Thesis Report

On

Financial Performance Analysis and an Overview of RMG industry of Bangladesh: A Case Study on Generation Next Fashions Limited

Submitted by:

Md. Jahidul Islam

ID: MBA2402032023

Program: Master of Business Administration

Major: Finance

Semester: Summer 2025

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of

Master of Business Administration

Sonargaon University (SU)

147/1, Green Road, Tejgaon, Dhaka-1215, Bangladesh

Date of Submission: January 07, 2025

Thesis Report

On

Financial Performance Analysis and an Overview of RMG industry of Bangladesh: A Case Study on Generation Next Fashions Limited

Submitted by:

Md. Jahidul Islam

ID: MBA2402032023

Program: Master of Business Administration

Major: Finance

Semester: Summer 2025

Sonargaon University (SU)

Supervised by:

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of

Master of Business Administration



Sonargaon University (SU)

147/1, Green Road, Tejgaon, Dhaka-1215, Bangladesh

Date of Submission: January 07, 2025

Letter of Transmittal

April 5, 2025

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University (SU)

Subject: Submission of Thesis Report on Financial Performance Analysis and an Overview of RMG industry of Bangladesh: A Case Study on Generation Next Fashions Ltd.

Dear Sir,

Here I've come to submit my thesis report, which is an essential part of the MBA program. It has been huge accomplishment for me to work under your supervision. This has nothing but a great pleasure to submit the thesis report on “Financial Performance Analysis of Generation Next Fashions Limited”.

This report provided me with theoretical as well as practical experience. Here I tried my level best to write an effective report by putting my academic knowledge into practice in order to make the document factual and credible. During my thesis period I observed operational activities done in GNFL and that helped me to gather as much information as possible to complete this report. However, I will be obliged to clarify if there is any disagreement in this report.

I kindly request your assessment of this report. Your feedback would be greatly appreciated. Thank you for your time and consideration.

Sincerely Yours

Md. Jahidul Islam

ID: MBA2402032023

Program: MBA

Major: Finance

Department of Business Administration

Sonargaon University (SU)

Certificate of Supervisor

I hereby confirm that the thesis report titled "Financial Performance Analysis of Generation Next Fashions Limited" has been created for the fulfillment of MBA program requirements at the Department of Business Administration, Sonargaon University (SU). The report was conducted by Md. Jahidul Islam , with ID MBA2402032023, under my guidance. I assure you that the report and its contents will not be utilized for any other intentions.

Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Declaration of Student

I am Md. Jahidul Islam , a student in the Master of Business Administration program with ID MBA2402032023 at Sonargaon University. I want to sincerely state that the report titled "Financial Performance Analysis of Generation Next Fashions Limited" has been genuinely created by me. During the preparation of this report, I ensured full compliance with international copyright regulations. I also want to clarify that this report has not been submitted anywhere else for the purpose of obtaining a degree.

Yours Sincerely

Md. Jahidul Islam
ID: MBA2402032023
Program: MBA
Major: Finance
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I hereby confirm that the report titled "Financial Performance Analysis of Generation Next Fashions Limited" is a genuine effort by Md. Jubayar Alam Bappy. The report was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other report that led to the award of a degree to any candidate earlier, whether in the same context or a different one.

Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

First and foremost, I want to thank the Almighty ALLAH for providing me with the strength to carry out my obligations and complete the report on time.

This report would not have been feasible without the devotion and efforts of a number of Individuals as it is involved diverse field of knowledge and experience. As a result, it would be unjust to overlook some of them, given their significant contributions.

I am grateful to Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University's (SU) for her unwavering supervision during my organizational period for agreeing to supervise me during the thesis period.

My gratitude goes to entire Business Administration Department, of Sonargaon University (SU) for arranging Thesis Program that helps to understand the real-life situation.

Executive Summary

Bangladesh's garment and textile industries are vital to the country's economy. According to private figures, Bangladesh's RMG sector contains more than 5000 garment factories. However, the BGMEA estimates that there are roughly 1000 garment factories in the country. As a result, the export of RMG and textiles is playing one of the most important sources of foreign exchange gains. The RMG and Textile industries provide a significant contribution to the country's economy and are a significant contributor to GDP. This study is basically focused on RMG and textile sector of Bangladesh, as well as Generation Next Fashions ltd. (GNFL)'s activities and financial statement examination. As a recent business graduate, this study has given me a greater understanding of how a company may excel in its overall operations while also strengthening its financial position.

This report outlines the overall basis, method, goal, timeline, and deliverables for leading the exploration of the RMG and Textile industries. Furthermore, an overview of GNFL, as well as the company's overall manufacturing operations and division descriptions. Finally, the study discusses a financial statement analysis to assess the GNFL's financial performance and offers some recommendations for improving overall operating efficiency.

Table of Contents

Cover Page-01 ..... **Error! Bookmark not defined.**

Cover Page-02 ..... **Error! Bookmark not defined.**

Letter of Transmittal iii

Certificate of Supervisor iv

Declaration of Student v

Letter of Authorization vi

Acknowledgement vii

Executive Summary viii

Chapter: 01 Introduction 1

1.1 Introduction 2

1.2 Objective of the Report 3

1.2.1 Broad Objective 3

1.2.2 Specific Objectives 3

1.3 Scope of the report 3

1.4 Methodology and Data Collection 3

1.5 Limitation 4

Chapter: 02 Literature Review 5

2.1 Literature Review 6

Chapter: 03 Overview of RMG Industry 10

3.1 Industry Analysis 11

3.1.1 Growth of Bangladesh's Garment Industry 11

3.1.1.1 Number of Garments Factories in Bangladesh 11

3.1.1.2 Number of people working in RMG Industry in Bangladesh 12

3.1.2 Significance of the Industry 12

3.1.3 Economic Factors 13

3.1.3.1 External Factors 13

3.1.4 Technological Factors 14

3.1.5 Barriers to Entry 14

3.1.6 Supplier Power 14
3.1.7 Buyer Power 15
3.1.8 Threats of Substitute 15
3.2 Trend and Growth 16
3.2.1 Top Ten Garments Industries in Bangladesh 17
3.2.2 Product Mix of RMG Sector of Bangladesh 17

Chapter: 04 Organizational Overview of Generation Next Fashions Limited 18
4.1 Historical Background of GNFL 19
4.1.1 Operations of GNFL 19
4.2 Company Profile of GNFL 20
4.2.1 Vision, Mission, Goals, Objectives and Core Value 20
4.2.1.1 Vision 20
4.2.1.2 Mission 20
4.2.1.3 Goals 20
4.2.1.4 Strategic Objectives 21
4.2.1.5 Core Values 21
4.3 Operational Activities of GNFL 21
4.4 Departments of GNFL 22
4.5 World Market of GNFL 22
4.6 SWOT Analysis of GNFL 23
4.6.1 Strengths 23
4.6.2 Weaknesses 23
4.6.3 Opportunities 23
4.6.4 Threats 24

Chapter: 05 Financial Performance Analysis of GNFL 25
5.1 Year to Year Comparative Ratio Analysis 26
5.1.1 Short-term Solvency or Liquidity Measures 26
5.1.1.1 Current Ratio 26
5.1.1.2 Quick Ratio 27
5.1.1.3 Cash Ratio 29

5.1.2 Long-term Solvency or Financial Leverage Ratio 30
5.1.2.1 Total Debt Ratio 30
5.1.2.2 Debt Equity Ratio 31
5.1.3 Asset Management or Asset Turnover Ratio 32
5.1.3.1 Inventory Turnover Ratio 32
5.1.3.2 Account Receivable Turnover Ratio 33
5.1.3.3 Total Asset Turnover Ratio 35
5.1.4 Profitability Ratio 36
Ratios related to Sales 36
5.1.4.1 Gross Profit Margin 36
5.1.4.2 Operating Profit Margin 37
5.1.4.3 Net Profit Margin 39
Ratios related to Investments 40
5.1.4.4 Return on Asset (ROA) 40
5.1.4.5 Return on Equity (ROE) 41
Ratios related to Equities 42
5.1.4.6 Earing Per Share (EPS) 42

Chapter: 06 Findings 44
6.1 Major findings 44

Chapter: 07 Recommendations and Conclusion 46
7.1 Recommendations 46
7.2 Conclusion 48

References 48

Chapter: 01 Introduction



1.1 Introduction

Bangladesh, the southern Asian country has a population of around 164 million people. Here agriculture plays a major role as one of the contributors to Bangladesh's economy. However, the garments industry (RMG) of Bangladesh has risen to become the country's largest earner of foreign currency. This industry generates over 4.2 million jobs and contributes considerably to the GDP. Bangladesh's readymade garments (RMG) industry is driven by youthful, urbanizing workers, the majority of whom are women.

Bangladesh's RMG industry has a significant influence on the country's economic progress. There is no doubt that RMG and Textile industries have been the main contributors to Bangladesh's international exports for a long time. This industry is ranked third in the world for garment manufacture, and it has a dominant presence in South Asia.

Statistics shows that Bangladesh's economic backbone is its readymade garment (RMG) manufacturing export profits, which account for around 84 percent of the country's total exports. In the 2018-19 fiscal year, Bangladesh exported RMG items around worth 35.13 billion USD. During the 2016-17 fiscal years, this industry contributed 12.36% to Bangladesh's GDP. Many people, including late Akhter Mohammed Musa, late Mohammed Reaz uddin, Md Humayun, and M Shamsur Rahman, the first President of the BGMEA, have contributed significantly to the development of the RMG industry.

Generation Next Fashions Limited (GNFL) was incorporated in Bangladesh on 19 August 2004 under the Companies Act 1994 with an authorized capital of BDT 500.00 million and a paid-up capital of BDT 47.20 million to carry out business of spinning, weaving and manufacturing of various types of readymade garments of international standard and design. At present, the paid-up capital of the Company is BDT 4500.00 million and the authorized capital is BDT 5000.00 million. GNFL is a 100% export-oriented textile and apparel manufacturing company which started its commercial operation on 30 July 2006. The company manufactures composite knit fabrics and various types of ready-made garments and serves as a fully vertical knit fabric and apparel manufacturing setup in Bangladesh producing approx. 1 million KGs of knit fabric per month for various retailers across Europe and North America. Our vertical integration assists us in providing competitive prices, robust development services, and quick turnarounds to achieve significant economies of scale for our esteemed customers. In this paper. I have tried to examine GNFL's overall operations and conduct a financial statement analysis using ratio analysis

1.2 Objective of the Report

1.2.1 Broad Objective

The broad objective of preparing this report is to analyze the RMG sector of Bangladesh and evaluating the financial performance analysis of Generation Next Fashions Limited.

1.2.2 Specific Objectives

- ✔ To provide a high-level overview of GNFL
- ✔ To focus on the goods and services, facilities given to the clients by GNFL.
- ✔ To learn more about how GNFL is achieving its Corporate Goal.
- ✔ To analyze the Advance department's work process and monitoring system.
- ✔ To get a thorough understanding of the Textile Industry, including how it does its operations and what functions it fulfills.
- ✔ To get a practical understanding of how a textile firm does its operational activities.
- ✔ To give an insight how GNFL's operations benefit the economy.
- ✔ To assess GNFL's financial performance.
- ✔ To analyze the results of the financial ratios.
- ✔ To make some suggestions on how they might improve their overall operations as well as their financial performance.

1.3 Scope of the report

The scope of this study is entirely dependent on the activities, operations, and results of the firm. This study also covers the different financial ratios for the year 2018-2023.

1.4 Methodology and Data Collection

Descriptive research is the type of study I am conducting. I am going to undertake a quantitative analysis for this. For the completion of the present study, secondary data will be collected. The main sources of secondary data are:

1. Books and journals.
2. Official publications,
3. Annual reports of GNFL,
4. Different websites,
5. Scholarly articles,
6. Relevant industry reports.

