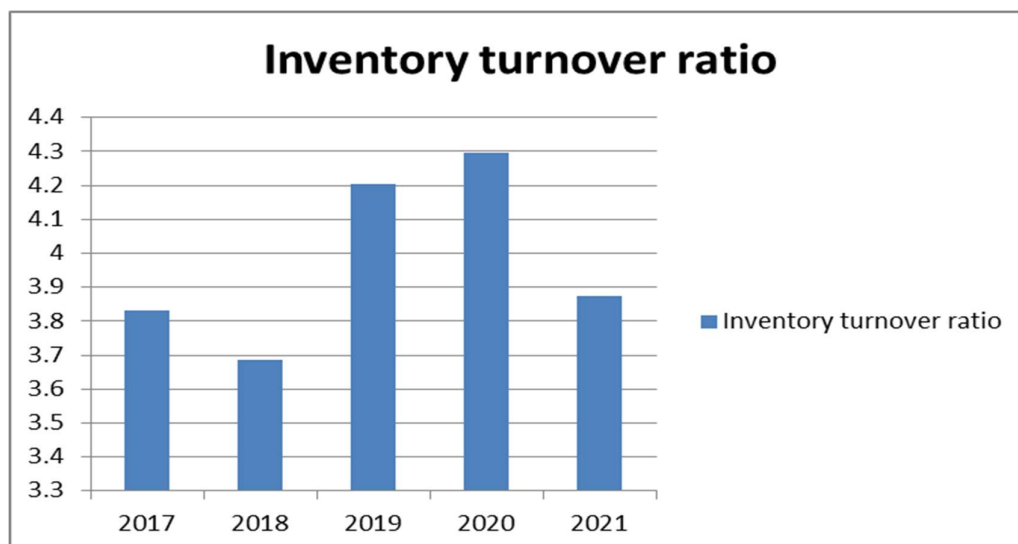
Debt to equity ratios indicates what portion of equity and long term debt the company is using to finance its assets. The ratios above indicate that a low portion of debt and a high portion of equity are being used to finance the assets of this company.

B. Turnover Ratios

Inventory Turnover ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|----------|----------|----------|----------|----------|
| Inventory turnover ratio | 3.830085 | 3.685076 | 4.203544 | 4.296066 | 3.874341 |

Source: Author's Computation



Source: Estimated

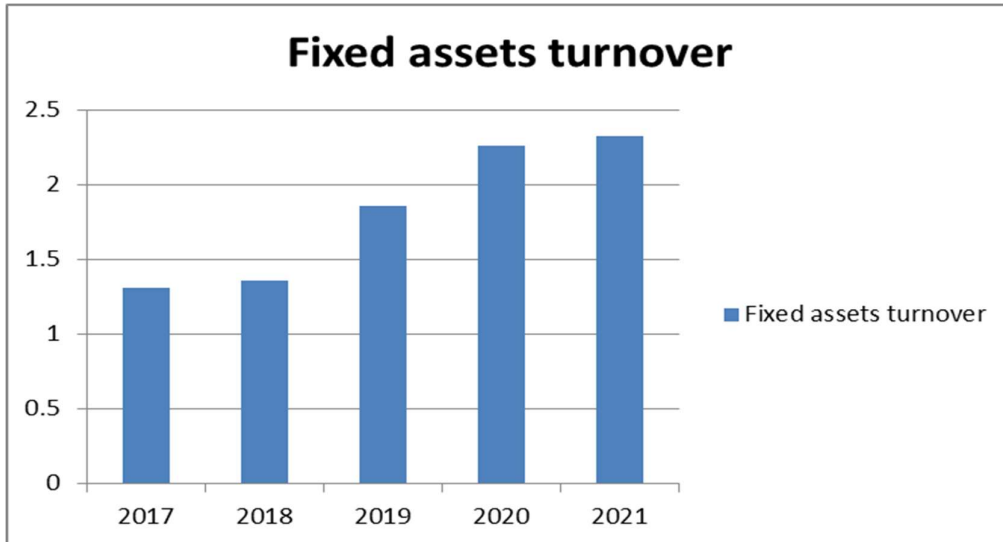
Interpretation

Inventory turnover is a measure of how efficiently a company can control its merchandise, so it is important to have a high return. This shows the company does not overspend by buying too much inventory and doesn't waste resources by storing non-saleable inventory.

