



Internship Report
On
Financial Performance Analysis of IDLC
Securities Limited



Internship Report
on
Financial Performance Analysis of IDLC Securities
Limited

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Acknowledgement

I would like to express heartfelt gratitude to every single person who has assisted me in the preparation of this internship report. I wish to thank them for their support, guidance and belief in every step. Most importantly, I would like to take the opportunity and express my thankfulness towards Nusrat Nargis, Assistant Professor of Daffodil International University, ma'am for her constant support and necessary guidance to the cause of my report outcome from the beginning to the end. I must not forget to mention my appreciation to Md. Hafiz Uddin, Manager-In-Charge, IDLC Securities Limited under whose supervision I went through my internship. Moreover, my thanks go to Md. Sakhawat Hossain, Head of Finance and Operation, Md. Zubair Ahmed, Senior Officer, Aysha Siddica Asha, Grade 3 officer and Ms. Alvi, Officer grade 2 of IDLC Securities Limited for their kind support and most importantly for providing the learning opportunity for me during the internship tenure. At the same time, I would like to thank my other colleagues of IDLC who provided me with enormous insights and helped me to learn the situation of the real business world. Lastly, I am grateful to Daffodil International University, which is the reason I am standing here on the sheer drop of earning my bachelor degree successfully.

Letter of Transmittal

Date: 05-04-2023

18th January

Nusrat Nargis

Assistant Professor

Daffodil International University

Subject: Submission of Internship report on “**Financial Performance Analysis of IDLC Securities Limited**”.

Dear Madam,

With due respect I would like to say that it is a great privilege for me to submit my internship report on “**Financial Performance Analysis of IDLC Securities Limited**” as a completion of my Bachelor’s degree.

The internal content of this report is based on a vivid analysis of the Finance & Admin division I have worked for during my internship period, and their performance evaluation according to Broker House industry. During the whole preparation of making this report, I have tried to make it rich covering with all the concerning contents. I want to show my gratitude to you for your encouragement, effective guideline and valuable support. Kindly, accept my report and oblige thereby.

Sincerely Yours,

Pronob Ghosh

ID: 192-11-6278

Department of Business Administration

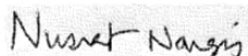
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Letter of Acceptance

This is to certify that Pronob Ghosh, bearing the ID No: 192-11-6278, Student of B.B.A Program, Daffodil International University, has completed the internship under my guidance supervision. He has worked with IDLC Securities Ltd as an intern and completed the report entitled “**Financial Performance Analysis of IDLC Securities Limited**” as a partial requirement of getting a BBA Degree. He has finished the report without anyone else. He has allowed to submit the report.

Pronob Ghosh is a highly satisfying and responsible individual with significant strength. Working with him has undoubtedly been a wonderful experience. I wish him all the best in his daily life.



Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Declaration of the Student

I certify that I wrote the internship report titled “**Financial Performance Analysis of IDLC Securities Limited**” and it has not previously submitted for a certificate or degree to any other university/College/Organization. In good faith, I declared that this report fulfils a portion of the requirements for Daffodil International University’s Bachelor of Business Administration (BBA) degree.

After completing my internship at IDLC Securities Limited, DR Tower, Box Culvert Road, Purana Paltan, Dhaka, I prepared this report under the increased supervision and direction of Md. Hafizuddin, General Manager, IDLC Securities Limited, and Nusrat Nargis Assistant Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University.

The work I have presented does not violate and already-existing copyright, and no part of this report is based on anything I’ve done before, whether for a degree or not.

I further promise to compensate for any harm caused by a breach of the aforementioned responsibilities.



Pronob Ghosh

ID No: 192-11-6278

Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Executive Summary

With one of the best portfolios of any company in the country, IDLC Securities Limited is without a shadow of a doubt one of the leading financial institutions in Bangladesh's NBF and brokerage industry. As the report's most important goal, I included a comprehensive history of IDLC Securities Limited and its various issues, as well as a narrative related to and graphical representation of their five-year financial performance evaluation. From my personal work experience and the knowledge that I have gained from both the annual report and the workplace, the objective is five-year financial performance analysis identify problem and give solution. The ratios like ROA, ROE, Operating Profit Margin, Net Profit Margin, EPS Etc. and trend analysis also common size analysis are determined to get a general perspective on its financial performance. During the three-month internship period at IDLC Securities Limited, Finance & Admin team my main work responsibility was to settle fund withdrawal request of all branch, voucher entry, bank reconciliation. My goal was during my internship was to fulfill my supervisors' expectations and also meet my expectation about my internship at IDLC Securities Limited. However, it also gives a clear picture of what I have learnt during three-month long internship at IDLC Securities Limited and how I was equally benefited for the organization and for myself. Lastly, with a recommendation I tried to produce this report as informative as possible with numerous information I gathered.

