Internship Report

On

“**Determinants of Profitability: A Report on Bangladesh Bondhu Foundation**”

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Supervised By-

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Prepared By-

Morsalin Tasnim

ID: 0242220004083030

Program: MBA Major: Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submission date: 15th February 2024

Letter of Transmittal

15th February 2024
Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Report on “Determinants of Profitability for Bangladesh Bondhu Foundation”

Sir,
I am delighted to present the study titled "Determinants of Profitability: A Report on Bangladesh Bondhu Foundation." The study encompasses critical elements including revenue streams, cost structure, budget allocation, effect assessment, donor partnerships, risk mitigation, and governance. The findings and recommendations are intended to bolster BONDHU's mission and improve its financial viability.
I appreciate your mentorship and assistance during the entirety of the research endeavor.

Sincerely Yours,

Tasnim

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Morsalin Tasnim
ID: 0242220004083030
Program: MBA Major: Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Student Declaration

I hereby affirm that the internship report, which I have submitted as a requirement for my Master of Business Administration program at Daffodil International University, is entirely my own creation. The report excludes any previously published or third-party written content, unless it is appropriately referenced with complete and accurate citations.

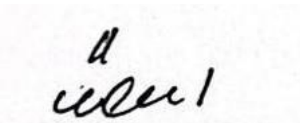
The paper has not received approval or submission for any other degree or qualification at any university or institution. I have properly acknowledged all primary sources of support.

Morsalin Tasnim
ID: 0242220004083030
Program: MBA Major: Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Supervisor’s Certification

This is to verify that Morsalin Tasnim from Daffodil International University has written the paper on "Determinants of Profitability: A Report on Bangladesh Bondhu Foundation." This report was prepared as a requirement for the completion of the Masters of Business Administration (MBA) degree. As the supervisor, I have supervised the development of the report, ensuring that it adheres to the necessary criteria and remains pertinent to the selected subject matter. I confirm that Morsalin Tasnim has satisfactorily fulfilled the requirements of the MBA program.

The report complies with the established organizational standards and requirements for the study project, confirming the effective completion of the MBA program.



Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgement

The study, titled 'Determinants of Profitability: A study on Bangladesh Bondhu Foundation,' provides a comprehensive analysis of my professional development, incorporating significant readings and research materials to deepen my comprehension of the topic. This report serves as a unique portrayal of my hands-on experience, which played a crucial role in the successful culmination of my internship.

Firstly, I express my heartfelt appreciation to Allah, recognizing the divine graces that guided me during this endeavor. I express my sincere gratitude to my parents and other family members whose steadfast support was crucial at this stage of my life. I would like to extend my gratitude to several individuals who played crucial roles by offering aid, insightful counsel, recommendations, guidance, and backing in the compilation of this report.

I am greatly grateful to Professor Dr. Mostafa Kamal of Daffodil International University, whose integrity and advice were vital in successfully completing this research. I am grateful for his invaluable expertise and guidance, which proved to be essential over the entire duration of the internship.

I express my appreciation to all the members, colleagues, authorities, and staff of the foundation for their prompt and valuable support whenever required. Their exceptional counsel and direction really enhanced my internship program, rendering it a highly useful educational opportunity.

Finally, I would want to express my gratitude to Daffodil International University for their exceptional collaboration. I express my genuine gratitude to all individuals who were involved. I would want to reiterate my appreciation to Allah, the All-Powerful, for His benevolence and direction during this endeavor.

Executive Summary

The executive summary provides a concise overview of a thorough financial study carried out on the company's performance throughout the previous four years. The purpose is to offer a succinct summary of the discoveries, goals, and suggestions obtained from the analysis. The investigation primarily assessed crucial financial variables, including profitability ratios, asset turnover, and liquidity indicators, to obtain a comprehensive understanding of the company's financial well-being and pinpoint potential areas for enhancement. This examination has revealed several significant discoveries. Initially, the corporation demonstrated a consistent pattern of robust profitability, as indicated by a substantial increase in the net income ratio in 2020. Despite minor variations in the following years, profitability consistently remained strong, highlighting effective cost control and revenue creation strategies. Furthermore, the analysis demonstrated a promising enhancement in fixed asset turnover, suggesting efficient exploitation of fixed assets to stimulate revenue expansion. Nevertheless, a decrease in the overall turnover of assets emphasized the need to improve the efficiency of asset usage for long-term performance enhancement. Regarding liquidity, there were oscillations, and notably, the current ratio had a significant decline in 2020, indicating possible difficulties in maintaining sufficient cash. However, there was an improvement in liquidity management throughout the years 2021 and 2022, indicating an increased ability to fulfill immediate financial responsibilities. In line with these findings, the main goals of the analysis were to evaluate the company's financial performance, identify significant strengths and weaknesses, and offer strategic recommendations to enhance financial performance and generate sustainable value for stakeholders. Considering these objectives, various recommendations were suggested. These measures encompassed enhancing asset efficiency by simplifying production procedures and reallocating resources efficiently, bolstering liquidity management by maintaining sufficient cash reserves and exploring financing alternatives, and closely monitoring profitability trends to maintain or enhance performance levels. To summarize, the company has shown resilience and stability in preserving profitability and liquidity, despite economic problems. To optimize its financial performance and successfully traverse the ever-changing commercial landscape, the organization should adopt the suggested tactics and maintain flexibility. The analysis functions as a valuable tool for making well-informed decisions and developing strategic plans, which helps to achieve long-term corporate objectives and create value for stakeholders.

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Chapter-1
Introduction

1.1 Introduction:

The relationship of financial viability and mission-oriented endeavors has become increasingly crucial in today's non-profit sector. This research, titled "Determinants of Profitability: A Report on Bangladesh Bondhu Foundation," explores the complex analysis of elements that impact the financial well-being of the Bangladesh Bondhu Foundation. This endeavor not only represents the culmination of my academic endeavors in the Masters of Business Administration (MBA) degree, but also demonstrates the organization's commitment and foresight in promoting ecologically sustainable and socially responsible development in Bangladesh. This report focuses on analyzing the factors that influence the financial results of the Bangladesh Bondhu Foundation, with a particular emphasis on determining profitability. This report intends to analyze the organization's sustainability by thoroughly examining its revenue streams, cost structures, fund utilization, impact measurement, donor relationships, risk management, and governance. The Bangladesh Bondhu Foundation, founded in 2015, serves as a prominent organization dedicated to non-political, non-profit, and voluntary social initiatives. The organization's mission is to implement a wide range of initiatives, such as replacing traditional stoves, spreading renewable energy and energy-efficient technologies, protecting the environment, mitigating climate change, empowering women and underprivileged communities, and promoting human values. As we progress through the following sections, the combination of theoretical insights and actual experiences seeks to offer a thorough comprehension of how factors influencing profitability interact with the operating environment of Bangladesh Bondhu Foundation. Furthermore, this investigation aims to provide vital insights for comparable institutions struggling with the simultaneous task of achieving financial sustainability and making a significant social effect. Join me in exploring the financial complexity of Bangladesh Bondhu Foundation, where variables that affect profitability are not just analytical components but essential aspects that shape the organization's mission-driven aspirations.

1.2 Origin of the Study:

The paper, titled "Determinants of Profitability: A Report on Bangladesh Bondhu Foundation," originated from the crucial convergence of academic investigation and practical involvement. The motivation for this research arises from a sincere curiosity in understanding the complex dynamics that form the basis of the financial viability of non-profit organizations, specifically in the case of the Bangladesh Bondhu Foundation.

The choice to investigate the factors that influence profitability within the specific context of Bangladesh Bondhu Foundation was driven by an acknowledgement of the organization's distinct position in the realm of volunteer social endeavors. The foundation, founded in 2015, has a strong dedication to non-political, non-profit, and environmentally sustainable development, making it an ideal subject for a thorough investigation. The formulation of this study was additionally influenced by a wider recognition of the difficulties and possibilities encountered by non-profit organizations in reconciling their financial sustainability with the pursuit of their selfless objectives. Therefore, the study aims to provide significant knowledge not only to the academic discussion but also to the practical approaches that organizations such as Bangladesh Bondhu Foundation use to accomplish their diverse objectives. Furthermore, the valuable assistance and support provided by Professor Dr. Mostafa Kamal from Daffodil International University significantly influenced the direction of this research, which aimed to investigate the factors that impact profitability within the organizational framework of Bangladesh Bondhu Foundation. His profound knowledge and guidance offered the essential structure for formulating research inquiries and conducting the study with academic rigor. The motivation behind this study is to connect theoretical knowledge with practical implementation, thereby contributing to the ongoing discussion on financial sustainability in the non-profit sector. Specifically, it aims to recognize the commendable efforts of Bangladesh Bondhu Foundation in creating a more compassionate and environmentally aware Bangladesh.

1.3 Objectives of the study:

General Objective: The nature of the research is quantitative. The following goals are established using both primary and secondary data. The most important goals are to finish my degree and assess and research my internship experience.

Specific Objectives:

1. To relate theoretical knowledge with the industrial aspect at Bangladesh Bondhu Foundation.
2. To identify the determinants of the profitability of Bangladesh Bondhu Foundation.
3. To understand the nature of their service and their scope of development.