Fixed asset turnover

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|------|------|------|------|------|
| Fixed assets turnover | 1.31 | 1.36 | 1.86 | 2.26 | 2.33 |

Source: Author's Computation



Source: Estimated

Interpretation

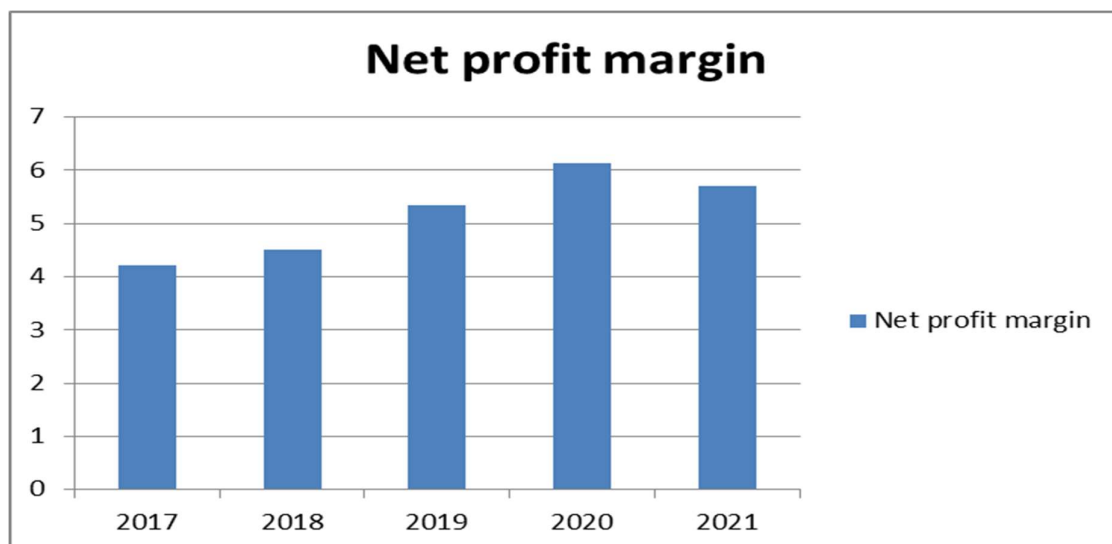
There is no standard guideline about the best level of asset turnover ratio. Therefore, it is important to compare the asset turnover ratio over the years for the same company.

B. Profitability Ratios

Net profit Margin

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------|------|------|------|------|------|
| Net profit margin | 4.21 | 4.52 | 5.35 | 6.13 | 5.71 |

Source: Author's Computation



Source: Estimated

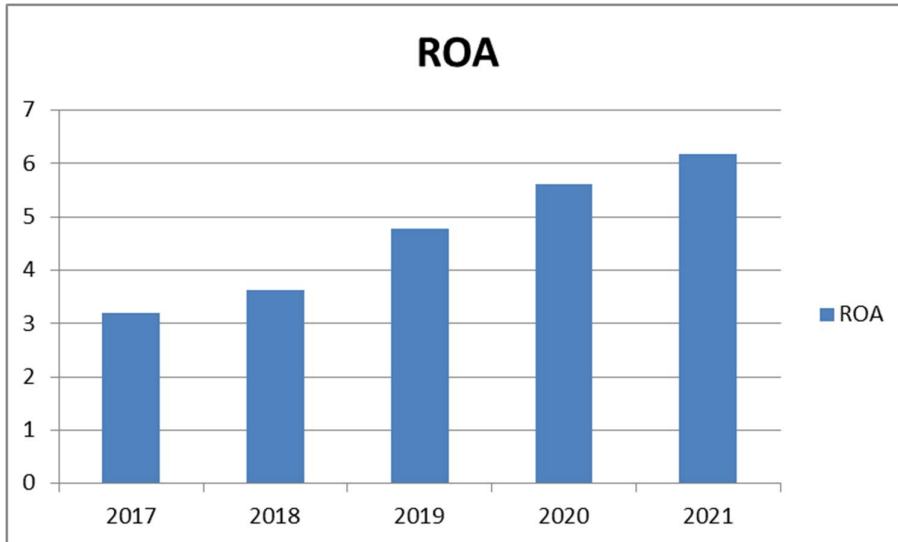
Interpretation

The profit margin ratio directly measures what percentage of sales is made up of net income. In the other words, it measures how much profits are produced at a certain level. The profit margin on sales of SDL Garments is poor.AB