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Chapter 1

Introduction

1.1. Background of the Study

The trading of company stock and derivatives at a predetermined price takes place on the public stock market, also known as the share market. These securities can be traded privately or listed on a stock exchange. Typically, broker houses are viewed as the country's stock market, and a stock market is a representation of the country's economic situation. A broker house is an organization with permission from the Securities and Exchange Commission, among others, to sell and buy securities, manage portfolios, and provide investment advice to clients. However, the broker house provides this service in exchange for their client's commission on each transaction because it is a member of DSE and CSE. As a result, more transactions translate into higher commissions on homes and increased wealth. People in Bangladesh used to buy and sell their paper shares directly to buyers or sellers' hand in hand prior to 1998, making broker houses relatively inactive. The hand-to-hand transaction took a very long time and was complicated. The trade accelerated significantly following the establishment of CDBL (Central Depository of Bangladesh Limited). As a consequence of this, the number of people investing in the stock market has been skyrocketing on a daily basis, and the brokerage houses in Bangladesh have been confronted with significant challenges as a result of the rising number of people investing in the capital market. It is remarkable that BO (Beneficiary Owners) accounts have increased in Bangladesh's stock market. As a result, the DSE and CSE brokerage houses have the opportunity to carry out smooth and substantial trades every day. Not only is it the case that the broker receives a higher commission for each transaction, but also that the brokerage houses are required to adhere to all of the BSEC's regulations. Brokerage houses may occasionally suffer as a result of BSEC regulations. There is no doubt that brokerage firms are a significant part of Bangladesh's capital market. Consequently, we must constantly monitor the brokerage firms' performance. In addition, in order to satisfy the parties involved in the development, we need to measure its own performance.

1.2 Origin of the Study

Students who want to complete their BBA degree must complete the internship program. I was connected to the company IDLC Securities Limited through the internship program. Under the close supervision of both my official supervisor and my internal support, I developed this report based on my practical experience with daily organizational activities and theoretical literature.

1.3 Scope of the Study

Brokerage firms now have to compete with both domestic and international institutions in the market in order to grow according to the flow of competing rivals. The purpose of this report is to examine IDLC Securities Limited's strategies and policies. The organization's infrastructure has been developed and looks to the future. This report only aims to provide a broad overview of the business, its products and services, and its position in the industry. The examination of its operational progress and financial performance. The study's main focus is on the structure, functions, and performance of the organization. Due to the internship program's time constraints and the fact that only one company serves as the basis for this report, it is obvious that the following report cannot cover all aspects of brokerage houses. However, IDLC Securities Limited ranks among Bangladesh's top brokerage firms.

1.4 Objectives of the Study

- To analyze the activities of IDLC Securities Limited
- To evaluate the financial performance of the company from 2017 to 2021
- To identify problems related to the financial performance of the company
- To provide a recommendation about the problems of the company regarding financial performance.

1.5 Methodology of the study

A report is resourceful when the data is accurate so, to collect accurate data for my study I have followed some procedure or step like first made an initial plan to choose the methodology. Then Finding out the available sources for collecting data. To collect all the data, I can manage and analyze to extract the real thing also find the appropriate sources of data. All the required data for calculating ratios are collected from the primary data source which is the company's website. The information was gathered from the company's website and included in the company's annual reports. The six-year historical data from 2017 to 2021 that were collected from yearly annual report.

1.5.1 Secondary Sources of Data

- IDLC Securities Limited Annual Report.
- From old publications about IDLC Securities Limited.
- By searching about IDLCSL on google.
- News, Magazines and other business analysis report.

1.6 Limitations of The Study

It is not at all simple to prepare a report of this nature in such a short amount of time. The objective of the study was to ensure that it was accurate and complete from beginning to end. At the time of preparing the report some problem and limitation have encountered which are as follows:

- Lack of access to the internal data.
- Non-availability of preceding & latest data.
- The time span was not sufficient enough to learn all the activities of the organization.
- Some information couldn't be collected due to confidential issues.