1.5 Limitation

There were several challenges encountered in preparing the report, with time being the most significant.

- Limited Timeframe
- Cost
- Only five years of historical data can be analyzed, and the majority of the information is gathered from secondary sources.
- Furthermore, the data for the study was only discovered until 2023, hence the report lacked recent data.

Chapter: 02 Literature Review



2.1 Literature Review

Hoque, Sarkar, Rahman and Rakibuddin (2020) in their paper titled "Discrimination of Women at RMG Sector in Bangladesh" stated that Women are discriminated in professional, personal and community levels by their male counterpart across the globe in general. More specifically, women are not treated equally at workplace in many societies due to the dominance of patriarchal social system and traditional norms. Women equity and empowerment are spoken widely, but these are not practiced in reality. The primary aim of this study is to explore the women's current position and status at the workplace in Ready Made Garments (RMG) sector in Bangladesh in terms of wages, promotions, safety and security. Secondly, this paper highlights the challenges that women face at RMG. This paper adopts qualitative approach to study these crucial issues. This study focuses on resolving the issues of gender discrimination at the workplace and contributes towards the equity and empowerment of women in RMG sector in Bangladesh.

Islam, Rakib and Adnan (2016) in their paper titled "Ready-Made Garments Sector of Bangladesh: Its Contribution and Challenges towards Development" stated that the ready-made garments (RMG) sector of Bangladesh has got a greater facet than any other sector in terms of growth and foreign exchange earnings. It makes a significant contribution to the national economy by creating generous employment opportunities and reducing poverty through socioeconomic development. Despite unquestionable success story, this sector has got a number of formidable challenges for the future growth. The present study has made a search on different dimensions of contribution and challenges of RMG industry in Bangladesh. To accomplish the task, a descriptive research based on study of available records is conducted. The study reveals that since its inception, especially during the last three decades, the RMG industry contributed significantly through creation of physical infrastructure which is demonstrated by 4222 RMG units along with the development of human capital as around 4 million workforces are directly involved in this industry. It has also contributed tremendously through empowering women as almost 90 percent of its labor force is female which ranked the highest in South-East Asia. In terms of core economic consideration RMG holds almost 14.07 percent of the GDP of Bangladesh as well as the 81 percent of the total export earnings.

Chowdhury, Ahmed and Yasmin (2014) in their paper titled "Prospects and Problems of RMG Industry: A study on Bangladesh" stated that the development of Garments Industry is considered as the priority area in the development policy in many countries, especially in Bangladesh. The young entrepreneurs are engaged in varied form of small and medium scale garments industry which comprises of products like shorts, trousers, shirts, sweaters, blouses, skirts, t-shirts, jackets, sports attire and many more casual and fashion items with the changing times. This study is conducted to analyze the prospects, problems and solution of problems of Readymade Garments Industry in Bangladesh. The findings of this paper show that Bangladesh has a great opportunity to earn a great foreign currency through developing readymade garments

industry. The study also suggests some measure for the removal of ongoing crisis of garment sectors.

Ansary and Barua (2015) in their paper titled "Workplace safety compliance of RMG industry in Bangladesh: Structural assessment of RMG factory buildings" stated that Ready-made garment (RMG) in Bangladesh faces challenges to ensure workplace safety for the millions of garment workers in compliance with the national and international labor standards and labor rights. The recent deadly Rana Plaza collapse resulted in three important plans of actions to address the challenges in the sector. This paper presents an assessment of the potential and challenges of RMG industry in Bangladesh. It presents a detail review of the initiatives taken after Rana Plaza accident along with progress made in terms of overcoming the challenges. It also presents a detail review of the actions the structural assessments of buildings housing RMG factories in Bangladesh including its progress, implementation mechanism, and outcomes. The study reveals that RMG is one of the most important export-oriented business sectors in Bangladesh, which has progressed a lot since the Rana Plaza collapse in terms of achieving workplace safety compliance under three plans of actions, among which achievement in initiatives regarding structural assessment of RMG factory buildings is significant.

Mia and Akter (2019) in their paper titled "Ready-Made Garments Sector of Bangladesh: Its Growth, Contribution and Challenges" stated that the ready-made garments (RMG) sector has a greater potential sector than any other sector in terms of employment and foreign exchange earnings to reduce poverty and make a contribution to the national economy. Based on secondary data, the study is intended to draw the scenario of RMG industry in Bangladesh, especially the growth, contribution, and challenges. It is the largest exporting industry in Bangladesh that has experienced tremendous growth during the last 25 years. Among the people of Bangladesh, about 4 million workers are directly employed in RMG sector. Therefore, the contribution of RMG in total export is increasing day by day. At present, 83.9% of national export in Bangladesh is contributed by RMG export although it was 3.89% in 1983-1984. In fiscal year (FY) 2017-2018, the percentage of ready-made garments (RMG) contribution to gross domestic product (GDP) is 12.26% but it was only 2.74% in FY 1990-1991. So, it indicates that RMG sector is the main contributor of Bangladesh's economy, especially in the export of the country. This sector also faces a lot of challenges, like unskilled workers, insufficient infrastructure, raw materials, energy crisis, safety issue, political crisis, and coverage of accord and alliance. To overcome these challenges, we need to take different steps from owners and major stakeholders.

Rasel, Das and Khan (2020) in their paper titled "Current Scenario of Textile Sector in Bangladesh (2019); A Comprehensive Review" stated that the development of socio-economic condition perspective to Bangladesh is largely depended on the garment manufacturing sector since it has earned 34133.27 million USD with 84.21% of total export items during 2018-19. Currently, this sector is facing challenges to cope with other dominating country's business market globally. The reason behind this is the global recession, unethical trade policies, energy

cost, safety issues, lack of monitoring systems etc. However, Companies are looking forward to overcoming those obstacles from the path of the growth by implementing newer technology, appointing skilled manpower, finding alternative energy source and alternative newer market to ensure the achievable target of $50 billion by 2030. However, there exist no policies to develop hardware sectors for the smooth development in this sector yet and if this is not ensured recent future, undoubtedly Bangladeshi textile industries will have to suffer a lot. So, a strong business policy needs to set focusing the target of business policy, definitely only then each and every hindrance of the development of this sector in Bangladesh will remove.

Farhana, Sneha, Mondol, Farin and Mahamude (2022) in their paper titled "Business Trend Analysis of RMG Industry in Context of Bangladesh-A Case Study" stated that Bangladesh has made a tremendous contribution to RMG (Ready Made Garment) sector since the 1970s. Textiles and apparels consider for about 85% of the total export earnings of Bangladesh. Though it's quite difficult to mete out the dimension of performance and objection of the RMG sector in Bangladesh but to fulfill the task this study has made a search based on the study of attainable documents. The beauty of this study lies in its way of narration, a sequential way of description. The study discovers that since its inception, the RMG industry contributed significantly to our economy especially during the last three decades. The cross-check analysis has been conducted to compare the last three decades' export of RMG, specific garments export, GDP, market share, etc. to get a lucid idea of the business trend of the RMG industry. These initiatives focus more on the establishment of sound structure, skilled manpower, enhanced market access, access to finance at the competitive interest rate, adaptation with advanced technology as well as institutional development. Therefore, both public and private sectors need to take several preliminaries, independently and collaboratively to overcome these challenges. Moreover, to take control and reserve the golden share of RMG, assured branding needs to be expansive.

.

Mustafa, Islam, Islam and Khatun (2016) in their paper titled "Impact of RMG Sector on Livelihood Change of Women Employees of Bangladesh" stated that the present study was conducted to document the sociodemographic profile of women workers in RMG sectors and to assess the impact of employment in RMG for livelihood change. For this study, two garment factories from Gazipur district and other two garment factories from Dhaka district were selected purposively. Related data and information were collected from 60 sample women workers. Both tabular and quantitative analyses were done to achieve the objectives. In this study, the women workers were categorized into four groups and they are operator, helper, polyman and quality controller (QC). It was found that 75 percent of the women workers completed primary education and no women worker found above secondary level of education. Average monthly income of the operator, helper, polyman and quality controller was BDT 6,675, BDT 4,954, BDT 5,600 and BDT 6,350, respectively. The value of coefficients of the variable's income of women garment worker, income of other family members, number of working members and years of schooling of women workers were found significant to increase the household income. Findings of the study showed that with the involvement in garments industry all women had brought

positive changes in different types of livelihood assets such as financial capital, physical capital, human capital, social capital and natural capital. About 90 percent of women workers claimed both income and savings increased. Again, 77 percent women workers reported that their overall livelihood status has improved after involving in garments industry. About 73 percent of them reported that their medicine facilities had improved because the garments factories provide free medical checkup and free medicine for the workers. Moreover, 70 percent, 66 percent and 74 percent of women workers opined that their clothing, sanitation and housing facilities had improved respectively than before. By getting employment opportunity in RMG sector, the women are contributing both in society and economy of the country.

Chapter: 03 Overview of RMG Industry



3.1 Industry Analysis

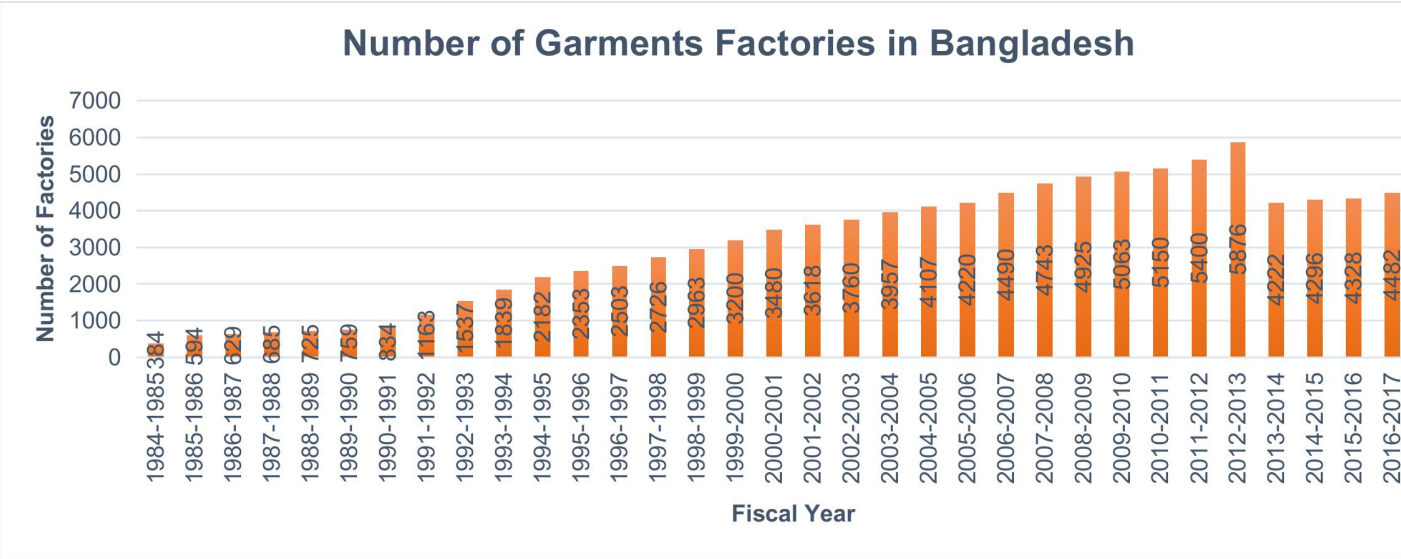
RMG has been growing in Bangladesh since the late 1970s, and without any doubt it is currently the country's largest export industry. As this is primarily a labor-intensive business, it requires less financial resources as well less sophisticated equipment than other high-tech sectors. The RMG industry has become the country's major export earner. This business has improved socioeconomic prospects by providing a large number of job possibilities, mostly for the country's impoverished illiterate female labor. The industrial sector can give high wage jobs to a large number of people while also increasing societal productivity by mass-producing high-value commodities. A financially backward country like Bangladesh is earning valuable foreign exchange by exporting manufactured products. This helps our country to invest more on the technological advancement of RMG sector.