Return on Assets (ROA)

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|------|
| ROA | 3.21 | 3.64 | 4.77 | 5.61 | 6.19 |

Source: Author's Computation



Source: Estimated

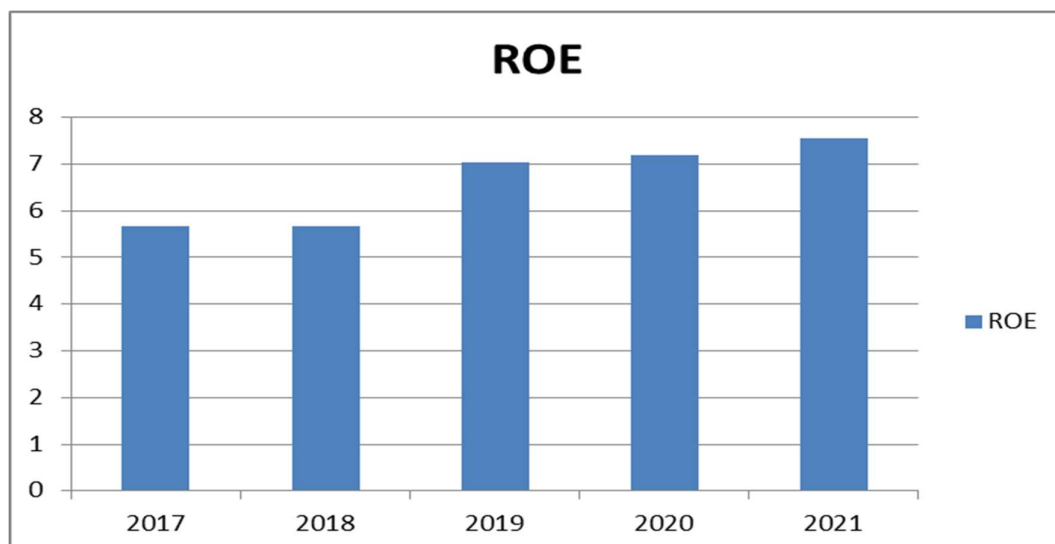
Interpretation:

The return on assets ratio measures how effectively a company can turn earn a return on its investments in assets. In the other words, ROA shows how efficiently a company can convert themoney used to purchase assets into net income or profits. Here what we can see is that the ROA SDL Garments is in decreasing trend.

Return on Equity (ROE)

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|------|
| ROE | 5.67 | 5.66 | 7.04 | 7.20 | 7.55 |

Source: Author’s Computation



Source: Estimated

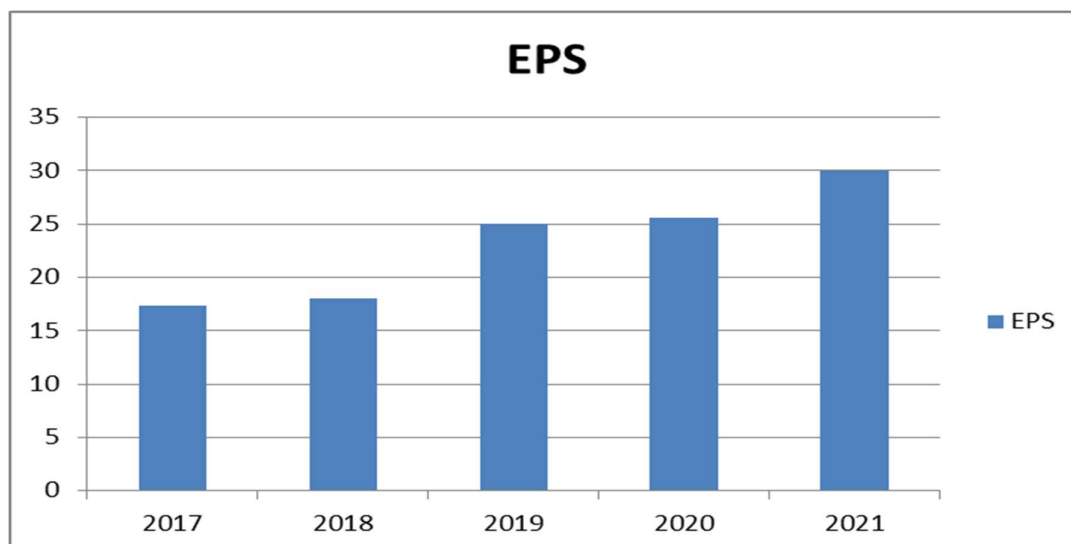
Interpretation

ROE measures how efficiently firms can use the money from shareholders to generate profits and grow the company. Unlike other return on investment ratios, ROE is a profitability ratio from the investor's point of view, not the company. In other words, this ratio calculates how much money is made based on the investor's investment in the company, not the company's investment in assets or something else. Here in SDL Garment the ROE for 2020 & 2021 is satisfactory.