- Some data is collected from different secondary sources so there was a small possibility of data manipulation.
- Lack of sufficient books, papers, and periodicals take me to go on serious brainstorming while preparing this report.
- I carried out such a study for the first time, so inexperience is one of the main constraints of the study.

Chapter 2

Organization Overview

2.1 Historical Background

One of Bangladesh's leading brokerages, IDLC Securities Limited, starts its operations in September 2006. Through the dependable trading platforms of the Dhaka and Chittagong stock exchanges, the company offers brokerage services to more than 18 thousand retail investors as well as domestic and international institutional investors. As a panel broker, it also serves over 4,500 customers of its listed merchant banks. It has a track record of providing high-quality services to customers while upholding strict compliance and corporate ethics standards. Additionally, the company provides high-end brokerage services to institutional, foreign, and high-net-worth investors. Along with execution brokerage, premium brokerage services include research and advisory support. In addition, in order to meet the needs of millennial customers, the business is implementing a brand-new, cutting-edge trading platform in addition to its own Order Management Unit. There is no doubt that IDLC Securities Limited is one of the top-ranked brokerage firms in Bangladesh, let's see other information about the company like legal status, nature of business services, and product line.

2.1.1 Legal Status of the company

IDLC Securities Limited (IDLC SL) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C-61319 (3328)/06 with effect from 19 April 2006 as a private limited company limited by shares having its registered office at DR Tower (4th Floor), 65/2/2, Bir Protik Gazi Golam Dostogir Road, Purana Paltan, Dhaka-1000 under the Companies Act 1994. The Company is a Trading Right Entitlement Certificate (TREC) holder of both Dhaka Stock Exchange Limited (058) and Chittagong Stock Exchange Limited (119). The company commenced its business operations on 18 September 2006 as a wholly owned subsidiary of IDLC Finance Limited.

2.1.2 Nature of Business

As a member of stock exchanges and central depository system (CDS) companies, IDLC Securities Limited conducts business as a broker, jobber, or dealer in stocks, shares, securities, bonds, and debentures.

The company's capital can also be purchased, sold, held, or invested in shares, stocks, and other fixed-income securities by the company. Purana Paltan, Chattogram, Dhanmondi, Mohakhali (DOHS), Gulshan, Narayanganj, Uttara, Gazipur, and Sylhet are the nine (9) branches of the business in Bangladesh. The following licenses have been granted to IDLC Securities Limited by regulatory authorities:

Name of Institutions	License No:	Nature of Business
Bangladesh Securities and Exchange Commission (BSEC)	3.1/DSE/58/2006/130	Stock Broker Business with DSE
Bangladesh Securities and Exchange Commission (BSEC)	3.1/DSE/58/2008/233	Stock Dealer Business with DSE
Bangladesh Securities and Exchange Commission (BSEC)	3.2/CSE/119/2006/135	Stock Broker Business with CSE
Bangladesh Securities and Exchange Commission (BSEC)	3.2/CSE/119/2006/176	Stock Dealer Business with CSE
Central Depository Bangladesh Limited (CDBL)	CDBL- DP 229	Depository functions

Table 1.1: IDLCSL Regulatory Authorities

2.1.3 Value Proposition

- They put clients' interests first.
- Offer the most efficient trade execution.
- Generate long-term customer value.
- Focus on knowledge-based brokerage service.

2.2 Product Line of IDLC Securities Limited

Execution Brokerage

- ✓ Dedicated relationship manager for each client to offer prompt support.
- ✓ Confidentiality of client's trade and portfolio status.
- ✓ Easy and quick fund deposit and withdrawal process.
- ✓ Daily news highlights, IPO alerts, and insights.

Premium Brokerage with Research Services

- ✓ Everything in execution brokerage research.
- ✓ Stock rating through equity notes, investment themes, and other reports.
- ✓ Updates on investment dynamics through flash notes.
- ✓ Investment inquiry services to answer queries.

International and Institutional Brokerage

- ✓ Everything in premium brokerage.
- ✓ Facilitating corporate access.
- ✓ Organizing roadshows.
- ✓ Arranging block flows of stocks.