3.1.1 Growth of Bangladesh's Garment Industry

Reaz Garments' adventure began in 1978, when it sent its first consignment to the United States, earning $69000 USD. Desh Garments reached a landmark in 1979. by establishing country's first 100 percent export-oriented garments. With time the numbers of garments factories have risen up. The following graph depicts the development of a clothing factory:

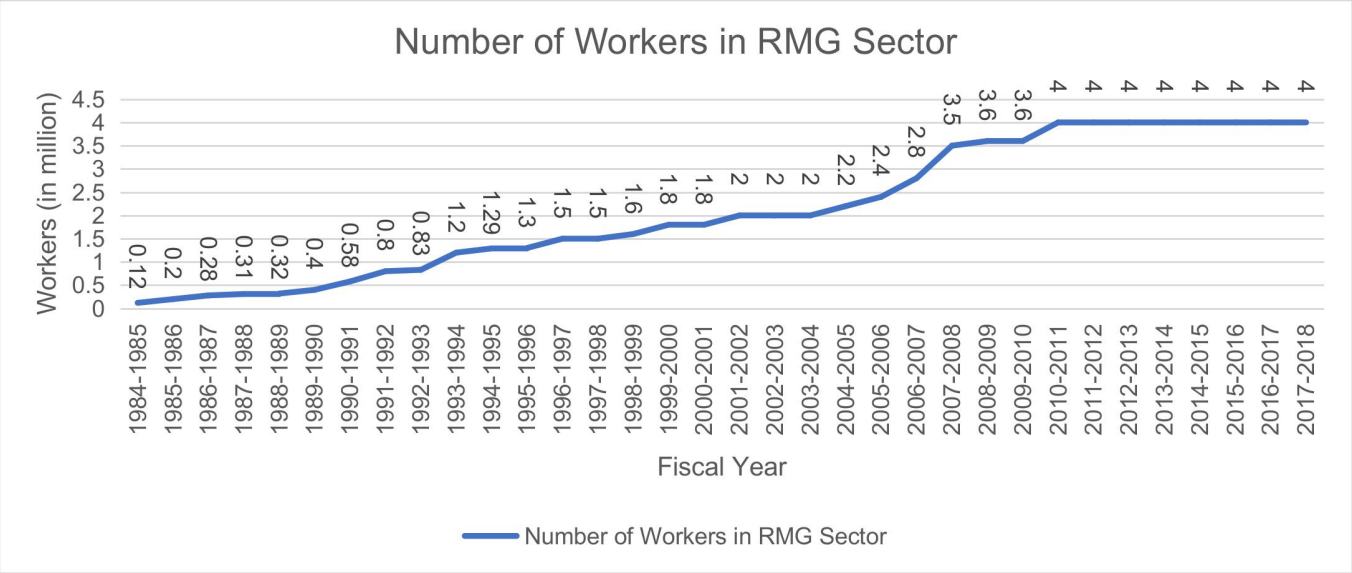
3.1.1.1 Number of Garments Factories in Bangladesh

From fiscal year 1983-1984 to fiscal year 2017-2018, the figure depicts the number of Bangladeshi garment factories. Due to the utility crisis, the number of manufacturers increased progressively until fiscal year 2012-2013, then dropped in fiscal year 2013-2014, and regulatory inspections were conducted to identify dangerous factories. The number of factories has begun to expand again in the fiscal year 2017- 2018.



3.1.1.2 Number of people working in RMG Industry in Bangladesh

RMG playing a vital role in our country by giving a large number of people working opportunities. Especially the uneducated men and women are getting a good earning source. The chart below shows that the RMG industry employs around 4 million people directly.



3.1.2 Significance of the Industry

For the last three decades, Bangladesh has been the world's second biggest exporter of readymade clothing items, shipping to 132 countries. Bangladesh's overall exports exceeded USD 30.18 billion for the first time in history the year before the worldwide pandemic, representing a 13.83 percent increase over the previous year. The industry has grown rapidly, from 30 factories in 1980 to around 6000 in the fiscal years 2012-2013. Around 4.4 million individuals work directly in the RMG industry, with women occupied around 80% of the workforce. This industry employs around 20 million people directly and indirectly.

Various industries have contributed to the country's GDP via generating foreign cash. Among the many industries, the garment, jute and jute related goods, leather and leather related items, and service sectors deserve special attention. The RMG business, on the other hand, is presently Bangladesh's single largest source of export revenue. The industry generates 83.9 percent of the country's overall export revenues. According to the fiscal year 2017-2018, RMG contributes 12.26% to the GDP of this country.

Bangladesh has already over 4,000 RMG companies. With the exception of a few foreign enterprises in export processing zones, more than 95 percent of those businesses are owned by

locals. The RMG enterprises are mostly concentrated in three cities: Dhaka, Chittagong, and Dhaka.
Woven and knit items are the two primary types of ready to wear clothes produced in Bangladesh. The most common woven items are shirts. T-shirts, and trousers, whereas the most common knit products are underwear, socks, stockings, T-shirts, sweaters, and other casual and soft clothes. The country's garment export revenues continue to be dominated by woven. garments. Knit garment items have grown in importance since the early 1990s, accounting for more than 40% of the country's overall RMG export revenues. Although the country produces a wide range of clothes, only a few categories, such as shirts, T-shirts, trousers, jackets, and sweaters, account for the majority of output. The main reasons for such a restricted product concentration are economies of scale in large-scale production and export-quota holdings in the respective categories. Readymade clothes are the country's most important industrial sector. accounting for roughly $15 billion in exports in 2010 and 12.26% of GDP.

3.1.3 Economic Factors

Fundamental data about an economy or market that determines company performance is referred to as economic factors. At the time of predicting how a firm will perform, such elements are frequently taken into account. Investors always use economic considerations to determine the worth of a company or an investment.

Economic considerations are external influences on the business environment as well as the value of an investment. Similarly, recognizing such elements is necessary for an investor to make an informed judgment about how a particular investment will perform.

Generation Next Fashions Ltd (GNFL) does the same thing, analyzing numerous economic aspects in order to forecast the long-term future of enterprises. The goal of the study is to figure out how. such elements could influence the business environment and the market as a whole.

Directly and indirectly, economic issues have an impact on the business climate. For starters. they are known to effect supply and demand records show that which has a substantial impact on an economy's free movement of products and services.

3.1.3.1 External Factors

About 75 percent of overall exports are affected by external variables. According to recent polls conducted by McKinsey and KPMG, the most significant motivation. for purchasing in Bangladesh is low pricing. Because large efficiency improvements will offset growing wage expenses, price levels will remain very competitive in the future.

In addition to lower labor costs and tariff advantages, raw materials and real estate are also less expensive in Bangladesh. There is also little question that Bangladesh benefits from a number of preferential trade agreements that allow it to enter a number of nations tax-free.

- **Social:** As our design and fashion were primarily aimed at young people, the increased number of elderly individuals in the population had an impact on our business.
- **Economic:** Increased income tax lowers the amount of money that customers must spend.
- **Political:** Spending more on public services like as education and health, government system stability, and monopolistic control, taxation and other similar issues are all decisions that have been made.
- **Technological:** Internet usage has a wide-ranging influence.

3.1.4 Technological Factors

Generation Next Fashion Ltd (GNFL) is a company that develops new materials, technology, and software to help with commercial processes. Below is a reference:

- Mechanical process advancements
- Technology's impact on product design, production, distribution, price, and consumption.

3.1.5 Barriers to Entry

Factors that hinder or make it difficult for new businesses to enter a market are referred to as barriers to entry. The presence of entrance barriers reduces the market's competition and makes it less contestable. The less competitive the market becomes, the higher the entrance barriers are. In monopolistic markets, entrance barriers are a necessary component.

- **Brand Loyalty:** Consumers who are loyal to a particular brand are more likely to Deterring entrance can be accomplished by cultivating consumer loyalty through the creation of a strong brand image. A new business would have to spend a lot of money on advertising to establish a strong brand image, which would be a sunk cost and a barrier to entry. Some companies are so powerful that no amount of promotion will be able to dislodge them.
- **Limit Pricing:** When a company sets its pricing low enough to discourage entrants, this happens. Even if it implies fewer earnings, a monopoly may use restrict pricing to avoid competition. It has to do with Economies of scale.
- **Economies of Scale:** Increased output leads to reduced average costs, resulting in economies of scale. As a result, new businesses with low production would struggle to compete since their average costs will be greater than incumbent enterprises that benefit from economies of scale. The thought of increased average prices might prevent people from joining.

3.1.6 Supplier Power

When it comes to ordering input from its suppliers, Bangladesh has always had the upper hand. Our country has little resources in terms of inputs and raw materials. The majority of them were purchased from overseas. Although this created a difficulty by limiting the ability to commence backward linking, it did not result in a problem. As a result, supplier power will increase. Bangladesh continues to purchase materials from its vendors at international prices. The most

significant feature of Bangladesh's export business, however, will always be the investor's excitement and the potential of development. Domestic supplier power in Bangladesh is growing slowly but steadily as more and more local businesses step up to the plate. They are developing an integrated supply channel management system that will lessen the workload of the manufacturer. Companies are more likely to place orders through local suppliers, who are also responsible for importing raw materials and components required for the manufacturing process. The positive solid decision to enter the supplier chain. Bangladesh provided a large-scale advantage to the provider because the sector is highly concentrated in terms of area.

Bangladesh is able to match prices with both foreign and local suppliers thanks to its strong worldwide reputation. Suppliers, although having a competitive advantage over Bangladesh, perceive Bangladesh as a trustworthy source of payment, and this reputation has aided. Bangladesh in ensuring timely supply of raw materials.

3.1.7 Buyer Power

Bangladeshi manufacturers understand that the buyer's process is far more powerful than their own. China's march to the top, which is being led by India, keeps Bangladeshi manufacturers and suppliers on their toes. Bangladesh offers a wide range of options for providers in terms of quality and price. It provides the most affordable manufacturing costs as well as the highest quality work. Due of the customer's significant switching opportunity. In many circumstances, Bangladesh must perform or allow the customer to win. Our country intends to market itself to consumers as the most cost-effective choice.

The fact that many of the businesses in Bangladesh are either franchises or government-sponsored is a significant aspect. Along with them, local businesses are portraying Bangladesh as the top outsourcing destination in the world. Many well-known brands outsource their products to Bangladesh because they may receive higher quality at a lower cost.

Furthermore, newcomers would have an edge over Bangladesh, which, even after the MFA, has an annual growth rate of 20%, Bangladesh would have fewer problems if a newcomer entered the market. Bangladesh's greatest current advantage is its low-cost labor force. Until the leaving standard rises, low-cost labor would continue to be accessible. Until that time comes, laborers will continue to pay low hourly rates in order to protect Bangladesh from newcomers.

Investing in Bangladesh is a risky proposition for foreign companies and investors. Sri Lanka. and other minor Latin American nations might take advantage of this chance to entice potential buyers away from Bangladesh.