C. Market Prospects Ratios Earnings Per Share (EPS)

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|-------|-------|-------|-------|-------|
| EPS | 17.32 | 18.07 | 24.99 | 25.64 | 29.96 |

Source: Author's Computation



Source: Estimated

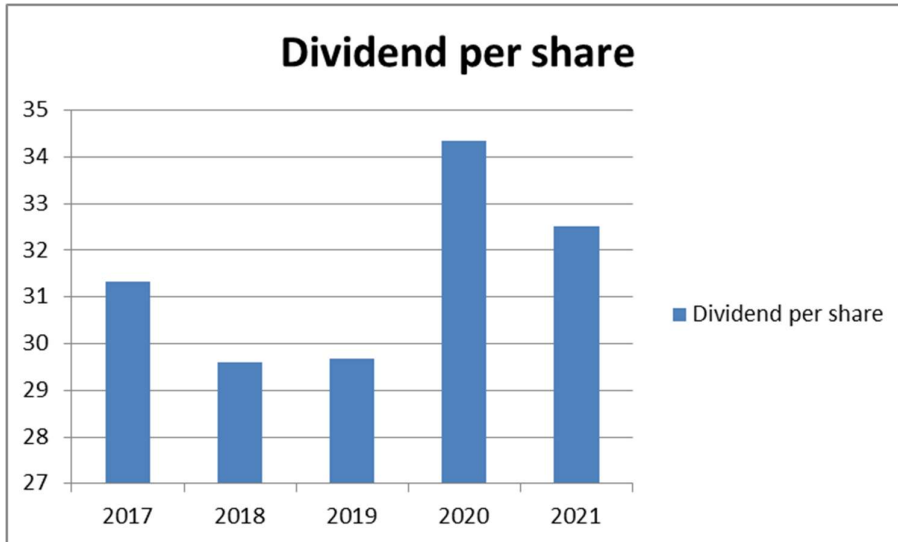
Interpretation

Earnings per share is the same as any profitability or market prospect ratio. Higher earnings per share are always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders.

Dividend Payout Ratio

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------|-------|-------|-------|-------|-------|
| Dividend pershare | 31.33 | 29.59 | 29.69 | 34.34 | 32.52 |

Source: Author's Computation



Source: Estimated

Interpretation

Since investors want to see a steady stream of sustainable dividends from a company, the dividend payout ratio analysis is important. A consistent trend in this ratio is usually more than a high or low ratio.

Since it is for companies to declare dividends and increase their ratio for one year, a single high ratio does not mean that much. Investors are mainly concerned with sustainable trends. Dividend payout ratio of SDL Garment is consistent. And the payout rate is also good.