4. To disclose problems regarding their profitability and recommend some possible solutions**.**

1.4 Methodology of the study:

This study adheres to a systematic procedure, starting with the collection of unprocessed data and concluding with the production of the ultimate report. The study adheres to the laws and regulations of the banking act when selecting and collecting its sources. Subsequently, the systematic organization, examination, and categorization were completed. The methodology's general procedure is as outlined below:

Data acquisition and curation:

The data for this research was collected diligently from both primary and secondary sources.

Primary Sources

- Engaging in discussions with office staff and executives over the telephone.
- Throughout the internship, I gained hands-on experience by working at multiple workstations.
- Engaging in telephone conversations with new and potential clients.

Secondary Sources

1. Audit report of the Bangladesh Bondhu Foundation.
2. Official records of the Bangladesh Bondhu Foundation.
3. Internship experience.
4. Previous research reports are stored in the collections.
5. Multiple textbooks and publications.
6. Multiple reports and articles regarding the topic.
7. Some components of my course that are pertinent to my report.

1.5 Limitations of the Study:

1. **Data Quality and Availability:** The company's reporting methods and the ease of getting information have a lot to do with how accurate and complete the financial data used in the analysis is. If there are mistakes or gaps in the data, it could affect how valid the findings are.
2. **Scope of Analysis:** There may be limits to the scope of analysis in this work. It might only look at financial measures and not take into account bigger picture things like market trends, customer preferences, or how well the company runs

its own operations. These bigger picture things could give a more complete picture of how well the company is doing.

3. **Time Period:** The study might only look at a certain amount of time, so it might not show long-term trends or changes in performance. Looking at the company's financial path over a longer period of time might give a more complete picture.
4. **Industry:** It might be hard to judge the company's success against industry standards if the analysis doesn't compare it to enough industry benchmarks or peers. It's hard to say if the results show how competitive the company is without knowing more about the situation.
5. **Assumptions and Interpretations**: The analyst may have made some assumptions or interpretations that show up in the paper. This could make the analysis biassed or subjective. Different ways of looking at the same facts could lead to different conclusions.
6. **External Factors:** The company may not be able to change economic, regulatory, or geopolitical factors that affect its financial results. These outside factors might not be fully taken into account in the study, which makes the conclusions less reliable.

Chapter-2
Company Overview

2.1 Company profile:

Bangladesh Bondhu Foundation (BONDHU) is a prominent apolitical, nonprofit, and nongovernmental voluntary organization that was established in 2015. BONDHU is a dedicated organization in Bangladesh that is strongly committed to promoting social welfare. It serves as a symbol of hope and works tirelessly to support sustainable development and improve communities.

Vision: BONDHU's primary goal is to stimulate the sustainable and compassionate growth of Bangladesh. BONDHU envisions a future where the nation flourishes in tune with its natural surroundings, providing a thriving and fair society for future generations, by embracing new solutions and promoting creative collaborations.

Mission: The mission of Bangladesh Bondhu Foundation (BONDHU) involves a wide range of programs with the goal of promoting positive transformation and empowering people throughout the country. The following items are included:

The Bondhu Chula is being introduced as a replacement for traditional stoves in every family in Bangladesh, with the aim of promoting safer and more efficient cooking methods.

Promoting the spread of renewable energy and energy-efficient technology to provide sustainable energy options for both rural and urban people.

Advocacy and implementation of measures to save the environment, encompassing efforts to conserve natural resources and uphold biodiversity.

Executing tactics to alleviate and adjust to climate change, protecting susceptible communities from the detrimental consequences of environmental deterioration.

Promoting gender equality and social inclusion by providing education, skill development, and economic opportunities to women and poor individuals, thereby empowering them.

Advocating for human values such as compassion, empathy, and mutual respect, cultivating a culture of unity and collaboration throughout society.

Guided by these fundamental beliefs, Bangladesh Bondhu Foundation (BONDHU) stays unwavering in its dedication to achieving its goal of a sustainable and successful Bangladesh, where each person may flourish and make valuable contributions to the overall well-being of the country.

2.2 Bondhu Chula Context

Approximately 30 million households in Bangladesh, including in rural and urban regions, utilize conventional stoves for cooking. The fuel utilized for culinary purposes is biomass, such as cow dung, agricultural residue, and wood. Conventional stoves exhibit low fuel efficiency, resulting in the consumption of significant amounts of biomass and contributing to deforestation. The annual biomass use for cooking exceeds 60 million tons. The over consumption of biomass has beyond the threshold of sustainability, leading to the depletion of forests. In addition, conventional stoves significantly contribute to both indoor and outdoor air pollution, leading to about 50,000 annual fatalities among small children and women, as well as causing severe health issues for millions of women. Due to population expansion, urbanization, and development, the need for timber biomass for cooking is projected to rise, exacerbating the situation.

In order to prevent the issue, scientists have been advocating for the global use of fuel-efficient and environmentally friendly cookstoves. The Bangladesh Council for Scientific and Industrial Research (BCSIR) has created various prototypes of enhanced cooking stoves (ICS) that are appropriate and well-received for family use in Bangladesh. The German Development Cooperation, GIZ Bangladesh, implemented this Improved Cookstove (ICS) technology and branded it as "Bondhu Chula". They also took measures to promote the use of this technology throughout Bangladesh. Recently, multiple organizations such as the World Bank, USAID, and the Global Alliance for Clean Cook Stoves have taken the initiative to promote Improved Cookstoves (ICS) in Bangladesh.

Since 2006, GIZ has been actively advocating for the adoption of Improved Cookstoves (ICS) in Bangladesh. The Department of Environment (DoE), which operates under the Ministry of Environment and Forests, has collaborated with GIZ to distribute Improved Cookstoves (ICS). As of March, a total of 5.0 million ICS had been installed.

Objective

The objective of the Bondhu Chula project is to catalyze a transformative shift in the cook stove industry of Bangladesh and establish a viable market for enhanced cookstoves with long-term viability.

Goals

The project aims to achieve the following objectives:

(1) Establishing a network of entrepreneurs specializing in the production, sale, and maintenance of eco-friendly cookstoves.

(2) Promoting consciousness,

(3) Establishing a demand and supply network,

(4) Substituting conventional cookstoves with eco-friendly cookstoves,

(5) Expediting the use of eco-friendly cooking burners.

Bondhu Chula refers to a cooking stove that is commonly used in rural areas of Bangladesh. Bondhu Chula is a stove specifically engineered to optimize fuel use, promote well-being, and minimize ecological impact. It has a crucial role in protecting the environment at the family, national, and global scales. The Bangladesh Bondhu Foundation (BONDHU) is at the forefront of promoting Bondhu Chula efforts nationwide, in line with the development objectives of the Government of Bangladesh and making significant contributions towards the attainment of Sustainable Development Goals (SDGs). Union parishads, in particular, have a crucial role in executing these programs. The manufacturing and selling of the stoves are carried out by local businesspeople, whilst the installation and after-sales services are managed by Bondhu Chula doctors. BONDHU guarantees that every household is provided with one Bondhu Chula at a reduced cost. By adhering to regular maintenance practices, these stoves can be utilized for a minimum duration of five years.

The phenomenon of climate change presents a substantial peril to the stability of food supplies and jeopardizes the productivity of agricultural activities. The Bangladesh Bondhu Foundation (BONDHU) has initiated the Climate-friendly Agriculture Project as a response to this dilemma. The objective of this effort is to tackle climate change and alleviate its negative consequences, while also guaranteeing food security in Bangladesh.
In order to execute the project efficiently, BONDHU has undertaken two critical initiatives:

2.3 Implementing regenerative agriculture practices within small holder farming communities in Bangladesh:

BONDHU is collaborating with smallholder agricultural communities to advocate for the adoption of regenerative agriculture practices. This approach prioritizes the use of sustainable farming techniques that not only improve agricultural productivity but also help reduce the effects of climate change.

The project also aims to encourage the adoption of environmentally sustainable paddy production techniques in Bangladesh. BONDHU strives to protect paddy output and improve agricultural resilience by implementing climate change-resistant strategies, including effective water management and sustainable agriculture techniques.

Due to its geographical location, Bangladesh is very susceptible to many natural disasters, making it one of the most disaster-prone countries globally. The country experiences annual occurrences of natural disasters including as cyclones, tidal waves, and floods. The occurrence of cyclones, tidal surges, and floods is being amplified by climate change. Simultaneously, there has been a significant surge in sea level rise, intense precipitation, water scarcity, drought, and river erosion, causing growing concern. Furthermore, the encroachment of saline water is escalating in coastal regions.

To address these issues, Bangladesh Bondhu Foundation (BONDHU) has initiated the "Climate-Friendly Tree Plantation" project. The initiative commenced on September 6, 2022, with the ceremonial planting of a young sal tree sapling at Kabi Nazrul Park in Jadavpur, Tangail.

