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**FINANCIAL AND NON-FINANCIAL PERFORMANCE  
ANALYSIS OF BARONS MACHINERY & ENGINEERING  
CONSTRUCTION COMPANY LIMITED**

**KHIN KHANT KHANT KHAING**

**ROLL NO. 20**

**EMBF 7<sup>th</sup> BATCH**

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**FINANCIAL AND NON-FINANCIAL PERFORMANCE  
ANALYSIS OF BARONS MACHINERY & ENGINEERING  
CONSTRUCTION COMPANY LIMITED**

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Executive Master Degree of Banking and Finance (EMBF)

**Supervised by**

Dr. Phu Pwint Nyo Win Aung  
Associate Professor  
Department of Commerce  
Yangon University of Economics

**Submitted by**

Khin Khant Khaing  
Roll. 20  
EMBF 7<sup>th</sup>Batch

**January, 2023**

## ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, the Yangon University of Economics, in partial fulfillment for the requirement of the Master Degree, Master of Banking and Finance.

## BOARD OF EXAMINERS

.....

Prof. Dr. Tin Tin Htwe

(Chairman)

Rector

Yangon University of Economics

.....

(Supervisor)

Dr. Tin Tin Htwe

Professor / Head

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Dr. Thynn Thynn Myint

Professor

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Dr. Phu Pwint Nyo Win Aung

Associate Professor

Department of Commerce

Yangon University of Economics

**January, 2023**

## **ABSTRACT**

The purpose of this study is to evaluate Barons Machinery & Engineering Construction Company Limited's financial and non-financial performance. The study's goals are to evaluate Barons Machinery & Engineering Construction Company Limited's non-financial performance from 2016 to 2020 as well as its financial performance from that time period. The four balanced scorecard viewpoints are used to evaluate both financial and non-financial performance. The profitability ratio, liquidity ratio, efficiency ratio, and leverage ratio are examples of financial perspectives, while the customer view, internal business process perspective, and learning and growth perspective are examples of non-financial perspectives. The main information was gathered from interviews with approved Barons Machinery & Engineering Construction Company Limited personnel. Five years' worth of secondary data are available from (2016-2017 to 2019-2020). The study's findings show that even though the first four years of financial performance were weak, the last year was good and the analysis years' non-financial success was strong. This study recommends that management maintain its gearing ratio at the benchmark value for the construction industry and have a standard financial policy in line with the norm.

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## **LIST OF ABBREVIATIONS**

BSC	Balance Scorecard
CM	Construction Management
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
GGP	Grant Assistance for Grassroots Human Security Projects
HOD	Head of Department
INGOs	International Non-Governmental Organizations
OBS	Operation Budget Sheet
UNOPS	United Nations Office for Project Services

# **CHAPTER I**

## **INTRODUCTION**

The construction industry has to analyze performance in order to grow and endure over time. With its contribution to economic growth and economic activity, the construction industry plays a significant role in the national prosperity and economic performance of any nation. The systematic methods of performance measurement have an impact on the public and commercial sectors of government as well as building companies. The regular data collection and reporting of data regarding the efforts, effectiveness, and efficiency of each construction project is necessary for performance measurement. The project's completion can be determined, efficiency and effectiveness in both financial and non-financial areas can be improved, and the performance can be compared to that of the competition. Data from the OB sheet (Operation Budget), project statements, income statements, and financial reports were collected for the basic accounting information. The challenge of comparing firms with one another and the real information included in financial statements are the sources of balance sheets and financial ratio analysis.

Due to its size and responsiveness, the construction sector has extensive connections to other industries and plays a significant role in shaping economic growth. Construction is a type of project-oriented industry, and each project must be carefully planned and managed to guarantee that it is finished on time and on budget. A key research topic for predicting a company's financial situation is the growth and performance of the construction industry. This is necessary to make construction projects profitable for property owners, project managers, general contractors, and other parties involved. Additionally, it makes it possible for governments and nonprofit organizations engaged in construction projects to finish those projects without using up all of the funding granted by donors and taxpaying citizens.

Many stakeholders, notably interested parties like managers, shareholders, creditors, present and potential investors, and even tax authorities, place a high value on evaluating a company's financial performance, especially in light of the world's rapid development. Any company's managers are required to assess the company's financial performance. The evaluation of contemporary construction firms' performance is a challenging task, both globally and locally. The financial manager for construction

oversees a company's overall cash flow, solvency, and profitability and makes sure that each construction project has a reasonable budget and is completed on time. Numerous groups and aspects, including cost, customer happiness, quality, health and safety, time, and work performance are related to performance indicators. The necessity of monitoring performance among construction organizations drives the desire to produce better results and stay competitive in the current, quickly changing business climate. In order to emphasize the disposition of Barons Machinery & Engineering Construction Company, this study is an attempt to evaluate the analysis of financial and non-financial performance measuring factors.

### **1.1 Rationale for the Study**

Because it builds the infrastructure for cities, communities, and entire nations, the construction sector is one of the biggest in the world. Construction of roads, bridges, buildings, and many types of buildings all fall under this industry. The construction industry is big and diverse, made up of many different businesses, and it contributes to economic growth and economic activity. Various types of specialist professionals are required in the building industry for various tasks. To keep up with the demands of the job and the sector, these experts' skills must be updated.

In accordance with government regulation, authorized construction businesses enter into a contract, get a price bid for the job, and finish the project within the allotted period. Following the successful completion of the final bid, the government engineering department will draft a thorough project report for the finance department that includes financial ratios based on cost index.

Commercial, industrial, infrastructure, energy & utility, institutional, and residential construction make up the major segments of the construction market in Myanmar. The Myanmar building market saw the largest increase in the residential sector. This industry's project types include retail buildings, office buildings, outdoor recreation areas, leisure and hospitality structures, and other types of commercial building. The pipeline is tilted in favor of late-stage initiatives, which covers all projects from the planning stage to implementation.

This year, the construction sector in Myanmar has experienced a considerable decline in activity as a result of an increase in coronavirus (COVID-19) cases and escalating political upheaval. In addition, the depreciation of the kyat, the national currency of Myanmar, has raised commodity costs, decreased living standards, and

increased unemployment. In 2022, less commercial construction is anticipated. The main reason why many construction companies fail financially is ineffective financial management. BMEC is currently concentrating on generating cash to pay current staff wages and expenses rather than submitting tenders for as many projects as it once did. This indicates that BMEC is keeping an eye on the political landscape and not taking too many risks at this time. It's possible that other building firms are keeping an eye on the political situation in Myanmar. Unfortunately, the nation would be affected if the construction industry collapsed. The reason for this is that, with its contribution to economic growth and economic activities, the construction industry is a sizable one and plays a significant part in the economic performance and the national benefit of any nation.

Financial metrics show facets of organizational success that assist decision-makers in determining whether the organization is boosting the wealth of its owners or not. It has been frequently criticized as being insufficient for the successful management of firms, especially in the current fast evolving and competitive markets, to utilize financial performance alone to convey organizational performance. Leading indicators that predict future success are non-financial measures. With elements like customer happiness, internal business process efficiency, innovation, employee contentment, and others that increase organizational and financial performance of enterprises, the non-financial performance of a corporation is more focused on its long-term success.

Government policies directly affect the construction industry, which makes up a significant portion of the growth of every nation's economy. Governments typically control the economy by reducing public construction projects during economic downturns. Because of the construction industry's complexity and dynamic character, stakeholders (including construction partners) are forced to hunt for approaches to comprehend these companies' financial performance. Accounting and financial management that is adapted to the needs of the construction industry are linked to construction financial management. The finance department will review the financial ratios in order to ground the project, grant concurrence, and acquire administrative sanction orders. The construction term will be extended with a fee in accordance with physical and financial milestones if the agency is unable to maintain the pace of work progress.

About 500 people work for the Barons Group of Companies (BGC), which oversees seven different Barons business groups. BGC is a company with solid capabilities, a sophisticated management structure, and steady growth aspirations.

An engineering-based company with significant growth within 10 years of management takeover, Myanmar Innwahtani LPG Trading Co., Ltd. was founded in 1997 as a small-scale trading company known as Myanmar Innwahtani LPG Trading Co., Ltd., with the import of LPG Gas cookers and tyres into Myanmar.

One of the divisions of the Barons Group of Companies is Barons Machinery & Engineering Construction Co., Ltd. The business is currently involved in engineering, project management, project construction, and the monitoring of the civil construction, electrical power, material handling, and process sectors. For its quick and satisfactory customer service and high reputation as a leader in each industry, the company's business lines include delivering services to the Energy & Electricity sector, Infrastructure sector, Industrial sector, and Telecom & Information Technology sector. The effectiveness of employees, particularly managers, has a significant impact on a company's organizational performance. Project, program, and initiative efficiency and effectiveness are evaluated through the process of performance measurement. These metrics are used to evaluate the company's success. This study analyzes the financial and non-financial metrics used to assess Barons Machinery & Engineering Construction Co., Ltd.'s performance.

## **1.2 Objectives of the Study**

The main objectives of the study are as follows,

- i. To examine the financial performance of Barons Machinery & Engineering Construction Company Limited from 2016 to 2020.
- ii. To examine the non-financial performance of Barons Machinery & Engineering Construction Company Limited from 2016 to 2020.

## **1.3 Scope and Method of the Study**

The analysis of Barons Machinery & Engineering Construction Company Limited's financial and non-financial performance is the main topic of this study. The main information is gathered by speaking with authorized Barons Machinery & Engineering Construction personnel. The secondary data were taken from Barons Machinery & Engineering Construction's financial reports for the five years ending in

2019-2020. Ratio analysis is utilized in this descriptive research methodology to assess or analyze the financial statements and estimate the financial condition. The information is taken into account while analyzing the company's annual reports from the previous five years. To evaluate the financial health of Barons Machinery & Engineering Construction Company Limited, several ratios are utilized, including the profitability ratio, liquidity ratio, efficiency ratio, and leverage ratio. Financial analysis frequently makes use of ratio analysis tools. Barons Machinery & Engineering Construction's non-financial performance is examined from the perspectives of the customer, internal business processes, and learning and growth.

#### **1.4 Organization of the Study**

This study is divided into five chapters, the first of which contains the introduction, the study's justification, its scope, and its organization. The theoretical underpinnings of the study are presented in Chapter II and include the idea of organizational performance, theories for organizational performance, balance scorecards, and previous research. The background information included in Chapter III on Barons Machinery & Engineering Construction includes a profile of the company, a list of the services it offers, information on how it manages its performance, and a list of its anticipated goals. The examination in Chapter IV of the financial and non-financial performance of BMEC Co., Ltd includes both the financial and non-financial performance of BMEC Co., Ltd. Chapter V contains conclusions, comments, proposals, and recommendations regarding the need for additional research.

## **CHAPTER II**

### **THEORETICAL BACKGROUND OF THE STUDY**

This chapter discusses the theoretical underpinnings of performance analysis, including the notion of organizational performance, theories for organization performance, the notion of the balance scorecard, and previous research on the measurement of an organization's financial and non-financial performance. A balance scorecard is also used as a performance measurement tool.

#### **2.1 Concept of Organizational Performance**

When compared to the expected outputs, an organization's actual output or results are considered to be performing well (or goals and objectives). Organizational performance is also the accomplishment of the organization's goals after the conclusion of a project or program. Organizational performance includes three distinct areas of business outcomes, according to Richard et al. (2009): (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added etc.). Organizational effectiveness has a wider definition. Organizational performance is a topic that interests experts in a wide range of disciplines, such as strategic planners, operations, finance, legal, and organizational development. Many organizations have tried, in recent years, to manage organizational performance using the balanced scorecard methodology, which tracks and measures performance in multiple dimensions, including: financial performance (e.g. shareholder return), customer service, social responsibility (e.g. corporate citizenship, community outreach), employee stewardship, organizational engineering, performance measurement systems, performance improvement, and Values of several stakeholders.

#### **2.2 Theories for Organization Performance**

Performance inside an organization is based on a leader's capacity to build a collaborative workplace culture and manage a team. In order to contribute solutions to problems that need to be resolved as professionally as possible, participants in team activities must emotionally engage and demonstrate empathy. The effectiveness with which an organization may place itself on the business market with the aid of some

informational, financial, and human resources is referred to as organizational performance. In the short, medium, or long term, individual performance can have a good or negative impact on the performance of the entire business. The study's primary goals are to define the firm's performance, provide leadership traits as a management and organizational process, analyze the impact of leadership on organization performance, and give research findings on students' perceptions of organizational performance recognition. A combination of a literature study and survey responses make up the research methodology. Respondents are third-year bachelor's students at a Romanian business school. The goal of the study is to determine how young people view the reward of organizational performance. Additionally highlighted are the success elements that help graduates land their first job following graduation. The primary attributes of successful students will be outlined, together with their top goals and guiding principles, in accordance with the responses of respondents. Performance inside an organization is based on a leader's capacity to build a collaborative workplace culture and manage a team. In order to contribute solutions to problems that need to be resolved as professionally as possible, participants in team activities must emotionally engage and demonstrate empathy. Organizational performance refers to how well an organization can position itself on the commercial market given sufficient informational, financial, and human resources. In the short, medium, or long term, individual performance can have a good or negative impact on the performance of the entire business. The study's primary goals are to define the firm's performance, show leadership traits as a management and organizational process, analyze the impact of leadership on organizational performance, and give research findings on students' perceptions of corporate recognition.

A combination of a literature study and survey responses make up the research methodology. Respondents are third-year bachelor's students at a Romanian business school. The goal of the study is to determine how young people view the reward of organizational performance. Additionally highlighted are the success elements that help graduates land their first job following graduation. The primary attributes of successful students will be outlined, together with their top goals and guiding principles, in accordance with the responses of respondents.

Performance inside an organization is based on a leader's capacity to build a collaborative workplace culture and manage a team. In order to contribute solutions to problems that need to be resolved as professionally as possible, participants in team

activities must emotionally engage and demonstrate empathy. The effectiveness with which an organization may place itself on the business market with the aid of some informational, financial, and human resources is referred to as organizational performance. The study of what motivates a person to strive toward a specific goal or objective can have a positive, negative, or neutral impact on the performance of the entire organization over the short, medium, or long term. Although it applies to every aspect of society, business and management stand to gain the most from it. The reason for this is that a motivated person is more content in their work environment and productive, and a productive employee is more profitable.