4.2. Trend Analysis

A Trend Analysis of operating profit

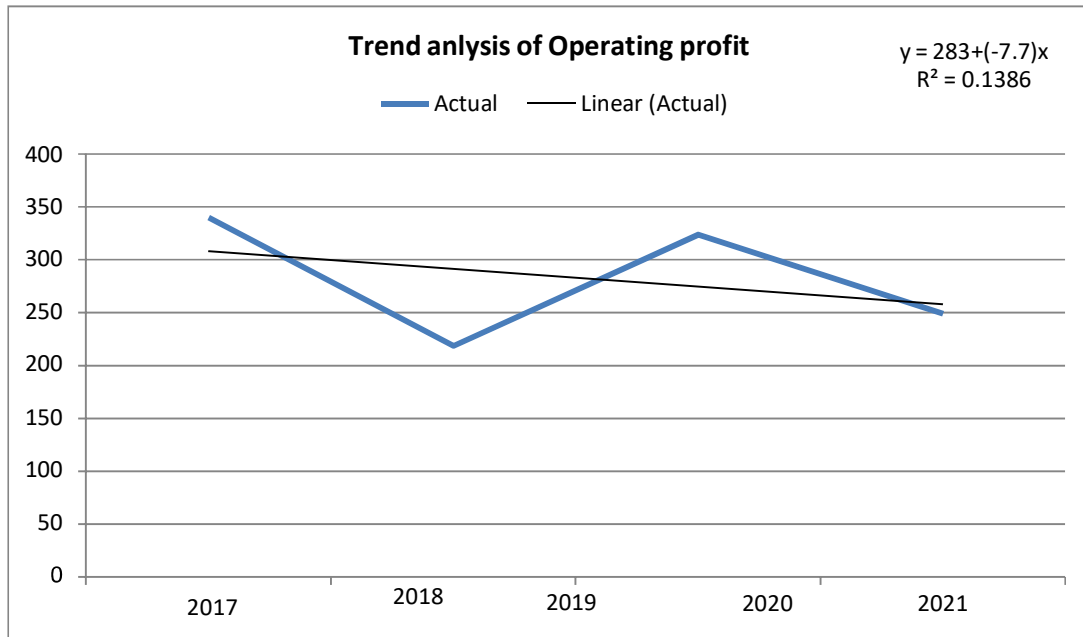
| Years | Operating profit Y(million in tk) | Trend value Y_e |
|-------|--------------------------------------|-------------------|
| 2017 | 321 | 224.5 |
| 2018 | 340 | 298.4 |
| 2019 | 219 | 290.7 |
| 2020 | 324 | 275.3 |
| 2021 | 249 | 267.6 |
| N=4 | $\Sigma Y=1132$ | $\Sigma Y_e=1132$ |

Fitting the Straight Line Trend for Operating Profit

The equation of straight line is $Y = a + bx$

$$= 283 + (-7.7)x$$

$$R^2 = 0.1386 \text{ or } 13.86\%$$



Interpretation:

$R^2 = 0.1386$ that means 13.86% variation of investment depends on time.

$b = (-7.7)$ that means that operating profit may be decreased by Tk. 7.7 million per year.

4.2 Trend Analysis of Total Asset

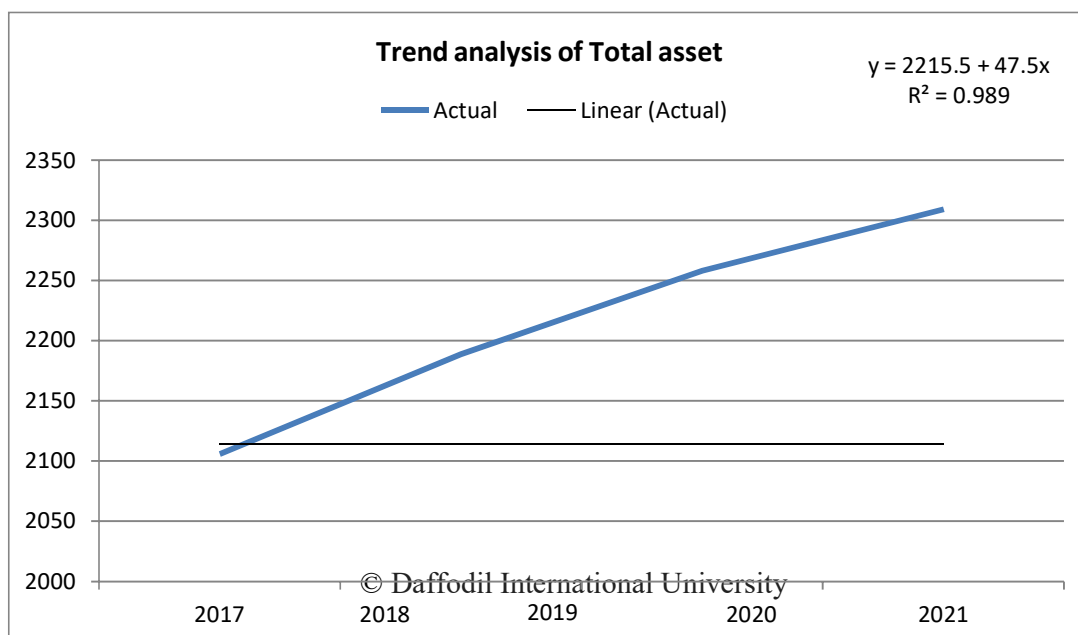
| Years | Total Assets Y(million tk) | Trend value Ye |
|-------|----------------------------|---------------------|
| 2017 | 2051 | 2061.9 |
| 2018 | 2106 | 2120.5 |
| 2019 | 2189 | 2168 |
| 2020 | 2258 | 2263 |
| 2021 | 2309 | 2310.5 |
| N=4 | $\Sigma Y = 8862$ | $\Sigma Y_e = 8862$ |

