Internship Report

On

"Financial Performance Analysis of SHELTECH Brokerage Limited"

Submitted To:

Md. Arif Hassan

Assistant Professor

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Submitted By:

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Major Area: Accounting

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Submission Date: 30 October 2024

LETTER OF TRANSMITTAL

30 October 2024

Md. Arif Hassan

Assistant Professor

Department of Business & Entrepreneurship

Daffodil International University

<u>Subject: Internship report submission.</u>

Dear Sir, I am writing to inform you that, I am Fahia Rahman (ID: 211-14-3305) submitting my internship report titled **"Financial Performance Analysis of SHELTECH Brokerage Limited".** I have done 12 weeks of internship with SHELTECH Brokerage Limited which provided me a great experience and enhanced my practical knowledge. The purpose of this report is to understand about the overall financial performance of the company. I have written this report with your supervision in mind and if you have any questions regarding this report, I am willing to answer that.

I am hopeful that the experience I gained during this internship period is going to be extremely beneficial to me in my professional life.

As a result, I wish for your kindness and compassion.

Sincerely,

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Fahia Rahman

ID: 211-14-3305

MBA, Major: Accounting

Department of Business Administration

Daffodil International University

LETTER OF APPROVAL

This letter is to certify that Fahia Rahman (ID: 211-14-3305), student of MBA program under Department of Business Administration, Daffodil International University, has successfully completed the internship report that is titled as **“Financial Performance Analysis of SHELTECH Brokerage Limited”** under my supervision.

She has completed the report based on my suggestions and instructions. I believe that this experience will assist to advance her career in future.

I wish her to be successful in her career.

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Md. Arif Hassan

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

ACKNOWLEDGEMENT

At first, I would like to say that, I am grateful to Almighty Allah who has given me the opportunity, health and strength to complete my internship report within due time. I am thankful to many people for their assistance to complete this internship report successfully.

I am thankful to my supervisor Md. Arif Hassan (Assistant Professor), Daffodil International University, who has guided and assisted me to complete this report. I am hopeful that this experience will assist to increase my professionalism and build my career in future.

I want to thank Mr. Mesbah Khan (Chief Executive Officer) of SHELTECH Brokerage Ltd. who has given me the opportunity to conduct the internship in his organization. Then I would thank Mr. Ali Hossain (Head of Research & Investment) for supervising me, Md. Shahadat Hossain (Human Resource Head), Mr. Abu Maraz (Compliance & Admin Dept. Head) who helped me with many key information about the company and provided me data relevant to my internship topic. All of their assistance helped me to make this report fruitful.

Submitting this internship report might not have been possible without necessary knowledge, support from different websites, books or data. This experience helped me to enhance practical knowledge about corporate sector of this country. Despite my best efforts to make the report flawless, there may be unintentional inaccuracies. I expect forgiveness for my shortcomings and am constantly willing to learn more.

Finally, I am heartly thankful to everyone who were directly or indirectly involved with this report. Without their selfless assistance completing this report would not have been possible.

EXECUTIVE SUMMARY

SHELTECH Brokerage Limited is one of the leading brokerage houses in this industry of Bangladesh. They have started business since 2013. In the last year 2023, they have completed their year being in the 5th position at the brokerage industry of our country. Though the competition is increasing day by day and products and services of all brokerage houses are quite similar, that's why now it has become more challenging for them to remain on their current position. To grab more market share, they are always trying to introduce new tools and techniques.

This report is focused on the financial activities of SHELTECH Brokerage Ltd. within the organization and presented with the title **"Financial Performance Analysis of SHELTECH Brokerage Limited"**. The purpose of this report was to have an initial knowledge about the financial condition of the company in the recent years.

This report is categorized in 5 chapters. Here in the 1st chapter, the overall research method has been described which contains purpose of the report, type of research, data sources, limitations of the report, and overall process. The 2nd chapter contains an overview of the company and discussed about the organization, its managerial structure, available product & services provided by the company along with a summary of duties of the department that I was assigned to. Here I have also described my experience as an intern at SBL. The 3rd chapter is consisting of the theoretical aspects regarding the financial statement analysis process and the types of methods used in this report. Then the 5th chapter consist of analysis and findings, the financial statements of the company have been analyzed and also discussed about interpretation based on the analysis. In the final chapter, some recommendations are given from the findings of the previous chapter about the areas SBL may work to improve their performance.

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TABLE OF CONTENTS

Contents

Chapter 1

Introduction

Introduction

Currently, academic preparation is insufficient to enable a student to compete with certainty and achieve goal without prior experience about the rest of the world. An internship program is necessary when we apply our theoretical knowledge in our practical life. I was appointed to SHELTECH Brokerage Ltd to participate in a multi-month temporary job program. It was part of my MBA program, which gave me the opportunity to gain practical experience in examining strategy. The aim was to learn how a brokerage firm works, to get knowledge and practical experience about this sector.

Financial performances of SHELTECH Brokerage Limited have been analyzed in this report using different financial tools and techniques like trend analysis, common size income statement and ratio analysis. Financial statements of a company help us by providing financial information that can be used by investors and creditors to understand a company's financial performance.

Background of the report

The capital market of a country is one of the important considerations for the proper functioning of the capitalistic economy as they channel funds to borrowers from the savers. A liquid securities market motivates to increase savings by offering different rewarding securities in exchange of lower risk, higher return and easy option to liquidate cash. Bangladeshi investors became highly interested in the share market of the country for many reasons. The main Securities exchange of the country, Dhaka Stock Exchange Ltd. and his prominent dealers & brokers like SHELTECH Brokerage Limited play an important role in the industrialization of this country. I have tried my level best to describe the performance, role and activities of the SBL using financial statements in this report.

Investors who buy stock are mainly interested in the company's overall performance and profitability with the prospects of high return on their investment by increasing the market price of their share and also receiving annual dividends.

Origin of the Report

As a part of the academic requirement, this internship report titled as **"Financial Performance Analysis of SHELTECH Brokerage Limited"** is made under the guideline of **Md. Arif Hassan (**Assistant Professor), Faculty of Business & Entrepreneurship**,** Daffodil International University.

During my internship session I have achieved many new experiences in life and gathered different useful skills that I believe will help me in my future career. As the requirement of my internship, at first, I have worked under Customer Care department along with settlement department of the company. I have prepared this report with the help of my assigned job responsibilities.

Objective of the report

The objectives of preparing the report are mentioned here:

- ❖ Achieve knowledge about the financial performance tools used to analyze financial performance.
- ❖ Evaluate the financial performance of SHELTECH Brokerage Limited.
- ❖ Find out if there are any lacking related to financial issues.
- ❖ Provide recommendations on the basis of the findings.

Methodology

The required information to complete this report has been collected from different sources like:

- ❖ Annual reports of SHELTECH Brokerage Limited.
- ❖ Official web site of SHELTECH Brokerage Limited.
- ❖ Prior internship reports on SHELTECH Brokerage Limited

And to calculate the ratio analysis for the report given tools were used:

- **i.** Trend analysis
- **ii.** Common size income statement
- **iii.** Ratio analysis

Limitations of the report

I have faced some unavoidable limitations during my internship period. These are as follows:

- There was lack of work environment for a student intern.
- Though the working place is good enough for work, but I have experienced need of more training facility to new employees or interns.
- Even though I have made my best efforts to meet the report objective however it was not possible to gather more information due to short period of time.
- Finally, my lack of knowledge about the operations of securities market.

Chapter 2

Organization's Profile

Company Overview of SHELTECH Brokerage Limited (SBL)

The SHELTECH Brokerage Limited is a prominent house in the brokerage industry of Bangladesh. Their parent company SHELTECH Pvt. LTD, along with the management of SBL acquired another brokerage house named GQ Securities Limited in 2013 and started their operation since then. Now they have Stock-Broker & Stock-Dealer license from Bangladesh Securities and Exchange Commission (BSEC). Within half a year of the acquisition, the company was able to be into the market leading standard.

As the company is relatively new compared to other leading companies of the same industry, SBL has some promising indicators of this country's share market industry. Their new management was able to make turnover growth of more than 874.0 percent within the first year of their operation. SBL completed the year 2023 with a 5th place in the DSE ranking of brokerage houses based on highest turnover.