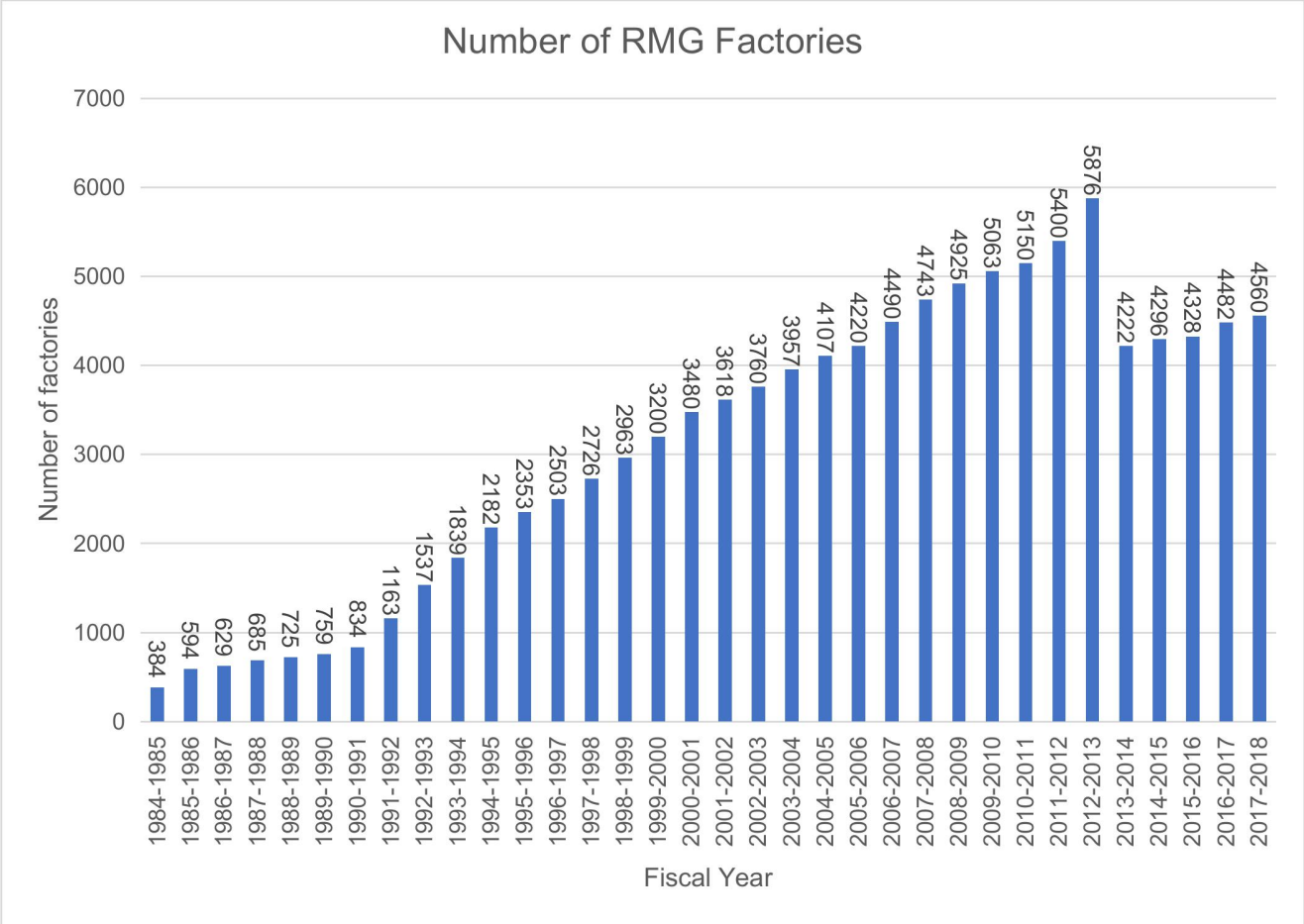
3.1.8 Threats of Substitute

Bangladesh, as a replacement, fills both impacted and opportunity roles. Bangladesh is losing ground to China and India in terms of client base growth. Customers might prefer China or India. to Bangladesh owing to weak national branding and a lack of authority to influence customers.

Furthermore, owing to a scarcity of suppliers and the government's image, Bangladeshi products are being replaced. Because many companies, customers, and investors are hesitant to invest in Bangladesh owing to the country's fragile political situation, Bangladesh is being replaced by China or India as a viable option. Moreover, the expense of switching to a Chinese or even a Sri Lankan supplier is not prohibitively expensive for buyers.

3.2 Trend and Growth

The graph indicates that the manufacturing growth and employment rate increased from the beginning of the RMG sector to 2013. Due to safety and fire concerns, the factory's growth rate fell from 4328 to 4222 in 2014. Now, the factory's employment rate is stable at 4 million. Despite the fact that development has been slow in recent years because to the Covid-19 epidemic, many individuals still rely on the RMG Industry for a living. Bangladesh's garment sector employs over 4 million people, with nearly 86 percent of them being women.



3.2.1 Top Ten Garments Industries in Bangladesh

Bangladesh has a large number of garments, which contribute significantly to the Bangladesh readymade garments business. The top ten from those factories are included in this article:

No.	Company Name
01	Ha-Meem Group
02	Beximco Textiles
03	Square Fashion Ltd.
04	DBL Group
05	Opex Sinha Group
06	Fakir Group
07	Epyllion Group
08	Standard Group
09	Asian Apparels Ltd.
10	Viyellatex Ltd.

3.2.2 Product Mix of RMG Sector of Bangladesh

Bangladesh has been known for its knitwear exports. In Bangladesh, the knitting business is also rapidly expanding. Knitted items are presently the most popular choice for textile export. The following are the top 10 knitting fabric categories:

- T-shirts, singlets, and various cotton vests, knitted or crocheted
- Knitted or crocheted jerseys, pullovers, cardigans, waistcoats, and related things.
- Knitted or crocheted cotton shirts for men and boys.
- T-shirts, singlets, and various vests made of textile materials other than cotton, knitted or crocheted.
- Knitted or crocheted cotton briefs and underwear for women and girls.
- Cotton knitted or crocheted women's or girl’s blouses, shirts, and shirt-blouses.
- Cotton knitted or crocheted men and women's pants, bib & brace overalls, breeches & shorts.

Apart from these, Bangladesh exports a variety of woven textiles outfits. Many countries import nonwovens and fabric.

Chapter: 04 Organizational Overview of Generation Next Fashions Limited

4.1 Historical Background of GNFL

Generation Next Fashions Limited (GNFL) was incorporated in Bangladesh on 19 August 2004 under the Companies Act 1994 with an authorized capital of BDT 500.00 million and a paid-up capital of BDT 47.20 million to carry out business of spinning, weaving and manufacturing of various types of readymade garments of international standard and design. At present, the paid-up capital of the Company is BDT 4500.00 million and the authorized capital is BDT 5000.00 million. GNFL is a 100% export-oriented textile and apparel manufacturing company which started its commercial operation on 30 July 2006. The company manufactures composite knit fabrics and various types of ready-made garments and serves as a fully vertical knit fabric and apparel manufacturing setup in Bangladesh producing approx. One Million KGs of knit fabric per month for various retailers across Europe and North America. Our vertical integration assists us in providing competitive prices, robust development services, and quick turnarounds to achieve significant economies of scale for our esteemed customers.

Generation Next Fashions Ltd. believes that a congenial work environment increases efficiency and motivates employees to deliver their best. Its production units are a bench- mark in the industry for a safe, healthy, and hygienic workplace. Maximum precautions are taken against fire or chemical hazards. For example, the use of bus bars for electrical installations, mirror reflectors for overhead lamps, forced duct ventilation, and generous spacing between equipment make the production floor comfortable to work in and aesthetically appealing.

Clearly demarcated evacuation zones and routes are used in emergencies along with the fire safety equipment like fire hydrants sprinklers and smoke & fire detectors to ensure the safety of the workers. Safe drinking water and hygienic toilets are provided in adequate numbers and positioned for easy access of all workers. There are separately designated toilets for female workers. Adequate canteen space with proper seat arrangement is also provided for the workers to take their meals.

4.1.1 Operations of GNFL

As Generation Next Fashion Ltd is an international company so it tries to provide the best quality products as possible. It all starts with the highest-grade raw cotton. Every part of their vertically integrated process is meticulously designed and precisely created, from the earliest stage of spinning to knitting, dyeing, finishing, cutting, sewing, and the final step of delicate ornamentation.

GNFL keeps a wide selection of cut and stitched clothing for both women, men, as well as children. GNFL. tries its best to offer its customers a complete range of services, from building

to landed conveyance in supply hubs across the United States and Europe. The following are examples of thorough procedures:

- Designing and creating products
- Spinning and dyeing yarn
- Knitting, dyeing, and finishing of fabrics
- Cutting and sewing
- Printing
- Embroidery
- Washing garments and dyeing
- Deliveries to distribution locations that have arrived on the ground

GNFL is a reliable total service supplier of a wide range of value-added garments developed to fulfill the unique and ever-changing needs of its customers thanks to its control over the whole supply chain.

4.2 Company Profile of GNFL

4.2.1 Vision, Mission, Goals, Objectives and Core Value

Their aspiration is to lead the way in logistics support within Bangladesh and make a substantial contribution to the advancement of the national economy.

4.2.1.1 Vision

"Satisfying Buyers' Needs" and to be a leading and sustainable eco-friendly fabric and apparel manufacturer in Bangladesh.

4.2.1.2 Mission

Our mission is to maximize quality products production and services strictly on ethical and moral standards at minimum costs to the society ensuring optimum benefits to the consumers, the shareholders and other stakeholders.

4.2.1.3 Goals

- Enhance profitability through customers' satisfaction.
- Maximize the value of being of our customers, shareholders and employees.
- Optimize contribution to the society.
- Ensure eco-friendly manufacturing environment.

4.2.1.4 Strategic Objectives

- Enhance productivity to extended our products market demands
- Ensure committed and sound supply chain
- Maintain the strict compliance of best governance norms to ensure long term sustainability of the company

4.2.1.5 Core Values

- **Excellence:** Our relentless pursuit toward excellence of performance manifested with, effective guidance and quality services is the key to quality production.
- **Team-Work:** Unity in the work place in an environment of mutual support, collaboration, communication and sharing/ caring of knowledge and skills are driving forces of the company.
- **Integrity:** Honest and morality in service produces good governance, transparency and accountability.
- **Innovation:** Our thinking is beyond traditional concepts and boundaries.
- **Customer Priority:** Satisfaction, trust, and confidence of our customers are of the highest priority.
- **Commitment:** The total resolve and involvement in everything is our responsibility.

4.3 Operational Activities of GNFL

GNFL is organized into numerous departments, beginning with product design and development and ending with delivery, which assists in the distribution of its products throughout Europe and the United States. GNFL ensures the highest quality of product throughout the whole production process. More than 4000 employees work tirelessly in five areas to deliver a higher-quality product. The operating organization is shown in the diagram below.



The process begins with the best quality raw materials, primarily cotton, being spun, followed by knitting, dyeing, finishing, cutting, and stitching, and finally, washing and preparing the clothing for delivery. They assure the greatest quality of output throughout the whole process. The overall production process is a vertically integrated procedure that is meticulously designed to generate high-quality products and meet order deadlines. Production unit pictures provide a better knowledge of the organization's total production activity.

4.4 Departments of GNFL

Finance, Accounts & Audit Department: This section of GNFL is primarily responsible for the organization's total payment. This department also ensures that the integrity is well maintained in other departments as well.
Commercial Department: This division is in charge of all export import procedures and operations. This vital department in GNFL's Dhaka headquarters is managed by enthusiastic employees.
General Purchase Department: The General Purchase department primarily purchases all manufacturing materials and equipment required to conduct GNFL's day-to-day operations.

Accessories Purchase Department: The department of accessories buying is primarily responsible for procuring accessories for things that are required in the factory throughout the manufacturing process.

Human Resource Department: The department of human resource is in charge of the accessory's procurement department is in charge of obtaining accessories for items that are required in the factory throughout the manufacturing process.

4.5 World Market of GNFL

Generation Next Fashion Limited works with the following clients:

- United States of America
- United Kingdom
- Canada
- Europe
- China
- Japan
- Australia
- Latin America

4.6 SWOT Analysis of GNFL

SWOT is acronyms for strengths, weaknesses, opportunities, and threats. SWOT analysis is a technique that is used for strategic planning and strategic management. By using this technique an individual or an organization can identify its strengths, weaknesses, opportunities and threats. It is also known as situational assessment or situational analysis. SWOT Analysis is a basic tool that may help you examine what your firm does well currently and develop a successful future plan.