Fitting the straight line trend for total asset

The equation of straight line is $Y = a + bx$

$$= 2215.5 + 47.5x$$

$R^2 = 0.989$ or 98



Interpretation

$R^2 = 0.989$ that means 98.9% variation of total asset depends on time.

$b = 47.5$ that means total asset may be increased by Tk. 47.5 million per year.

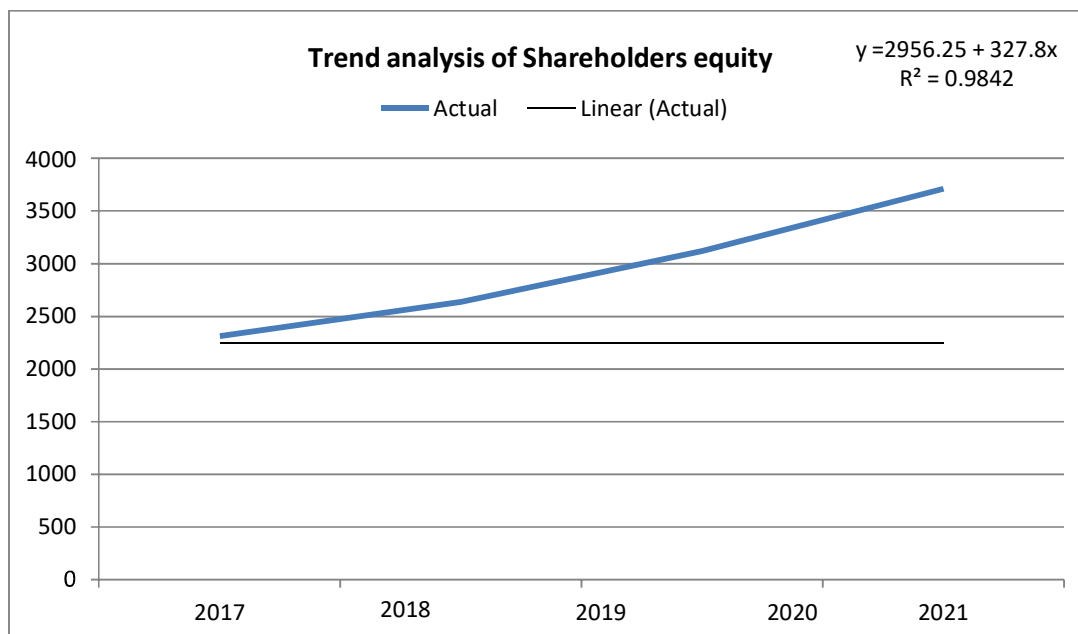
Trend Analysis of Shareholders Equity:

| Years | Inventory Y(million tk) | Trend value Ye |
|-------|-------------------------|-------------------|
| 2017 | 2271 | 2096.9 |
| 2018 | 2312 | 2289.4 |
| 2019 | 2638 | 2617.2 |
| 2020 | 3120 | 3272.8 |
| 2021 | 3710 | 3600.6 |
| N=4 | $\Sigma Y=11825$ | $\Sigma Ye=11825$ |

Fitting the straight line trend for inventory

The equation of straight line is $Y = a + bx$

$= 2956.25 + 327.8x$ $R^2 = 0.9842$ or 98.42%



Interpretation

$R^2 = 0.9842$ that means 98.42% variation of shareholder depends on time.

$b = 327.8$ that means shareholders equity may be increased by Tk. 327.8 million per year.