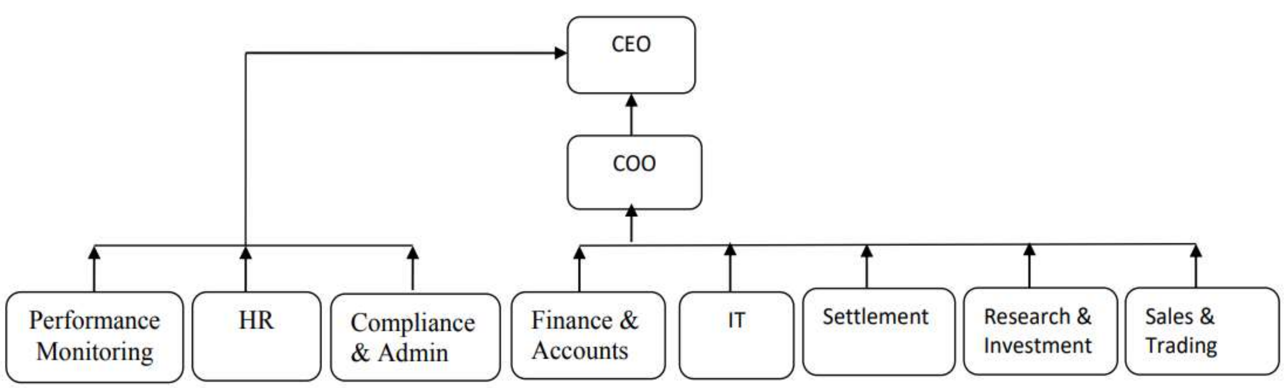
SBL at a Glance

Company name	**SHELTECH Brokerage Ltd.**
Industry	Brokerage House
Company type	Pvt.
Foundation	2013
Main Office	Otobi Center, 14 (Level: 5), Dilkusha, Dhaka-1000
Key People	Mr. Mesbah Khan (CEO) Mr. Shahadat Hossain (Dept. of Human Resource) Mr. Al Hossain (Dept. of Research & Investment) Mr Ali Emran (Dept. of Finance & Accounts) Mr.Abul Moshad (Dept. of Information Technology) Mr. Abu Maraz (Dept. of Compliance & Admin)
No. of Branches	
No. of Extensions	
Active Investors	15,500
Parent Company	SHELTECH Private Ltd
Webpage	www.sheltechbrokerage.com

Services of SBL

Trading services	• Smooth trade execution • BO sales service
Margin facilities	• Margin loan rate is lower than the market • Advising risk minimization
Foreign & institution trading	• Up-to-date research • Generating block deal • Network covering whole market • Attractive rate for VIP clients
Clearing services	• On time cheque clearing • Inside house clearing tracker • Collaborate with other partners for on time clearing
SMS & E-Statements Service	• To acknowledge investors about market, they send Daily SMS alert and email Day end E-Statement
Depository Participant services	• BO opening & registration • Share De-materialization and Re-materialization • Change of account ownership • Share Transfer, Transmission, Pledging, Un-Pledging & Confiscation

Organizational Structure



Vision

The vision of SBL is to be the leading brokerage house in the financial industry of our country by making unbreakable standards.

Mission

SBL management is committed to give faster services to their investors with premium quality. Their main focus is to increase customers wealth which will ultimately their shareholders value. They take every decision based on logic and relevant evidences and market research.

Objectives

- ✓ Providing a trustable platform for entrepreneurs to capital.
- ✓ Providing investment opportunities for investors of every scale.
- ✓ Maximizing shareholders wealth with prominent services.
- ✓ Developing a corporate culture within the organization.
- ✓ Analyzing market status with the help of skilled analyst workers.

Departmental Activities of SBL

Customer Care & Settlement Department

During my internship period I had to work in two departments; Customer Care and Settlement Department. Below the activities are mentioned that I have done under these departments.

- ✓ Account opening: The primary task under Settlement Department was to putting code or serial number of new accounts, fill up the Account Opening form correctly with the help of required documents from the clients. After that the forms are sent to the Settlement department head for further process.
- ✓ Providing statements: Investors are given their portfolio statements, so that they can monitor their every transaction, market performance or their percentage of gain/loss of share value.
- ✓ Providing Information: One of the important responsibilities under Customer Care Department was to provide new clients information about the company, like about the benefits they will get here, required documents to open an account, chargers & fees, rules and regulations of the company etc.
- ✓ Account closing: Investors who do not want to keep their accounts or do not want to trade in the house, they can close their account by filling up a closing form. They have to sign a CDBL form which is attested with the closing form.
- ✓ IPO services: When a private company starts selling shares of stock, general investors can apply for Initial Public Offering (IPO) by registering their BO account. For that they have to deposit a certain amount for a certain period of time.

Chapter 3

Theoretical Aspects

Financial Statement Analysis

This is a process where financial information of a company is used to take investment decisions. This process helps managers to analyze efficiently by identifying any weak points within the firm, what are the areas they should work for better opportunity, strengths on which the firm should build or what are the threats they may face in future. Financial analysis is useful to credit managers to evaluate loan requests and invest in company shares. In short, the usefulness of financial statement analysis relays mostly on the company valuations it identifies and quality of the forecasts it provides.

Different Types of Financial Statement Analysis

Financial statements are the main source of financial information of a business. Financial analysts are using the results to make trend lines, produce various types of ratios and compare within firms using relevant information. For the managers financial analysis is a very crucial tool to understand the performance of their organizations.

In this report, I have analyzed the financial statement of SHELTECH Brokerage Limited under three categories which are; Horizontal Analysis, Common Size Income Statement & Financial Ratio Analysis.

❖ Horizontal (Trend) Analysis

The horizontal analysis compares specific particulars over various accounting periods. It is a process in which a company's ratios are compared over a certain period of time. For example, revenue of every month may be compared within a financial period or a comparison of Profit After Tax for the period of certain years. The analyst can choose any preferable timeline; still, usually the timeline is focused on the investing time-horizon under consideration. Changes are identified based on a base year using this formula:

$$\text{Change since base period} = \frac{\text{Current year amount} - \text{Base year amount}}{\text{Base year amount}}$$

❖ Common Size Income Statements

Common size income statement is a tool where every amount is viewed as a percentage of the value of deals. This method can be used to make comparison between different time periods of a company, or to compare two companies operating in the same or different industries. The following formula is used to produce results.

$$\text{Common-size Percent} = \frac{\text{Analysis Amount}}{\text{Base Amount}} \times 100$$

❖ Ratio Analysis

Ratio analysis is the computation of ratios that are deduced from the financial statements of a company. They are generally viewed as a percent or as times per period. Ratios are usually used to understand the financial statements of a company to identify strengths, weaknesses and overall financial performances.

Financial ratios can be summarized into five primary categories. Liquidity, Activity, and Leverage ratio is used to determine risk factor. Profitability ratio is derived to determine return. Market ratio can identify risk and return both.

A. Liquidity Ratio

Liquidity ratio determines the company's ability to pay off short term debts. It identifies how fast a company can convert its assets to meet the short-term dues. Before lending short term loans to any company, creditors analyze his ratio. A higher ratio means, it is easy for the company to pay off its debts, whereas lower ratio means there is more possibilities of payment default. The primary measures of liquidity ratio are given below:

a. Current Ratio or Working Capital Ratio

This is measured to understand a company's capability to meet its short-term debts within the next financial year. Creditors use this ratio to find out if a company is capable enough to be allowed short term debts. This ratio is derived by dividing the current assets of a company with its current liabilities. Current ratio around 2 is considered ideal for many industries while a current ratio under 1 indicates that the company can face some difficulty to pay off its current liabilities. The formula of the ratio is given below:

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

b. Quick Ratio or Acid Test Ratio

This ratio identifies if the company has adequate liquid assets that instantly can be converted into cash to pay off short term liabilities. This ratio excludes inventory from the current asset. It identifies the ability to use the quick assets to meet off its current liabilities. This method is logical as it is not possible for many companies to convert its inventory into cash quickly. Quick ratio is measured by dividing the liquid current assets of a company by short term liabilities.