2.4 Purification and Distribution of Potable Water

There is a severe scarcity of drinkable water in the coastal regions of Bangladesh. Given the scarcity of underground aquifers, individuals primarily rely on surface water sourced from ponds. Certain natural calamities, such as hurricanes and tidal surges, are causing significant damage to surface reservoirs. Furthermore, the subterranean reservoirs are also experiencing degradation as a result of the infiltration of saline water. The salinity of groundwater in several regions along the south-west coast of Bangladesh is progressively rising. The salinity of water is high in numerous coastal regions. The pond's contaminated and saline water has resulted in the prevalence of many waterborne illnesses such as diarrhea, cholera, and dermatological conditions among the population. Climate change is causing a rise in sea level and an increase in the severity of hurricanes, tidal surges, severe rains, droughts, and other weather events. As a result, the severity of the drinking water situation is increasing. Ensuring the provision of potable water in the coastal regions is of utmost importance in this scenario.

The scarcity of drinkable water is highly severe in the coastal regions of Bangladesh following the occurrences of SIDR and AILA. From 2011 to 2015, the German development agency GIZ established 122 water treatment facilities in 18 administrative regions (upazilas) in 6 coastal districts (Satkhira, Khulna, Bagerhat, Pirojpur, Barguna, and Gopalganj) in response to an urgent need for clean drinking water.

With the technical support provided by GIZ, CDMP established an additional 16 plants that are similar in nature. Regrettably, the majority of the plants became inoperable following the conclusion of the project period as a result of insufficient upkeep and essential repairs. Upon the people' request, Bangladesh Bondhu Foundation (BONDHU) undertook the initiative to repair the plants in this particular condition. On February 14, 2022, the Bangladesh Bondhu Foundation (BONDHU) entered into a Memorandum of Understanding (MoU) with the Sustainable and Renewable Energy Development Authority (SHREDA) and the Department of Public Health Engineering (DPHE) of the government.

Per the MoU, BONDHU will undertake essential repairs and maintenance for a minimum of 123 impaired plants. BONDHU will oversee the operation of these plants for a duration of 15 years, guaranteeing the provision of safe drinking water to the local population. Additionally, this initiative is anticipated to decrease carbon emissions.

Water Source and Supply System Water will be harvested and provided from two distinct sources: Analyze the water on the surface of a pond. Groundwater storage The pond water will undergo purification using a Pond Sand Filter (PSF) and then be poured into the above tank. The groundwater will be directly pumped into the overhead tank. Potable water will be distributed to the communities by means of pipelines connected to overhead tanks, which the beneficiaries of the area will thereafter collect. Environmentally sustainable solar-powered pumps will be used to pump water. To enhance safety measures, the water will undergo disinfection using a UV system at the start of the pipeline.

The coordination of supply operations will involve the engagement of a committee consisting of esteemed individuals from each plant region, in order to guarantee the involvement of the recipients.

2.5 Home Energy-Efficient Stove:

In Bangladesh, the population relies predominantly on conventional stoves for cooking. However, these traditional stoves suffer from a significant issue of fuel inefficiency. To mitigate energy loss, the Bangladesh Bondhu Foundation (BONDHU) is now implementing a statewide expansion of the Bondhu Chula, equipped with chimneys. In addition to its Bondhu Chula initiatives, BONDHU has developed a portable "Energy-saving Stove" to cater to the individual needs of consumers. The energy-efficient stove is specifically designed for use with briquettes. The flood of Rohingya refugees in Bangladesh has resulted in significant deforestation and hill degradation in the Cox's Bazar area, leading to detrimental effects on the

ecosystem and its neighboring regions. In response to the energy problem faced by Rohingya refugees, the government of Bangladesh has been supplying liquefied petroleum gas (LPG). Nevertheless, the locals and refugees are experiencing a severe energy shortage. In pursuit of this objective, BONDHU has undertaken a project to allocate Energy-saving stoves to the recipients within this region. Intended recipients: 100,000 Rohingya families
The quantity of stoves is 100,000. Distribution timeframe: June 2022 until March 2023.

Chapter-3

Theoretical Analysis

Profitability Analysis

Assessing profitability is a crucial component of financial analysis for all businesses and organizations, as it offers valuable insights about their capacity to create earnings in relation to their expenditures and expenses. Profitability ratios are essential metrics employed to evaluate the efficacy and productivity of a company's activities in generating profits. This comprehensive analysis will examine the theoretical basis of profitability assessment, examining several profitability ratios, their importance, and the methods used to calculate them.

Profitability measurement refers to the assessment of a company's capacity to earn profits through its operational activities and investments. Assessing a company's profitability is essential for investors, creditors, and stakeholders to determine its financial well-being and long-term viability. Profitability analysis facilitates educated decision-making in areas such as investment, lending, and strategic planning.

3.1 Importance of Profitability Analysis

Profitability ratios are essential in financial analysis since they provide useful insights into several areas of a company's financial performance. Now, let's explore the relevance of profitability measures and their importance to stakeholders in further detail: An operational efficiency assessment involves using profitability ratios to analyze a company's capacity to create profits from its primary business activities, thereby allowing stakeholders to gauge its operational efficiency. Ratios such as gross profit margin and operating profit margin offer valuable insights into the company's efficiency in controlling production costs and operating expenses in relation to its revenue. A greater gross profit margin signifies adept management of costs and pricing techniques, whereas a higher operational profit margin suggests proficient control over operating expenses.

3.1.1 Investor Returns Evaluation: Profitability ratios allow stakeholders to assess the company's ability to generate returns for investors. Return on equity (ROE) quantifies the profitability of a firm by assessing the return generated on shareholders' equity investment. It provides insight into the company's effectiveness in utilizing shareholders' cash to generate profits. A higher return on equity (ROE) indicates superior profitability and the generation of shareholder value, which appeals to prospective investors in search of lucrative returns on their investment.

3.1.2 Financial Sustainability Analysis: Profitability ratios play a crucial role in evaluating the overall financial viability of a company. Stakeholders can evaluate the company's profitability in relation to its assets and sales by examining measures like net profit margin and return on assets (ROA). A company's steady and healthy profitability performance demonstrates its capacity to maintain its operations, fulfill financial responsibilities, and pursue long-term growth prospects.

3.1.3Trend identification and benchmarking include stakeholders analyzing profitability ratios over a period of time and comparing them with industry standards. This allows them to discover patterns and assess the company's performance in relation to its competitors. Through the observation of fluctuations in profitability ratios, individuals with a vested interest in the firm can discern recurring trends, pinpoint areas that require enhancement, and evaluate the company's competitive standing within the industry. Comparing the company's performance to industry standards offers significant information and aids in establishing achievable performance goals.

3.1.4Advantages and Limitations Identification: Profitability ratios enable stakeholders to discern both the strengths and shortcomings in a company's financial performance. A high gross profit margin may suggest a competitive edge in cost management or product differentiation, whereas a low net profit margin may indicate inefficiencies in expense control or pricing tactics. Through a detailed analysis of profitability ratios, stakeholders can identify specific areas of strength to exploit and areas of weakness to rectify using strategic initiatives and operational enhancements. Profitability ratios are crucial instruments for stakeholders to evaluate a company's financial performance, operational efficiency, investment returns, and overall financial sustainability. Through the proper utilization of profitability ratios, stakeholders can make well-informed decisions, reduce risks, and enhance value generation in the company's operations and investments.

3.2 Categories of Profitability Ratios: Financial analysis often involves the use of several profitability ratios. The following items are included:

3.2.1 Gross Profit Margin: The gross profit margin is a financial indicator that is used to evaluate the profitability of a firm. It is calculated by assessing the proportion of revenue that is left over after the cost of goods sold (COGS) has been subtracted from the total revenue. For the purpose of determining whether or not a company is capable of properly managing its production costs and establishing pricing strategies that are competitive, this margin is vital. This shows that the company is able to keep a larger share of its income after covering its direct expenses of production, which include things like raw materials, labor, and manufacturing overhead. A higher gross profit margin suggests that the company is able to do this. Alternatively, this surplus margin may be distributed to shareholders in the form of dividends, or it may be reinvested in the company for the purposes of expansion, research and development. When manufacturing costs and pricing strategies are effectively managed, the result is a larger gross profit margin. This results in a higher gross profit margin, which indicates that the business is operating efficiently and is competitive in the market. Additionally, patterns in gross profit margin can provide insights into changes in production efficiency, pricing dynamics, or adjustments in the cost structure over time, which can assist in the process of making strategic decisions and evaluating performance.

3.2.2 **Net Profit Margin:** The net profit margin is an important profitability ratio that provides a measurement of the proportion of revenue that is converted into net income after all expenses, including as interest, taxes, and operating expenditures, have been subtracted. The information it gives is extremely helpful in gaining an understanding of how effectively a company manages its expenses in relation to its revenue. A greater net profit margin is indicative of the company's capacity to effectively manage its expenses and achieve the highest possible level of profitability. By guaranteeing that the firm is able to make profits from its activities while also effectively managing its expenses, this margin demonstrates that the organization is able to maintain its financial stability and sustainability. The net profit margin is an additional indication that acts as a comprehensive measure of overall profitability. This is because it takes into account all of the expenses that the firm incurs in the course of its day-to-day operations. Trends in net profit margin can shed light on changes in cost management methods, revenue generation, or the impact of external factors such as economic conditions or regulatory changes. This provides stakeholders with the ability to evaluate the company's financial performance and prospects.