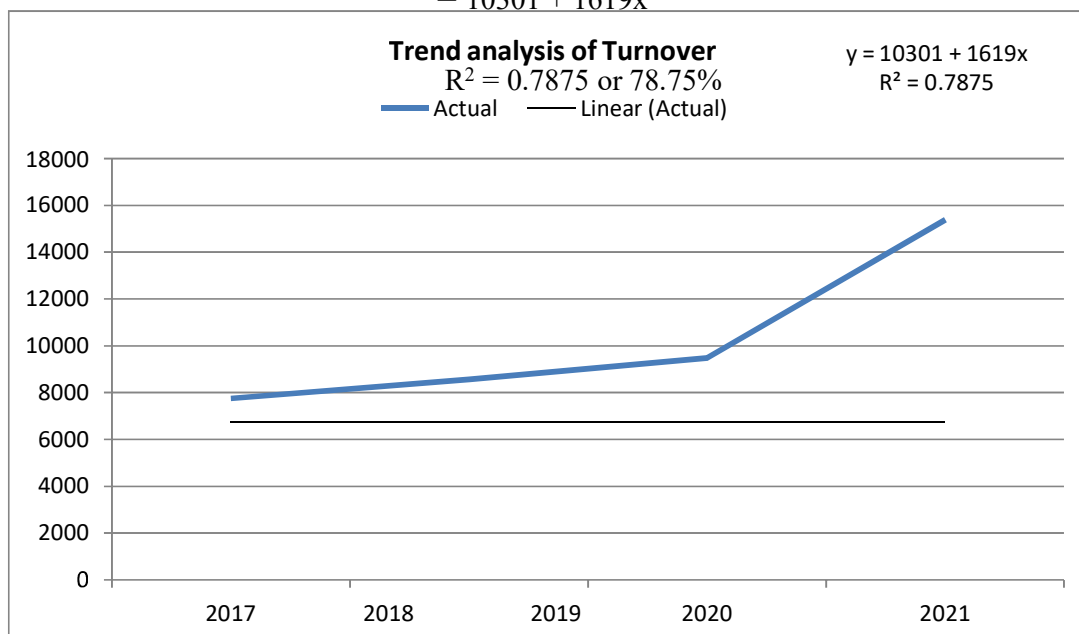
A. Trend analysis of Turnover

| Years | Turnover Y(milliontk) | Trend value Y_e |
|-------|--------------------------|----------------------|
| 2017 | 7594 | 6956 |
| 2018 | 7756 | 7063 |
| 2019 | 8568 | 8682 |
| 2020 | 9490 | 11920 |
| 2021 | 15390 | 13539 |
| N=4 | $\Sigma Y=41204$ | $\Sigma Y_e=41204$ |

Fitting the straight line trend for turnover

The equation of straight line is $Y = a + bx$

$$= 10301 + 1619x$$



Interpretation

$R^2 = 0.7875$ that means 78.75% variation of turnover depends on time.

$b = 1619$ that means turnover may be increased Tk. by 1619 million per year.

Trend analysis of Net Sale

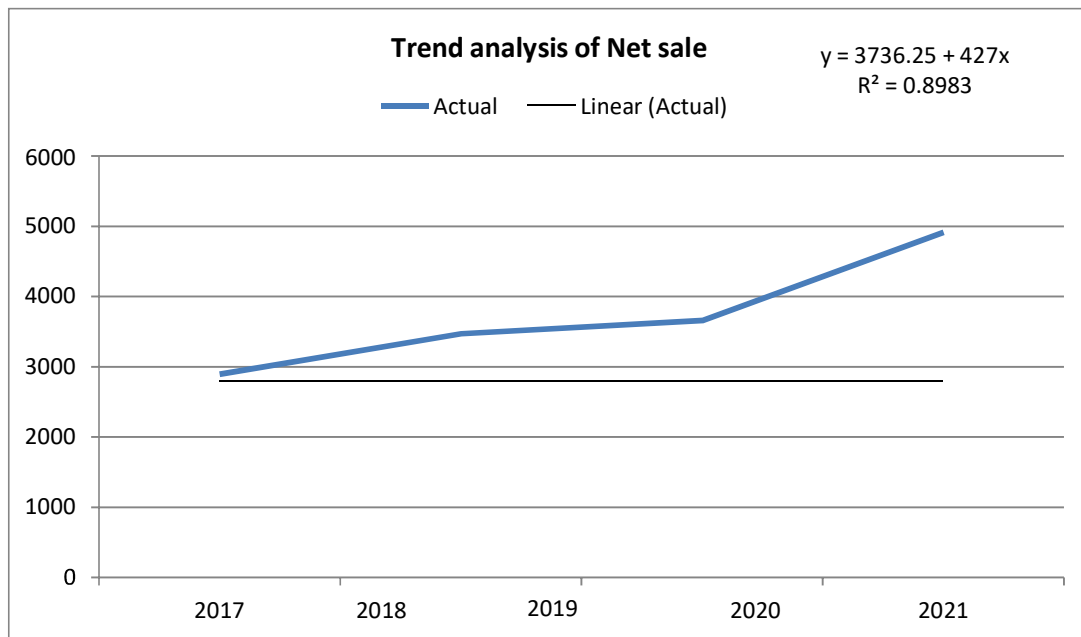
| Years | Net Sale Y(million tk) | Trend value Y_e |
|-------|---------------------------|----------------------|
| 2017 | 2693 | 2810.67 |
| 2018 | 2897 | 2882.25 |
| 2019 | 3472 | 3309.25 |
| 2020 | 3661 | 4163.25 |
| 2021 | 4915 | 4590.25 |
| N=4 | $\Sigma Y=14945$ | $\Sigma Y_e=14945$ |