### Theory of Setting Goals

This idea states that goals that are distinct, precise, and difficult are more motivating than goals that are general or simple. Additionally, motivated workers are better at achieving their objectives. The goal-setting idea frequently applies to businesses looking to increase employee output.

The goal-setting theory postulates that an individual's personal goals consciously affect motivation through one of the four following mechanisms: goals build effort to achieve goals, goals direct attention and effort toward goals, goals increase perseverance to strive, and goals directly influence action by encouraging the use of knowledge with tasks and strategies (Locke and Latham, 2002; Bimberg, Luft and Shields, 2006). According to goal setting theory, when a goal is to be attained, a person will be driven to put up an effort (Locke, Shaw, Saari and Latham, 1981; Locke and Latham, 2002). According to goal-setting theory, creating goals not only influences productivity at work but also encourages staff members to look for or implement the most efficient working practices.

### Theorem of Procedural Fairness

According to the procedural justice hypothesis, people will perceive those in authority as more legitimate and respect them if they feel they are treated in a procedurally fair and just manner beginning with the very first contact. Even when the results of the decisions or processes are negative or inconvenient, they are more likely to obey and participate.

The focus of procedural justice is on the methods of justice employed in making decisions (Greenberg, 1987). According to Lavenhal (1976), procedural fairness

theory is an application of equity theory to the power of allocation procedure (Greenberg, 1987). According to Lavenhal (1980), procedural justice refers to the fairness of the steps taken to reach a conclusion. Both procedural justice and distributive justice were independently related to behavior through choices and organizations, according to Folger's (1987) research. Despite the perception of fairness of the judgment, fairness scholars think that procedural fairness will lead to more positive conduct (Korsgaard and Roberson, 1995). Therefore, through decisions, procedural fairness can promote beneficial conduct.

### Measuring Financial Performance

Financial metrics show facets of organizational success that assist decision-makers in determining whether the organization is boosting the wealth of its owners or not. The economics, accounting, and financial management fields all contributed to the development of this measure (Attiea et al., 2014). Assessments of variables like earnings, sales growth, revenues, and return on investment are made ( Rauch et al., 2009). One of the most significant metrics that offers useful means of describing and evaluating business achievement is financial performance using accounting measurements of profitability, which has long been considered to be one of the most significant metrics (Rowe & Morrow, 2009; Santos & Brito, 2012; Arshad et al., 2014). Indicators of profitability and growth are frequently used to assess how well businesses are performing financially. Growth shows a firm's prior capacity to expand its size, whereas profitability measures a firm's historical capacity to provide returns. Even at the same level of profitability, growing in size will boost absolute profit and cash flow. Additionally, greater growth can result in economies of scale and market dominance, boosting future profitability (Santos & Brito, 2012).

However, the use of financial performance alone to convey organizational performance has received much criticism as being insufficient for the efficient management of enterprises, particularly in the present-day markets that are rapidly changing and competitive (Kennerley & Neely, 2003; Emeakponuzo, 2014). This is especially true now that businesses must meet rising expectations from a wide range of stakeholders (Emeakponuzo, 2014).

Financial measures are frequently criticized for not giving the full picture and giving little insight into how performance is achieved or can be improved (Kennerley & Neely; 2003). As a result, it is viewed as being of little value because it conceals

aspects that are responsible for long-term success and the maximization of shareholder capital (e.g. customer satisfaction, ability to innovate, quality etc.). According to Rowe & Morrow (2009), the approach frequently undervalues intangible assets. According to this reasoning, changes in non-financial elements frequently have an impact on financial performance (Kaplan & Norton 1996). The approach is often criticized for its short-termism and inward concentration. Linking awards to financial performance, according to some academics, may drive managers to make choices that may boost short-term financial performance but hurt long-term profitability (Venanzi, 2012). Additionally, the approach frequently has an internal focus, which some claim is harmful because businesses can only successfully compete when external elements like customer satisfaction and competition behavior are taken into account (Kaplan & Norton, 1996; Venanzi, 2012; Attiea et al., 2014; Emeakponuzo, 2014).

Financial ratio analysis is used to meet three key aims, according to Moyer et al. (2011). The company's strengths and weaknesses are first identified analytically, together with the firm's viability as a going concern and the possibility of earning a profit commensurate with the risk assumed. Second, financial ratios can be used as monitoring tools to make sure that the company's goals and its resources are aligned. Third, planning to accomplish the company's objectives makes excellent use of financial ratios. The relationship between the financial ratio and a company's activity. An analyst can compare a company's financial situation over time or in comparison to other companies using financial ratios.

#### Measurement of Non-Financial Performance

Leading indicators for future performance that are not always included in typical accounting measurements are non-financial measures (Hofmann, 2001; Emeakponuzo, 2014). They exhibit significant value-creating actions (Kaplan & Norton, 2001). With elements like customer happiness, internal business process efficiency, innovation, employee contentment, and others that increase organizational and financial performance of enterprises, the non-financial performance of a corporation is more focused on its long-term success. Many firms today employ a combination of financial and non-financial indicators to assess their success as a result of rising levels of globalization, fierce rivalry, and technology advancements (Attiea et al., 2014). This approach is frequently known as the balanced scorecard approach (Kaplan & Norton, 1996). The utilization of a balanced combination of financial and non-financial

measurements, according to Attia et al. (2014), can act as a focal point that helps an organization to identify and express its priorities to various groups of stakeholders (e.g., managers, employees, investors, customers, and the public).

The majority of businesses emphasize the use of non-financial performance metrics to give decision-makers relevant information on customers, employees, market share, product service quality, and on-time metrics (Ittner & Larcker, 1998; Kaplan & Norton, 2001). In order to produce forward-looking information that cannot be recorded using its counterpart, financial performance measures, non-financial performance measures are used (Decoene & Bruggeman, 2006; van Veen-Dirks, 2010).

Outcome-based metrics such as customer satisfaction, market share, category ownership, and new product adoption rate decline are examples of non-financial metrics. Market share, customer happiness, staff turnover rates, staff training and development, product or service quality, delivery reliability, minimizing of wastages and losses, etc. are examples of non-financial performance measurement.

#### Balance Scorecard

As an alternative to the conventional method of measuring performance, Kaplan and Norton developed the idea of the balanced scorecard in a 1992 article published in the Harvard Business Review titled "The Balanced Scorecard-Measures that Drive Performance." A company's vision and strategy are converted into a logical set of performance metrics through the Balanced Scorecard. The balanced scorecard's four viewpoints are A balance between short-term and long-term goals provided by financial, learning and development, business procedures, and consumer viewpoints (Robert S. Kaplan & David P. Norton,1996). In order to ensure that an organization's strategic goals are reached and financial statistics are accurate, the balanced scorecard is a management method designed to translate an organization's strategic goals into a set of organizational performance targets (CFI team,2022). The vision and strategy of a corporation are comprised of these four components, commonly known as the legs. A detailed road map that aids the organization in measuring performance and achieving both long-term and short-term goals is called a "balanced scorecard," which is a business management concept for both financial and non-financial data. Information on financial ratios, variance in budgeting, and target income are occasionally included in the financial analysis. Gathering comments and input on the customer's happiness with the product's value, accessibility, and pricing is considered a non-financial factor.

**Figure (2.1) The Balanced Scorecard Performance Measurement**



Source: Kaplan & Norton (1992 )

According to figure (2.1), there are four dimensions of the balance scorecard. Which are explained as follow,

- (1) Financial Perspective
- (2) Customer perspective
- (3) Internal Business Processes Perspective
- (4) Learning and Growth Perspective.

(1) Financial Perspective: One of the most crucial areas to examine at any moment is an organization's financial health. Any institution that lacks a strong financial foundation cannot achieve its long-term objectives. Decisions to ensure the organization's financial management can be made once the financial condition has been examined and taken into account. Financial ratios play a critical part in goal-setting for organizations as well as providing information about their activities. The Financial Perspective aims to optimize profitability, reduce capital costs, and satisfy shareholders. To achieve these goals, metrics should be developed, and the scorecard should be able to identify problem areas so that improvements may be implemented. (2) The viewpoint of the customer: Customers are everything in business. Simply put, if you don't have clients, you don't have a business. Today,

every business's main goal is to satisfy its customers. If customers are unhappy with your service or product, they will go to another supplier who can meet their needs, and your business' future performance will suffer even if the current financial performance is successful. Therefore, measures should be chosen as leading indicators taking into account all of these objectives in order to maintain existing customer satisfaction, dominate the primary markets, delight the targeted clients, and build customer awareness. Customer relationship management is crucial for managing relationships with clients, clients, and potential clients in order to succeed in company over the long term.

- (3) Internal Firm Processes Perspective: In order for a business, or a department within a business, to compete, its real day-to-day operations must be as effective and efficient as possible. Customer satisfaction will be high if the company's internal operating processes are efficient and its goods and services are tailored to meet the needs of its clients. Business operations must be time, quality, staff skill, and productivity effective in order to please customers and meet financial targets.
- (4) Development and Learning The development of the organization's personnel is based on learning and progress. Improvements to employees' everyday routines are made possible by knowledge, procedures, information systems, culture, and the requirement for training.

## **2.4 Previous Study**

Thomas Hernaus (2012), strategic BPM approach's effects on both financial and non-financial performance. This study uses empirical data from Croatian businesses to investigate the effects of a strategic approach to business process management (BPM) on organizational performance, including both its financial and non-financial elements.

Another study by Dipankar Ghosh and Anne Wu (2012) investigates the effects of a firm's financial and nonfinancial performance measures on financial experts' recommendations to sell or buy a firm. These outcomes match what we anticipated. Overall, the findings of this research highlight the significance of taking into account both financial and nonfinancial measures and their outcomes—favorable and unfavorable—on analysts' recommendations. This is because an increasing number of firms are reporting nonfinancial measures in addition to the traditional financial measures, and an increasing number of firms are reporting poor financial performance.

Joshua Daniel A. Moses (2013), Using financial data from the previous five years, the study was undertaken to determine Tata Motors Ltd.'s financial strengths and weaknesses. Trend analysis and ratio analysis are used to comment on a company's financial situation. It is advised to boost the company's debt levels for improved performance even while the financial performance of the company is satisfactory.

R. Rajasekhar (2017) conducted research on the assessment of the financial performance of Indian construction enterprises. The financial metrics available for examining industry financial trends. Seven separate variables—liquidity, activity, profitability, long-term solvency, asset management, inventory, and efficiency—were found to be particularly susceptible to changes in the nation's economic climate.

According to a 2017 study by Gowsalya RS and Mohammed Hasanm, a company's financial performance can be analyzed. In order to better comprehend a company's situation and performance, it is necessary to evaluate the basic components of financial statements.

In 2019, Terms Compared Staff conducted research on the distinctions between financial and non-financial performance measurement. A company's financial health can be determined by measuring financial performance. These metrics are used to assess how effectively a business is utilizing its resources to produce stable revenue and operational profitability. A measure for establishing non-financial indicators of a corporation is non-financial performance measurement. These metrics concentrate on a company's overall quality and long-term success.

The distinction between measuring financial and non-financial performance was also studied by Chara Yadav (2023). Steps that aid a corporation in achieving its objectives include financial performance measurement and non-financial performance assessment. The distinction between measuring financial performance and measuring non-financial performance is that the former is used to determine the company's short-term earnings, whereas the latter is used to determine the long-term advantages.

Financial and nonfinancial performance measures: How do they affect work satisfaction? by Chong M. Lau, 2005. More significantly, the findings also imply that (1) the process by which nonfinancial measures affect employee job satisfaction is similar to that of financial measures, and (2) the relative importance of nonfinancial measures and financial measures has no appreciable impact on employee job satisfaction. These findings could have significant theoretical and applied ramifications.

You Learn From What You Measure: Financial and Nonfinancial Performance Measures in Multinational Companies was the subject of a study by Andrea Dossi and Lorenzo Patelli in 2010. Best practices in cooperative relationships are likely to be identified using non-financial metrics.

There have been earlier studies conducted which purposed for looking at the financial and non-financial performance of Barons Machinery & Engineering Construction Company Limited.

## **CHAPTER III**

### **BACKGROUND STUDY ON BARONS MACHINERY & ENGINEERING CONSTRUCTION CO., LTD**

This chapter provides background information on Barons Machinery & Engineering Construction Co., Ltd (BMEC). It includes a profile of BMEC Co., Ltd, services provided by BMEC Co., Ltd, and performance measurement practices used by BMEC.

#### **3.1 Profile of BMEC Co., Ltd**

2011 saw the establishment of Barons Machinery & Engineering Construction in Yangon. It is a neighborhood construction firm in Yangon, Myanmar, located in Kabaraye Villa Residence, Mayangone Township. The Barons Machinery & Engineering Construction Company is a business with considerable talent, a cutting-edge management system, steady growth, and aspirations for a promising future.

Initially A serious diversification by the new management team in 2002 transformed the company into Barons Machinery & Engineering Construction Company, which is the company into an engineering-based company with a rapid growth within 10 years of management take-over. The company was founded in 1997 as a small-scale trading company called Myanmar Innwahtani LPG Trading Co., Ltd, with the import of LPG Gas cookers and tires into Myanmar.

The business today works in the process, material handling, electrical power, project management, and civil construction industries. The company is well known and well respected in each industry it operates in, including the Telecom & Information Technology sector, the Industrial sector, the Infrastructural sector, and the Electricity & Energy sector.