3.2.3 Return on assets (ROA) is a fundamental financial metric that evaluates the effectiveness of a firm in utilizing its assets to produce profits. ROA assesses how effectively a company is able to generate profits from its assets. The calculation for it involves dividing the net income of the company by the total assets of the company. The return on assets (ROA) is a measurement that indicates how successfully a firm earns profits in relation to its asset base. It provides an indication of how effectively asset usage and investment decisions are made. A greater return on assets (ROA) indicates that the company is effectively managing its assets and generating profits, which is a good reflection on the company's operational performance and financial health. It is very helpful to compare the performance of organizations operating within the same industry or to evaluate the changes that have occurred in asset utilization over the course of time when using this ratio. Furthermore, return on assets (ROA) offers insights into the company's potential to create profits from its investments in assets, such as property, plant, and equipment, as well as intangible assets. These insights can guide strategic decisions regarding capital allocation, asset utilization, and operational efficiency.

3.2.4 Return on Equity (ROE): Return on equity (ROE) is an important profitability ratio that evaluates the return that is created on the equity investment made by shareholders. For the purpose of calculating it, the net income of the company is divided by the equity held by its shareholders. The return on equity (ROE) is a measurement of the company's capacity to make profits utilizing the capital that is provided by equity holders. A higher return on equity (ROE) shows that the company is able to successfully leverage the equity of its shareholders to generate profits, hence increasing the value of the company's owners. The utilization of this ratio is vital for determining the profitability of the company as well as the efficiency with which it utilizes equity capital to generate growth and profitability. Furthermore, return on equity (ROE) is a critical performance metric for investors and analysts, since it reflects the ability of the company to make profits in relation to the equity that is invested by shareholders. ROE trends can provide insights into changes in profitability, capital structure, or financial leverage, so aiding stakeholders in evaluating the company's financial performance and long-term sustainability. ROE trends can also provide information on changes in leverage.

Calculation and interpretation of profitability ratios involve the utilization of financial data extracted from a company's income statement and balance sheet. The formulas for each ratio are simple, facilitating their calculation. After being computed, profitability ratios are analyzed within the framework of the company's industry, past performance, and strategic goals.

For instance, a gross profit margin of 40% signifies that the company keeps 40% of its revenue after deducting the cost of goods sold. A net profit margin of 15% indicates that 15% of the company's total sales is converted into net profits. A return on assets (ROA) of 10% signifies that the company is able to make a 10% profit on its whole asset base.

3.3 Constraints of Profitability Ratios: Although profitability ratios offer valuable insights into a company's financial performance, they possess specific constraints. Profitability ratios rely on past financial data and may not provide an accurate forecast of future performance. Furthermore, the profitability ratios might differ considerably among industries, which poses difficulties when attempting to make comparisons. In addition, profitability ratios fail to take into account external variables such as economic circumstances, industry patterns, or competitive dynamics.

Profitability measurement is a crucial component of financial analysis, offering stakeholders vital insights into a company's capacity to earn profits. Through the examination of profitability ratios, stakeholders can evaluate the efficacy and efficiency of a company's operations, pinpoint areas that require enhancement, and make well-informed choices on investment, lending, and strategic planning. Profitability ratios, despite their limits, are crucial instruments for assessing financial performance and informing decision-making in the fields of business and finance.

Profitability measurement is essential for evaluating the financial well-being and long-term viability of an organization. Stakeholders can acquire significant insights into a company's operations, profitability, and overall performance by comprehending the theory behind profitability ratios and their significance.

3.4 The Factors That Determine Profitability:

In the context of a company's financial success, profitability is a fundamental component that represents the company's capacity to generate earnings and maintain growth over an extended period of time. An awareness of the major determinants is essential for businesses in order to improve their operations and achieve sustainable profitability. Although profitability is influenced by a myriad of factors, both internal and external, it is essential for businesses to understand these important determinants. Let's go more into the different factors that determine profitability, including the following:

3.4.1 Growth in Revenue: The growth of a company's revenue is a main driver of profitability, and it has a direct impact on the bottom line of the institution. Businesses have the capacity to boost their revenue growth and improve their profitability by raising their sales volumes, extending their market share, or introducing new products and services they offer. The stimulation of revenue growth and the drive of sustained profitability are both significantly influenced by strategies like as market penetration, product diversity, and geographical development.

Management of Costs: It is essential to have efficient management of costs in order to improve profitability by minimizing expenditures and maximizing operational efficiency. Several different strategies are utilized by businesses in order to reduce expenses. These strategies include optimizing supply chain procedures, negotiating advantageous terms with suppliers, and applying lean manufacturing practices. Companies have the opportunity to improve their total profitability and boost their profit margins by lowering their production costs, overhead expenses, and administrative costs.

3.4.2 Operational Efficiency: Being able to generate profits from the company's primary business activities is influenced by the company's operational efficiency, which is a significant factor of profitability. Through the simplification of processes, the optimization of resource use, and the enhancement of productivity, businesses continuously work to increase their operational efficiency. Investments in technology, automation, and personnel training all contribute to operational excellence, which in turn leads to cost reductions, increased output, and enhanced profitability.

3.4.3 Management of Prices: Pricing strategy is an essential component in determining profitability because it has an impact on both the amount of revenue generated and the profit margins. Price setting is a strategic process that must be carried out by businesses, taking into consideration aspects such as market demand, competition, and product differentiation. Maintaining a competitive position in the market while simultaneously maximizing revenue is the goal of effective price management, which requires striking a balance between profitability goals and the value perception of customers.

3.4.4 Productivity and Innovation: Productivity enhancements and innovation are the primary drivers of profitability. They do this by improving product quality, lowering costs, and increasing demand. In order to differentiate their products, enhance their efficiency, and acquire a competitive advantage, businesses spend in research and development, technological improvements, and process innovations. When operating in changing market settings, businesses have the ability to achieve sustainable development and profitability through the innovation of their products, processes, and business practices.

3.4.5 Market Position and Competitive Advantage: Market position and competitive advantage have a substantial impact on profitability since they have an influence on pricing power, market share, and consumer loyalty. The prices and profit margins of businesses that have a strong brand recognition, customer loyalty, and economies of scale are typically higher than those of other businesses. Companies are able to maintain their profitability and outperform their competitors over the long term by developing competitive advantages through the differentiation of their products, the branding of their products, and the quality of their customer service.

3.4.6 Financial Management: Effective financial management practices contribute to profitability by optimizing capital allocation, managing working capital efficiently, and maintaining a healthy balance sheet. These activities are all part of the financial management processes. For the purpose of making educated decisions regarding their finances and maximizing their returns on investment, businesses utilize financial analysis, budgeting, and forecasting technologies. By ensuring that resources are distributed prudently to initiatives that create profitability and shareholder value, strategic financial management guarantees that resources are efficiently managed.

Compliance costs, regulatory requirements, and industry rules are all examples of ways in which the regulatory environment can have an effect on a company's profitability. For businesses to successfully decrease costs, mitigate risks, and retain profitability, they need to efficiently negotiate the hurdles posed by regulatory agencies. For the sake of maintaining both profitability and reputation, it is absolutely necessary to comply with the laws and regulations that control taxation, environmental standards, and corporate governance.

3.4.7 Economic Conditions: The increase of the gross domestic product (GDP), inflation, and interest rates are all examples of economic conditions that have a substantial impact on profitability. Businesses that are functioning in economies that are expanding may enjoy stronger demand, increased sales, and better profitability. On the other hand, businesses that are operating in economies that are contracting may see decreased consumer spending, decreased sales, and decreased profitability. Maintaining profitability in a changing company environment requires a number of critical actions, including the ability to adjust to shifting economic conditions and capitalize on chances for expansion.

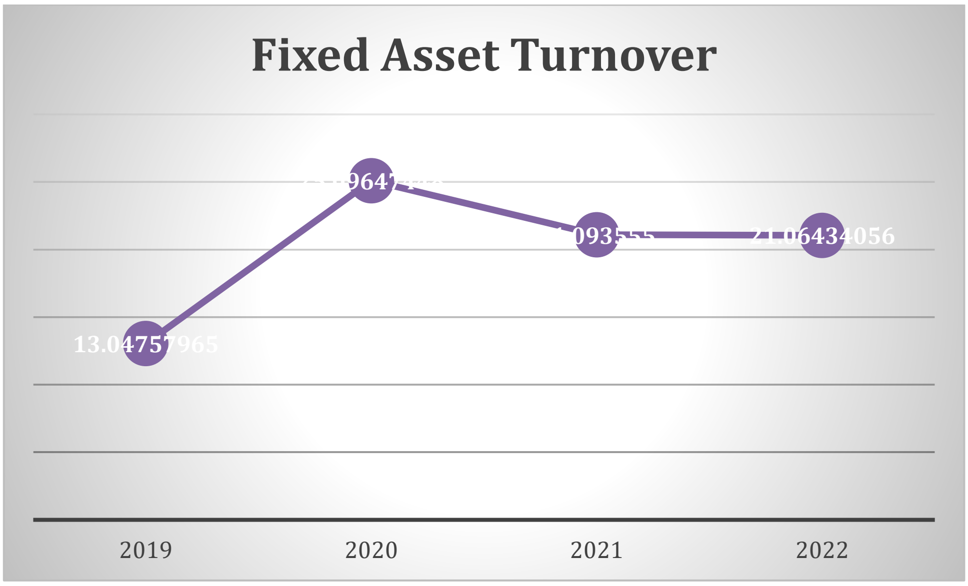
3.4.8 External Factors: Profitability can be affected by a variety of external factors, including but not limited to market trends, consumer preferences, technical breakthroughs, and geopolitical events. It is essential for businesses to keep a careful eye on external factors, predict changes in the market, and adjust their plans accordingly in order to keep their competitiveness and profitability intact. Companies are able to capitalize on opportunities and reduce risks in order to maintain their profitability over the long run if they maintain their agility and demonstrate a responsiveness to changes in the external environment.