SWOT analysis aids a business in improving its position, product quality, overcoming flaws, risk, and open opportunities, as well as determining the organization's competitive advantage capabilities. It also allows a business to have a better understanding of its position in the market. The following is GNFL's SWOT analysis, which will help you see the company's future potential more clearly.

4.6.1 Strengths

- The management systems of Generation Next Fashions Ltd (GNFL) are dedicated to providing excellent service at all times.
- GNFL employs a group of honest and responsible individuals as their employees.
- GNFL develops a healthy working connection between upper management and employees.
- Due to government involvement, GNFL was unable to preserve the foundations and regulations in accordance with accepted legislation.
- GNFL employs cutting edge information technology, a robust security system, and a tastefully appointed workspace.

4.6.2 Weaknesses

- Because of government meddling, it was impossible to keep the rules and regulations up to date and in compliance with the law.
- Raw materials being inaccessible.
- Only upper management has the authority to make decisions.
- Government policy is ineffective.
- Bangladesh has a lack of market coverage.

4.6.3 Opportunities

- Foreign buyers are entering the market in greater numbers.
- Increasing the quality of service compared to the competition.
- Increase consumer happiness by offering a high-quality product.
- Take advantage of the possibility to earn a large sum of money.

4.6.4 Threats

- Foreign purchases have increased in number.
- The progress of development is hampered by government policies.
- The expense of production is rising.
- The BGMEA regulations and guidelines are quite complicated.

Chapter: 05 Financial Performance Analysis of GNFL



5.1 Year to Year Comparative Ratio Analysis

Financial Performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis.

The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the firm's position and performance. In this report, the financial highlights of Generation Next Fashions Limited is reviewed and descriptive financial ratio analysis is used to obtain an understanding of the measurement and review of the entity's financial performance.

The most frequent method for determining a company's financial soundness is to look at its financial statements. Using financial statements from Generation Next Fashions Limited. I used many ratios to examine the operational efficiency, profitability, and solvency of GNFL (Bangladesh) in this report.

5.1.1 Short-term Solvency or Liquidity Measures

5.1.1.1 Current Ratio

The current ratio compares a company's liquid assets with short-term liabilities. That means the ability of the company to pay the short-term liabilities with the current assets such as accounts receivables, cash etc. The higher the current ratio, the more liquid the company is. The ideal current ratio is 2:1. (Roman Weil, 2014). The formula is:

Current Ratio= Current Assets/ Current Liabilities

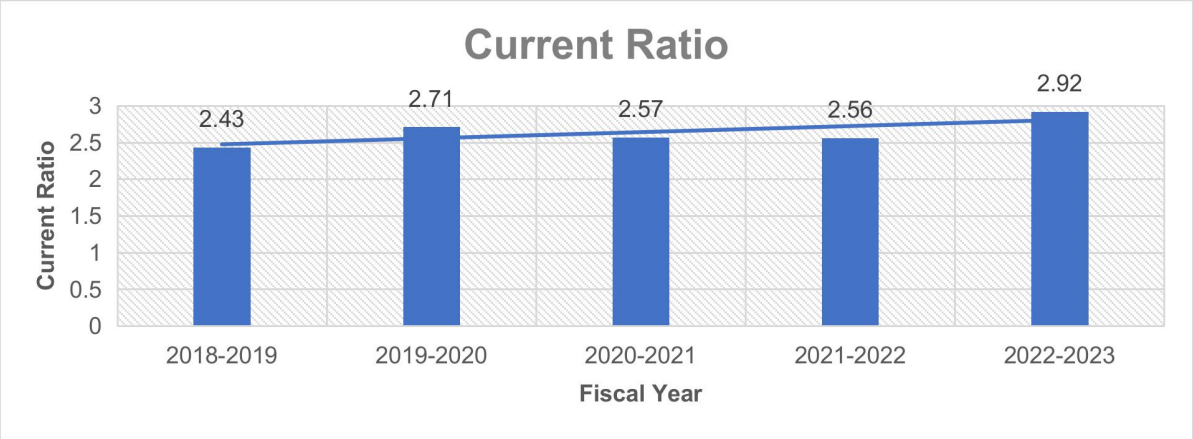
Table 5.1 Current Ratio of Generation Next Fashions Limited for the Fiscal year 4iek2018 to 2023

Fiscal Year	Current Assets	Current Liabilities
2018-2019	4287726216	1766007330
2019-2020	4601479769	1695441827
2020-2021	4759208393	1853201164
2021-2022	5166576545	2021110043
2022-2023	5454064878	1868061048

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.1 represents the current assets and current liabilities of a company over a period of five fiscal years, starting from 2018-2019 and ending in 2022-2023. Looking at the data, we can observe an overall increase in both current assets and current liabilities over the years, which suggests growth in the company's operations and financial activities.

Figure 5.1 Current Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.1 we can see that Current Ratio was 2.43, 2.71, 2.57, 2.56 and 2.92 for each fiscal year from 2018-2019 to 2022-2023 respectively. It is shown a consistent current ratio above 2, which indicates a reasonably healthy liquidity position. The higher the current ratio; the more liquid the firm is considered to be.

5.1.1.2 Quick Ratio

The quick ratio, also known as the acid-test ratio, is a financial metric used to assess a company's short-term liquidity and its ability to cover its current liabilities with its most liquid assets. Unlike the current ratio, which includes all current assets (such as inventory), the quick ratio excludes inventory and other less liquid assets from the calculation. The formula is:

Quick Ratio= (Current Assets−Inventory)/ Current Liabilities

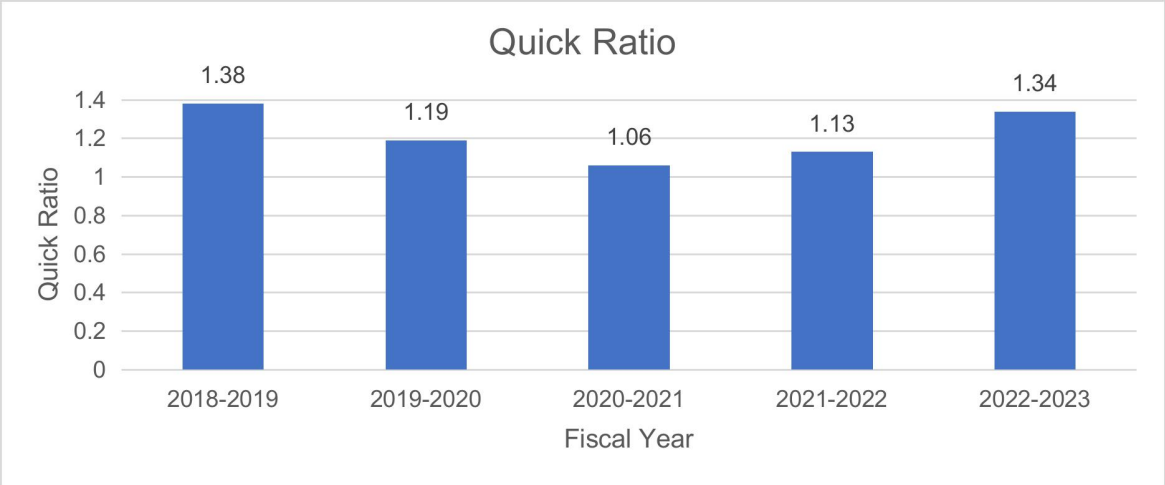
Table 5.2 Quick Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Current Assets	Current Liabilities	Inventory
2018-2019	4287726216	1766007330	1856873123
2019-2020	4601479769	1695441827	2578734896
2020-2021	4759208393	1853201164	2803226438
2021-2022	5166576545	2021110043	2878819750
2022-2023	5454064878	1868061048	2952109941

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.2 represents the current assets, current liabilities and Inventory of a company over a period of five fiscal years, starting from 2018-2019 and ending in 2022-2023. Looking at the data, we can observe an overall increase in current assets, current liabilities and Inventory over the years.

Figure 5.2 Quick Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

A quick ratio of 1 means the company has enough liquid assets to cover its current liabilities. From the figure 5.2 we can see that Quick Ratio is 1.38, 1.19, 1.06, 1.13 and 1,34 for each fiscal year from 2018-2019 to 2022-2023 respectively. It is shown a consistent quick ratio above 1, which indicates the company has ability to meet its current liabilities.

5.1.1.3 Cash Ratio

It is the ratio of a company's total cash and cash equivalents to its current liabilities. The cash ratio is most commonly used as a measure of company liquidity. It can therefore determine if, and how quickly, the company can repay its short-term debt. A strong cash ratio is useful to creditors when deciding how much debt, if any, they would be willing to extend to the asking party. The formula is:

Cash Ratio= Cash and Cash Equivalents / Current Liabilities

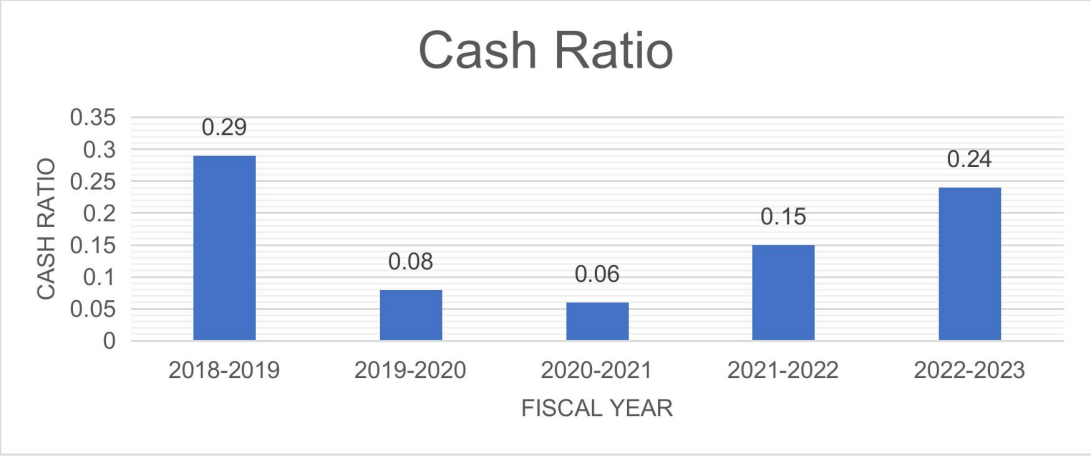
Table 5.3 Cash Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Cash	Current Liabilities
2018-2019	520369358	1766007330
2019-2020	136907468	1695441827
2020-2021	104615837	1853201164
2021-2022	300622103	2021110043
2022-2023	447478213	1868061048

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From table 5.3, we can see that it provides a breakdown of the cash and current liabilities for the fiscal years from 2018-2019 to 2022-2023. In terms of cash, we observe a fluctuation in the amounts over the years.

Figure 5.3 Cash Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

A cash ratio of **1** means the company has exactly enough cash to cover its current liabilities. From the figure 5.3 we can see that Quick Ratio was 0.29, 0.08, 0.06, 0.15 and 0.24 for each fiscal year from 2018-2019 to 2022-2023 respectively. Above ratio's suggests that the company have insufficient cash to meet its short-term obligations.