A total of roughly 500 people work for the group of enterprises known as the Barons Group of Companies. Barons Machinery & Engineering Construction Co., Ltd, Barons Fujikura EPC Co., Ltd, Barons Machinery & Engineering Co., Ltd, Barons Tele-Link Services Co., Ltd, Barons Industrial Technology Co., Ltd, Barons Machinery

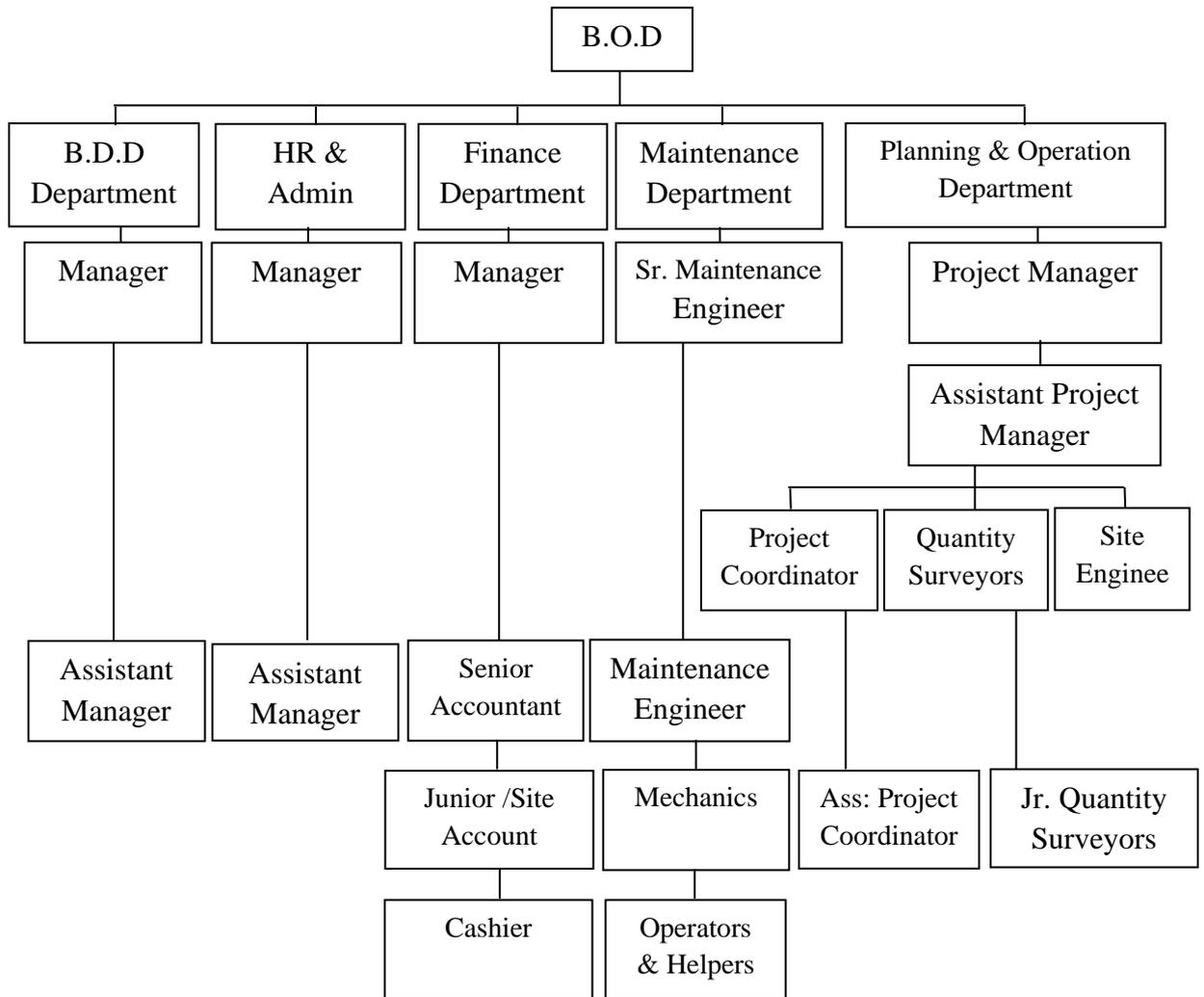
& Engineering Pte Ltd, and Myanmar Innwahtani LPG Trading Co., Ltd are just a few examples of the high-quality services that make up BGC.

Together We Grow and "To cultivate a strong brand value in a diverse portfolio of the conglomerate by innovative experts and generate public confidence" are the corporate visions of the Baron Group of Companies (BGC).

- 1) Thrive the problems of the new growing country successfully by working together in harmony, making the right decisions, and acting precisely.
- 2) The Magnificent Barons Group of Companies will use its hands to sculpt the nationhood of the century.

On June 10, 2011, Barons Machinery & Engineering Construction Company Limited was established. BMEC Co., Ltd. employs 112 people. There were 75 members of our head office staff among them, along with heads of several departments, such as the chief engineer and project manager. 37 workers are divided among the project engineers, coordinators, surveyors, and other staff members as needed. At BMEC, the Managing Director and Director are in charge and provide guidance. In addition to the Business Development Department (BDD), BMEC also has administrative, human resources, repair and maintenance, planning and operating, and financial departments.

**Figure (3.1) Barons Machinery and Engineering Construction Co., Ltd  
Organization Structure**



Source: BMEC, 2019

The Managing Director is primarily in charge of several parts of the company, as depicted in Figure (3.1). At BMEC, the Managing Director is primarily in charge of making decisions on any issues and is also in charge of carrying out any changes to company policy. The MD is responsible for making sure that the firm strategy is aligned with the goals of the business, which are improvement and maximizing profitability. The Managing Director is also responsible for calling meetings of the Board of Directors and overseeing any correspondence between the BODs and the shareholders. The Managing Director may also have a number of other duties on a secondary level. The Managing Director will thereafter be in charge of overseeing, supervising, and coaching other board members as well as fostering their professional development. In

order to analyze firm performance, the MD will collaborate with other boards of directors to create operational performance measures and will need to have a grasp of financial-related concerns.

For the authority's light rail projects, the project manager of construction is in charge of overseeing construction activities. This include managing the Authority's construction team, keeping an eye on the performance of the Authority's contractor, and performing other tasks as required. The project manager is accountable. Creates work plans and assigns managing authority to the team in charge of supervising the work of contractors and checking their performance for adherence to schedule, budget, quality, safety, and the terms of the contract. Examines contract papers and supports assessments, pre-bid conferences, and procurement resolves field construction issues in conjunction with engineering staff, outside parties, and other agencies as appropriate by coordinating activities with other authority personnel, departments, and public agencies. assembles status reports, makes presentations, and shows up at progress meetings as necessary. Additionally, by policy and procedure, aid contractors in negotiations with regard to revisions to designs, the scope of work, and timetables. establishing and carrying out a program for quality audits, keeping track of contractor corrective actions, and ensuring that a project of a certain standard adheres to plans and specifications the project manager's duties include tracking claims, coming up with mitigation strategies, and creating workarounds.

The directors' job is to efficiently and affordably design, develop, and carry out the organization's strategic plans. Additionally, the executive directors are in charge of overseeing committees, resolving issues that arise throughout the organization, managing the employees, and creating business plans in conjunction with the board. Additionally, the board delegated management responsibility to the executive director. Another duty of the executive director is to submit regular monthly, quarterly, or annual reports to the Managing Director of the board of directors.

The executive director decides whether or how to execute the suggestions and ideas made by the board about how to improve the company. The executive director serves as the organization's head and frequently performs a motivating function in addition to office-based duties. Executive directors can serve as meeting chairs as well as encourage and mentor members, volunteers, Corporate Social Responsibility (CSR)activities, and staff. The executive director steers the business and establishes its culture.

### **3.2 Services Provided by BMEC Co., Ltd**

Institutional, commercial, industrial, infrastructure, and residential sectors all fall under the umbrella of construction in Myanmar. A private business in the construction sector is called BMEC. Construction services for telecom network infrastructure are among the services offered by BMEC. For plants, factories, power lines, telecom carrier lines, roads, and bridges, surveying, route selection, and site selection are necessary. Earthworks are performed in order to build highways, dams, mines, access routes, and bridges. construction of substations and transmission lines for power. Building projects for public utilities, educational institutions, and healthcare facilities.

Construction engineering is a profession that deals with the designing, planning, and administration of infrastructure projects such buildings, facilities, roads, tunnels, bridges, airports, railroads, and dams. Civil engineering or architectural engineering both include construction engineering as a professional sub-practice area. BMEC offers telecom infrastructures, bridges, earthworks, road infrastructures, power infrastructures, buildings, and structures in the fields of construction and engineering.

**Telecom Infrastructure:** In the eyes of the rest of the world, Myanmar's current mobile density of 6% reveals a vast potential. The expansion of mobile density depends on network infrastructure. The BMEC team collaborates closely with and supports the Telecom unit within the group and is prepared, skilled, and knowledgeable in the construction of telecom infrastructure.

Feasibility studies and route surveys are always the most time-consuming and expensive project-related operations. The survey team at BMEC can efficiently complete site feasibility, route feasibility, site selection, and related site preparation works for any type of project within the constraints of time and money.

**Road Infrastructure:** Logistic infrastructure is crucial to the development of the economy and trade of a country. The main component of a nation's logistic infrastructure is its road system. The BMEC team is steadfastly committed to constructing highways, which are the key component of the nation's trade position.

Building vital power infrastructure in Myanmar is a cooperative effort between the BME construction unit and BME electrical unit, which complements the power unit within the group structure. **Building and Structures:** The BME team is dedicated to constructing buildings, plant structures, and structural work in coordination with the expanding economy.

The Rakhine State Fibre Cable Project was a major undertaking for BMEC Co.,Ltd. It includes the Lamu-Taunggoke Project, the Kyeintali-Thandwe Project, the Patein-Pantanaw Fiber Cable Project, the Gwa-Kyeintali Fiber Cable Project, the Patein-Ngwe Saung Fiber Cable Project, the Pyay-Kyaung Kone Fiber Cable Project, the Ngapali-Kyone Pyaw Fiber Cable Project, the Ann-Kyonpyaw Fiber Cable Project, etc. BMEC built numerous bridges, roads, and educational facilities at Chin State. There are 19 Bailey bridges at Chin Villages, the Hakah- Gantgaw bridge, the Hakah-Htantalan- Sarsichauk bridge, the Basic Education Middle School at Tingcang Village-Falam Township, the Basic Education Middle School at Zimpi Village-Tedim Township, and the Basic Education Middle School at Fartlang Villag-Htantalan Township. There are also the Htantalan-Hakah earth road, the Htantalan-Lonlae road, the Kalay-Falam-Hakah road, Htantalan - Hakah road, Hakah-Gantgaw bitumen road, Hakah-Hospital bitumin road, Falam - Reed Earth road etc.

Building construction in North Okkala Township, a road connecting Pet Inn Kalay and Kyaung Kone hamlet in Htantabin Yangon (North), and a road leading to Thilawa in Thanlyin Township are all located in the Yangon Division. Installations of buoys at the Dala bridge.

Basic Education Primary School in Pwint Phyu Township, Magway Division Bitumen road between Salinn and Saytoketay. Building of the Shwe Bo-Myitkyina road in Kachin State. Kayah State's Phasaung-Meisei road. Bituminous Wuntho-Indaw Road in Sagaing Division. Nang Oo Barrack for the 60 Men RC in Nay Pyi Taw.

The following projects were carried out by Barons Machinery & Engineering Construction Co., Ltd. The majority of BMEC's programs are funded by the government or other international funding of non-governmental organizations (INGOs). Clients of BMEC Co., Ltd. include Grant Assistance for Grassroots Human Security Projects (GGP), UMG Co., Ltd., Max Highway Co., Ltd., GS Engineering & Construction Corporate (Myanmar), Barons & Fujikura EPC Co., Ltd., Yangon Regional Government, Ministry of Construction, and United Nations Office for Project Services (UNOPS). The Ministry of Construction is responsible for the majority of bridge and road construction projects.

The project list of BMEC Co., Ltd from 2016-2017 to 2019-2020 is shown in appendix III.

### **3.3 Performance Management Practices of BMEC Co., Ltd**

Every business needs performance management procedures, and performance measurement systems are about to be implemented in the construction industry. Construction companies have a large number of active projects at once, so pertinent performance data is required. The balance scorecard was implemented by Barons Machinery & Engineering Construction Company as its strategic and performance management methodology from both a financial and non-financial perspective. As a result, the balance scorecard's four perspectives are used to manage the achievement of its corporate strategic aim.

Financial Perspective: Increasing shareholder value to profit is the primary goal of financial management. The BMEC Company controls and manages cash and accounts through internal and external audit operations. Internal auditing examines the monthly cash on hand balance of the company, the cross-checking of payments and receipts with the General Ledgers, the data collected on fixed assets at the end of the fiscal year, and the ground stock measurements made at the conclusion of each project. According to the International Financial Reporting Standard, an external audit examines BMEC's financial information, income and expense receipts, yearly audit reports, and financial status (IFRS). Therefore, errors are made as little as possible at BMEC Co., Ltd., and if anything goes wrong, we can find out right away. With a budget, annual reporting, and performance analysis for shareholders and the management team, the account and finance department is in charge of overseeing and controlling project spending. Before executing any payment activity, financial procedure is followed, as are substantial cash controlling activities. The accounting and finance division regularly compares payment request vouchers from suppliers with the products received note. In order to maintain a favorable cash level in the business, Account and Finance also continually review the balance in hand with payment request vouchers for the supplier, monitor project expenses, and collect client payments in accordance with a progress report from pertinent documents and operations. The finance manager discusses the financial condition of BMEC Co., Ltd. with the managing director and submits monthly, quarterly, and annual financial reports (balance sheet, profit or loss statement, cash flow statement) to the board of directors (BODs). Finance managers are responsible for preparing and submitting quarterly and annual tax returns to the tax office. At the annual budget meeting, the finance manager discusses the budget plan for all department expenses of BMEC Co., Ltd. with the MD

and heads of departments (HODs) at the beginning of each new fiscal year. Then, it is the duty and responsibility of the finance manager and the finance teams to gather the documents and data and prepare them for use in connection with the external audit.