2.3 Organizational Hierarchy:

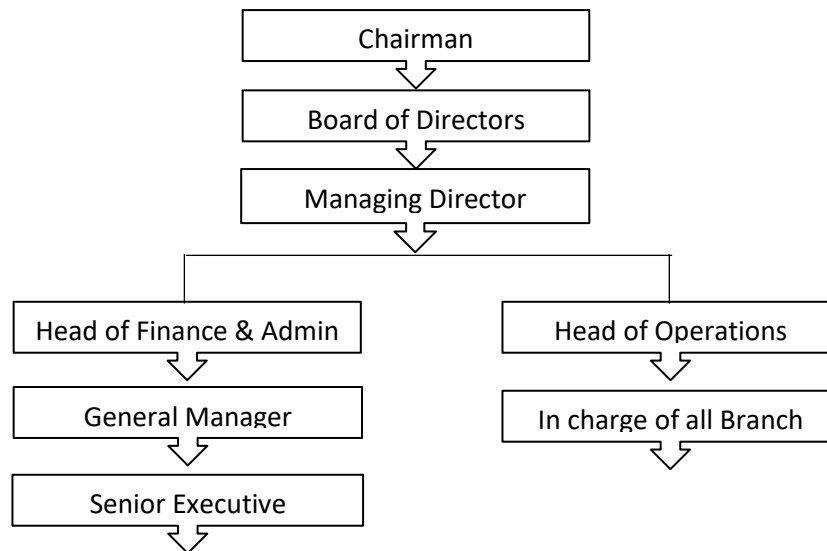


Figure 2.1: IDLC SL Organizational Hierarchy

2.4 Branches of IDLC Securities Limited

- Dilkusha – Head Office
- Dhanmondi
- DOHS
- Gulshan
- Gazipur
- Agrabad
- Bogura
- Narayanganj
- Sylhet
- Uttara

Chapter 3

*Activities of IDLC Securities
Limited*

3.1 Activities of IDLC Securities Limited

3.1.1 Overview of IDLCSL Finance & Admin Team and Activities

The finance and admin team are responsible for all accounting, financial and fiscal management aspect of the company operations, provides leadership and coordinates the company's financial planning, administrative management and budget management. The Finance and Admin team plays a great role in capital market operation of IDLC Securities Limited. This team generally manage the account, administrative also admin section. The finance & admin team are work together in IDLCSL to bring out better output for the company.

The following table will demonstrate the general activities of IDLCSL Finance & Admin team.

No	Finance Team	Time
1	Transfer fund from one account to other account to pay DSE or CSE as per the trade.	9.30am to 11am
2	Check and approve the fund withdrawal request from clients. 1 st phase & 2 nd phase	11am to 12.30pm & 12.30pm to 2pm
2	Posting appropriate voucher	Before EOD
3	Deduct charge from clients against their trade	Month End
4	Bank Reconciliation	3pm
5	Various interest record	Maturity date
6	Payment or received against foreign trade	T+1
7	VAT & TAX calculation and payment	Month End
8	Prepare financial Statement	Year End

Table 3.1 Activities of Finance team of IDLCSL

No	Admin Team
1	Open BO Account
2	Collect buy or sell orders from clients
3	Collect deposit
4	Manage administrative work
5	Manage office assistance team
6	Pay all administrative expenses.

Table 3.2: Activities of the Admin Team of IDLCSL

3.1.2 IPO Operation

Initial Public Offerings of the IDLCSL operation team and its dealer account are divided into a few steps. Those are;

Step -1 (BO Setup)

- Company Setup.
- Declaration and update IPO subscription date.
- IPO Notification through Email and SMS.

Step -2 (IPO)

- IPO Application Approve.
- Reject or Cancel IPO application (if).
- Fund Transfer to Exchange.
- IPO data upload to ESS.
- Result Verify.
- IPO Data Allotment.
- IPO Result send to Client and RM through.

Step -3 (SMS & Email)

- Shares Allotment Approve.
- Fund refund process.
- Tradable at DSE & CSE trading system.

Step -4 (Dealer IPO)

- Fixed Price Method & BID price method.
- Fund Transfer to Exchange.
- IPO Application.
- Share Allocation.
- Fund Refund.
- Tradable at DSE & CSE Trading System.

3.1.3 Share Receive & Delivery

- Shares Collection of AMC and Foreign Accounts in Backoffice.
- Increment quantity upload at Flex TP.
- Shares Delivery of AMC and Foreign Accounts in Backoffice.