Fitting the straight line trend for net sale

The equation of straight line is $Y = a + bx$

$$= 3736.25 + 427x$$

$$R^2 = 0.8983 \text{ or } 89.83\%$$



Interpretation

$R^2 = 0.8983$ that means 89.83% variation of net sale depends on time.

$b = 427$ that means net sale may be increased Tk. by 427 million per year.

Chapter 5

Findings, Recommendations & Conclusion

5.1 Findings:

Findings mean the elements has to be highlighted again and again for solving problem and gathering efficiency in organizational activities. Findings often includes the remarkable achievements of the organization, exceptional strategies and the existing lacking of the organization. During my research period I have found the following major findings:

- The current ratio is 2.07 which shows high short-term liquidity efficiency at the same time holding sufficient current assets means sufficient use of resources. The standard current ratio is 2:1.
- Quick ratio is 1.81 which shoes that the company could pay off its current liability withoutselling any long term assets.
- Debt ratio is 22.63% that means the company has twice as many assets as liabilities. We can see that the company is a low leveraged company. Standard debt ratio is 50%.
- Equity ratio is 2.67 that shows that a low portion of debt and a high portion of equity are being used to finance the assets of the company.
- Inventory turnover is 3.874341 that is less than the previous year turnover. That means thedoes not over powered by buying too much inventory & does not waste resources by shorting non-saleable items.
- Net profit margin is 5.71 that means the profit margin on sales of this company is poor. Standard net profit margin ratio is 6.
- ROA is 6.19 that shows that the ROA is in an increasing trend.
- ROE is 7.55 that shows that the ROE of the company is satisfactory.
- EPS 29.96 that means the company is more profitable and the company has more profitsto distribute to its shareholders.
- Dividend payout ratio is 35.52% that means the dividend payout ratio of the company is consistent and the payout rate is also good.

5.2 Recommendation

1. The company should control their financial expenses to increase the net profit.
2. The company should try improve & control the current & quick ratio by utilizing its assets efficiently. Proper handling of liabilities is also required.
3. The company must try to increase its current debt ratio and fixed asset turnover ratio.
4. The company must use its assets efficiently & effectively to retain ROA. By reducing asset cost, increasing revenue, reducing expenses.
5. ROE must be increased. By using more financial leverage, increase profit margin, improve asset turnover. Otherwise investors will shift to another.
6. Dividend payout ratio is good & Shasha Denims Ltd. garments is giving dividend every year to its shareholders. It must try to retain the ratio.
7. The company must try to increase the EPS and retain the current EPS.
8. Shasha Denims Ltd. Garments should maintain accounting & finance activities by only one software for the better control of its record.

5.2 Conclusion:

SHASHA DENIMS LTD. is one of the biggest & well-reputed companies in Bangladesh. This company has been maintaining leadership in the sector especially in the high tech readymade garments manufacturing for a long time. If the company follows the suggestions from report, we believe that it can overcome the problem existing in the corporate level. And in the long run the company will be benefited. There is no doubt to say that SHASHA DENIMS LTD. has created a good reputation in the market by its quality product and service. It should maintain the quality and try to bring new product innovation. To overcome all the limitations of operations division it is required to implement the recommended actions. All the problems created between employee to management, management to investors, management to shareholder should be solved and having better relation with each other.

SHASHA DENIMS LTD. Garments can take some new steps to making their operation smooth, effective, efficient, fast and modern.

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