Learning and Growth Perspective: The business places a semi-annual emphasis on employees' performance indicators and their competencies. The organization greatly benefits from good HR practices. BME Construction Company promotes employee development by organizing internal training programs, such as the SAP accounting software training program for SAP accounting users, the Advance Excel program for nearly all BMEC employees, the ISO awareness program for pertinent employees, and the project management training for the project management team, to ensure that all of its employees have the necessary skills and knowledge. For employees whose study time is during class hours, the company also offered flexible working hours. Additionally, BMEC Co., Ltd. has an annual incentive program to recognize employees who performed well and a cash waiver program for employees who study on their own dime in order to acquire skills and information that the company cannot give.

Customer perspective: Increasing shareholder value is the primary goal of customer management. Its goal is to produce and deliver value to its customers through effective processes supported by well-trained people in order to be convenient, accessible, and reliable to them. The most crucial statistic is customer satisfaction because it has a direct impact on an organization's profitability. For customer satisfaction and prompt resolution of customer complaints, BME Construction Company offered flexible design specifications. The majority of BMEC's projects are spread out from the company's home office in Yangon, in the state areas of Myanmar. The project management team typically looks into the people who can rent construction machinery in the area where the project is located if any project complaints occur in order to resolve the complaint as soon as possible quickly to rent relevant construction machinery even though the project has been finished and handed over to the client, in accordance with the contract after sales service. Typically, from the start of the project budget plan, the necessary machine rental fees and travel costs that will be incurred for such customer complaints have been calculated.

Internal business perspective: The control of its processes to produce dependable and consistent products and services is the secret to the perfection of internal business processes. Consistently high standards of goods and services result from proper performance. Due to their complicated administrative tasks, which include

managing numerous input resources and implementing several projects at once, construction organizations. Additionally, monitoring and performance metrics are employed as a foundation for steadily increasing business productivity. The BMEC Company offered many subcontractors, both labor-only and labor-and-materials-based. Weekly staff meeting with project manager, subcontractor, and other stakeholders. Discuss how the project is progressing and when the supporting documentation is on target timeline. The procurement process, quality control, and on-time delivery with under-budget deliveries are all practices. The mission of BMEC Company is to offer customers high-quality goods and services. To settle the complaint, BMEC Company adheres to the Construction Method Statement and Project Method Statement. It has committed to putting a management system in place. Specifically, the advanced quality management practices that subject every project component to strict and systematic quality control, environmental protection, employee care, and the significant decrease in unforeseen accidents

#### **3.4 Expected Goals of BMEC Co., Ltd**

To enhance transportation in the states of Myanmar, BMEC Co., Ltd.'s primary objectives are to ensure that construction projects are effectively completed within the restrictions of highest quality, specified period, and lowest cost possible. Future financial regulation and policy at BMEC Co., Ltd. will be based on the benchmark value for the construction industry.

## **CHAPTER IV**

### **ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OF BMEC CO., LTD**

Barons Machinery and Engineering Construction Company Limited's financial and non-financial information is presented in this chapter. The BMEC Company's financial statements and annual reports will be used to gather financial data. The figure is intended to show the non-financial reports. A Balance Scorecard for performance measurement analyzes these elements, which are then followed by internal business processes, learning and growth, and customer and financial views.

#### **4.1 Financial Performance of BMEC Co., Ltd**

Secondary data on Barons Machinery & Engineering Construction Company's financial performance was used in ratio analysis to assess or examine the financial statement and determine an estimate of financial position. which is of a secondary character, or used data. the information gleaned from the business's most recent five years of financial filings, from 2016 to 2020. Financial years 2016-2017, 2017-2018, and 2018-2019 each have a term from April 1 to March 31. According to political developments, the 2019 fiscal year runs from April 1 to September 30, while the 2019–2020 fiscal year runs from October 1 to September 30, 2019. The profitability ratio, liquidity ratio, efficiency ratio, and leverage ratio are the four main ratios used to assess financial performance.

#### **Profitability Ratio**

The profitability ratios gauge the organization's capacity to turn a profit. Along with factors like operating costs, balance sheet assets, and shareholders' equity, it considers sales revenue. The outcomes can be assessed in terms of the profits made through the efficient use of assets, sales, or proprietary interest. In this study, return on assets (ROA), operating profit margin, net profit margin, and return on equity are used to explain profitability ratios (ROE).

1. **Gross Profit Margin Ratio:** The most common ratio is the gross profit margin ratio, which is calculated by subtracting the cost of goods sold (CoGS) from revenue and multiplying the result by 100%. The numbers required for this computation will be

available from the income statement. Companies can pay their expenses and make a profit when their profit margins are high. In the business, a gross profit margin of 20% or higher is regarded as good, 10% as typical or ordinary, and 5% as low or subpar.

$$\text{Gross Profit Margin} = (\text{Gross Profit} \div \text{Sales}) \times 100$$

**Table (4.1) Gross Profit Margin (MMK 00,000)**

<b>Financial Year</b>	<b>Gross Profit</b>	<b>Sales</b>	<b>Gross Profit Margin</b>
2016-2017	3648	14092	26%
2017-2018	-278	5735	-5%
2018-2019	134	9422	1%
2019	-947	3220	-29%
2019-2020	7477	27624	27%

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

According to Table (4.1), the gross profit margin ratio improved between the 2016–2017 and 2019–2020 fiscal years, but it declined between 2017–2018 and 2019 fiscal years due to the high cost of construction raw materials and the lack of available labor, which caused BMEC to take on low-margin projects and wait for new opportunities.

2. **Operating Profit Margin:** An operating profit margin is a profitability ratio that calculates revenue after deducting a company's operating and non-operating costs. Updated February 19, 2022 by CFI The operating profit margin measurements, which are the earnings from sales before interest and taxes, are what determine a company's overall profitability from operations. Operating profit is computed by dividing operating profit by revenue, deducting operating costs, which typically include rent, allowance, wages, and administrative and general expenditures, from gross profit. The financial health of the business is represented by the operating profit margin. A higher ratio indicates a more lucrative business, whereas a lower ratio indicates a less profitable one. Although it can be compared to other businesses, there are several restrictions, such as the fact that it cannot predict future profitability.

$$\text{Operating profit margin} = (\text{Operating profit} \div \text{Sales}) \times 100$$

**Table (4.2) Operating Profit Margin (MMK 00,000)**

<b>Financial Year</b>	<b>Operating Profit</b>	<b>Sales</b>	<b>Operating Profit Margin</b>
2016-2017	-3178	14092	-23%
2017-2018	-7550	5735	-132%
2018-2019	-4005	9422	-43%
2019	-2933	3220	-91%
2019-2020	4708	27624	17%

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021.

Because general and administrative expenses (including personnel and associated, renting of office, professional fees, and other administrative expenses) are quite high, Table (4.2) shows that the operating profit margin ratio decreased from the 2016–2017 to the 2019 financial year. Due to the ability to control administrative expenses, the operating profit margin rose in the 2019–2020 fiscal year.

3. **Net Profit Margin:** The most crucial indicator of a company's total profitability is its net profit margin. The net profit margin calculates the amount of net income or net profit as a proportion of revenue. An organization that has a high net profit margin is functioning profitably and generating revenue; to do this, it must be excellent at controlling expenses and setting prices for its products and services. Chris B. Murphy, March 6, 2022 update Once more, the income statement will supply the numbers required by this formula:

$$\text{Net Profit Margin} = (\text{Net income} \div \text{Sales}) \times 100$$

**Table (4.3) Net Profit Margin (MMK 00,000)**

<b>Financial Year</b>	<b>Net Profit</b>	<b>Sales</b>	<b>Net Profit Margin</b>
2016-2017	-5177	14092	-37%
2017-2018	-9988	5735	-174%
2018-2019	-5630	9422	-60%
2019	-3293	3220	-102%
2019-2020	3109	27624	11%

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

According to Table (4.3), the net profit margin ratio decreased as a result of high general and administrative expenditures from the 2016–2017 to 2019 financial years (including payroll and related costs, office rental professional fees, and other administrative costs). The net profit margin grew in the 2019–2020 fiscal year as a result of being able to control administrative expenditures and lower financing costs.

4. Return on Assets (ROA): The financial ratio known as return on assets measures the amount of profit an organization makes from all of its assets. The return on assets reveals the earnings per dollar of assets. An organization is more efficient if its return on assets is higher. When the return on assets result falls below 5%, it is seen as declining. And it's considered outstanding when the ratio is more than 20%. (Updated by Marshall Hargrave on June 14, 2022)

$$\text{Return on Assets (ROA)} = (\text{Net Profit} \div \text{Total Assets})$$

**Table (4.4) Return on Assets (ROA) (MMK 00,000)**

Financial Year	Net Profit	Total Assets	ROA
2016-2017	-5177	37035	-14%
2017-2018	-9988	16456	-61%
2018-2019	-5630	16741	-34%
2019	-3293	14081	-23%
2019-2020	3109	30781	10%

Note: 2019 mini financial year is from 1st of April 2019 to the 30th September 2019.

Source: BMEC's Data, 2021

According to Table (4.4), the fall in net profits from 2016 to 2017 to 2019 also caused a decline in the Return on Assets (ROA) ratio. As a result of the company's net profit in the 2019–2020 fiscal year, the return on assets ratio grew.

5. Return on Equity (ROE): The net income of a company is multiplied by the equity of its shareholders to determine return on equity. Because a company's equity is equal to its assets less its debt, return on equity (ROE) is a gauge of its financial performance. The management of a firm is more effective at generating income and growth from its equity financing the higher the ROE. ROE makes it possible to compare the financial performance of businesses operating in the same sector. If a return of 15% to 20% is regarded as favorable. (Updated by Jason Fernando on June 27, 2022)

$$\text{Return on Equity} = \text{Net Income} \div \text{Shareholder's Equity}$$

**Table (4.5) Return on Equity (ROE) (MMK 00,000)**

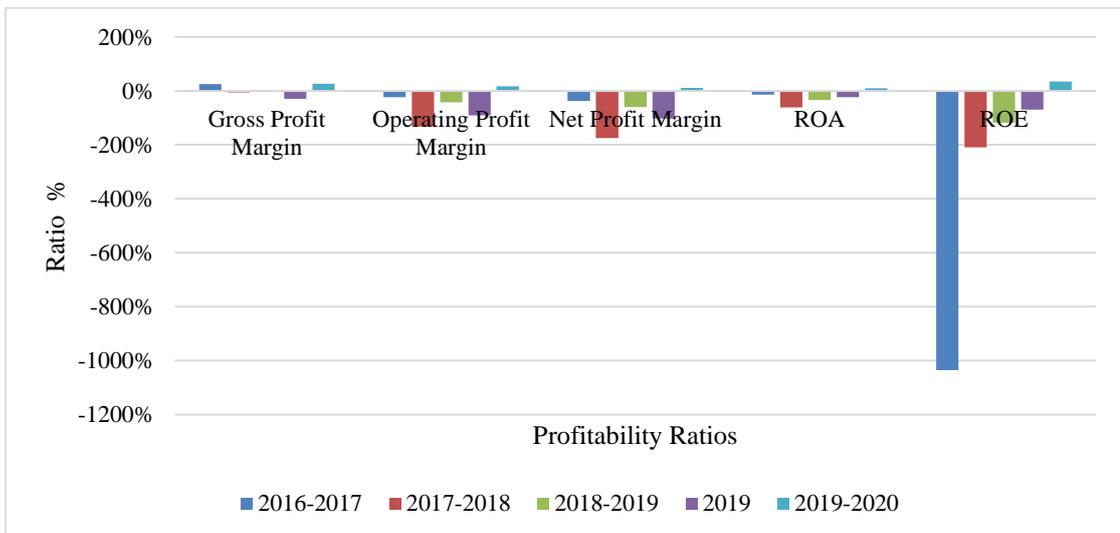
Financial Year	Net Profit	Shareholder Equity	ROE
2016-2017	-5177	500	-1035%
2017-2018	-9988	4770	-209%
2018-2019	-5630	4770	-118%
2019	-3293	4770	-69%
2019-2020	3109	8758	36%

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

Table (4.5) shows that despite a decline in the return on equity (ROE) ratio between the 2016–2017 and 2019 fiscal years, net profit and the number of shareholders' equity rose during the 2019–2020 fiscal year. Consequently, the return on equity ratio eventually rises.

**Figure (4.1) Chart of Profitability Ratio Analysis of BMEC (2016-2020)**



Source: BMEC's Data, 2021

Figure (4.1) shows that the gross profit margin ratio was high between the 2016–2017 and 2019–2020 fiscal years but fell between 2017–2018 and 2019. As of the 2019 fiscal year, the operating profit margin ratio was lower than it was in 2016–2017. In the first four years, none of the profitability ratios showed good performance. Profitability ratios are raised in the last year. As of the 2019 fiscal year, the net profit margin ratio was lower than it was in 2016-2017. In the fiscal year 2019–2020.

## Liquidity Ratio

The ability of a corporation to meet its short-term debt commitments is measured by its liquidity or short-term solvency ratio. The current ratio, quick ratio, and cash ratio are the three liquidity ratios that are most frequently utilized.

**Current Ratio:** The current ratio is a short-term measure of a company's liquidity position. It is one of the most well-known indicators of the company's financial health. The weight of total current assets compared to total current liabilities is taken into account in the ratio. A healthy current ratio is between 1.2 and 2, which indicates that the company has twice as many current assets as current liabilities to pay off its debts. If the company's current ratio is less than 1, it signifies that its liquid assets are insufficient to satisfy its current liabilities.

$$\text{Current Ratio} = \text{Current Assets} \div \text{Current Liabilities}$$

**Table (4.6) Current Ratio (MMK 00,000)**

<b>Financial Year</b>	<b>Current Assets</b>	<b>Current Liabilities</b>	<b>Current Ratio</b>
2016-2017	32778	25703	1.28
2017-2018	13035	15752	0.83
2018-2019	14086	21666	0.65
2019	11845	22300	0.53
2019-2020	29410	31902	0.92

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

Table (4.6) shows that while the current ratio was satisfactory for the 2016–2017 fiscal year, it was below one from 2017–2018 through 2019–2020, indicating that the company lacked sufficient liquid assets to service its short-term liabilities.