$$\text{Quick Ratio} = \frac{\text{Current assets - Inventory}}{\text{Current liabilities}}$$

c. Cash Ratio

This ratio identifies a company's capability to adjust its current liabilities with the help of only cash and cash equivalents. Cash ratio is calculated by dividing the summation of the company's total reserve of cash and cash securities with total current liabilities. This ratio is used by lenders, creditors, and investors to analyze short-term risk factors of any company. Cash ratio less than 1 means the company has taken more short-term loan than its reserved amount of cash, on the other hand, if the ratio is higher than 1 means the company is in preferable condition maintaining its cash, compared with current liabilities. A result between 0.5 and 1 is considered preferable, though there is no standard figure.

$$\text{Cash Ratio} = \frac{\text{Cash \& Cash Equivalents}}{\text{Current Liabilities}}$$

d. Net Working Capital Ratio

This ratio identifies how much an organization's current liability can be adjusted using the organization's current assets. This ratio is a measure of an organization's ability in meeting the obligations that must be paid within the near future. That's why; it shows the liquidity that is available with the organization to meet the obligations. The ratio below 1 should be taken under concern because there is a possibility of liquidity problems in future, while the ideal ratio is considered between 1.2 and 2.

$$\text{Net Working Capital Ratio} = \frac{\text{Net working capital}}{\text{Net Current Assets}}$$

B. Activity Ratio

Activity ratio determines the capability of the company to generate cash and revenue with the help of its assets. The role of activity ratio is to evaluate the efficiency of a business by careful analysis of the inventories, accounts receivables and fixed assets. Let's elaborate the types of activity ratios:

a. Inventory turnover ratio

This ratio identifies how many times a business can sell and replace its inventories within a given time duration. A standard inventory turnover ratio should be 4:1. With the help of inventory turnover ratio, a company will be able to take better business decisions in pricing of products, marketing, manufacturing, or for purchasing of new inventory.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

b. Average collection period

This ratio identifies how long it will be for a company to collect payments from clients in respect to its accounts receivable. A company identifies this ratio to measure whether if they have enough cash to adjust the financial liabilities. The average collection period indicates the effectiveness of a company's accounts receivable management process. This ratio is useful to companies that depend mostly on account receivables for major cash flows.

$$\text{Average Collection Period} = \frac{\textbf{Accounts Receivables}}{\textbf{Total Sales}} \times \textbf{No. of Days}$$

c. Average payment period

This ratio identifies the average time needed by an organization for meeting off its dues in order to purchase inventories that are bought on the credit basis from the suppliers of the company, and the same doesn't need to have any effect on the working capital of the organization. A standard average payment period is considered a result between 45 to 65 days normally.

$$\text{Average Payment Period} = \frac{\textbf{Accounts Payable}}{\textbf{Annual Purchase}} \times \textbf{No. of Days}$$

d. Total Asset Turnover Ratio

This ratio identifies the value of a company's average total assets in respect of its net revenue or sales. This asset turnover ratio can measure the efficiency of a company to generate revenue with the help of its total assets. A higher ratio indicates that the company is more efficiently generating revenue by using its total assets.

$$\text{Asset Turnover Ratio Formula} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

e. Fixed Asset Turnover Ratio

This ratio identifies how efficiently the company generates revenue using the existing fixed assets. This ratio is useful to analysts to determine operating performance. A higher ratio means the management of the company is utilizing its fixed assets more efficiently, though there is no ideal range.

$$\text{Fixed Asset Turnover Ratio} = \frac{\text{Net Revenue}}{\text{Average Fixed Assets}}$$

C. Debt Ratio

This ratio identifies the portion of a company's liabilities. This ratio can be indicated like a ratio of total debt in respect to total assets measured in decimal or percentage. Debt ratio interprets what proportion of assets of the company is financed by using its leverage.

A result more than 1 means a significant amount of the assets is financed by taking loan that defines the company is currently having more liabilities than its available assets. The result under 1 means, a greater portion of the firm's liabilities is funded by assets.

$$\text{Debt Ratio} = \frac{\text{Liabilities}}{\text{Assets}}$$

D. Profitability Ratio

This ratio identifies a firm's capability in making profit from the revenue, assets, or owners' equity. It measures how effectively the firm is generating profit and value for shareowners. Higher profitability ratio is favorable than lower ratio because it indicates the firm is successfully generating profit from its revenue. This ratio is measured to picture the firm's present performance in comparison to the previous performance of the firm, of other firms within the same industry, or the average of the industry.

Investors can use them to take decision if the firm will be a good investment or not. There are various types of Profitability ratios that are discussed below:

a. Gross Margin

This ratio is one of the most used profitability ratios which is used to differentiate between sales revenue and the cost of making the products sold. That means gross margin is used to compare gross profit with average revenue.

If a company has higher gross margin compared to its rival companies is likely to have ability to charge more prices for its products and services. It means this company now has an important competitive advantage.

$$\text{Gross Margin (\%)} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

b. Operating Profit Margin:

This ratio indicates how efficiently the company is managing its operation and how effectively generating profits in relation to its revenues. It identifies the amount of revenues available to make different non-operating costs, like interest payment, for that reason statement analysts give more focus to it.

This ratio identifies the amount of profit a company is making on every taka of sales after payment of all variable costs necessary for production, like salaries and rent, though before payment of interest or tax. Higher operating profit margin ratio is usually better; stating the company is doing its managerial operations and is efficiently turning its revenues into profits.

$$\text{Operating Profit Margin} = \frac{\textit{Operating Profit}}{\textit{Sales or Revenue}}$$

c. Return on Total Assets (ROA):

This ratio indicates how profitable a company is in relation to the average total assets of the company. Corporate analysts or investors look to Return on Total Asset ratio to understand how efficiently the company generates profit using its total assets. The ratio is normally measured in percentage by dividing the net income with total assets.

A relatively higher Return on Total Asset ratio indicates that the company efficiently manages the balance sheet to make profits. On the other hand, a lower ROA means that the company needs some improvement in its management.

$$\text{Return on Assets} = \frac{\text{Operating income}}{\text{Total assets}}$$

d. Return on Common Equity (ROE)

This ratio gives analysts or investors' insight about the efficiency of a company to manage equity provided by the shareowners. That means ROE identifies the profitability of an organization in comparison to the shareowners' contribution. ROE is measured to make a comparison between a company with the rival company or within the overall industry.

This ratio is more accurate while comparing companies that operate within the same industry because this ratio can produce correct indications about the companies where higher ROE indicates the management of the company is more efficiently producing income and growth.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Average Total Equity}}$$

SHELTECH BROKERAGE LIMITED

Chapter 4

Analysis and Findings

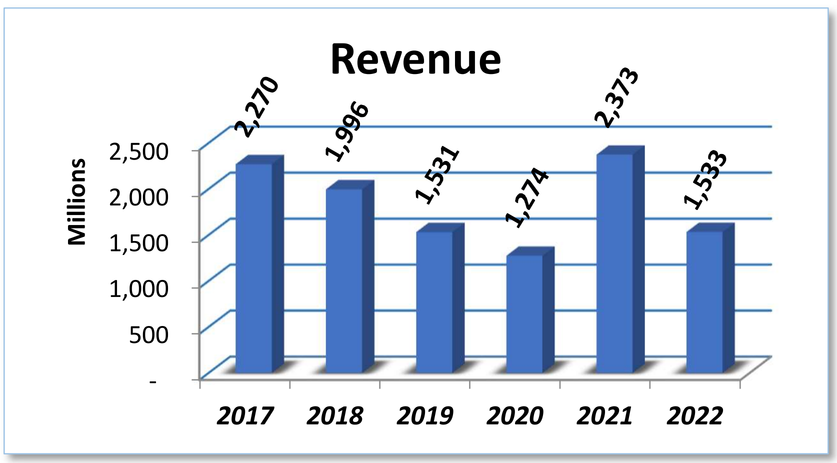
Horizontal Analysis

The horizontal analysis is generated to make a comparison of particular items over a series of accounting periods. The horizontal analysis of SHELTECH Brokerage Ltd. is given below as a table:

i. Revenue:

SHELTECH Brokerage Limited's 2017-2022 Revenue (Amount in BDT):