5.1.2 Long-term Solvency or Financial Leverage Ratio

5.1.2.1 Total Debt Ratio

The total debt ratio measures the proportion of a company's assets financed by debt. A high ratio may indicate a higher risk since more assets are financed by debt. The debt ratio is expressed as a decimal or percentage. A debt ratio of 0.5 (or 50%) means half of the company's assets are financed by debt. The formula is:

Debt Ratio= Total Liabilities / Total Assets

Table 5.4 Total Debt Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Year	Total Asset	Total Equity
2018-2019	8846362716	5883875942
2019-2020	9227179044	5889423873
2020-2021	9448740870	5892743575
2021-2022	9744883426	5897470428
2022-2023	9928393033	5882035877

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.4 reflects the total assets and total equity for the fiscal years from 2018-2019 to 2022-2023 respectively. Over the years, both total assets and total equity have shown an upward trend. It indicates that the company has been able to accumulate more assets and retain a significant portion of its earnings as equity over the years.

Figure 5.4 Total Debt Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.4 we can see that, Total Debt Ratio was 0.33, 0.36, 0.38, 0.39 and 0.41 for each fiscal year from 2018-2019 to 2022-2023 respectively. The debt ratio has been gradually increasing over the years, indicating a higher reliance on debt to finance assets. Starting from 0.33 in 2018-2019, it climbed to 0.41 in 2022-2023. This trend indicates a conservative capital structure and the company is less risky, but it might not be maximizing growth opportunities.

5.1.2.2 Debt Equity Ratio

The debt equity ratio compares a company's total debt to its shareholders' equity, reflecting the portion of financing derived from debt compared to equity. A higher ratio signifies greater reliance on debt financing. The formula is:

Debt-to-Equity Ratio= Total Debt/ Total Equity

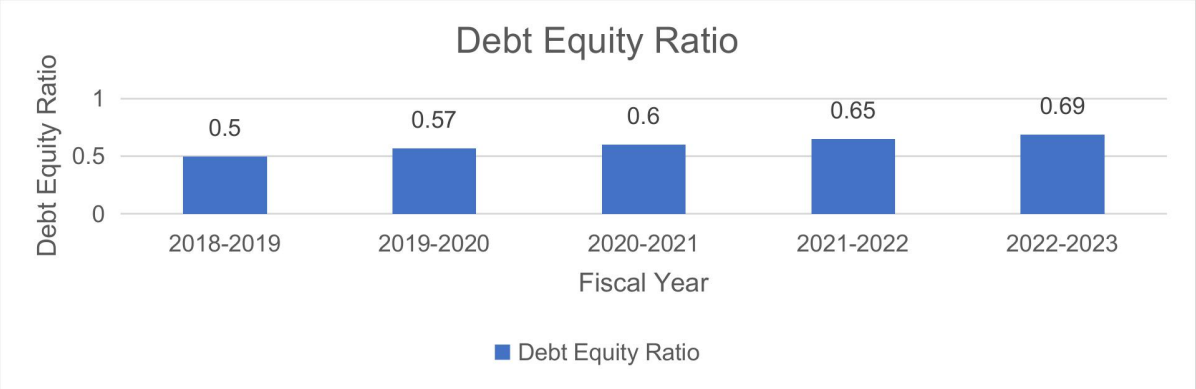
Table 5.5 Debt Equity Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Total Debt	Total Equity
2018-2019	2962486774	5883875942
2019-2020	3337755171	5889423873
2020-2021	3555997296	5892743575
2021-2022	3847412998	5897470428
2022-2023	4046357156	5882035877

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.5 provides information on the total debt and total equity for each fiscal year from 2018-2019 to 2022-2023. The total debt increases steadily over the years, The total equity remains relatively stable across the years

Figure 5.5 Debt Equity Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.5 we can see that, Debt-Equity Ratio was 0.50, 0.57, 0.60, 0.65 and 0.69 for each fiscal year from 2018-2019 to 2022-2023 respectively. Debt-Equity ratio < 1 indicates that equity exceeds debt (less leverage). The figure shown that, the debt-to-equity ratio for the company has been increasing over the years. It suggests that the company's debt has been increasing in relation to its equity over time, potentially increasing leverage and financial risk.

5.1.3 Asset Management or Asset Turnover Ratio

5.1.3.1 Inventory Turnover Ratio

The inventory turnover ratio measures how efficiently a company manages its inventory. A higher ratio indicates more effective inventory management and sales generation. The formula is:

Inventory Turnover Ratio= Cost of Goods Sold (COGS) / Inventory

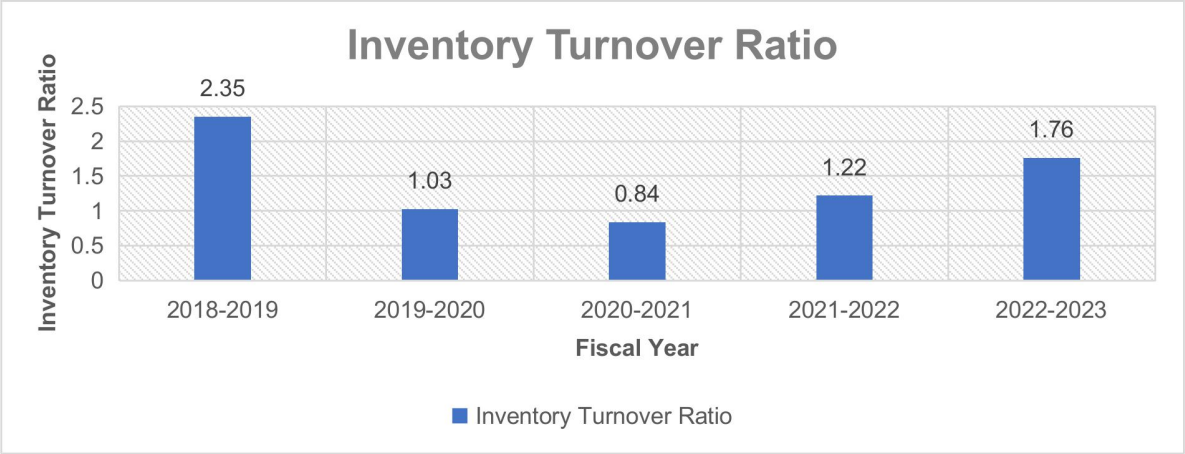
Table 5.6 Inventory Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Inventory	Cost of Goods Sold
2018-2019	1856873123	4368046250
2019-2020	2578734896	2657640474
2020-2021	2803226438	2361156831
2021-2022	2878819750	3525406754
2022-2023	2952109941	5207229719

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.6 represents the inventory and cost of goods sold for each fiscal year from 2018-2019 to 2022-2023 respectively. This suggests that the company has been consistently investing in inventory over the years, potentially indicating growth or expansion and also indicates an increase in the cost of production or purchase over the years.

Figure 5.6 Inventory Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.6 we can see that Quick Ratio was 2.35, 1.03, 0.84, 1.22 and 1.76 for each fiscal year from 2018-2019 to 2022-2023 respectively. Overall, based on the given figures, it is crucial for the company to closely monitor its inventory turnover ratio. A consistently declining ratio could indicate underlying issues with inventory management that need to be addressed to optimize cash flow, reduce storage costs, and improve overall efficiency.

5.1.3.2 Account Receivable Turnover Ratio

This ratio assesses how efficiently a company collects its accounts receivable. A higher ratio implies quicker collection of receivables, which boosts cash flow. The formula is:

Account Receivable Turnover Ratio= Sales/ Account Receivable

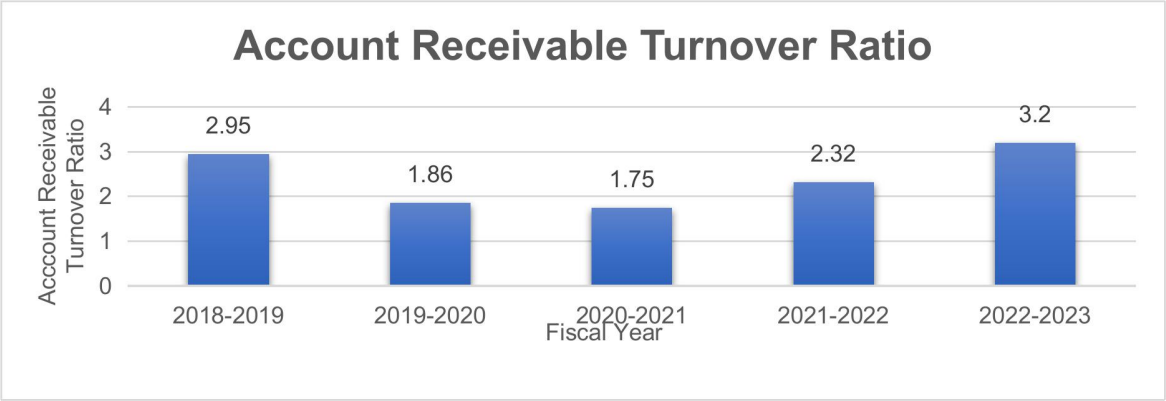
Table 5.7 Account Receivable Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Account Receivable	Sales
2018-2019	1757541912	5185920854
2019-2020	1712151838	3178966771
2020-2021	1669557088	2918048347
2021-2022	1777616161	4122935164
2022-2023	1860832434	5961461926

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Looking at the table 5.7, it provides data on the account receivable and sales figures for a company over a span of five fiscal years. The account receivable figures vary from year to year, indicating changes in the amount of credit extended to customers and the sales figures reveal the company's revenue growth over time.

Figure 5.7 Account Receivable Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.7 we can see that Account Receivable Turnover Ratio was 2.95, 1.86,1.75, 2.32 and 3.2 each fiscal year from 2018-2019 to 2022-2023 respectively. Based on these figures, we can infer that the company experienced a decline in its accounts receivable turnover ratio between 2019-2020 to 2020-2021 and increase in year between 2021-2022 to 2022-2023, indicating challenges in collecting customer payments. However, the ratio showed signs of

improvement in the most recent fiscal year (2022-2023), implying a more efficient collection process.

5.1.3.3 Total Asset Turnover Ratio

The total asset turnover ratio evaluates a company's ability to generate sales relative to its total assets. A higher ratio indicates better asset utilization. The formula is:

Total Asset Turnover Ratio= Total Assets/ Net Sales

Table 5.8 Total Asset Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Sales	Total Asset
2018-2019	5185920854	8846362716
2019-2020	3178966771	9227179044
2020-2021	2918048347	9448740870
2021-2022	4122935164	9744883426
2022-2023	5961461926	9928393033

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.8 represents the sales and total assets for a company for each fiscal year from 2018-2019 to 2022-2023 respectively. The table presents a mix of fluctuating sales figures and consistent growth in total assets.

Figure 5.8 Total Asset Turnover Ratio of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.8 we can see that Total Asset Turnover Ratio was 0.59, 0.34, 0.31, 0.42 and 0.6 each fiscal year from 2018-2019 to 2022-2023 respectively. Ratio 0.31 & 0.34 indicate underutilized assets or challenges in generating sufficient sales. Ratio 0.59 & 0.60 suggests some operational adjustments but not to an optimal level. This trend suggests that the company may have faced challenges in effectively utilizing its assets to generate sales revenue in recent years.

5.1.4 Profitability Ratio

Ratios related to Sales

5.1.4.1 Gross Profit Margin

The gross profit margin measures the profitability of a company's core operations. It shows the percentage of revenue retained after deducting the cost of goods sold. The formula is:

Gross Profit Margin= Gross Profit/ Sales

Table 5.9 Gross Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Sales	Gross Profit
2018-2019	5185920854	817874604
2019-2020	3178966771	521326297
2020-2021	2918048347	556891516
2021-2022	4122935164	597528410
2022-2023	5961461926	754232207

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.9 represents the Gross profit and sales figures for each fiscal year from 2018-2019 to 2022-2023 respectively. The table presents a snapshot of the company's sales and gross profit performance over a five-year period, showcasing fluctuations, growth, and potential shifts in the company's financial performance.