In conclusion, profitability is impacted by a complex interaction between internal and external elements, each of which contributes to the financial success of the organization as well as its long-term sustainability. In the current highly competitive business environment, organizations are able to optimize their operations, maximize returns, and achieve sustainable growth if they have a thorough understanding of the primary factors of profitability and take steps to address them.

Chapter 4
Determinants of Profitability

4.1 Fixed Asset Turnover

Fixed Asset Turnover				
Year	**2019**	**2020**	**2021**	**2022**
Income	392,899,835	778464731.00	698467765.00	718564732.00
Fixed Assets	30,112,852	31,018,888	33,112,852	34,112,852
Fixed Asset Turnover	13.0475797	25.09647448	21.093555	21.06434056



Interpretation: The given table displays financial information for the years 2019 through 2022, including the amount of money made, the worth of fixed assets, and the Fixed Asset Turnover ratio computed for each year.

Year: The years 2019 through 2022—2020, 2021, and 2022—for which financial data is available are represented by this column.

Income: The total revenue the business brought in for each year is shown in this column. Millions are used to express the values.

Fixed Assets: The total value of the company's fixed assets in each year is shown in this column. Millions are used to express the values.

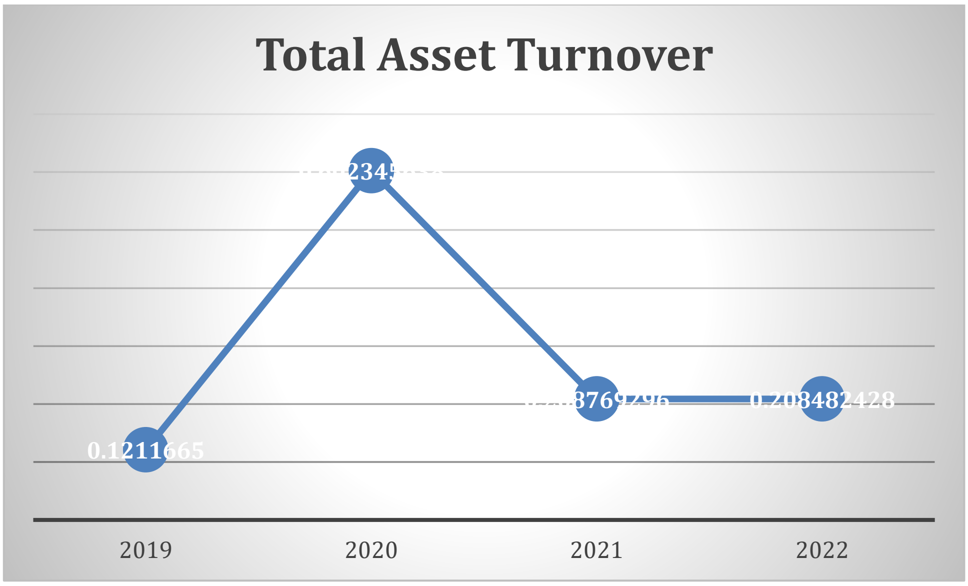
Fixed Asset Turnover: This column shows the Fixed Asset Turnover ratio, a financial indicator that shows how well a business makes money off of its fixed assets. It is computed by dividing the entire amount of revenue by the average fixed asset value.

Understanding the Turnover in Fixed Assets:

With a Fixed Asset Turnover ratio of 13.05 in 2019, the business made about $13.05 in revenue for every dollar invested in fixed assets. The Fixed Asset Turnover ratio increased significantly to 25.10 in 2020, indicating a notable improvement in the efficiency of producing revenue from fixed assets. The Fixed Asset Turnover in 2021 was still reasonably high at 21.09, despite a modest decline. This suggests that fixed assets are still being used efficiently to create income. The Fixed Asset Turnover in 2022 stayed comparatively steady at 21.06, suggesting that the business was still able to effectively produce income from its fixed assets. All things considered, the pattern indicates that the business has been increasing the effectiveness with which it uses its fixed assets to produce income, with a notable improvement occurring between 2019 and 2020 and comparatively steady performance in the years that followed.

4.2 Total Asset Turnover

Total Asset Turnover				
Year	**2019**	**2020**	**2021**	**2022**
Total Asset	3242644102	1292388758	3345644102	3446644102
Income (Sales)	392,899,835	778464731.00	698467765.00	718564732.00
Total Asset Turnover	0.1211665	0.602345638	0.208769296	0.208482428



Interpretation:

The following table displays financial statistics for the years 2019 to 2022, encompassing the company's total assets, income (sales), and the corresponding Total Asset Turnover ratio for each year.

Year: This column denotes the specific years in which financial data is presented, including 2019, 2020, 2021, and 2022.

Total Asset: This column denotes the aggregate value of assets possessed by the company in each corresponding year. The values are expressed in millions.

The "Income (Sales)" column displays the overall money made by the company, commonly known as sales revenue, for each specific year. The values are expressed in millions.

Total Asset Turnover: This column displays the Total Asset Turnover ratio, a financial indicator that evaluates the efficiency of a company in generating income from its total assets. The calculation involves dividing the total income earned by the average total assets.

Analyzing the Total Asset Turnover:

The Total Asset Turnover ratio in 2019 was 0.121, implying that the company generated around $0.121 in revenue for every dollar invested in total assets. This implies that the corporation may not have effectively utilized its entire assets to create sales revenue during this specific timeframe.

The Total Asset Turnover ratio experienced a notable surge to 0.602 in 2020, signifying a noteworthy enhancement in the efficiency of producing revenue from total assets. This indicates that the corporation enhanced its exploitation of assets to create sales income.

The Total Asset Turnover in 2021 declined to 0.209, suggesting a fall in efficiency compared to 2020 but still significantly better than 2019. This implies that the organization may have encountered difficulties in sustaining the exceptional level of efficiency attained in the previous year.

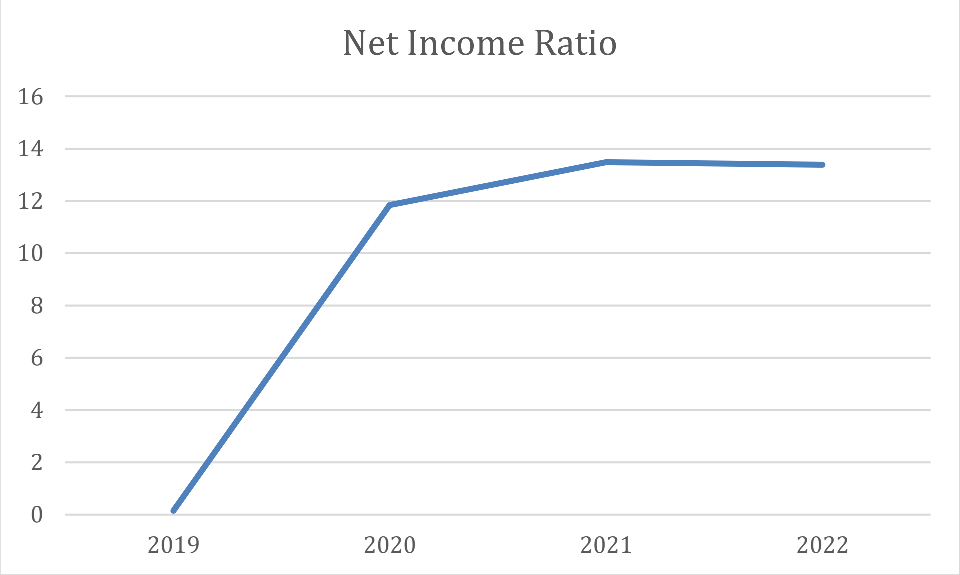
In 2022, the Total Asset Turnover stayed consistent at 0.208, suggesting that the company maintained a comparable degree of efficiency in using its total assets to create sales revenue as in the previous year.