**Acid Test Ratio:** One of the greatest methods for gauging liquidity is the acid test ratio, sometimes referred to as the fast ratio. The quick ratio simply considers cash, cash equivalents, short-term investments, and accounts receivables, all split by current liabilities, while the acid test ratio considers all current assets. For the building sector, a straightforward fast ratio can be written down. When the quick ratio is greater than 1, the business has adequate cash on hand to cover all liabilities within 90 days. Any fast ratio greater than one indicates that the business has adequate cash on hand to cover all liabilities within 90 days. Instead, if the quick ratio is less than 1, it would be a sign that the business would have trouble paying its debts.

$$\text{Acid Test Ratio} = (\text{Current Assets} - \text{Inventory}) \div \text{Current Liabilities}$$

**Table (4.7) Acid Test Ratio (Quick Ratio) (MMK 00,000)**

<b>Financial Year</b>	<b>Current Assets</b>	<b>Inventory</b>	<b>Current Liabilities</b>	<b>Acid Test Ratio</b>
2016-2017	32778	423	25703	1.26
2017-2018	13035	76	15752	0.82
2018-2019	14086	42	21666	0.65
2019	11845	14	22300	0.53
2019-2020	29410	13	31902	0.92

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

According to Table (4.7), the acid test ratio was satisfactory for the 2016–2017 fiscal year, but from 2017–2018 to 2019–2020, it was below 1, indicating that the company lacked sufficient liquid assets to satisfy its short-term liabilities.

Cash ratio: The cash ratio assesses the firm's overall liquidity. A company's ability to meet its short-term obligations entirely with cash and cash equivalents is demonstrated by the cash ratio, which is a liquidity indicator. Because it solely takes into account a company's most liquid assets, the cash ratio is more conservative than other liquidity ratios. If the result is greater than 1, the company has more cash on hand than current liabilities; if it is less than 1, the company has more short-term debt than available funds. (Updated by Will Kenton on May 20, 2022)The formula for a company's cash ratio is:

$$\text{Cash Ratio: } (\text{Cash} + \text{Cash Equivalents}) \div \text{Current Liabilities}$$

**Table (4.8) Cash Ratio (MMK 00,000)**

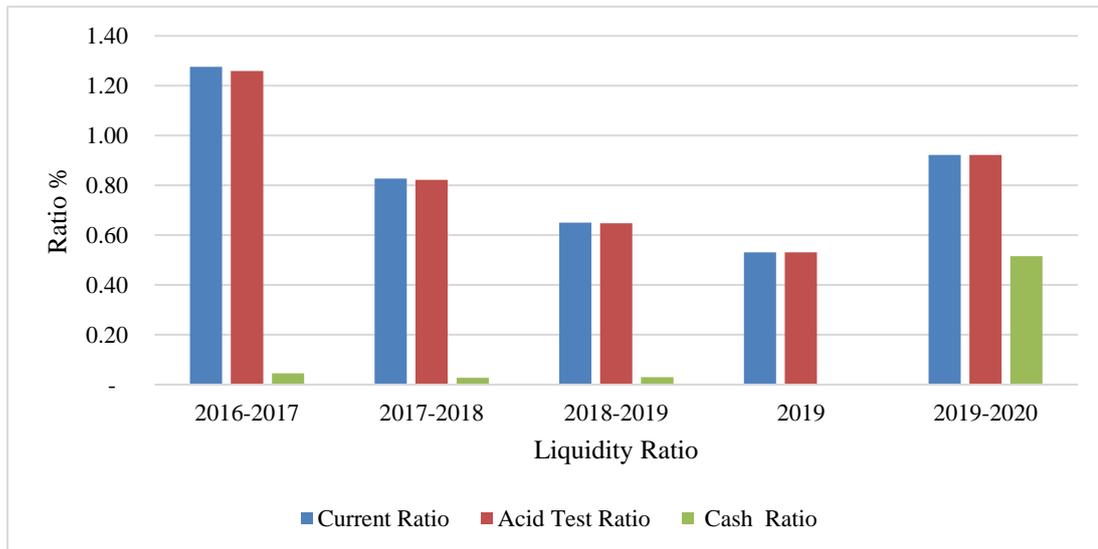
<b>Financial Year</b>	<b>Cash and Cash Equivalents</b>	<b>Current Liabilities</b>	<b>Cash Ratio</b>
2016-2017	1170	25703	0.05
2017-2018	434	15752	0.03
2018-2019	638	21666	0.03
2019	76	22300	0.00
2019-2020	16452	31902	0.52

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

In accordance with the above Table (4.8), all of the cash ratio results are under 1, which means the company's cash and cash equivalents are not enough to cover its short-term obligations.

**Figure (4.2) Chart of Liquidity Ratio Analysis of BMEC (2016-2020)**



Source: BMEC's Data, 2021

Figure (4.2) shows that while the current ratio and acid test ratio were satisfactory for the 2016–2017 fiscal year, from 2017–2018 through 2019–2020, the company's liquid assets were insufficient to meet its short-term liabilities. The company's cash and cash equivalents, with the exception of the 2019–2020 fiscal year, are insufficient to satisfy its short-term liabilities, according to the results of the cash ratio.

### Efficiency Ratio

Analysts use the efficiency ratio, commonly referred to as activity ratios, to assess a company's short-term or present performance. All of these ratios quantify business activities by using data from a company's current assets or current liabilities. Will Kenton, May 7, 2021 update Efficiency ratio is explained in this study by turnover ratios for receivables, debtor collection time, and assets.

- (a) Receivable Turnover Ratio
- (b) Debtor Collection Period
- (c) Assets Turnover Ratio

(a) Receivable Turnover Ratio

The average number of times a company collects its accounts receivable balance is measured by the accounts receivables turnover ratio. It is a measurement of how well a business manages the line of credit process and collects unpaid sums from customers. The ratio of average accounts receivable to net credit sales is known as the accounts receivable turnover ratio. Christopher B. Murphy current as of August 31, 2022). A larger number is usually preferable. It indicates that your clients are paying on time and that your business is effective at collecting.

The formula for a company's Receivable Turnover Ratio is:

$$\text{Account Receivable Turnover} = \text{Net Sales} \div \text{Average Account Receivable}$$

**Table (4.9) Account Receivable Turnover Ratio (MMK 00,000)**

<b>Financial Year</b>	<b>Sales</b>	<b>Opening AR</b>	<b>Closing AR</b>	<b>Average AR</b>	<b>AR Turnover Ratio (Time)</b>
2016-2017	14092	1485	21713	11599	1.21
2017-2018	5735	21713	12407	17060	0.34
2018-2019	9422	12407	12849	12628	0.75
2019	3220	12849	11199	12024	0.27
2019-2020	27624	11199	11649	11424	2.42

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

From Table (4.9), In the 2016–2017 and 2019–2020 fiscal years, the account receivable turnover ratio was favorable, indicating that consumers were making on-time payments and that the business was adept at collecting. In the fiscal years 2017–2018, 2018–2019, and 2019, the account receivable turnover ratio decreased. The average credit amount is more than the sale proceeds, which is the cause of the decline in the account receivable turnover ratio.

(b) Debtor Collection Period

The average number of days it takes to collect accounts receivable, depending on the average balance in accounts receivable, is measured by the receivables collection period. A cash flow indicator called a receivables collection period is created by dividing average receivables by daily credit sales.

The term "Debtor Collection Period" in accounting refers to the typical period of time needed to collect trade debts. In other words, a shorter timeframe is a sign of growing effectiveness. It allows the business to compare the actual collection period to the theoretical or provided credit duration. Determine how long it takes you to get paid after a credit sale. How long your company's money is invested in clients is determined by this ratio. A business's liquidity is increased by a shorter average collection period (60 days or less), which is often preferred. Another liquidity metric, the receivables turnover ratio, likewise computes average collection period.

$$\text{Debtor collection Period} = (\text{Trade Debtor} \div \text{Revenue}) \times 365 \text{ Days}$$

**Table (4.10) Debtor Collection Period (MMK 00,000)**

<b>Financial Year</b>	<b>Sales</b>	<b>Opening AR</b>	<b>Closing AR</b>	<b>Average AR</b>	<b>Debtor Collection Period (Days)</b>
2016-2017	14092	1485	21713	11599	300.43
2017-2018	5735	21713	12407	17060	1,085.72
2018-2019	9422	12407	12849	12628	489.16
2019	3220	12849	11199	12024	1,363.08
2019-2020	27624	11199	11649	11424	150.95

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

From Table (4.10), The period used to collect debts showed an annual growth from the 2016–2017 fiscal year to the 2019–2022 fiscal year. Which indicates that the business is making payments at a slower pace. A large number of debtor days indicates that the company has less available cash for utilization.

#### (c) Assets Turnover Ratio

The number of sales produced by the value of an organization's assets is measured by the asset turnover ratio. This ratio can be used to gauge a company's performance and inform investors of how well a company is generating revenue from its assets. A corporation is efficient if the ratio is larger than 1. Because it suggests the business can make enough money to support itself. A corporation is more effective at generating income from its assets when the ratio is higher. A corporation is not effectively employing its assets to produce sales if it has a low asset turnover ratio, on

the other hand. Both substantial asset sales and purchases can have an impact on a company's asset turnover ratio in a given year. (Adam Hayes, updated June 15, 2022)

$$\text{Asset Turnover Ratio} = \text{Net Sales} \div \text{Total Assets}$$

**Table (4.11) Assets Turnover Ratio (MMK 00,000)**

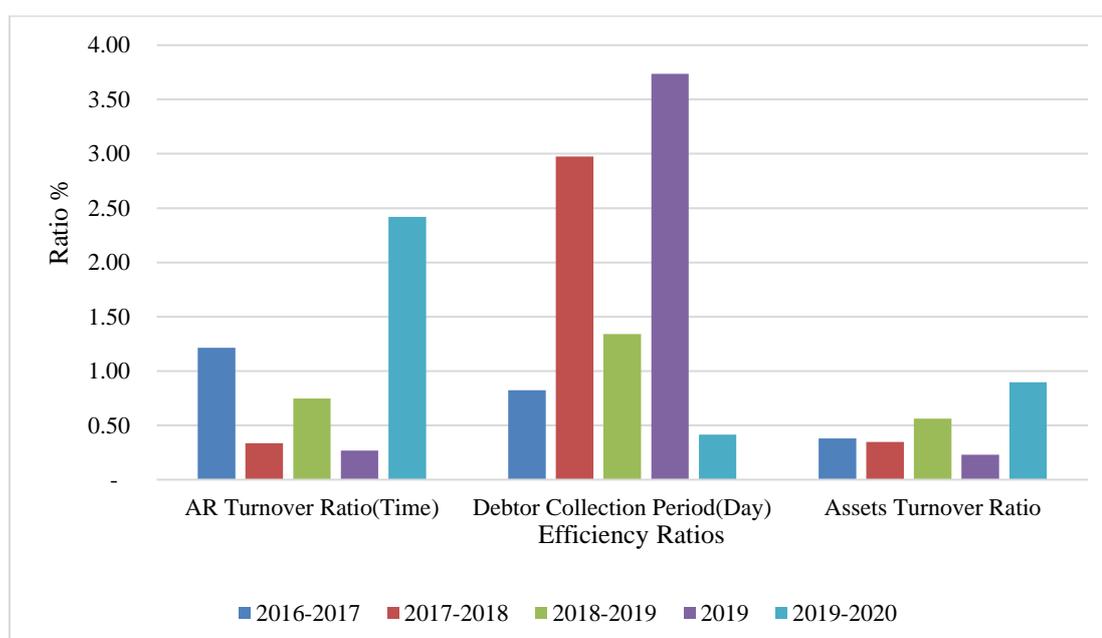
Financial Year	Net Sales	Total Assets	Assets Turnover Ratio(Time)
2016-2017	14092	37035	0.38
2017-2018	5735	16456	0.35
2018-2019	9422	16741	0.56
2019	3220	14081	0.23
2019-2020	27624	30781	0.90

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

The assets turnover ratio was less than 1 per year, according to Table 4.11. A lower ratio shows that a business is not utilizing its resources effectively to produce sales. Asset totals include fixed assets, trade and other receivables, inventory, prepayment, deferred expenses, cash and bank equivalents, as well as other items.

**Figure (4.3) Chart of Efficiency Ratio Analysis of BMEC (2016-2020)**



Source: BMEC's Data, 2021

Figure (4.3) shows that the ratio of accounts receivable increased in the years 2016–2017 and 2019–2020, indicating that consumers are paying on time and the business is adept at collecting. In the fiscal years 2017–2018, 2018–2019, and 2019, the account receivable turnover ratio decreased. The period used to collect debts showed an annual growth from the 2016–2017 fiscal year to the 2019–2022 fiscal year. Which indicates that the business is making payments at a slower pace. If a company's assets turnover ratio has decreased, it is not employing its assets effectively.

### **Leverage Ratio**

The leverage ratio has two parts gearing ratio and interest coverage ratio.

#### **(a) Gearing Ratio**

A company's borrowing level is compared to the number of shareholders' funds to determine its gearing. Financial ratios called gearing ratios contrast some type of owner equity (or capital) with debt, or money that the business has borrowed. When gearing ratios are compared to those of other companies operating in the same industry, their significance is increased. Increased gearing ratios are a sign that the organization's economics is contracting. When compared to shareholders' equity, a firm with higher leverage has higher debt levels, whereas a company with lower gearing relies on equity financing.

Gearing ratio computations are used by financial institutions to determine whether to offer loans. Additionally, loan agreements impose strict requirements on how businesses must calculate appropriate gearing ratios. As an alternative, internal management examines future cash flows and leverage using gearing ratios. (Will Kenton, June 23, 2022)

$$\text{Gearing Ratio} = \{ \text{Debt} \div (\text{Debt} + \text{Equity}) \} \times 100$$

**Table (4.12) Gearing Ratio (MMK 00,000)**

<b>Financial Year</b>	<b>Debt</b>	<b>Debt + Equity</b>	<b>Gearing Ratio (%)</b>
2016-2017		500	-
2017-2018	8772	13542	64.78
2018-2019	7775	12545	61.98
2019	8293	13063	63.48
2019-2020	4569	13327	34.28

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

From Table (4.12), According to the gearing ratio, the corporation enjoyed debt-free financial years in 2016 and 2017 and a rise from those years to financial years in 2019 and 2020. The gearing ratio for the 2019-2020 fiscal year is typical. The debt held by BMEC dropped during the 2019–2020 fiscal year as a result of BMEC receiving project income in advance from clients (INGOs) to pay off a significant portion of its debt. Due to decreased profitability and higher interest rates, the corporation faces increased financial risk when the gearing ratio is larger than 50%. Businesses with a gearing ratio of between 25% and 50% are thought to be good ones that use debt to finance their operations.