Particulars	2017 (Base Year)	2018	2019	2020	2021	2022
Revenue	2,269,617,167	1,996,427,570	1,531,392,838	1,274,376,665	2,373,000,043	1,532,775,106
Increase or (Decrease)		(273,189,597)	(738,224,329)	(995,240,502)	103,382,876	(736,842,061)
Percentage		-12.04%	-32.53%	-43.85%	4.56%	-32.47%



Interpretation:

From the six years (2017-2022) of study that compares the total growth of revenue of SHELTECH BROKERAGE Limited was decreasing. As here, 2017 is the base year with revenue BDT 2,269,617,167, so the amount in revenue was decreased from 2018 - 2020. In 2020 the highest decreased, which was -43.85% (BDT 995,240,502) have occurred relatively than the other years. In 2021, change in revenue has a significant growth of 4.56%. So it was understood that in the beginning there was decreasing flow in the changes of revenue for three years but in the year 2021 they have improved their performance and have a good success. But in 2022 their revenue again decreased by BDT 840,224,937 than the previous year and it is 32.47% less than the base year. This is not good for the company.

ii. Operating Profit:

SHELTECH BROKERAGE Limited's 2017-2022 Operating Profit (Amount in BDT):

Particulars	2017 (Base year)	2018	2019	2020	2021	2022
Operating Profit	1,038,127,670	680,860,729	217,834,074	327,836,110	1,252,432,946	484,984,690
Increase or (Decrease)		(357,266,941)	(820,293,596)	(710,291,560)	214,305,276	(553,142,980)
Percentage		-34.41%	-79.02%	-68.42%	20.64%	-53.28%

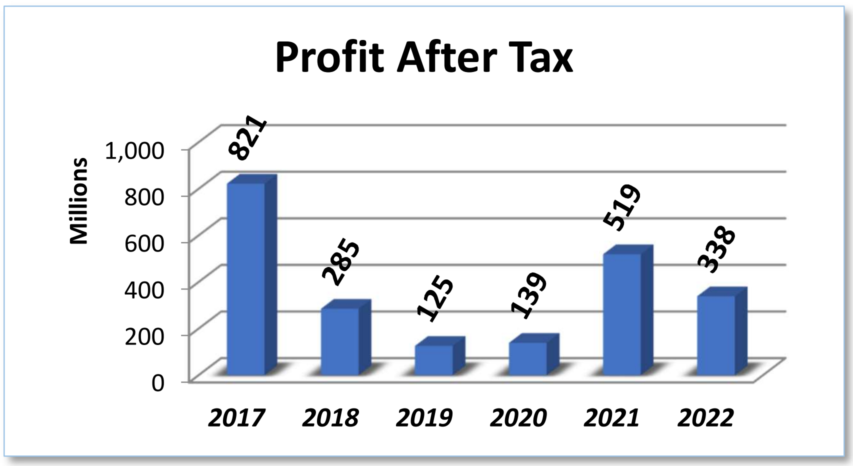
Interpretation:

Here in the six years (2017-2022) of study, the growth trend of operating profit of SHELTECH BROKERAGE Limited has decreased from 2017 to 2020. From the table we can see that, there significant changes have occurred in operating profit every year. 2017 is the base year here with operating profit BDT 1,038,127,670, so differences in operating profit have been decreased by -34.41% in 2018 & -79.02% in 2019. In 2020 Operating Profit slightly increased to -68.42%& in 2021 it has a significant increase to 20.64%. In 2022 the operating profit decreased by BDT 767,448,256 than the previous year 2021. So, the growth of operating profit of SHELTECH BROKERAGE Limited was fluctuated during the study years.

iii. Profit after Tax:

SHELTECH Brokerage Ltd.'s 2017-2022 Profit After Tax is below (Amount expressed in BDT):

Particular	2017 (Base year)	2018	2019	2020	2021	2022
Profit After Tax	821,864,830	284,722,233	125,376,374	138,698,843	518,938,712	338,362,658
Increase or (Decrease)		(537,142,597)	(696,488,456)	(683,165,987)	(302,926,118)	(483,502,172)
Percentage		-65.36%	-84.74%	-83.12%	-36.86%	-58.83%



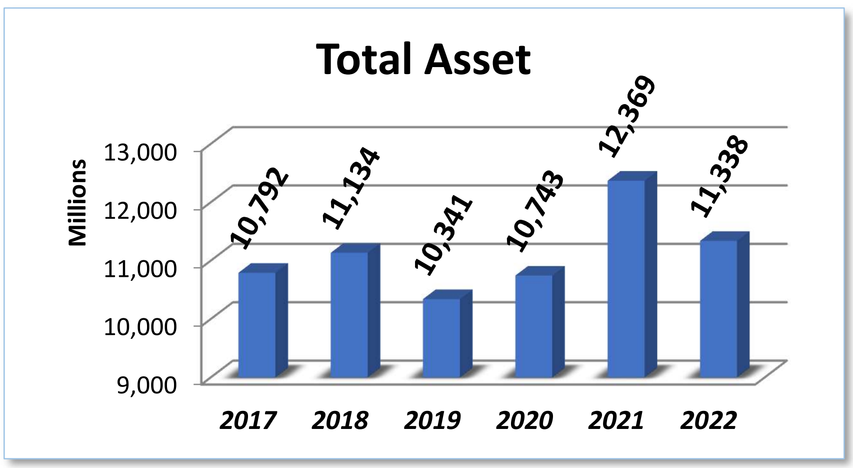
Interpretation:

In the above study the growth of profit after tax of SHELTECH BROKERAGE Limited was unstable. Here significant changes in profit after tax have occurred every year. The changes in profit after tax have been decreasing which was the lowest in 2019 with the amount BDT 125,376,374. In 2020 the profit after tax has slightly increased than 2019 and in 2021 it has increased to -36.86%. In 2022 the ratio decreased to 53.83%. So, though for the first three years company's profit after taxation has decreased, in the last two years the company has improved performance which means now the company can distribute more dividends to shareowners' and also can invest more money into business operation in these years.

iv. Total Assets:

SHELTECH BROKERAGE Limited's 2017-2022 Total Assets (Amount in BDT):

Particular	2017 (Base year)	2018	2019	2020	2021	2022
Total Asset	10,792,308,115	11,134,106,826	10,340,874,208	10,743,461,308	12,369,298,694	11,337,739,851
Increase or (Decrease)		341,798,711	(451,433,907)	(48,846,807)	1,576,990,579	545,431,736
Percentage		3.17%	-4.18%	-0.45%	14.61%	5.05%



Interpretation:

In the six years (2017-20212) study of SHELTECH BROKERAGE Limited, the total growth of total assets was fluctuated. The changes in total assets have been increased in 2018 by 3.17% .In 2019 the changes in total assets highly declined to -4.18%. The highest total asset in 2021 and the amount was BDT 12,369,298,694, thus in 2021 the ratio increased to 14.61% which again decreased by 5.05% in 2022. So it can be said that there is a decreasing trend in the changes of total assets.

v. Total Liabilities:

SHELTECH BROKERAGE Limited's 2017-2022 Total Liabilities (Amount in BDT):

Particular	2017 (Base)	2018	2019	2020	2021	2022
Total Liabilities	6,152,707,065	6,209,783,544	5,425,689,717	5,689,577,974	6,984,797,881	5,614,876,380
Increase or (Decrease)		57,076,479	-727,017,348	-463,129,091	832,090,816	-537,830,685
Percentag e		0.93%	-11.82%	-7.53%	13.52%	-8.74%