On the whole, there was a notable enhancement in the firm's ability to utilize its assets efficiently between 2019 and 2020. However, there was a little decrease in later years. Nevertheless, the company continues to maintain a satisfactory level of efficiency in using its total assets to create sales income**.**

4.3 Net Income Ratio

Net Income Ratio				
Year	**2019**	**2020**	**2021**	**2022**
Income	392,899,835	778464731.00	698467765.00	718564732.00

Net Income	58,226,015	9215331325	9415331339	9615331345
Net Income Ratio	0.14819557	11.83782766	13.47997977	13.38130153



Interpretation:

The table displays financial data for the years 2019 to 2022, encompassing total income (revenue), net income, and the computed Net Income Ratio for each year.

Year: This column denotes the specific years in which financial data is available, including 2019, 2020, 2021, and 2022.

Income: This column denotes the overall revenue made by the company in each corresponding year. The values are expressed in millions.

Net Income: This column indicates the company's profit after subtracting all expenses, such as taxes and interest, from the total income. The values are expressed in millions

The Net Income Ratio, sometimes referred to as the profit margin ratio, is depicted in this column. It represents the proportion of income that remains as profit after subtracting all costs. To calculate it, divide the net income by the total income and then multiply the result by 100 to represent it as a percentage.

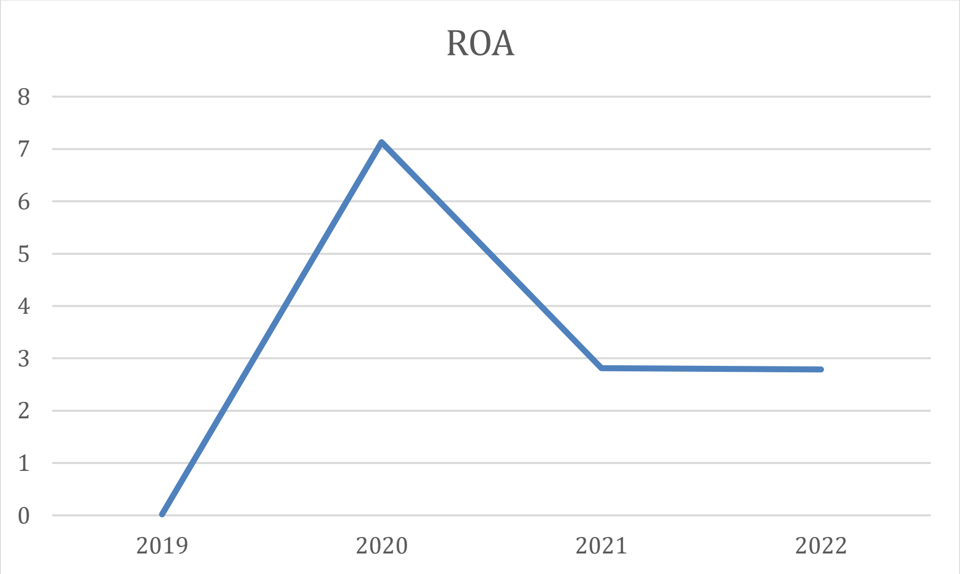
Analyzing the Net Income Ratio:

The Net Income Ratio in 2019 was roughly 0.148 or 14.82%. This means that for every $1 of revenue earned, the corporation kept around 14.82 cents as profit after subtracting all expenses.

The Net Income Ratio experienced a substantial surge in 2020, reaching roughly 11.84 or 1,184%. This indicates a significant enhancement in profitability as compared to the previous year, as the company has managed to keep more than 11 times the amount of profit for each dollar of revenue created. The Net Income Ratio in 2021 rose to around 13.48 or 1,348%, demonstrating ongoing enhancement in profitability compared to 2020. The corporation achieved a profit margin of roughly 13.48%. The Net Income Ratio in 2022 exhibited a very consistent value of around 13.38 or 1,338%, suggesting that the company sustained a comparable level of profitability to the preceding year. In general, there is a clear indication of a substantial increase in profitability from 2019 to 2020, followed by a consistent level of profitability in the following years. During the period, the company successfully improved its ability to manage expenses and generate better profits in proportion to its income.

4.4 Return on Asset

Return on Asset				
Year	**2019**	**2020**	**2021**	**2022**
Net Income	58,226,015	9215331325	9415331339	9615331345
Total Asset	3242644102	1292388758	3345644102	3446644102
ROA	0.017956338	7.130463855	2.81420589	2.789766237



Interpretation:

The table shown includes financial information for the years 2019 to 2022, comprising net income, total assets, and the corresponding Return on Assets (ROA) values for each year.

Year: This column denotes the specific years in which financial data is presented, including 2019, 2020, 2021, and 2022.

The "Net Income" column denotes the company's profit after subtracting all expenses, such as taxes and interest. The values are expressed in millions.

Total Asset: This column denotes the aggregate value of all assets possessed by the company in each corresponding year. The values are expressed in millions.

The ROA (Return on Assets) column displays the Return on Assets ratio, a financial measure used to assess a company's effectiveness in generating profit from its assets. It quantifies the proportion of net income generated in relation to the overall assets possessed by the company.

The equation for Return on Assets is:

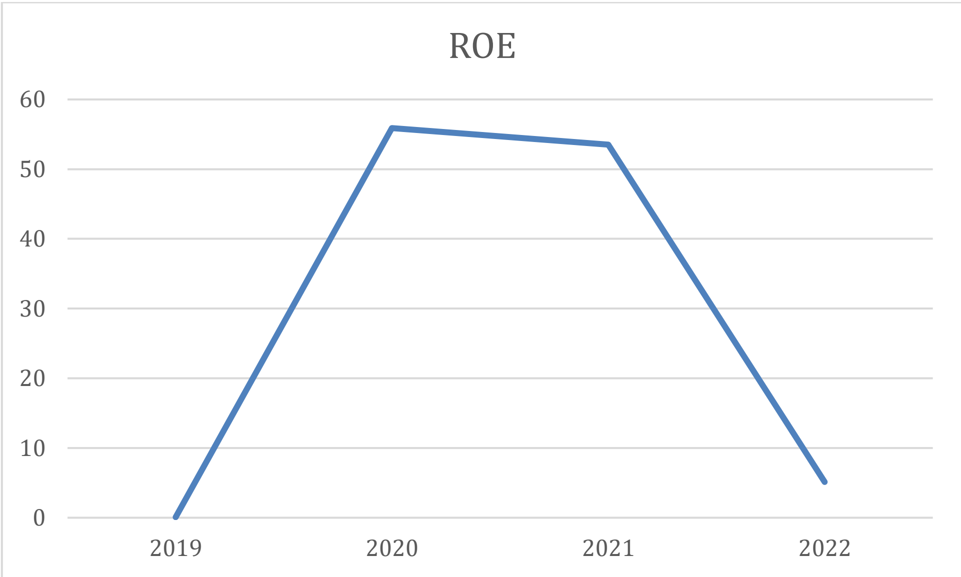
Return on Assets (ROA) is calculated by dividing the Net Income by the Total Assets and multiplying the result by 100. The Return on Assets (ROA) is calculated by dividing the Net Income by the Total Assets and multiplying the result by 100.

Analyzing the Return on Assets:

The Return on Assets (ROA) for the year 2019 was around 0.018, which is equivalent to 1.8%. This implies that the corporation made a net income of around 1.8 cents for every dollar of assets it had. It indicates a relatively low level of profitability in relation to the value of the assets. The Return on Assets (ROA) experienced a substantial surge in 2020, reaching roughly 7.13% or 713%. This signifies a significant enhancement in efficiency in comparison to 2019, as the company has generated a greater proportion of net income in relation to its total assets. The Return on Assets (ROA) in 2021 declined to either 2.81% or 281%, signifying a drop in efficiency as compared to the previous year, 2020. The company's net income as a percentage of its total assets decreased compared to the prior year. The Return on Assets (ROA) for the year 2022 stayed relatively constant at either 2.79% or 279%, suggesting that the corporation maintained a consistent degree of effectiveness in earning profit from its assets compared to the previous year, 2021. In general, there is a noticeable increase in efficiency from 2019 to 2020, followed by a small decrease in the following years. In 2020, the company achieved more profitability compared to its overall assets. However, in subsequent years, there was a little decline in efficiency, although it remained generally consistent.

4.5 Return on Equity

Return on Equity				
Year	**2019**	**2020**	**2021**	**2022**
Net Income	58,226,015	9215331325	9415331339	9615331345
Equity	721,310,104	164883429	175883430	1869834398
ROE	0.080722583	55.88997864	53.53165639	5.142343811



Interpretation:

The table presents financial data for the years 2019 to 2022, encompassing net income and equity, as well as the computed Return on Equity (ROE) for each year.

Year: This column denotes the corresponding years spanning from 2019 to 2022.

The "Net Income" column displays the company's earnings after deducting all expenses and taxes for each year. Net income refers to the overall profit obtained by subtracting expenses, taxes, and other costs from the total revenue.

Equity: This column displays the company's ownership value for each specific year. Equity, commonly referred to as shareholders' equity or net assets, is the remaining ownership claim on a company's assets once all obligations have been subtracted.