(b) Interest Coverage Ratio

A debt and profitability measure called the interest coverage ratio is used to calculate how easily a company can pay the interest on its outstanding debt. A company's profit before interest and taxes is divided by its interest expense for a specific time period to get its interest coverage ratio. This ratio indicates how many times more profit there is than interest expense. It indicates to creditors how safe these payments are. To determine the availability of funds to pay interest charges, another metric is to examine the real cash flow (rather than profit).

A higher interest coverage ratio is often preferable to a lower one. A lower ratio shows that the business is saddled with debt costs, and lower operating profits are insufficient to cover interest payments. Since interest obligations can be met with the company's existing income, a higher interest coverage ratio denotes the company's sound financial condition. (Adam Hayes, updated June 12, 2022).

$$\text{Interest Coverage Ratio} = \text{Earnings before interest and taxes} \div \text{Interest Expense}$$

**Table (4.13) Interest Coverage Ratio (MMK 00,000)**

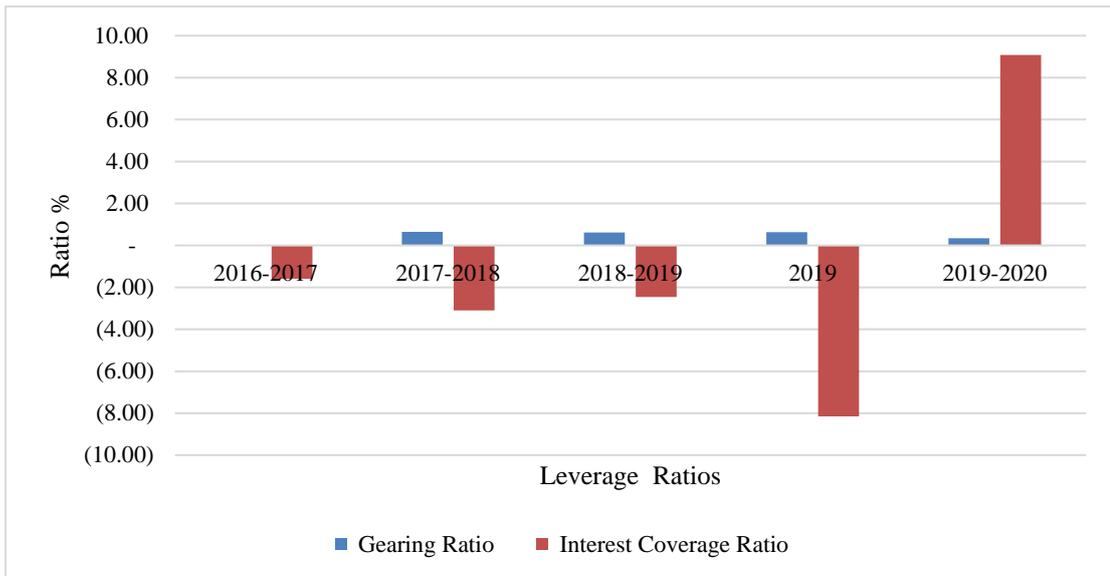
<b>Financial Year</b>	<b>EBIT</b>	<b>Interest</b>	<b>Interest Coverage Ratio (Time)</b>
2016-2017	-3178	1999	(1.59)
2017-2018	-7550	2439	(3.10)
2018-2019	-4005	1625	(2.46)
2019	-2933	360	(8.15)
2019-2020	4708	518	9.09

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

The Company that finds itself in this scenario is not considered to be financially healthy and, as a result, is unable to meet its financial obligations, according to the aforementioned Table (4.13), which shows that the interest coverage ratio has declined to negative. A high ratio in 2019–2020 suggests that the business can cover its interest obligation.

**Figure (4.4) Chart of Leverage Ratio Analysis of BMEC (2016-2020)**



Source: BMEC’s Data, 2021

The gearing ratio indicates that the corporation had no debt in 2016–2017 and an increase from the 2017–2018 to 2019 financial years, as shown in figure (4.4). The gearing ratio for the 2019-2020 fiscal year is typical. Except for the 2019–2020 financial year, the interest coverage ratio predicts a fall to a negative number.

#### **4.2 Non-Financial Performance of BMEC Co., Ltd**

Barons Machinery & Engineering Construction Company's non-financial performance was evaluated using primary data gathered from interviews with approved BMEC personnel. Non-financial performance is measured from three key perspectives: the perspective of the customer, the perspective of the internal business process, and the perspective of learning and growth.

## Customer perspective

A balanced scorecard's customer viewpoint reveals how a business adds value to its clients and gauges their level of satisfaction with its goods and services. A business's success can be measured by customer satisfaction. A company's ability to provide its customers with excellent service will determine if it can grow its customer base and make new sales as a consequence of enthusiastic word-of-mouth recommendations. The ideas, sentiments, and beliefs that consumers have about a brand are referred to as customer perception. It is crucial for increasing client retention and loyalty as well as brand recognition and reputation. Customer perspective resolution of complaints and to the customer's satisfaction, as well as a prompt response to customers' or engineers' enquiries, are quality integrated goals of a construction company.

Should Mount Chin's earth suddenly collapse onto the road in Chin State during a downpour, the result would be a blockage and damage to the road. At that time, BMEC finished the project and turned it over to the client, but in accordance with BMEC's after-sales service, the road in Chin State was cleared to reduce traffic congestion, and the damaged road was restored as quickly as feasible. Customers frequently notice and value such BMEC solutions. This is one example of BMEC's client satisfaction.

**Table (4.14) Customer Satisfaction**

<b>Financial Year</b>	<b>Project Quantity (Nos:)</b>	<b>Customer Complaint (Time)</b>
2016-2017	27	25
2017-2018	9	19
2018-2019	7	17
2019	6	13
2019-2020	6	11

Note:2019 mini financial year is from 1<sup>st</sup> of April'2019 to the 30<sup>th</sup> September'2019.

Source: BMEC Data, 2021

Table (4.14) shows that BMEC completed 27 projects and 25 customer complaints in the 2016–2017 fiscal year, 8 projects and 9 complaints in the 2017–2018 fiscal year, 7 projects and 17 complaints in the 2018–2019 fiscal year, 6 projects and 13 complaints in the 2019 fiscal year, and 6 projects and 11 complaints in the 2019–

2020 fiscal year. Customers typically complain about completed projects that have been handed over to clients, and BMEC's project management staff responds to those concerns in accordance with the project contract. Complaints from clients are declining each year.

### **Internal Business Process Perspective**

The crucial business operations that have the greatest influence on your clients, staff, and bottom line are internal ones. The balanced scorecard approach, which is used to assess an organization's performance, includes internal processes. A sort of business process called an internal process is one that businesses carry out independently of external business partners. Any action carried out within the organization on behalf of the company and for corporate objectives is referred to as an internal process. There are two types of internal corporate processes: formal and informal. Internal business processes that are formalized, recorded, and consistently followed on a regular basis fall under this category. Teams typically concentrate on formalizing processes that are most important to the company's fundamental functions, such as onboarding new employees and clients, providing safety training, and developing team-specific protocols.

The business development division (BDD) at BMEC seeks out new initiatives. BDD negotiates to provide a quote with the quotation department after discussing client requirements with the design section. BDD moves to the project management team whenever they receive a new project. To begin a project, the project management team schedules a meeting with the organization's department heads to explain the project strategy and provide them with suggestions for internal transactions that will be simpler to do once the project is underway. The project team then forwarded the operation budget sheet (OBS) to the finance department with the management team's approval. The project management team meets with the HR department to discuss personnel allocation, the Admin department to discuss support vehicles and other needs, and the Maintenance department to discuss the needed machine and mechanic for machinery. Following that, discuss the OB Sheet with the finance department. The financial manager keeps track of everything while making sure that every construction project

has a reasonable budget and is finished on time. When project issues (such as labor issues, weather, environments, changes in material price, etc.) develop, coordinating with other departments to solve them through individual conversations, group conversations via a Viber group, email negotiations, etc. If necessary, all employees put in extra time in accordance with business labor laws. Relevant duty is the action taken to complete the task before the deadline, after quality control has been verified and approved by the customer, and to deliver the project on time and in accordance with the client's expectations.

If a client complains to BMEC, the project management team makes plans for Engineer and QC to investigate the error and resolve the complaint, and then submits budget requests to the finance department for the purchase of materials, the rental of machines, the hiring of labor, etc., depending on the nature of the project error. In order to address some issues that have arisen after project handover after completion, project coordinators frequently enquired at the project site about sources to rent equipment. These are a part of the internal business processes at BMEC, which also include timely project delivery and improved customer complaint resolution.

#### Project Delivery on Time

BMEC works on two different sorts of projects (large construction and small construction). Small construction often takes three to four months, while large building typically takes one to two years. In general, BMEC completes the project in accordance with the contract and the client's wishes. Due to weather conditions at the project site, project completion dates and client handover dates can occasionally be postponed. At that time, BMEC asked the client for more time to complete the project. Because they are aware of these terms and BMEC's effectiveness, all of the clients agree to the terms that BMEC negotiates. BME Construction Company tracked on-time delivery in terms of customer satisfaction.

$$\text{OFIT} = \frac{\text{Number of customer orders delivered on time and in full}}{\text{Total number of customer orders}} \times 100$$

$$\text{OFIT} = \text{On-Time in Full}$$

**Table (4.15) Project Delivery on Time**

<b>Financial Year</b>	<b>No: of customer order delivery on time (Time)</b>	<b>Total number of customer order (Time)</b>	<b>On time in full delivery %</b>
2016-2017	32	68	47.06
2017-2018	28	57	49.12
2018-2019	25	49	51.02
2019	21	38	55.26
2019-2020	19	27	70.37

Note:2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

Source: BMEC's Data, 2021

Table 4.15's findings show that BMEC delivered on time 47.06% of the time in (2016–2017), 49.12% of the time in (2017–2018), 51.02% of the time in (2018–2019), 55.26% of the time in (2019), and 70.37% of the time in (2019-2020). The appendix contained the calculations for the detailed project that was completed on schedule. BMEC undertook each project in order to enhance internal business processes, use better, more modern equipment, and deliver each project to the client ahead of schedule. Each client was pleased with each project, resulting in positive customer relationships.

### **Learning and Growth Perspectives**

The learning and growth perspective refers to an organization's intangible assets, specifically the internal skills and talents of its personnel needed to support its internal value-creating operations. The goals of learning and growth are centered on organizational capability, culture, and skills. Finding any knowledge or skill gaps in the workforce is one of the most important aspects of learning and development so that workers can carry out their everyday obligations competently and confidently. Physical and biochemical changes are referred to as growth. Changes in behavior and function are referred to as development. Learning is the process of adjusting to one's surroundings. A shift into an adult-like state with relation to a certain ability or habit is referred to as maturation.

**Table (4.16) Learning and Growth Perspective**

<b>Financial Year</b>	<b>Professional Charges (MMK)</b>	<b>Training Charge (MMK)</b>
2016-2017	3,076,500	11,051,972
2017-2018	3,800,000	7,325,000
2018-2019	2,740,000	6,642,000
2019	1,650,000	3,540,000
2019-2020	4,250,000	6,435,000

Note: 2019 mini financial year is from 1st of April'2019 to the 30th September'2019.

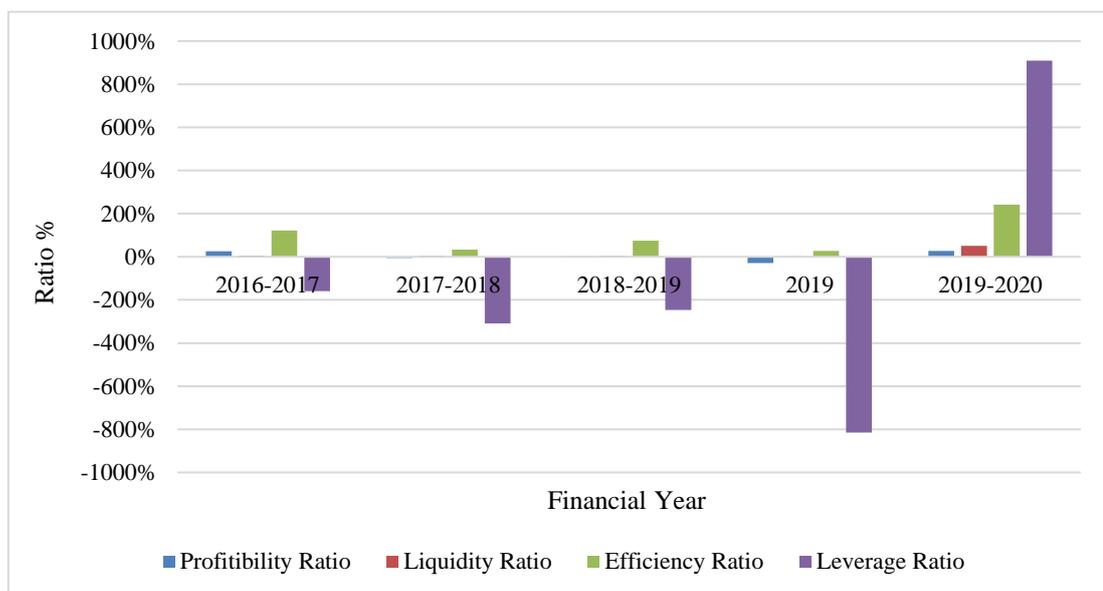
Source: BMEC's Data, 2021

According to Table (4.16), BMEC has had significant growth over the course of the research period from the perspective of learning and growth. The BMEC uses the aforementioned sums, and its main objectives are to improve information systems, align employee goals with corporate objectives, and boost skill levels in carrying out internal operations. Companies invest in employee education and ongoing training in order to increase and sustain the value of intellectual capital. They also set up a system for rating employee performance and reward and promote qualified individuals.