Figure 5.9 Gross Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.9 we can see that Gross Profit Margin was 0.16, 0.16, 0.19, 0.14 and 0.13 for each fiscal year from 2018-2019 to 2022-2023 respectively. Ratio's 0.16, 0.16 shows a consistent gross profit margin initially. Ratio **0.19** was a notable improvement in the gross profit margin, indicating better cost control or higher pricing power. Ratio's **0.14, 0.13** shows downward trend in recent periods, potentially due to higher costs or reduced sales efficiency. These figures suggest that there may have been fluctuations in the company's profitability over the years, with some periods of improvement and others of decline.

5.1.4.2 Operating Profit Margin

The operating profit margin indicates the profitability of a company's regular operations. It measures the percentage of revenue retained after deducting operating expenses. The formula is:

Operating Profit Margin= Operating Profit/ Sales

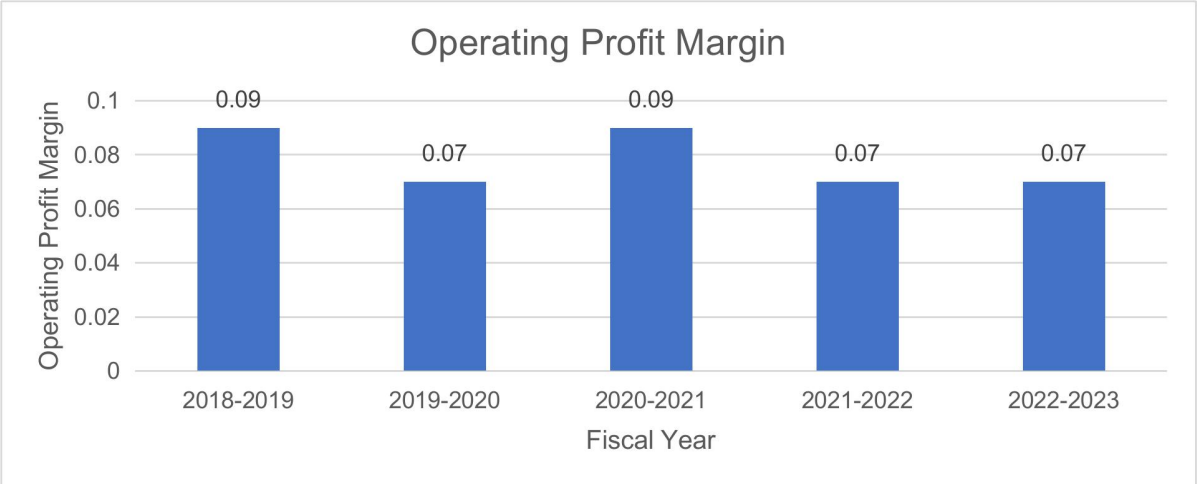
Table 5.10 Operating Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Sales	Operating Profit
2018-2019	5185920854	458130284
2019-2020	3178966771	227768065
2020-2021	2918048347	269591996
2021-2022	4122935164	305071123
2022-2023	5961461926	393420187

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.10 represents the Operating profit and sales figures for each fiscal year from 2018-2019 to 2022-2023 respectively. The sales figures show that there has been a fluctuation in revenue over the years and the operating profit figures also exhibit some variation year over year. The data suggests that the company experienced both positive and negative trends in both sales and operating profit over the five-year period.

Figure 5.10 Operating Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.10 we can see that Operating Profit Margin was 0.09, 0.07, 0.09, 0.07 and 0.07 for each fiscal year from 2018-2019 to 2022-2023 respectively. The margin alternates between 0.09 (9%) and 0.07 (7%), with no clear upward trend. A consistent value of 7% in recent periods indicates stagnation in operational profitability. In the **RMG industry**, the operating profit

margin typically ranges between **10%–15%**. Company's ratios are below the industry average, signaling inefficiencies or high operating costs.

5.1.4.3 Net Profit Margin

The net profit margin assesses the overall profitability of a company, considering all expenses, including taxes and interest. It represents the percentage of revenue retained as net income. The formula is:

Net Profit Margin= Net Profit / Sales

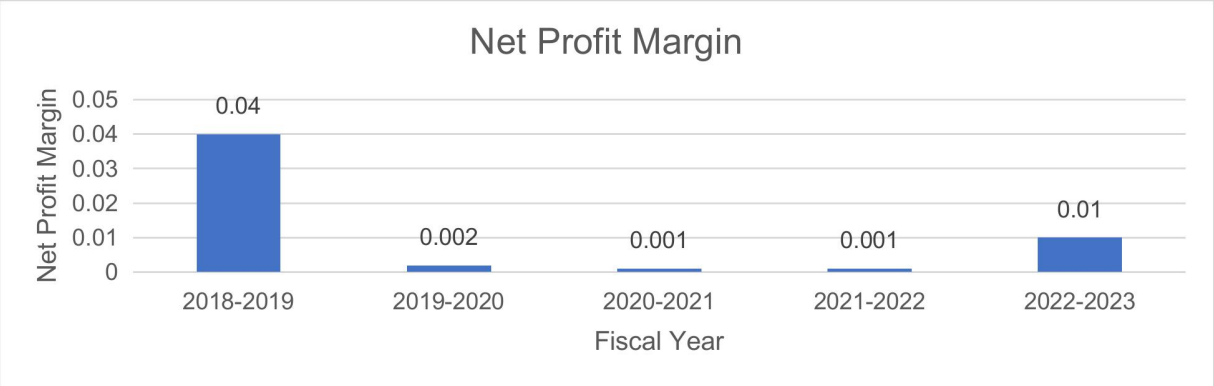
Table 5.11 Net Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Sales	Net Profit
2018-2019	5185920854	213440369
2019-2020	3178966771	5547931
2020-2021	2918048347	3319702
2021-2022	4122935164	4726853
2022-2023	5961461926	34062905

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.11 represents the Net profit and sales figures for each fiscal year from 2018-2019 to 2022-2023 respectively. The table shows some fluctuations in sales and net profit figures over the years, with periods of growth, decline, and potential recovery.

Figure 5.11 Net Profit Margin of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.11 we can see that Net Profit Margin was 0.041, 0.002, 0.001, 0.001 and 0.01 for each fiscal year from 2018-2019 to 2022-2023 respectively. The net profit margin dropped sharply from **5.1% to 0.2%**, and then stagnated at a very low level (**0.1%**) for two periods. A small improvement to **1%** in the last period signals some corrective measures but remains far below healthy levels. In the **RMG industry**, net profit margins typically range between **5%–10%**, depending on cost structures and market dynamics. The company's ratios are **well below industry standards**, suggesting significant challenges in managing costs and achieving profitability.

Ratios related to Investments

5.1.4.4 Return on Asset (ROA)

Return on Assets (ROA) evaluates how effectively a company utilizes its assets to generate profit. It indicates the percentage of net income earned relative to total assets. A higher ROA signifies better asset utilization. The formula is:

ROA= Net Profit/ Total Asset

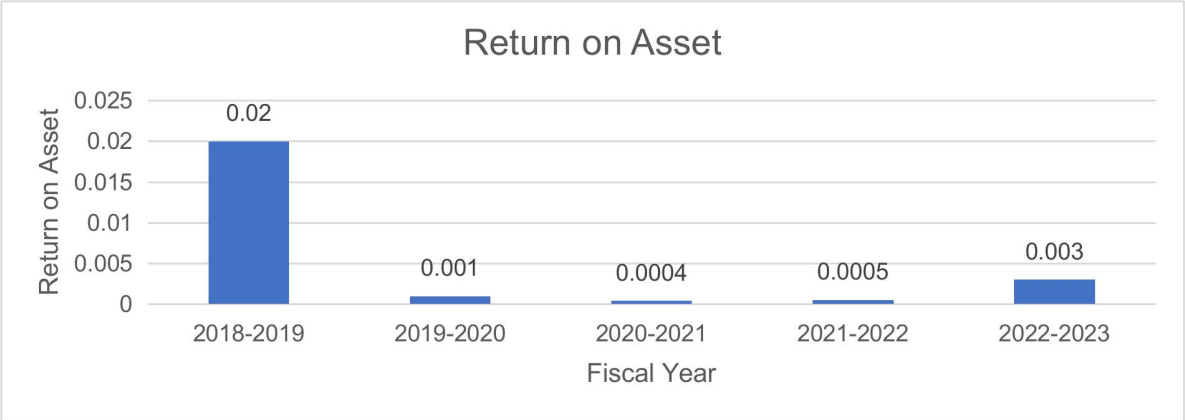
Table 5.12 Return on Asset of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Total Asset	Net Profit
2018-2019	8846362716	213440369
2019-2020	9227179044	5547931
2020-2021	9448740870	3319702
2021-2022	9744883426	4726853
2022-2023	9928393033	34062905

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.12 represents the Total asset and net profit figures for each fiscal year from 2018-2019 to 2022-2023 respectively. The total assets of the company have consistently increased over the years, indicating growth in the company's overall financial strength and the net profit of the company has varied throughout the years. It indicates that while the company has been able to grow its assets, it has faced some challenges impacting profitability in certain years.

Figure 5.12 Return on Asset of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.12 we can see that, ROA dropped drastically from **2%** to **0.1%** and further to **0.04% and 0.05%**, indicating a significant drop in profitability relative to assets. A slight improvement to **0.3%** in the last period reflects some efforts to enhance profitability but remains far below acceptable levels. In the **RMG industry**, a healthy ROA typically ranges between **5%–10%**, depending on operational efficiency and asset utilization. Company's ratios are **well below industry standards**, indicating underutilized assets and poor profitability.

5.1.4.5 Return on Equity (ROE)

The return on equity measures the return earned on the owner's (both preferred and common stockholder's) investment. Generally higher the return indicates the better condition of the owner's. The formula is:

Return on Equity=Net Profit/ Shareholder's Equity

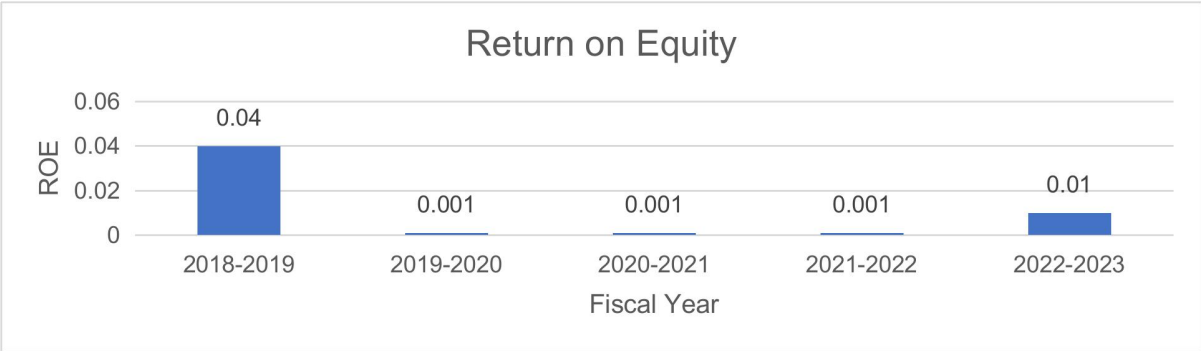
Table 5.13 Return on Equity of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	Total Equity	Net Profit
2018-2019	5883875942	213440369
2019-2020	5889423873	5547931
2020-2021	5892743575	3319702
2021-2022	5897470428	4726853
2022-2023	5882035877	34062905

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.13 represents the Total equity and net profit figures for each fiscal year from 2018-2019 to 2022-2023 respectively. From the table, we can observe a gradual increase in the total equity, indicating a growth in the company's value over the years and the net profit fluctuates over the years. It appears that the company has experienced growth in its total equity, but the net profit has varied over the years.