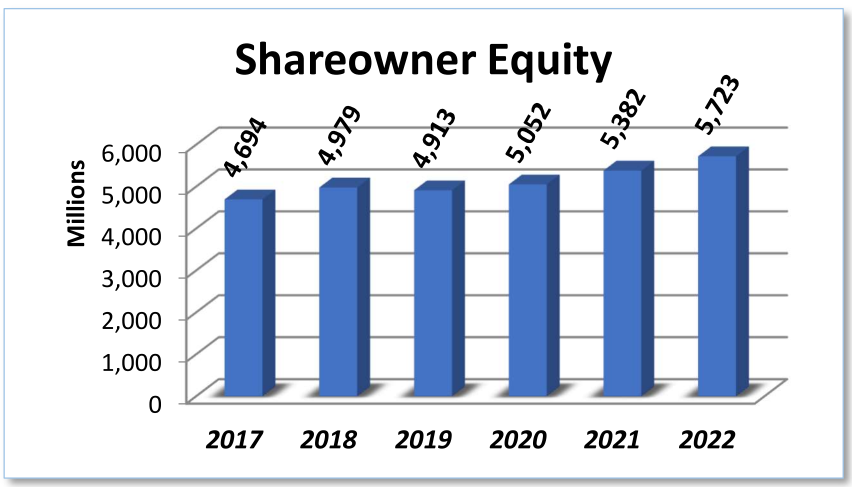
Interpretation:

During the study the total growth of total liabilities of SHELTECH BROKERAGE Limited were fluctuated. There significant changes have occurred in total liabilities in each year. As 2017 is the base year, so the changes in total liabilities have slightly increased in 2018 and the percentage was 0.93%. In 2019, the changes in total liabilities have highly decreased compared to 2018 and that was -11.82%. In 2020 & 2021 it has an increasing trend which again decreased from 13.52% to -8.74% in 2022. That means their lending capability is not adequate.

vi. Shareowner Equity:

SHELTECH BROKERAGE Limited's 2017-2022 Shareowner Equity (Amount in BDT):

Particulars	2017 (Base year)	2018	2019	2020	2021	2022
Shareowner Equity	4,694,373,316	4,978,765,426	4,912,722,244	5,051,651,861	5,382,039,978	5,722,863,471
Increase or (Decrease)		284,392,110	218,348,928	357,278,545	687,666,662	1,028,490,155
Percentage		6.06%	4.65%	7.61%	14.65%	21.91%



Interpretation:

In study the total growth of shareowner equity of SBL were increased. In the base year 2017, the changes in total liabilities have increased in the year 2018. In 2019, the shareowner equity slightly declined compared to 2018 and that was 4.65%. From the year 2020 to 2022, shareowner equity increased from 7.61% to 21.91%. In 2022 the ratio increased by BDT 340,823,493 than the previous year. It can be said that an increasing upward trend is in recent years. So, company's total shareowners' equity is increasing, that means the value of their shareholders are adequate.

Common Size Income Statements:

The common-size income statements of SHELTECH BROKERAGE Limited are given below:

Years	2017	2018	2019	2020	2021	2022
Revenue	100%	100%	100%	100%	100%	100%
(-) Cost of Services	-23.95%	-32.85%	-41.49%	-34.53%	-19.92%	-25.66%
Gross profit	76.05%	67.15%	58.51%	65.47%	80.08%	74.34%
(+) Other income	0.62%	0.70%	0.79%	0.96%	0.35%	0.79%
(-) Operating expenses	-30.93%	-33.74%	-45.08%	-40.70%	-27.65%	-43.49%
Operating profit	45.74%	34.10%	14.22%	25.73%	52.78%	31.64%
(Other provisions)	3.35%	-11.73%	0.00%	-6.67%	-9.79%	-
Profit before tax	49.09%	22.37%	14.22%	19.06%	33.12%	31.64%
(-) Income tax expense	-12.88%	-8.11%	-6.04%	-8.17%	-11.25%	-9.57%
Net Profit	36.21%	14.26%	8.19%	10.88%	21.87%	22.08%

Interpretation:

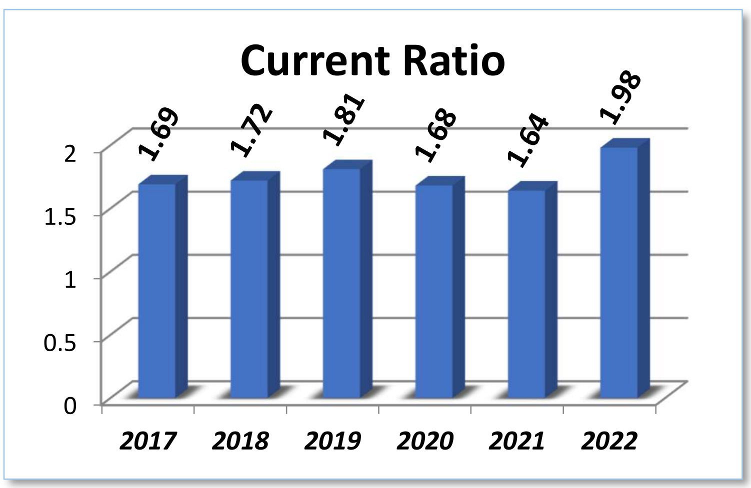
The table above identifies the common size income statement of SHELTECH BROKERAGE Limited. Cost of goods sold has varied from 23.95 to 41.49 percent (2017 to 2019) and from 34.53 to 25.66 percent (2020 to 2022) of gross revenue during the research period. Operating profit has variation from 45.74% to 14.22% in 2017-2019. There have some reasons to decrease of operating profit those are decreasing of revenue and increasing of cost of sales than the previous years. The table reveals the sudden fall in net profit from 2017-2019. The Net profit of the company has decreased from 36.21% to 8.19% during this period and again increased from 10.88% to 22.08% in 2020 to 2022. The overall picture reveals varied profitability of the company during this studied period.

A. Liquidity Ratios

a. **Current Ratio:** The calculations of Current Ratio of SHELTECH BROKERAGE Limited are given bellow:

SHELTECH BROKERAGE Limited's 2017-2022 Current Ratio:

Particular	2017	2018	2019	2020	2021	2022
Current Assets	8,478,161,999	8,962,805,640	8,450,550,956	8,876,192,984	10,708,289,132	9,724,980,609
Current Liabilities	5,007,692,450	5,224,695,467	4,665,837,405	5,294,993,761	6,538,314,530	4,923,754,648
Current Ratio	1.69	1.72	1.81	1.68	1.64	1.98



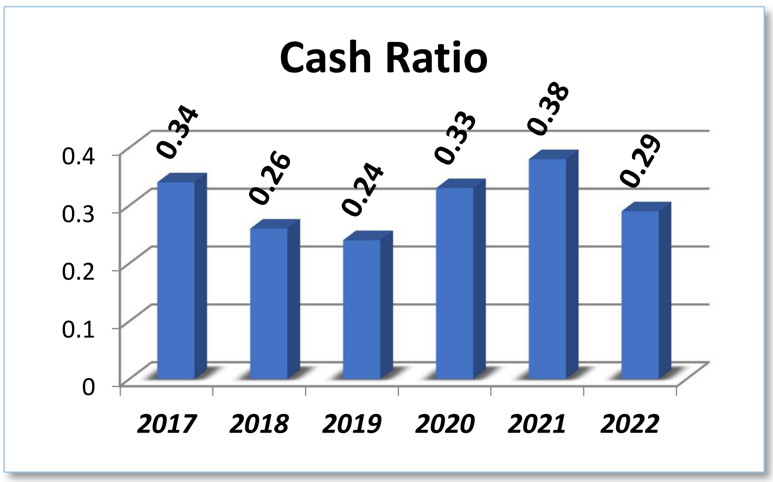
Interpretation:

From the study Current Ratio of SHELTECH BROKERAGE Limited, it seems that in any of the years the Current Ratio did not meet the standard which is 2:1. So it indicates thatthe Current Ratio position of SHELTECH BROKERAGE Ltd. is not good which indicates difficulty of meeting current liabilities. The ratio was 1.69 in 2017 where it was slightly increasing to 1.72 & 1.81 in 2018 & 2019. But in 2020 & 2021 it decreased from 1.68 to 1.64. In 2022 the ratio increased to 1.98 which is close to the standard of current ratio.

b. **Cash Ratio:** The cash ratio is calculated as follows:

SHELTECH BROKERAGE Limited's Cash Ratio 2017-2022:

Particular	2017	2018	2019	2020	2021	2022
Cash & Cash Equivalent	1,725,403,022	1,356,599,511	1,106,382,929	1,722,527,477	2,476,243,625	1,448,024,539
Current Liabilities	5,007,692,450	5,224,695,467	4,665,837,405	5,294,993,761	6,538,314,530	4,923,754,648
Cash Ratio	0.34	0.26	0.24	0.33	0.38	0.29