### 4.3 Summary of Result

According to the analysis,

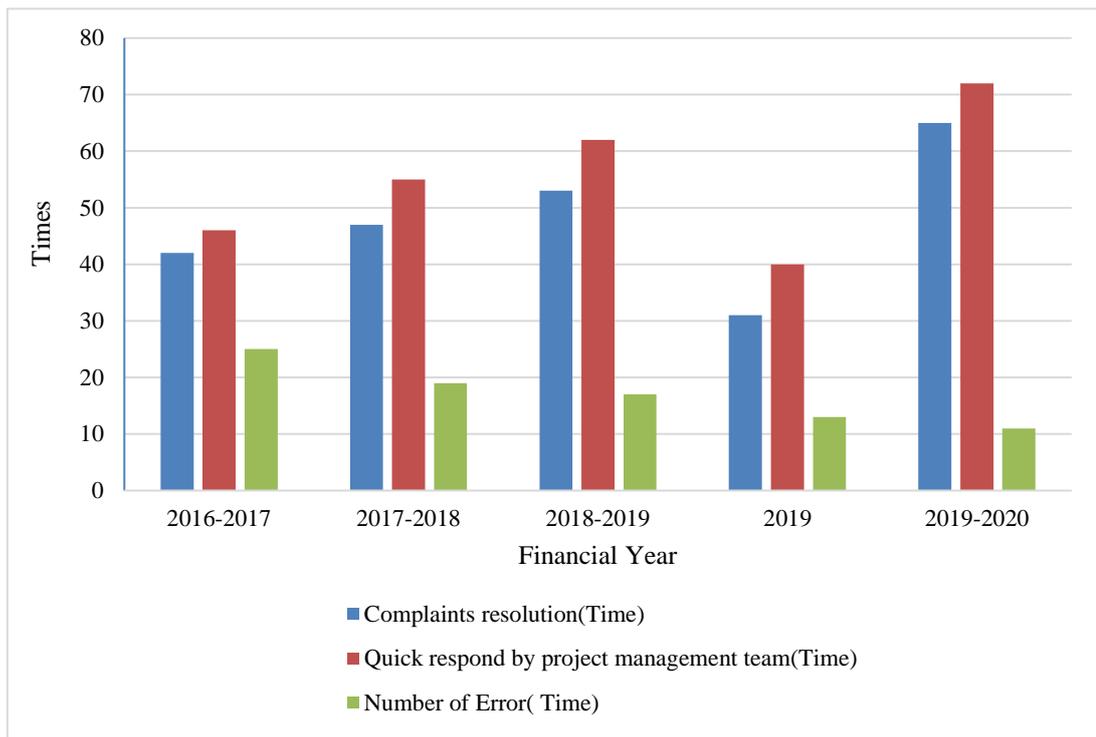
**Figure (4.5) Chart of Financial Analysis of BMEC(2016-2020)**



Source: BMEC's Data, 2021

Figure (4.5) shows that, with the exception of the first and last years, the financial performance of the profitability ratio decreased from 2017-2018 to 2019-2020. In the first four years, liquidity ratios are in poor shape, but they improve in the fifth year. It has a good efficiency ratio. In the first four years, the leverage ratio encourages taking risks. A high ratio in 2019–2020 suggests that the company can effectively manage its cash flow and make timely, regular payments to the obligation.

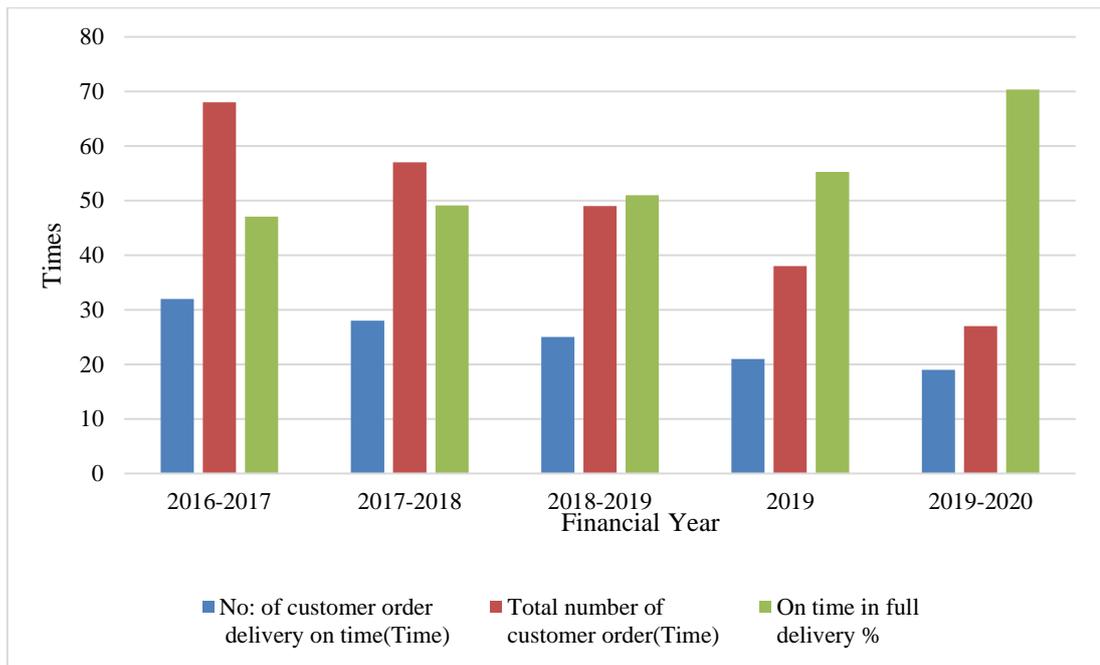
**Figure (4.6) Chart of Customer Satisfaction of BMEC(2016-2020)**



Source: BMEC’s Data, 2021

According to figure (4.6), The non-financial performance of customer satisfaction increased complaint resolution was quickly responded to by project management team and reduced the rate of error.

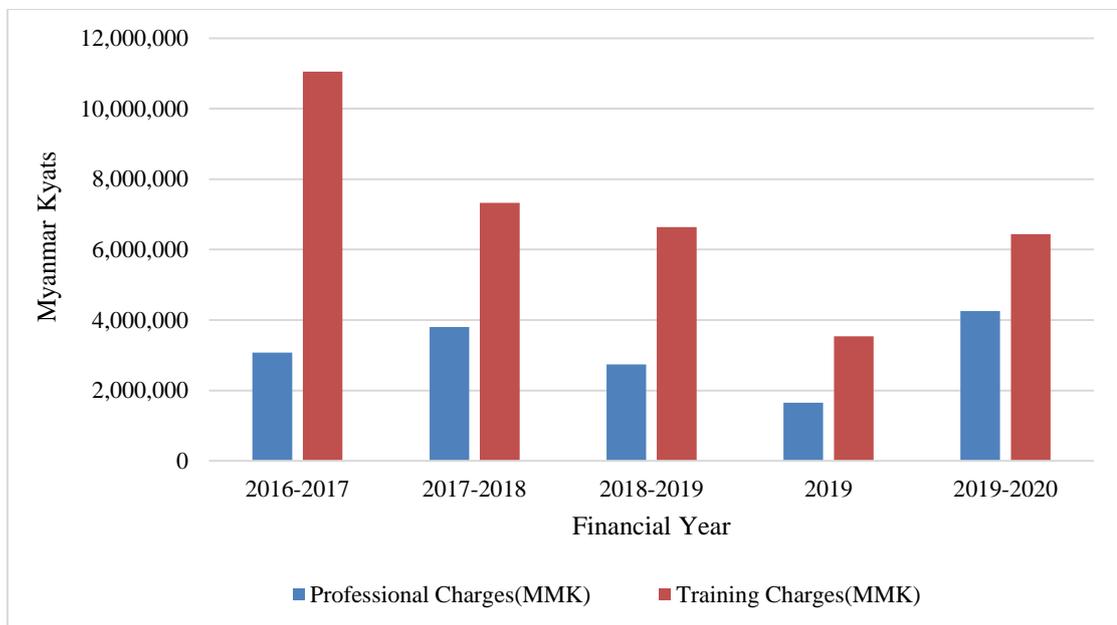
**Figure (4.7) Chart of Project Delivery on Time of BMEC (2016-2020)**



Source: BMEC's Data, 2021

According to figure (4.7), The result of project delivery on time is increased.

**Figure (4.8) Chart of Learning and Growth Perspective of BMEC(2016-2020)**



Source: BMEC's Data, (2016 to 2020)

According to figure (4.8), the learning and growth perspective, the cost of consultants, legal Services, professional fees, and training charges are stable.

## **CHAPTER V**

### **CONCLUSION**

Based on the analysis and results of the preceding chapter, this chapter's findings and discussion, suggestions, and call for additional research are all offered. In light of the results, recommendations were made, and it was determined that additional research was necessary.

#### **5.1 Findings and Discussions**

The analysis shows that the gross profit margin ratio had good financial performance in the 2016–2017 and 2019–2020 fiscal years but dropped in the 2017–2018 and 2018–2019 fiscal years. From the 2016–2017 to the 2018–2019 fiscal years, the operating profit margin ratio decreased; the operating profit margin grew in the 2019–2020 fiscal years. In comparison to the financial years 2016–2017 and 2018–2019, the net profit margin ratio decreased. In the fiscal year 2019–2020, the net profit margin rose. Because net earnings decreased from the 2016–2017 to the 2018–2019 financial years, the return on assets (ROA) ratio also reduced. Due to the net profit in the 2019–2020 fiscal year, the return on assets ratio increased. From the 2016–2017 through the 2018–2019 financial years, the return on equity (ROE) ratio fell; however, the 2019–2020 financial year saw a net profit and an increase in the number of shareholders' equity. As a result, the return on equity ratio is raised progressively.

For the 2016–2017 fiscal year, the current ratio at the liquidity ratio is favorable; however, from 2017–2018 through 2019–2020, the current ratios are not. For the 2016–2017 fiscal year, the acid test ratio is satisfactory; however, from 2017–2018 through 2019–2020, the acid test ratios are not satisfactory. The outcomes for the cash ratio are all the weakest.

In terms of efficiency, the Accounts Receivable Turnover Ratio improved from 2016–2017 to 2019–2020 and decreased from 2017–2018 to 2018–2019. The period used to collect debts showed an annual growth from the 2016–2017 fiscal year to the 2019–2022 fiscal year. From the 2016–2017 to the 2019–2020 fiscal years, the strongest inventory turnover ratios and fixed asset turnover ratios were recorded. The asset turnover ratios show that there is never a year with good performance.

The gearing ratio at Leverage Ratio shows an increase from the 2017–2018 to the 2019 fiscal year. The gearing ratio for the 2019–2020 fiscal year is typical. A high ratio in the last year 2019–2020 suggests that the corporation can meet its interest payment.

According to study, Barons Machinery & Engineering Construction's non-financial performance is strong. Customers are satisfied with the quality of the service the company provides from the standpoint of the consumer due to the enhanced complaint resolution, quick responses from engineers, and decreased rate of error.

From the perspective of internal business processes, the findings showed that BMEC undertook each project to enhance internal business procedures, make use of improved modern equipment, and deliver the project to the client ahead of schedule. The client was pleased with each project, demonstrating BMEC's strong client relationships.

According to the learning and development perspective, businesses invest in employee education and ongoing training in order to improve and sustain the value of intellectual capital. They also set up a system for rating employees' performance and reward and promote quality employees.

## **5.2 Suggestion and Recommendations**

According to the study's findings, because labor is in short supply and the cost of building raw materials is quite expensive, the gross profit-to-sales ratio has erratic financial performance across the board. As a result, BMEC should carefully manage project management and should keep an eye on the currency rate when making material purchases. Because general and administrative expenses (such as payroll and related, office rental professional fees, and other administrative expenses) and the cost of sales were extremely high in the first four years, the operating profit margin ratio decreased in the first four years and increased in the final year. This was due to the ability to control general and administrative expenses and the cost of sales. Future iterations of this control should be kept by the finance manager. Because of the increasing cost of sales, administrative charges, and finance costs from the 2016–2017 to 2018–2019 financial years, the net profit margin ratio decreased. The net profit margin grew in the 2019–2020 fiscal year as a result of being able to regulate administrative costs and lower financing expenses. The short-term loan should be cut to save financial expenses,

according to management. Because net earnings decreased from the 2016–2017 to the 2018–2019 financial years, the return on assets (ROA) ratio also reduced. The finance manager should exercise control to raise net income and lower expenses. The return on equity (ROE) ratio fell during the 2016–17 and 2018–2019 fiscal years, but the 2019–2020 fiscal year saw net profit and a growth in the number of shareholder equity. The business should implement procedures for expenses, manage its overall expenses, and rein down administrative costs.

For the 2016–2017 fiscal year, the current ratio was favorable; but, from 2017–2018 to 2019–2020, it began to deteriorate. The company's present assets should be managed by the finance manager to pay for its immediate liabilities. The acid test ratio is satisfactory for the 2016–2017 fiscal year; however, from 2017–2018 to 2019–2020, it is less than 1. In terms of the state of completion of the job, the company should examine and advance collection. Every year, the cash ratio results are extremely low, indicating that the corporation does not have enough cash and cash equivalents to satisfy its short-term liabilities. The business should retain enough cash on hand and should bargain for quicker client payment receipts and longer supplier payment terms.

With the exception of the first and last years of the analysis, the account receivable turnover ratio decreased in the financial years 2017-2018 and 2018-2019. The finance manager must exercise good debt collection control over client payments. The debtor collection timeframe showed a rise every year from the fiscal years 2016–17 to 2019–2022. That performance wasn't very excellent. In order to have cash ready for use, the corporation should govern the business and collect payments at a faster rate. Every year, the inventory turnover ratios are positive. Management ought to maintain these circumstances. Every year, the fixed asset turnover ratios are likewise in good shape. This performance should be maintained by management. Every year, the asset turnover ratios are not excellent. Particularly, management should be in charge of present assets.