Figure 5.13 Return on Equity of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

From the figure 5.13 we can see that Return on equity was 0.04, 0.001, 0.001, 0.001 and 0.01 for each fiscal year from 2018-2019 to 2022-2023 respectively. ROE fell sharply from **4%** to **0.1%**, indicating a significant drop in profitability relative to shareholder equity. ROE remained flat at **0.1%** for three periods, reflecting prolonged financial challenges. A marginal increase to **1%** in the last period suggests small improvements but still far from satisfactory levels. In the **RMG industry**, a healthy ROE typically ranges between **10%–20%**, depending on market conditions and operational efficiency. Company's ROE is **significantly below industry norms**, indicating poor returns for shareholders.

Ratios related to Equities

5.1.4.6 Earing Per Share (EPS)

The firm's Earning per share (EPS) are generally of interest to present or prospective stockholders and management. The Earning per share represent the number of dollars earned on behalf of each outstanding share of common stock. The earnings per share is calculated as follows:

Earnings per Share =Earnings Available for Common stock Holder/No of shares of Common Stock Outstanding

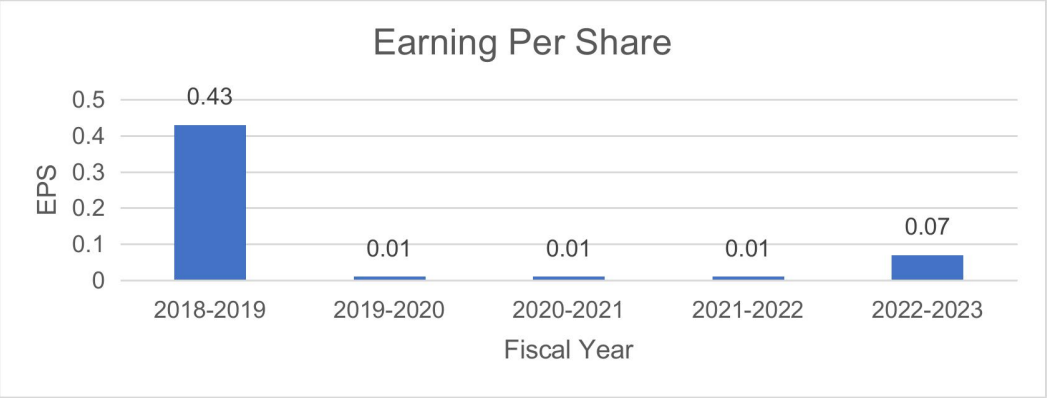
Table 5.14 Earing Per Share (EPS) of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023

Fiscal Year	No. of Share Outstanding	Net Profit
2018-2019	496473000	213440369
2019-2020	554793100	5547931
2020-2021	331970200	3319702
2021-2022	472685300	4726853
2022-2023	471560390	34062905

Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

Table 5.14 represents the number of shares outstanding, and net profits for a company for each fiscal year from 2018-2019 to 2022-2023 respectively. The number of shares outstanding for the company has varied over the years and the net profit for the company has also shown fluctuations over the years.

Figure 5.14 Earing Per Share (EPS) of Generation Next Fashions Limited for the Fiscal year 2018-2019 to 2022-2023



Source: Annual Report of Generation Next Fashions Limited (Fiscal year 2018-2019 to 2022-2023)

EPS represents that it is earned on behalf of each outstanding shares of common stock equity. EPS is closely watched by investors because it is an important indicator of corporate success. From the figure 5.14 we can see that EPS was 0.43, 0.01, 0.01, 0.01 and 0.07 for the fiscal year from 2018-2019 to 2022-2023 respectively, EPS is decreasing over the years which is not a good sing for the company but after COVID-19 Pandemic 2022-2023 EPS is increase.

Chapter: 06 Findings



6.1Major findings

- GNFL ensures the greatest degree of customer satisfaction in order to build a successful company and secure a market-leading position.
- The whole production process is a vertically integrated procedure that is meticulously designed to generate high-quality products while also ensuring order fulfillment on time.
- To market its products over the world, GNFL employs an effective distribution method.
- The company is in a strong position to meet its short-term obligations, maintaining excessively high current ratios may indicate: Inefficient use of resources (e.g., excessive cash or inventory), Low investment in growth opportunities or high levels of receivables.
- The quick ratio indicates that the company is able to meet its short-term obligations using its most liquid assets and the fluctuation might indicate some liquidity tightness at certain points, but overall, the company is maintaining a solid position. The ratio being above 1 in all periods is positive.
- The debt ratio has shown a **gradual increase** over time from **0.33 to 0.41**, indicating that the company is relying more on debt financing to fund its operations and assets. The increase suggests **rising financial leverage**, which means a larger portion of the company's assets is being funded by debt.
- The debt equity ratio has shown a **gradual increase** from **0.50** to **0.69**, indicating that the company has been relying more on debt relative to equity over time. This increasing trend suggests the company is becoming **more leveraged**, taking on more debt as a proportion of its equity base.
- The ATR ratio shows fluctuations, with a slight improvement in some periods (e.g., 0.42 to 0.60). However, overall, the values remain low, indicating inefficiency in asset utilization.
- The gross profit margin is relatively **low for the RMG industry**, which may impact the company's ability to cover operating expenses and generate net profits.
- The operating profit margin ratios reflect **below-average operational efficiency** compared to industry standards. The lack of improvement suggests that **cost control measures** or **revenue enhancement strategies** are not effectively implemented or yielding results.
- The **extremely low and declining ROA** indicates poor asset utilization and low profitability. The **slight improvement to 0.3%** is a positive signal but remains significantly below industry norms.
- The ROE is **sharp decline and prolonged stagnation** at 0.1% highlight operational and financial inefficiencies. The **marginal improvement to 1%** is a positive signal but remains far from competitive or acceptable levels.

Chapter: 07 Recommendations and Conclusion



7.1 Recommendations

Here are some recommendations for GNFL to enhance their overall operational and financial results. These ideas will assist GNFL in achieving their corporate objectives and providing better service in future.

- Some employees aren't as committed to their duties as others.
- When it comes to their juniors, certain workers need to act appropriately.
- Workloads must be evenly distributed so that work does not come to a halt when one worker is unavailable.
- Sometimes employees aren't working as efficiently as they should.
- To improve profit, raw material costs must be decreased, and sales volumes must be Increased via the use of a successful marketing plan.
- GNFL needs to Optimize Working Capital (Review Inventory Levels, Manage Receivables), Invest Excess Liquidity (Growth Projects, Debt Reduction, High-Return Investments), Balance Liquidity and Profitability.
- GNFL needs to Maintain Adequate Liquidity (Monitor Cash Flow, Strengthen Collections), Optimize Inventory Management (Monitor Inventory Levels), Review Short-Term Liabilities (Manage Payables Effectively), Avoid Over-Reliance on Short-Term Debt.
- GNFL needs to Review Debt Structure (Monitor Debt Levels), Improve Profitability to Manage Debt, Optimize Asset Utilization, Consider Debt Refinancing or Restructuring, Explore Alternative Financing Options.
- GNFL needs to Ensure that there is adequate cash flow to cover liabilities, especially during periods when the quick ratio dips closer to 1.0.
- GNFL needs to keep track of how much debt is being taken on and assess whether it is being used efficiently. Ensure that the debt is being utilized for growth or strategic investments, rather than covering operational shortfalls.
- As the ratio approaches 0.70, it’s important to avoid taking on too much debt. Excessive debt increases financial risk, particularly in periods of economic downturns or rising interest rates.
- GNFL needs to Improve Asset Utilization (Dispose of Idle Assets, Optimize Production Efficiency), Boost Revenue (Expand Market Reach, Enhance Product Offerings, Focus on Export Opportunities), Monitor Financial Performance.
- GNFL needs to Cost Control Measures (Negotiate Raw Material Costs, Optimize Production, Energy Efficiency), Revenue Enhancement (Value Addition, Diversify Market Reach, Pricing Strategies), Improve Product Mix, Monitor Key Metrics, Invest in Technology.
- GNFL needs to Cost Optimization (Streamline Operating Expenses, Energy Efficiency), Improve Efficiency (Automate Operations, Supply Chain Optimization), Revisit Pricing Strategy.
- GNFL needs to Enhance Profitability (Improve Net Income, Increase Product Margins), Optimize Asset Utilization (Review Idle or Underperforming Assets, Improve Capacity Utilization), Focus on Operational Efficiency, Monitor Investment Strategy.
- GNFL needs to Optimize Capital Structure (Leverage Debt Wisely, Share Buybacks), Focus on High-Margin Products, Engage Stakeholders.

7.2 Conclusion

Bangladesh's RMG industry has a significant influence on the country's economic progress. For the past four years, Bangladesh's RMG and textile industries have been the leading export contributors. It has had tremendous economic growth. The organization has a positive impact on the economy of our country. It helps our country obtain foreign currency and boosts export earnings. More than 6000 people work at this organization, which is nearby. As a result, it helps to alleviate Bangladesh's redundancy issue. Although it is excellent in several areas, it has significant flows. This issue must be understood or addressed by the organization. As I outlined in my SWOT Analysis, Generation Next Fashions Limited has certain vulnerabilities and a few threats. To settle or keep away from this some initiative is required. The pay for labor must be built first and foremost. It is necessary to investigate when a supervisor is compensated; the applicant must possess sufficient information. Give the employee a few benefits. It is entirely reliant on foreign management in every situation; it must reduce its reliance on foreign management. In such cases, it should aim to cut costs as much as possible. All of the machinery and equipment are imported from other countries. The firm hires an outside professional to manage and maintain its machinery and equipment. As a result, the ongoing costs of maintenance will be substantial. By relying on a local engineer, the organization will be able to cut costs. In addition, the firm must enhance its reliance on Bangladeshi management by increasing the number of buyers. With the purpose of limiting the majority of weaknesses and dangers, as well as making it more lucrative in the future.

References

1. Haque, M. F., Sarker, M. A. R., Rahman, M. S., & Rakibuddin, M. (2020). Discrimination of women at RMG sector in Bangladesh. *Journal of Social and Political Sciences*, *3*(1).
2. Islam, M. S., Rakib, M. A., & Adnan, A. T. M. (2016). Ready-made garments sector of Bangladesh: Its contribution and challenges towards development. *Stud*, *5*(2), 02-12.
3. Chowdhury, M., Ahmed, R., & Yasmin, M. (2014). Prospects and Problems of RMG Industry: A study on Bangladesh. *Prospects*, *5*(7), 103-118.
4. Ansary, M. A., & Barua, U. (2015). Workplace safety compliance of RMG industry in Bangladesh: Structural assessment of RMG factory buildings. *International Journal of Disaster Risk Reduction*, *14*, 424-437.
5. Mia, S., & Akter, M. (2019). Ready-made garments sector of Bangladesh: Its growth, contribution and challenges. *Economics*, *7*(1), 17-26.
6. Rasel, M., Das, D., & Khan, M. (2020). Current scenario of textile sector in Bangladesh (2019); A comprehensive review. *International Journal of Innovative Studies in Sciences and Engineering Technology (IJISSET)*, *6*(1), 52-55.
7. Farhana, K., Sneha, Z. Z., Mondol, S., Farin, F., & Mahamude, A. S. F. (2022). Business Trend Analysis of RMG Industry in Context of Bangladesh-A Case Study. *International Journal of Industrial Management*, *14*(1), 515-528
8. Mustafa, A., Islam, M. S., Islam, S., & Khatun, M. (2016). Impact of RMG sector on livelihood change of women employees of Bangladesh. *Social and Economic Geography*, *2*(1), 1-10.

1. **Annual Report from Fiscal Year 2018-2019 to 2022-2023**

   https://www.gnf-bd.com/annual-report.html

2. **https://www.gnf-bd.com/index.html**
3. **https://www.bgmea.com.bd**
4. **https://en.wikipedia.org/wiki/Textile_Industry_in_Bangladesh**
5. **https://garmentsmerchandising.com/readymade_garments_industry_of_bangladesh/**