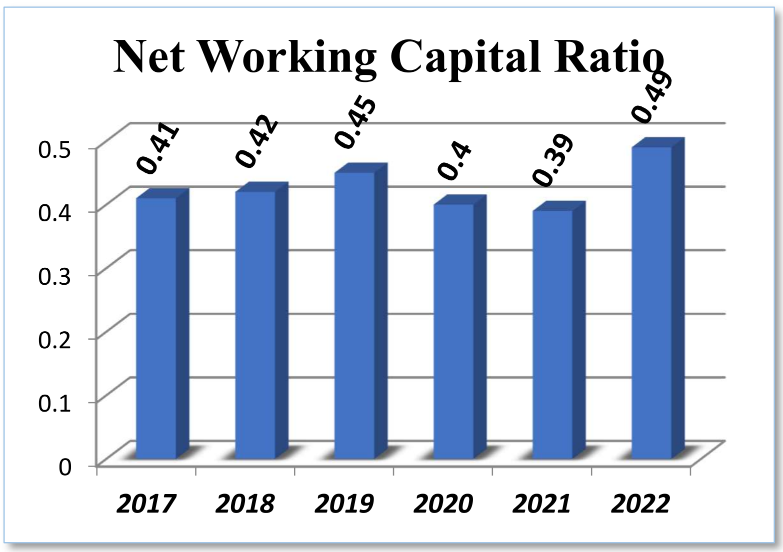
Interpretation:

It can be seen from the above table, that the cash ratio of SHELTECH BROKERAGE Ltd. was 0.34 in 2017 than it decreased to 0.24 in 2019. A ratio with result between 0.5 and 1 is considered preferable, though there is no standard figure. The highest ratio was 0.38 in 2021 which was not standard position of Cash Ratio. In 2022 it decreased to 0.29 that means the company has more short-term debt than cash which was not positive for the company.

c. **Net Working capital Ratio:**

SHELTECH BROKERAGE Limited's 2017-2022 Net Working Capital (Amount in BDT):

Particulars	2017	2018	2019	2020	2021	2022
Net Working capital	3,470,469,549	3,738,110,173	3,784,713,551	3,581,199,223	4,169,974,602	4,801,225,961
Net Current Assets	8,478,161,999	8,962,805,640	8,450,550,956	8,876,192,984	10,708,289,132	9,724,980,609
Net Working capital Ratio	0.41	0.42	0.45	0.40	0.39	0.49



Interpretation:

It can be seen from the above table that, the Net Working Capital Ratio of SHELTECH BROKERAGE Ltd. was .41 in 2017 which increased to .42 in 2018 and .45 in 2019, while ideal ratio is considered between 1.2 and 2. In 2020 the ratio decreased to .40 and .39 in 2021. The ratio again increased to 0.49 in 2022. So, it can be seen that there was not much significant change of Net Working Capital Ratio. As the ratio is less than 1, that may indicate liquidity problems in future.

B. Activity Ratios

a) Total Asset Turnover Ratio:

The calculations of SHELTECH BROKERAGE Limited's 2017-2022 Total Asset Turnover Ratios are given bellow:

SHELTECH BROKERAGELtd.'s2017-2022 Total Asset Turnover Ratio (Amount in BDT):

Particular	2017	2018	2019	2020	2021	2022
Revenue	2,269,617,167	1,996,427,570	1,531,392,838	1,274,376,665	2,373,000,043	1,532,775,106
Total Assets	10,792,308,115	11,134,106,826	10,340,874,208	10,743,461,308	1,236,929,694	11,337,739,851
Total Assets Turnover Ratio	0.21	0.18	0.15	0.12	0.19	0.14

Interpretation:

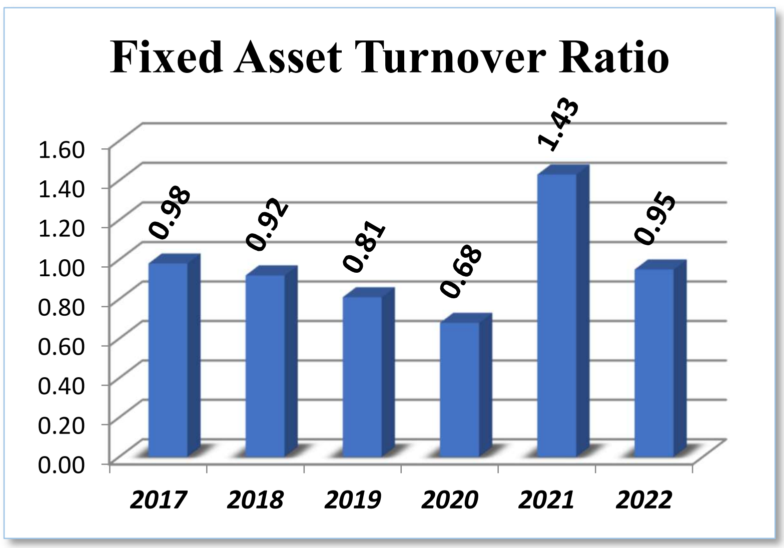
Here in 2017 to 2020 the ratio has decreased from .21 to .12 which means in 2020 SHELTECH BROKERAGE Limited generate 12 paisa by investing Taka 1 assets. And in 2021 the ratio was slightly increased for .19 which again falls to .14 in 2022. If the asset turnover ratio is higher it means the company is efficiently generating revenue from its assets. So it the Total Assets Turnover Ratio is not good of SHELTECH BROKERAGE Limited.

b) Fixed Asset Turnover Ratio:

The calculations of SHELTECH BROKERAGE Limited's 2017-2022 Fixed Asset Turnover Ratios are given bellow:

SHELTECH BROKERAGE Limited's 2017-2022Fixed Asset Turnover Ratios (Amount in BDT):

Particulars	2017	2018	2019	2020	2021	2022
Revenue	2,269,617,167	1,996,427,570	1,531,392,838	1,274,376,665	2,373,000,043	1,532,775,106
Fixed Assets	2,314,146,116	2,171,301,186	1,890,323,252	1,867,268,323	1,661,009,562	1,612,759,243
Fixed Assets Turnover Ratio	0.98	0.92	0.81	0.68	1.43	0.95



Interpretation:

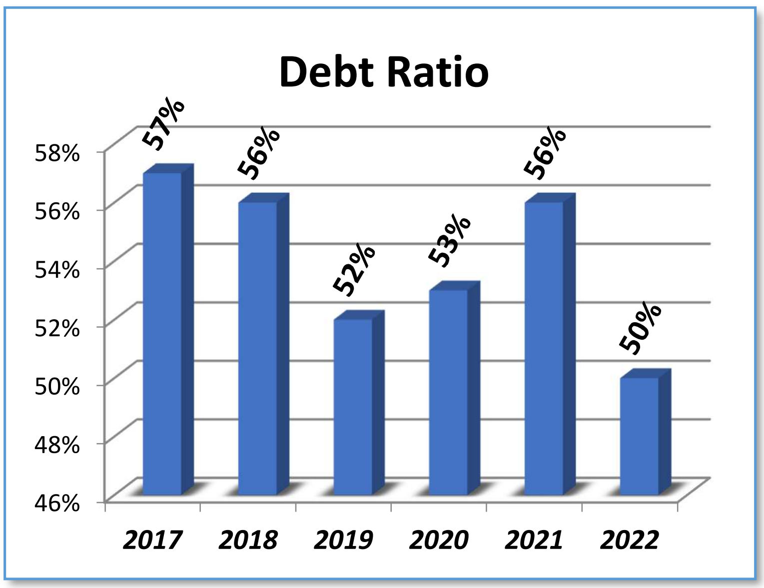
Here in 2017 to 2020 the ratio has decreased from .98 to .68 and in 2021 the ratio was highly increased to 1.43 from .68 which again dropped to 0.95 in 2022. If the ratio is higher then it indicates that management is utilizing the company's fixed assets more effectively, though there is no ideal range. So, it can be said that the overall Fixed Assets Turnover Ratio is moderate of SHELTECH BROKERAGE Limited.