The gearing ratio suggests that the corporation faces increasing financial risk from the fiscal years 2017–2018 through 2019–2020. The gearing ratio for the 2019–2020 financial year is typical. Loans to the company should be kept to a minimum, and the leverage ratio should be reduced, as either action could have a significant negative influence on the business. Unexpected risks should be covered by the company's equity because they may even affect its reputation, among other things. The company that finds itself in this scenario is not deemed to be financially healthy and, as a result, is

unable to meet its financial responsibilities. The interest coverage ratio shows a reduction in each of the previous four financial years, with the exception of the most recent one. For the corporation to save money on interest payments, the amount of outstanding debt should be reduced as quickly as possible.

Customers are satisfied with the quality of the service the company provides from the standpoint of the consumer due to the enhanced complaint resolution, quick responses from engineers, and decreased rate of error. The business should handle customer requirements and complaints with care, make every effort to avoid mistakes, and seek out more loyal customers.

According to the findings from an internal business process perspective, BMEC should aim to complete all of the projects on time for the clients. Before beginning project work, one should make inquiries about weather forecasts, plan labor requirements, pre-assemble construction tools, plan material transportation, and keep an eye on exchange rates for building material purchases, among other things. Additionally, management ought to lower risk, at least for the project. Project managers need to be very careful with time management.

From the standpoint of learning and development, BMEC increases employee skill levels in carrying out internal procedures, coordinating goals between staff and employers, enhancing information systems, etc. Because the knowledge and skill enhancement that employees gain from training is applicable in the workplace and because completing employees' work is more effective for the company's success, the company should uphold and support the value company's invest in education and ongoing training programs.

This study recommends that management maintain its gearing ratio at the benchmark level for the construction industry and have a standard financial policy in line with the norm. It also advocates managing loans and cash flow properly. As a result, the business should establish a suitable idea or plan to enhance its scaling-up performance in order to achieve long-term sustainability.

### **5.3 Needs for Further Study**

The financial and non-financial performance of Barons & Engineering Construction Company Limited is the subject of this investigation. The four corporate views that weren't addressed by all of the company's objectives are the only ones that

the balanced scorecard is focused on. Due to time and resource constraints, this analysis is solely concerned with data from the financial years 2016–2017 through 2019–2020.

An effective and efficient technique with both strengths and limitations for gauging performance within the company will be further analysis on an expanded timeframe, which is year by year and based on more useful indications. The longer period will soon offer proof showing the importance of utilizing the non-financial and financial ratios against benchmark indicators established by the management of Barons Machinery & Engineering Construction Company Limited.

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**APPENDIX****Barons Machinery & Engineering Construction Company Limited****Appendix I: Income Statement of BMEC (2016 -2020)(MMK 00,000)**

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019</b>	<b>2019-2020</b>
Revenue	14,092	5,735	9,422	3,220	27,624
Cost of Sales	(10,444)	(6,013)	(9,288)	(4,167)	(20,146)
Gross Profit(Loss)	3,648	(278)	134	(946.97)	7,477
Other operating income	7	6		69	79
General and administrative expenses	(6,832)	(7,278)	(3,874)	(2,053)	(2,749)
Other Operating Expenses			(265)	(3)	(99)
Operating profit I (loss)	(3,178)	(7,550)	(4,005)	(2,933.33)	4,708
Finance cost	(1,999)	(2,439)	(1,625)	(360)	(518)
Profit/(Loss) before tax from continuing operations	(5,177)	(9,988)	(5,630)	(3,293.33)	4,190
Income tax expenses					(1,080)
Profit/(Loss) from continuing operations, representing total comprehensive income / (loss) for the year	(5,177)	(9,988)	(5,630)	(3,293.33)	3,109

Source: Barons Machinery &amp; Engineering Construction Company Limited.

**Barons Machinery & Engineering Construction Company Limited**

**Appendix II: Statement of Financial Position of BMEC (MMK 00,000)**

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019</b>	<b>2019-2020</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	1,170.06	434	637.93	76	16452.24
Deem Profit Adjustment					
Deferred Expenses	5,974.45				
Advance Tax					
Work in Process					
Prepayment and Other advances	3,497.39	118	557.66	556	1295.99
Inventory	423.27	76	41.98	13.72	12.79
Trade and other receivable	21,712.99	12,407	12848.55	11,199	11648.92
Performance Bank Guarantee					
Loan and Advances					
<b>Total Current Assets</b>	<b>32,778.17</b>	<b>13,034.96</b>	<b>14,086.11</b>	<b>11,845.22</b>	<b>29409.94</b>
Investment					
<b>Non-Current Assets</b>					
Intangible asset	28	24	20.74	19.01	15.56
Property, Plant and Equipment	4,229	3,397	2633.80	2217.06	1355.39
	4256.66	3421.22	2654.55	2236.08	1370.95
<b>Total Assets</b>	<b>37,034.83</b>	<b>16,456.18</b>	<b>16,740.66</b>	<b>14,081.30</b>	<b>30780.89</b>

	2016-2017	2017-2018	2018-2019	2019	2019-2020
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
Accrued and Provision	228.02				
Deferred Income	3,626.10				
Tax Payable	1,505.42	125	86.72	39	1464.89
Trade and other payable	20,343.78	6,855	7727.48	7,256	18156.95
Shareholder Loan			6077.06	6712.06	7712.06
Borrowing (Short-term)		8,772	7774.9	8,293	4568.50
<b>Total Current Liabilities</b>	25703.32	15751.72	21666.17	22300.138	31902.40
<b>Non-Current Liabilities</b>					
<b>Long-term Borrowing</b>					
<b>Total Non-Current Liabilities</b>					
<b>Total Liabilities</b>	25703.32	15751.72	21666.17	22300.14	31902.40
<b>Equity</b>					
Issued and Paid up Capital	500	4,770	4,770	4,770	8758.00
Reserve					
Retained Earnings	10,831.51	-4,066	-9,696	-12,989	-9879.51
<b>Total Equity</b>	11331.51	704.46445	-4925.51	-8218.84	-1121.51
<b>Total liabilities and equity</b>	37034.83	16456.18	16740.65978	14081.30	30780.89

Source: Barons Machinery & Engineering Construction Company Limited Annual Report (2016 to 2020)

**Barons Machinery & Engineering Construction Company Limited**

**Appendix III: Project List of BMEC Co.,Ltd (from 2016-2017 to 2019-2020)**

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Client Name(Organization)</b>	<b>Description</b>	<b>Location</b>	<b>Status</b>
1	2016-2017	Barons & Fujikura EPC Co.,Ltd	Kyeintali-Thandwe (Telenor Fibre Cable)	Rakhine State	Finished
2	2016-2017	Barons & Fujikura EPC Co.,Ltd	Lamu - Taunggoke (Telenor Fibre Cable)	Rakhine State	Finished
3	2016-2017	Barons & Fujikura EPC Co.,Ltd	Thandwe-Taungup (Telenor Fibre Cable)	Rakhine State	Finished
4	2016-2017	Barons & Fujikura EPC Co.,Ltd	Gwa-Kyeintali (Telenor Fibre Cable)	Rakhine State	Finished
5	2016-2017	Barons & Fujikura EPC Co.,Ltd	Pathein-Pantanaw Fibre Cable	Rakhine State	Finished
6	2016-2017	Barons & Fujikura EPC Co.,Ltd	Pathein-Ngwe Saung Fibre Cable	Rakhine State	Finished
7	2016-2017	Barons & Fujikura EPC Co.,Ltd	Pyay-Kyaung Kone Fibre Cable	Rakhine State	Finished
8	2016-2017	Barons & Fujikura EPC Co.,Ltd	Gwa-Kyeintali Fibre Cable	Rakhine State	Finished
9	2016-2017	Barons & Fujikura EPC Co.,Ltd	Ngapali-Kyone Pyaw Fibre Cable	Rakhine State	Finished
10	2016-2017	Barons & Fujikura EPC Co.,Ltd	Ann-Kyonpyaw Fibre Cable	Rakhine State	Finished
11	2016-2017	Barons & Fujikura EPC Co.,Ltd	Tarlay-Kenglat Fiber Cable	Rakhine State	Finished
12	2016-2017	Yangon Regional Government	Building Construction	Htantapin	Finished

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Client Name (Organization)</b>	<b>Description</b>	<b>Location</b>	<b>Status</b>
13	2016-2017	Ministry of Construction	Htantalan –Lonlae Road(9M)	Chin State	Still Working
14	2016-2017	Ministry of Construction	Chin-Bailey-Bridge-2013/14	Chin State	Finished
15	2016-2017	Ministry of Construction	Chin-Bailey-Bridge-2014/15	Chin State	Finished
16	2016-2017	Ministry of Construction	Hakah-Htantalan- Sarsichauk bridge (10')	Chin State	Still Working
17	2016-2017	Ministry of Construction	Hakah- Gantgaw bridge (20')	Chin State	Still Working
18	2016-2017	Ministry of Construction	Shwe Bo – Myitkyina road	Sagaing Division	Finished
19	2016-2017	Ministry of Construction	Phasaung-Meisei road	Kayah State	Finished
20	2016-2017	Ministry of Construction	Kalay-Falam-Hakah Road(6M4F)	Chin State	Finished
21	2016-2017	Ministry of Construction	Nan Oo Barrack Building	Nay Pyi Taw	Finished
22	2016-2017	Ministry of Construction	Htantalan –Lonlae Earth Road	Chin State	Finished
23	2016-2017	Ministry of Construction	Hakah-Gantgaw Bitumen Road	Chin State	Finished
24	2016-2017	Ministry of Construction	Hakah Hospital Bitumen Road	Chin State	Still Working
25	2016-2017	Ministry of Construction	Falam -Reed Earth Road	Chin State	Finished
26	2016-2017	Ministry of Construction	Htantalan-Hakah Road (9km-10km)	Chin State	Finished

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Client Name (Organization)</b>	<b>Description</b>	<b>Location</b>	<b>Status</b>
27	2016-2017	Ministry of Construction	Building	Htantabin, Yangon	Finished
28	2017-2018	Ministry of Construction	Htantalan –Lonlae Road(9M)	Chin State	Finished
29	2017-2018	Ministry of Construction	Hakah-Htantalan- Sarsichauk bridge (10')	Chin State	Finished
30	2017-2018	Ministry of Construction	Hakah- Gantgaw bridge (20')	Chin State	Finished
31	2017-2018	Ministry of Construction	Hakah Hospital Bitumen Road	Chin State	Finished
32	2017-2018	Yangon Regional Government	Building	North Okkala Township, Yangon	Finished
33	2017-2018	Ministry of Construction	Wuntho-Indaw bitumen road	Sagaing Division	Still Working
34	2017-2018	Grant Assistance for Grassroots Human Security Projects (GGP)	School Building	Pwint Phyu ,Magway Division	Still Working
35	2017-2018	Ministry of Construction	Salinn- Saytoketaya bitumen road	Magway Division	Still Working
36	2017-2018	Ministry of Construction	Bitumen Road	Hakah ,Chin State	Finished
37	2018-2019	Ministry of Construction	Wuntho-Indaw bitumen road	Sagaing Division	Finished
38	2018-2019	Grant Assistance for Grassroots Human Security Projects (GGP)	School Building	Pwint Phyu ,Magway Division	Finished

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Client Name(Organization)</b>	<b>Description</b>	<b>Location</b>	<b>Status</b>
39	2018-2019	Ministry of Construction	Salinn- Saytoketaya bitumen road	Magway Division	Finished
40	2018-2019	Barons & Fujikura EPC Co.,Ltd	Thilawa Access Road	Yangon	Still Working
41	2018-2019	United Nations Office for Project Services (UNOPS)	Bailey Bridge(Double/Single)	Chin State	Still Working
42	2018-2019	Grant Assistance for Grassroots Human Security Projects (GGP)	Pat Inn Kalay Village Road	Htantabin ,Yangon	Still Working
43	2018-2019	Grant Assistance for Grassroots Human Security Projects (GGP)	Pat Inn Kalay Village Road	Htantabin ,Yangon	Finished
44	2019	Barons & Fujikura EPC Co.,Ltd	Thilawa Access Road	Yangon	Still Working
45	2019	GS Engineering & Construction Coporate(Myanmar)	Bailey Bridge	Dala ,Yangon	Still Working
46	2019	United Nations Office for Project Services (UNOPS)	Bailey Bridge(Double/Single)	Chin State	Still Working
47	2019	Max Highway Co.; Ltd	Bailey Bridge(Drop Hammer)	Chin State	Finished
48	2019	Barons & Fujikura EPC Co.,Ltd	Thilawa Access Road	Yangon	Still Working
49	2019	GS Engineering & Construction Coporate(Myanmar)	Bailey Bridge	Dala ,Yangon	Still Working

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Client Name(Organization)</b>	<b>Description</b>	<b>Location</b>	<b>Status</b>
50	2019-2020	United Nations Office for Project Services (UNOPS)	Bailey Bridge	Chin State	Finished
51	2019-2020	GS Engineering & Construction Coporate(Myanmar)	Bailey Bridge	Dala ,Yangon	Finished
52	2019-2020	Max Highway Co.; Ltd	Bailey Bridge(Drop Hammer)	Chin State	Finished
53	2019-2020	Grant Assistance for Grassroots Human Security Projects (GGP)	Basic Education Middle School	Fartlang Village- Htantalan Township,Chin State	Still Working
54	2019-2020	Grant Assistance for Grassroots Human Security Projects (GGP)	Basic Education Middle School	Tingcang Village- Falam Township,Chin State	Still Working
55	2019-2020	Grant Assistance for Grassroots Human Security Projects (GGP)	Basic Education Middle School	Zimpi Village-Tedim Township, Chin State	Still Working

Source: Barons Machinery & Engineering Construction Company Limited.