The ROE (Return on Equity) column displays the ratio that measures a company's profitability in relation to its equity. It quantifies the financial gain a company produces relative to the capital invested by shareholders.

Analyzing the Return on Equity:

The Return on Equity (ROE) for the year 2019 stood at roughly 0.081, equivalent to 8.1%. This signifies that the company produced around 8.1 cents in net income for every dollar of equity invested by shareholders. It indicates a reasonable level of profitability compared to the amount of equity held by the owners. The Return on Equity (ROE) experienced a substantial surge in 2020, reaching roughly 55.89 or 5589%. This signifies a significant enhancement in profitability as compared to the previous year, 2019. The corporation achieved remarkably large returns for its stockholders, potentially attributed to variables such as augmented net income or reduced equity. The Return on Equity (ROE) in 2021 stayed at a robust level of around 53.53 or 5353%, which signifies a sustained and impressive level of profitability in relation to the shareholders' equity. Although there was a marginal decline in comparison to the previous year, the corporation sustained a substantial level of profitability for its stockholders. The Return on Equity (ROE) declined to around 5.14 or 514% in 2022. This signifies a substantial decrease in profitability in comparison to past years. Although remaining favorable, the stockholders' return experienced a significant decline in comparison to previous years. In general, there is a clear indication of a substantial increase in profitability from 2019 to 2020, followed by consistently high levels of profitability in 2021. Nevertheless, the return experienced a significant fall in 2022, suggesting a decline in profitability in comparison to previous years. This may be attributed to alterations in the company's financial performance, capital structure, or other variables that impact profitability.

4.6 Financial Statement Analysis:

Balance sheet analysis

Assets: Fixed Assets:

Fixed assets are essential for the company's operations and encompass goods such as real estate, machinery, and equipment.

The fixed assets' valuation in 2020 amounts to 211,859,104 Taka. It is crucial to evaluate whether this investment is in line with the company's strategic goals and if these assets are being used effectively.

Liquid assets in the form of cash or easily convertible into cash. This section pertains to the company's liquid assets, which are crucial for fulfilling immediate financial obligations and operational requirements. The company's cash and cash equivalents amounted to 1,85,271 Taka in 2020, indicating a relatively low value. Gaining insight into the company's cash management operations and identifying potential avenues for enhancing cash flow are crucial.

Current Asset: Current assets are assets that are anticipated to be turned into cash or depleted within a period of one year. They offer valuable information about the company's immediate financial well-being.

The company's existing assets amounted to 12,613,83,383 Taka in 2020. It is vital to scrutinize the composition of these assets in order to comprehend their quality and liquidity.

Assets and Debts:

Equity refers to the ownership interest or value that an individual or entity holds in a company or property. Equity denotes the stake held by shareholders in the company and signifies the company's total assets minus liabilities.

In 2020, the company's equity, which is shown by the general fund, reached a total of 164,883,429 Taka. It is crucial to evaluate whether the ownership stake sufficiently sustains the company's activities and goals for expansion.

Short-term obligations or debts that a company is expected to settle within one year or its normal operating cycle, whichever is longer.

Current liabilities refer to financial obligations that are required to be settled within a period of one year. These obligations encompass things such as accounts payable and provisions.

The company's current liabilities in 2020 amounted to 1,41,404,433 Taka. Effectively managing these short-term liabilities is essential for maintaining liquidity and financial stability.

Comprehensive Evaluation:

The financial statement for the year 2020 reveals a steady asset foundation for the corporation, with notable allocations towards fixed assets.

Nevertheless, the limited quantity of cash and cash equivalents gives rise to concerns over liquidity, potentially affecting the company's capacity to fulfill immediate financial obligations and capitalize on favorable circumstances.

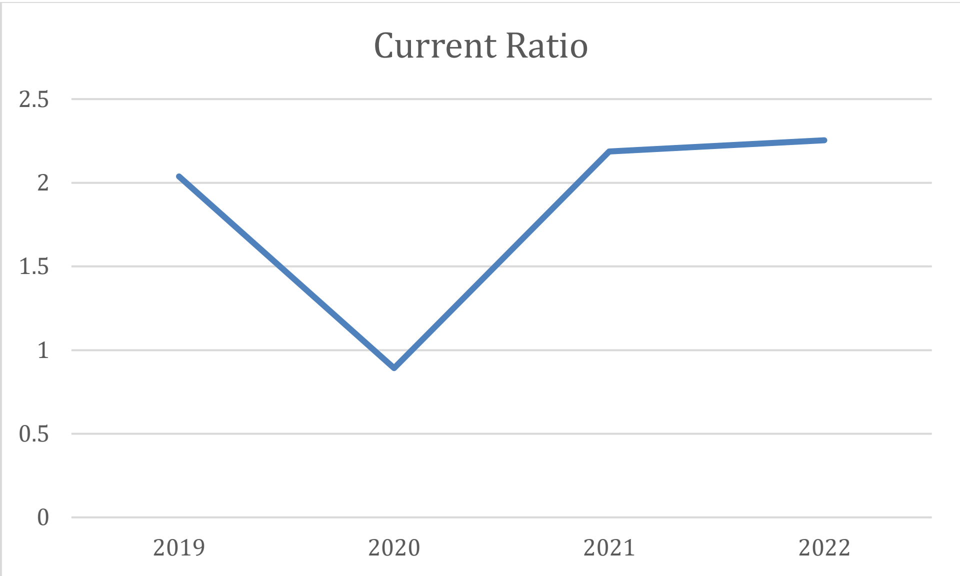
The equity position appears somewhat inadequate in relation to the total assets, indicating a possible dependence on debt financing or the necessity to enhance shareholder equity.

Efficiently handling existing obligations is essential to prevent liquidity problems and maintain the financial stability of the organization.

To summarize, although the company's assets seem stable, it is important to focus on enhancing liquidity, reinforcing the equity position, and successfully managing short-term liabilities in order to promote sustainable growth and maintain financial well-being.

4.7 Current Ratio:

Current Ratio				
Year	**2019**	**2020**	**2021**	**2022**
Current Asset	3212531250	1,261,369,870	3312531250	3412531250
Current Liability	1576204855	1414041433	1514041433	1514041433
Current Ratio	2.038143227	0.892031761	2.18787358	2.25392197



Interpretation: The year 2019: The current ratio is 2.04. Analysis: In 2019, the company's current assets were more than twice the amount of its current liabilities, which suggests a robust liquidity position. Indications point to the fact that the corporation possessed adequate current assets to offset its current liabilities.

The year 2020: The current ratio is 0.89. Analysis: The current ratio had a substantial decline, falling below 1 in 2020. This suggests that the company's immediate obligations surpassed its immediate resources, which could imply difficulties in meeting its financial obligations. Although there may be worries regarding the company's capacity to fulfill its immediate financial responsibilities, this situation could also stem from deliberate choices, such as allocating resources towards long-term investments.

The year 2021: The current ratio is 2.19. Analysis: The current ratio experienced further increase in 2021, exceeding a value of 2. This implies a substantial enhancement in liquidity relative to the previous year, implying that the corporation possessed an ample amount of short-term assets to meet its short-term obligations. The higher liquidity position has the potential to increase profitability by enabling the company to meet its financial obligations with greater ease.

The year 2022: The current ratio is 2.25. Analysis: The current ratio had a further increase in 2022, suggesting a sustained improvement in liquidity. A current ratio exceeding 2 indicates a strong liquidity position, which can enhance profitability by affording the company flexibility in managing its operations and investments.

Factors that Enhance Profitability:

Analysis of Liquidity and Profitability: A greater current ratio typically indicates improved liquidity, which can have a beneficial impact on profitability. Enhanced liquidity enables the organization to capitalize on business prospects, efficiently handle cash flow, and prevent financial hardship, all of which can enhance profitability. Asset Investment: Although a high current ratio may indicate good liquidity, it could also imply that assets are not being fully utilized. If a substantial proportion of the company's current assets is allocated to low-yield investments such as cash, it could potentially affect profitability since these assets may not be yielding the most favorable returns.

Capital Cost: The expense associated with maintaining ample liquidity, such as retaining surplus cash or highly liquid assets, can have an influence on profitability. Optimizing profitability requires effectively managing the trade-off between liquidity requirements and the cost of capital.