Debt Ratio

a. Debt Ratio:

SHELTECH BROKERAGE Limited's 2017-2022 Debt Ratios (Amount in BDT):

Particular	2017	2018	2019	2020	2021	2022
Total Liabilities	6,152,707,066	6,209,783,544	5,425,689,717	5,689,577,974	6,984,797,881	5,614,876,380
Total Assets	10,792,308,115	11,134,106,826	10,340,874,208	10,743,461,308	12,369,298,694	11,337,739,851
Debt Ratio	57%	56%	52%	53%	56%	50%



Interpretation:

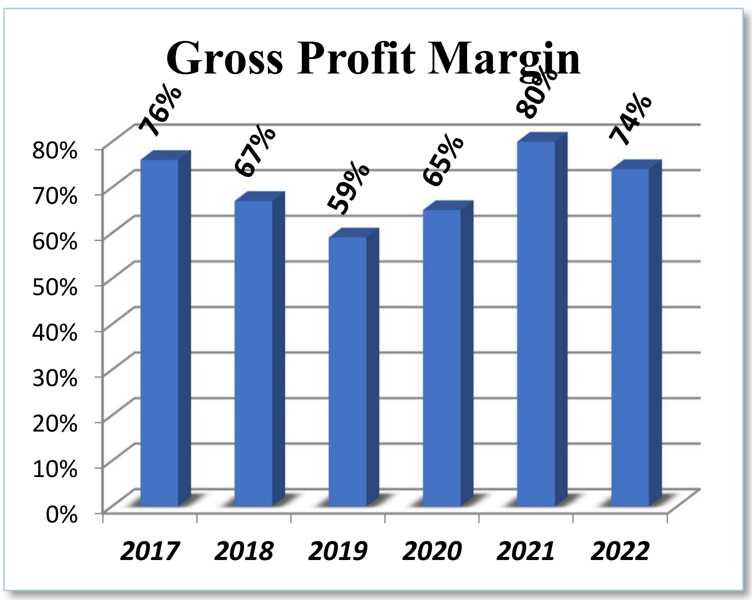
SHELTECH BROKERAGE Limited's Debt Ratio is consists of both long-term and short-term debt. It includes the company's both tangible and intangible assets. Tangible assets are like property & plants etc. and intangible assets are like software, trademarks etc. of SHELTECH BROKERAGE Limited. The debt ratio of SHELTECH BROKERAGE Ltd. was decreasing over the years of 2017 to 2019 as the debt ratio was 57% in 2017 & 52% during 2019. In 2020 the ratio was 53% that was higher than the previous year and 56% in 2021 which means they took higher financial risk. In 2022 the ratio decreased to 50%.

C. Profitability Ratios

a. Gross Profit Margin:

SHELTECH BROKERAGE Limited's 2017-2022 Gross Profit Margin (Amount in BDT):

Particular	2017	2018	2019	2020	2021	2022
Gross Profits	1,726,135,655	1,340,633,615	908,110,762	834,276,726	1,900,254,008	1,139,458,865
Sales or Revenue	2,269,617,167	1,996,427,570	1,531,392,838	1,274,376,665	2,373,000,043	1,532,775,106
Gross Profit Margin	76%	67%	59%	65%	80%	74%



Interpretation:

The Gross profit margin of SHELTECH BROKERAGE Ltd. was 76%, 67% and 59% from 2017 to 2019 respectively. It increased to 65% in 2020 and in 2021 it highly rose to 80% probably as they minimized their expenses and generated revenues more than previous year. In 2022 the ratio downed to 74%. It refers stable condition of the company.

b. Operating Profit Margin:

SHELTECH BROKERAGE Limited's 2017-2022 Operating Profit Margin (Amount in BDT):

Particulars	2017	2018	2019	2020	2021	2022
Operating Profits	1,038,127,670	680,860,729	217,834,074	327,836,110	1,252,432,946	484,984,690
Sales or Revenue	2,269,617,167	1,996,427,570	1,531,392,838	1,274,376,665	2,373,000,043	1,532,775,106
Operating Profit Margin	46%	34%	14%	26%	53%	32%

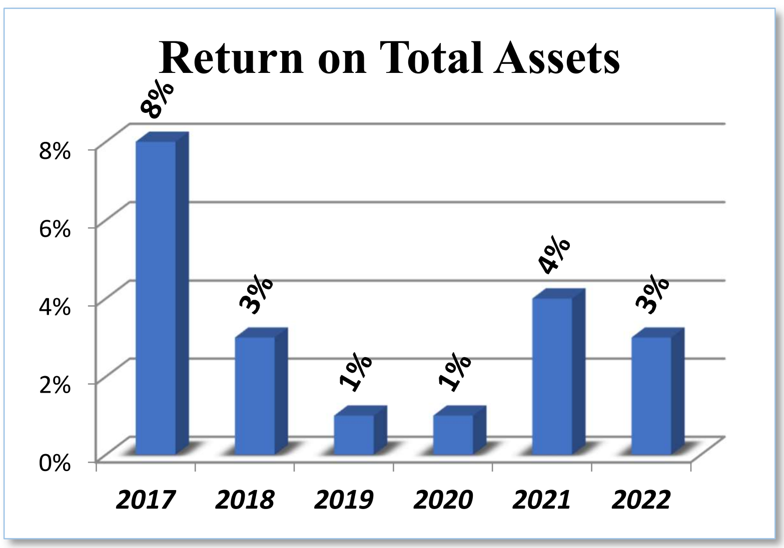
Interpretation:

It can be seen that from the above table, in 2017 to 2022 the ratio has fluctuated due to changes in revenue. From 2017 to 2019 the ratio highly decreased from 46% to 14%. In 2020 it was slightly increased compare to previous three years to 26% which means that for every TK.1 of income; only 26 Paisa remains after the operating expenses have been paid. In 2021 the ratio highly increased to 53% which indicates SHELTECH BROKERAGE Ltd. has performed really well in this year. In 2022 the ratio decreased to 32% which means lower performance than previous year.

c. Return on Total Assets (ROA):

SHELTECH BROKERAGE Limited's 2017-2022 Return on Total Assets (Amount in BDT):

Particulars	2017	2018	2019	2020	2021	2022
Earnings available for Common Stock holders	821,864,830	284,722,233	125,376,374	138,698,843	518,938,712	338,362,658
Total Assets	10,792,308,115	11,134,106,826	10,340,874,208	10,743,461,308	12,369,298,694	11,337,739,851
Return on Total Assets	8%	3%	1%	1%	4%	3%



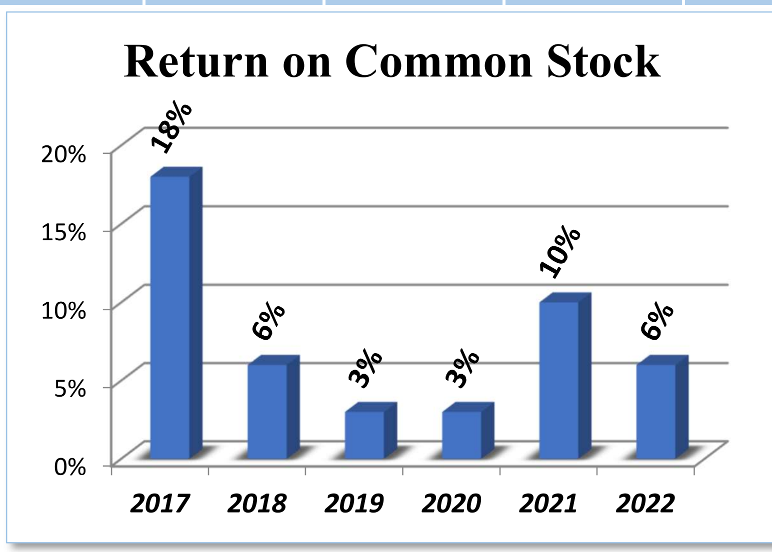
Interpretation:

It can be seen in table that during 2017, 2018, 2019 & 2020 the ROA ratio was respectively 8%, 3%, 1%& 1%. In 2021 it increased slightly to 4% in respect to higher earnings compared to the previous year and decreased to 3% in 2022. Here 3% means SHELTECH BROKERAGE Ltd. generates 3 Paisa by using TK 1 assets which is not a positive sign for the company.

d. **Return on Common Equity (ROE):**

SHELTECH BROKERAGE Ltd.'s2017-2022 Return on Common Equity (Amount in BDT):

Particulars	2017	2018	2019	2020	2021	2022
Earnings available for Common Stock holders	821,864,830	284,722,233	125,376,374	138,698,843	518,938,712	338,362,658
Common Stock Equity	4,694,373,316	4,978,765,426	4,912,722,244	5,051,651,861	5,382,039,978	5,720,114,602
Return on Common Stock	18%	6%	3%	3%	10%	6%



Interpretation:

The ROE ratio of SBL was 18% in 2017 which means that every Tk.1 of common shareholder's equity earned about 18 Paisa this year. Shareholders saw an 18 percent return on their investment. From 2018 to 2020 it was highly decreased respectively 6%, 3% and 3%. In 2021 it shows that, the ratio was slightly increased to 10% but decreased to 6% in 2022. AS SHELTECH BROKERAGE Ltd. is a growing organization, this percentage of return is quite acceptable.

Findings

Some of the main functions that affect a company's profitability or liquidity are total assets, total liabilities, shareowner equity, current ratio, quick ratio, ROA etc. There are other ratios that are also important as they help to measure company's performance. Both positive and negative findings can be observed using the financial performance analysis. However, after the ratio analysis of SHELTECH Brokerage Ltd, findings that were observed are stated below:

Horizontal Analysis:

i. **Revenue:** A decreasing trend is observed in the changes of revenue. However, in 2021, the changes in revenue significantly increased to 4.56% compared to -43.85% in 2020. In 2022 the ratio again decreased to -32.47% with revenue BDT 1,532,775,106. So, total revenue is not increasing that means the company has to increase its services.

ii. **Operating Profit:** Growth of operating profit of SBL was decreased in 2020 compared to the year of 2017 to 2019. However significantly increased by 20.64% in 2021 but decreased to -53.28% in 2022 with operating profit BDT 484,984,690 which means the company doesn't have a stable operating Profit which is not good for the company.

iii. **Profit after tax:** SHELTECH Brokerage Ltd.'s Profit After Tax was decreasing from 2017 to 2020. In 2021 the ratio increased to -36.86% and the following year decreased to -58.83% with Profit After Tax amount BDT 338,362,658 in 2022. If they continue to increase their Profit After Tax ratio that will be positive for the company.

iv. **Total Assets:** SHELTECH Brokerage Limited's growth of total assets were fluctuating during 2017 to 2022. That indicates the condition of total assets of the company is not satisfying.

v. **Total Liabilities:** Total liabilities of the company increased in 2021 than 2020 and that percentage is -7.53% to 13.52%, which means their lending capability is quite sufficient. In 2022 the ratio decreased to -8.74% with total liabilities amount BDT 5,614,876,380.

vi. **Shareowner Equity:** In case of shareowner equity, there was not much significant changes during the period with an increasing trend each year. Though the equity has decreased from 2018 to 2019, the SBL's total shareowners' equity is increasing in recent years which means their shareholders value is adequate.

Common-size income statement:

Dring the of the income statement, items have changed year by year. For example, the gross profit has decreased from 76.05% to 58.51% from the year 2017 to 2019 and again increased to 80.08% from 2019 to 2021. Operating profit has also followed the same trend the period of 6 years, it has changed has changed from 45.74% to 52.78% in the year 2017-2021. Profit before tax and the net profit have followed this trend in the same way. So, from the above analysis of percentages it can be said that the financial position of SHELTECH Brokerage Ltd has followed down trend during the period 2017 to 2019 but since the last two year the performance of the company has been increasing, which indicates as a good sign for the company in future.

Financial Ratio Analysis:

a. **Liquidity Ratio:**

- Current Ratio of SBL did not meet the 2:1 standard ratio. The ratio position 1.98 in 2022 of the company slightly meets the standard but every year the ratio has been fluctuating.
- The cash ratio is far less than the standard means the company has more short-term debt than cash.
- The Net Working capital ratio is comparatively well (.49) in 2022 than the previous years with lowest ratio .40 in 2020.

b. **Activity Ratios:**

- In Total Asset Turnover Ratio there is a decreasing trend (from .21 to .14 in year 2017 to 2022) at SBL which is not quite good for the company.
- The Fixed Asset Turnover Ratio has decreased from .98 to .68 in year 2017 to 2020 but in 2021 the ratio highly increased to 1.43 and ends with 0.95 in 2022. Which means their previous performance was not satisfactory.

c. **Debt Ratio:**

- The Debt Ratio has decreased from 57% to 53% in the years 2017 to 2020 but increased to 56% in 2021. In 2022 the ratio decreased to 50%.

d. **Profitability Ratios:**

- In Gross profit margin there is a decreasing trend from 76% to 59% during the year 2017-2019 and there was an increasing trend from 65% to 74% in year 2020 to 2022.
- In Operating Profits there is a decreased trend (from 46% to 14% in year 2017 to 2019). In 2021 it was highly increased and that was 53%. Though the Operating Profit Margin suffered a huge decline in 2019 but in the following years they have regained previous position.
- Return on Total Assets indicates decreasing trend of the ratio, which is not desirable for the company. During the recent 2 years it has slightly increased so the overall condition is not good.
- Return on Common Equity also indicates decreasing trend. During the year 2021 it has slightly increased to 10% which dropped to 6% in 2022. It was bad for the company.

Chapter 5

Recommendation & Conclusion

Recommendations

We already know that SHELTECH Brokerage Limited is a very well-established organization of our country. With my little knowledge and experience, it is very difficult to give recommendations to such a well-organized company like them. However, based on my experience and observation during the internship period, I am suggesting following recommendations which they may consider:

- SHELTECH Brokerage Limited should manage the assets more carefully to increase the return on asset ratio by increasing net income. Following that they can achieve maximum benefit from their investments.
- SHELTECH Brokerage Limited need to increase the liquidity with respect to the current liability. They should focus more to develop overall performance to increase the return on total asset.
- SHELTECH Brokerage Limited need to build up their own capital. It will increase profitability.
- SHELTECH Brokerage Limited should consider keeping more liquid assets like safety cash balance for any kind of unanticipated crisis in the future.
- SHELTECH Brokerage Limited may provide different type of training sessions regarding various skill developing issues like sales techniques or how to improve profit margins. Employees must be provided training and guidelines about fundamental and technical qualities. More emphasis should be given on marketing activities to let people know about the services of the company.
- SHELTECH Brokerage Limited may give more individual attention to their customers and focus more on customer's specific needs, willingness to help customers and provide the service right the first time.

Conclusion

Internship is a great combination of both practical & theoretical knowledge. I have completed my internship period from SHETECH Brokerage Limited, a renowned brokerage house of Bangladesh. During my internship period, everything I have experienced and learned about the corporate culture, I believe that will always help me in my future professional career. From the beginning SBL has maintained a structured and transparent communication system which has made them one of the leading in the industry. All employees are treated and valued as a vital part of the organization. The company relies on knowledge-based investment portfolio to be in the race with the advanced capital market and to attract sophisticated clients.

Capital market is considered as the mother of economy for a country and securities, brokerage houses are always there to help the economy achieve long term practical development. A securities or brokerage house has many commitments to develop the capital market as they are always chasing after new financial specialists and motivate them to invest their reserve in the capital market. To know the financial positions and its share conditions the financial performance analysis is necessary. This analysis will help to find out the condition of SHELTECH Brokerage Limited and find out the opportunity to expand business in future and contribute more in the economy of Bangladesh.

In conclusion, I would to like to say that, for me it was a lifetime opportunity to work as an intern in SHELTECH Brokerage Limited and achieve a new experience in life. SBL is already in a leading position in the industry and their service quality is always satisfactory to the customers. They put their main focus on the customers wealth maximization through their premium service quality. Though SBL is one of the leading brokerage houses in the industry, the competition is increasing every day. That’s why SBL must apply new techniques on their service quality to attract new customers and compete in the market. Otherwise, if they don’t try to adopt exceptional features then it would be difficult to keep their business position in the competitive market industry. Their customer-oriented service quality, leading brand image & transparency are making good vibes in customer’s heart that will help them to achieve more success in future.

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