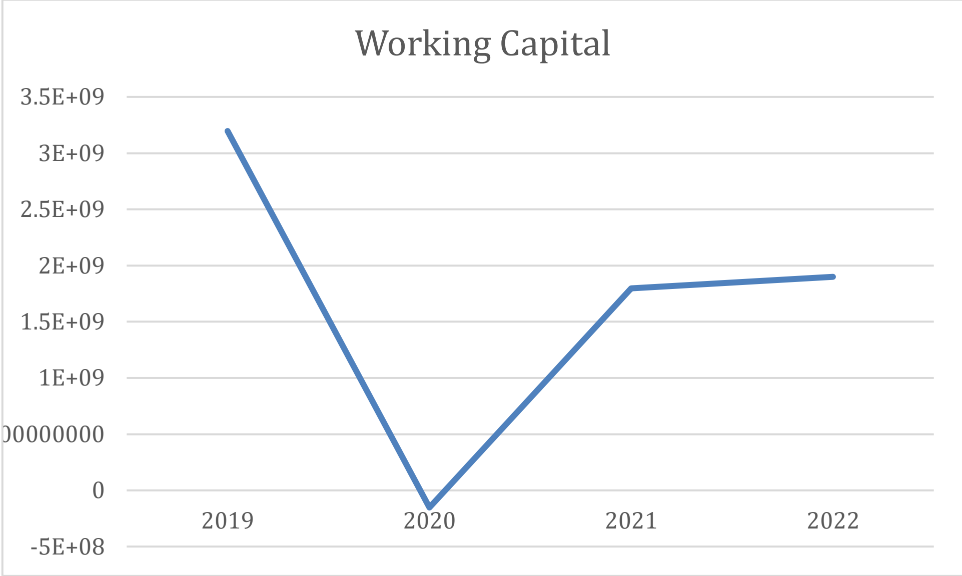
Operational Efficiency: Although liquidity is important, too high levels of liquidity may suggest ineffective management of assets. Maximizing profitability requires achieving a delicate equilibrium between liquidity and operating efficiency.

To summarize, the current ratio offers information about the company's ability to meet short-term obligations. However, its influence on profitability is contingent upon elements including asset utilization, cost of capital, and operating efficiency. Long-term financial sustainability relies on effectively managing the equilibrium between liquidity and profitability.

4.8 Working Capital

Working Capital Management				
Year	**2019**	**2020**	**2021**	**2022**
Current Asset	3212531250	1,261,369,870	3312531250	3412531250
Current Liability	15762048	1414041433	1514041433	1514041433

Working Capital	3196769202	-152671563	1798489817	1898489817



Interpretation: Assets that will be turned into cash or used up within a year are called current assets. Cash, accounts payable, and inventory are some examples. For each year, the numbers in the table show how much the company's current assets were worth.

Current Liabilities: These are debts that need to be paid off within a year. Accounts payable, short-term loans, and accrued costs are some examples. The numbers in the table show how much the company owes the government right now for each year.

To find working capital, take the difference between your present assets and current debts. It shows how liquid the company is and how well it can meet its short-term financial commitments. If a company's working capital is positive, it means that its current assets are greater than its current liabilities. If it is negative, it means that the opposite is true.

The business had a working capital of 3,196,769,202 pieces of currency in 2019, which shows that it had a lot of cash on hand.In 2020, however, the working capital went negative, equal to -152,671,563 units of currency. This means that the company owed more money than it had in current assets. This could make people worry about the company's short-term debts and its ability to pay them off with its current assets alone. In 2021 and 2022, the working capital got a lot better, hitting 1,798,489,817 units of currency and 1,898,489,817 units of currency, respectively. This means that the business was able to lower its current liabilities while increasing its current assets, which made it more liquid over the years.Based on these data, it looks like the business had trouble with cash flow in 2020 because its current liabilities were higher than its current assets. But things got better over the next few years, which shows that working capital was better managed and cash increased. You might need to do more research to figure out what exactly is causing these changes and come up with ways to keep your working capital in good shape in the future.

Chapter 5
Findings, Recommendations & Conclusion

5.1 Findings of the study

1. **Total Asset Turnover:** The total asset turnover experienced a substantial increase in 2020, suggesting enhanced efficacy in producing sales from the entirety of assets. Nevertheless, there was a dip in 2021 and 2022, indicating a gradual decrease in the efficiency of asset usage.
2. **Fixed Asset Turnover** refers to the efficiency with which a company utilizes its fixed assets to generate revenue. The fixed asset turnover ratio consistently increased from 2019 to 2022, suggesting a continuous improvement in the efficiency of using fixed assets to produce sales income over the time.
3. **Profitability Ratio:** In 2020, the net income ratio witnessed a huge increase, indicating a much greater level of profitability in comparison to sales revenue. Although there was a minor decline in the following years, the level of profitability in 2021 and 2022 remained relatively high.
4. **ROA:** stands for Return on Asset In 2020, ROA had a significant surge, suggesting enhanced profitability in relation to total assets. Nevertheless, there was a marginal decline in 2021 and 2022, albeit with profitability maintaining a rather robust status.
5. **ROE**: **The Return on Equity (ROE**): had a notable increase in 2020, suggesting a considerably greater level of profitability in relation to the shareholders' investment. Nevertheless, there was a decrease in profitability in 2021 and 2022, but it still remained positive in relation to shareholders' equity.
6. **Current Ratio:** In 2020, the current ratio witnessed a significant decrease, indicating possible difficulties in maintaining sufficient liquidity. Nevertheless, there was an improvement in 2021 and 2022, suggesting more effective handling of immediate financial resources in comparison to 2020.
7. **Optimizing the utilization of assets:** The enhancement in fixed asset turnover signifies a rise in the effectiveness of utilizing fixed assets to create sales income. Nevertheless, the general drop in total asset turnover indicates a decline in the efficiency of utilizing assets over time.
8. **Trends in profitability:** Profitability had a notable enhancement in 2020, followed by minor declines in the following years. Nevertheless, the profitability of the company remained quite robust in both 2021 and 2022, suggesting a consistent and steady performance.

9. **Management of liquidity:** The variability in the current ratio indicates alterations in the company's liquidity status throughout the years. The enhanced performance in 2021 and 2022 indicates more effective handling of immediate financial resources in contrast to the previous year, 2020.
10. **Effects of the Economic Environment:** The company's financial performance and ratios over the years were undoubtedly influenced by external economic forces, emphasizing the significance of including broader economic patterns when assessing financial data.

4.2 Recommendations of the study

1. **Total Turnover of Assets:** Because total asset turnover has changed over the years, it is suggested that a full analysis be done to find the underlying causes that are causing assets to become less efficient. Use strategies like redeploying assets, improving processes, and managing supplies to get the most out of your assets and make your business more profitable and efficient overall.
2. **Turnover of Fixed Assets:** Keep up the good work of increasing the turnover of fixed assets by spending money on repair, upgrades to technology, and making the most of capacity to get the most out of your fixed assets. Review fixed asset utilisation measures on a regular basis and compare them to peers in the same industry to make sure you're maintaining competitive levels of efficiency.
3. **Ratio of Profitability:** Even though profitability ratios stayed pretty high in 2021 and 2022, it is important to figure out if these values will last. Do a full analysis of your cost structures, pricing strategies, and income streams to find ways to make your business even more profitable while still staying competitive.
4. **ROE and ROA:** Even though ROA and ROE have gone down a little, efforts should be made to make assets and stock more efficient in order to increase profits. Look for ways to improve returns on assets and stock investments by reducing costs, allocating capital better, and making changes to the capital structure.
5. **Current ratio:** Even though the current ratio got better in 2021 and 2022, it is still important to keep enough cash on hand to meet short-term commitments. Keep a close eye on how your working capital is managed and take proactive steps to improve cash flow, control debt levels, and lower liquidity threats.

6. **Getting the most out of your assets:** Create a complete plan for using your assets that focuses on getting the most out of both your fixed and total assets. Set up performance metrics and tracking systems to keep track of how well assets are being used and find places where they can be improved.
7. **Trends in Making Money**: Even though profits have been steady, it is important to stay alert and adjust to changing market conditions and increased competition. Always look at your business methods, products, and where you stand in the market to make sure you can keep making money even as the market changes.
8. **Taking care of liquidity:** Keep a reasonable approach to managing your cash flow by making sure you have enough cash on hand and making the best use of your assets. Set up backup plans and cash buffers to avoid problems with liquidity during times of economic uncertainty or market volatility.
9. **What the economic environment does:** When planning your finances and making decisions, you should think about bigger economic trends and predictions. To predict and lessen the effects of outside economic forces on your business's success, keep up with macroeconomic indicators, industry trends, and changes to the rules that govern it.

Conclusion

The financial analysis of the organization offers significant insights regarding its performance and identifies areas that require attention for enhancement. Notwithstanding economic difficulties, the company has demonstrated resilience and stability by consistently achieving profitability and sustaining liquidity throughout the years. An outstanding attribute is the steady enhancement in fixed asset turnover, which demonstrates the effective exploitation of fixed assets to create revenue. Nevertheless, the decrease in total asset turnover indicates the potential for improving the overall efficiency of asset utilization. Although profitability remained relatively robust, experiencing a substantial increase in the net income ratio in 2020, it is crucial to closely observe trends and implement proactive actions to maintain or enhance profitability levels. Recent years have witnessed an enhancement in liquidity management. However, the notable decrease in the current ratio in 2020 indicates the existence of liquidity difficulties that require attention. In the future, the organization should take into account suggestions such as improving the efficiency of asset usage, enhancing liquidity management, optimizing cost frameworks, and expanding income sources. Regularly monitoring and evaluating financial data will be crucial for making well-informed decisions and ensuring long-term growth. In general, although there are areas that could be improved, the company's capacity to adjust and sustain financial stability positions it favorably for future achievements in a changing commercial environment. To optimize its performance and generate lasting value for stakeholders, the organization can employ strategic initiatives and maintain agility.

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