3.1.4 Mobile Application

- DSE Mobile app Registration.
- Notify Client.
- Workstation Assign.
- Ensure the Purchase Power.
- Ensure the Activation Process.
- Client Log Maintenance.

- Other services (PW reset, Device Unregister).

3.5 CDBL Operations:

CDBL or Central Depository Bangladesh Limited is basically a software of DSC where IDLCSL keeps customers' account information of the capital market. It includes;

- Demat Setup.
- Transfer & Transmission Setup and Approve.
- Transfer & Transmission Change of Ownership Setup and Approve.
- Pledge and Unpledged Setup and Approve.
- Close Setup.
- BO suspension Withdraw.
- Request setup for DP reports.
- BLUECHIP software.
- Corporate Action-Transfer.
- Dividend Receivable.
- Cash Dividend Receivable.

3.6 Trade Data Process

- Trade data files upload in Backoffice.
- Download all trade data every day. (File Zela and CAT-ADMIN).
- EOD ticker upload (Close price).
- DSE/CSE Trade data upload.
- Trade Correction (if needed).
- After-trade client SMS.
- EOD confirmation and portfolio.

3.7 Foreign Trade Operations

In this industry, IDLC Securities Limited initially established documentation for a foreign account. After that, begin preparing and disbursing all confirmations of foreign trade. Following the completion of a trade matching report with the local custodian and clients, IDLCSL will prepare a trade certificate for shares and settle the fund with the local custodian. Finally, it submits a monthly MIS report and a weekly foreign trade report to DSE and CSE.

3.8 Account Open:

- Receiving requests through Walking Client/RM/Online Channel.
- Customer should send his/her NID to Documentation for NID verification.
- Create CIF (Client Information).
- Open in CDBL (Central Depository Bangladesh Limited).
- Update in Blue-chip.
- Send BO Acknowledgement to Client from IDLCSL.
- Active Value-added service (Email & SMS).
- Collect the CEO sign-in Form.
- Preserve BO Opening form to Volt.

3.9 Other Services

- ✓ Margin Loan Facility.
- ✓ Collateralize stock holding to avail loans.
- ✓ Other custodial services.

Chapter 4

Financial Performance Analysis
of
IDLCSL (2017-2021)

4.1 Ratio Analysis

Financial ratios are created with the use of numerical values taken from financial statements to gain meaningful information about a company. The numbers found on a company's financial statements like balance sheet, income statement, and cash flow statement are used to perform quotative analysis and assess a company's ratios. Financial ratios are grouped into the following categories

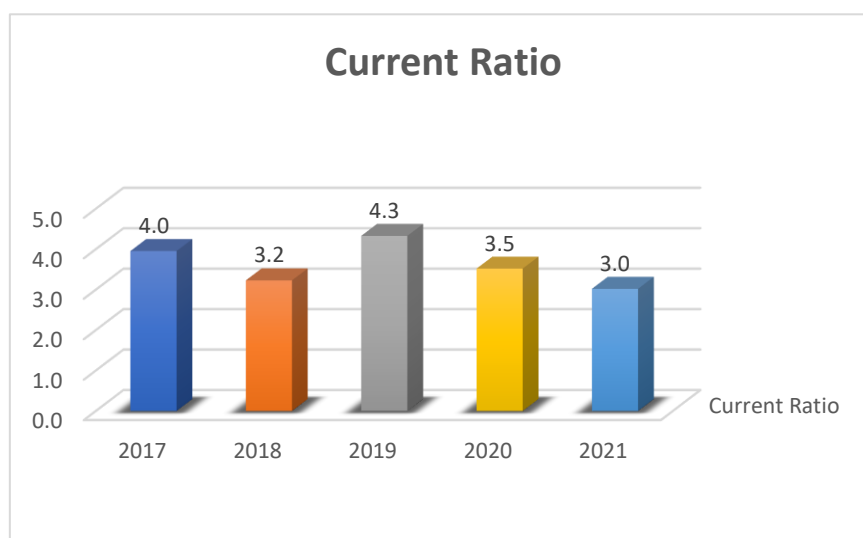
- Liquidity Ratios
- Leverage Ratios
- Efficiency Ratios
- Profitability Ratios

Here I start with the liquidity ratio to analyze 5 years financial performance analysis of IDLC Securities Limited.

4.1.1 Liquidity Ratio

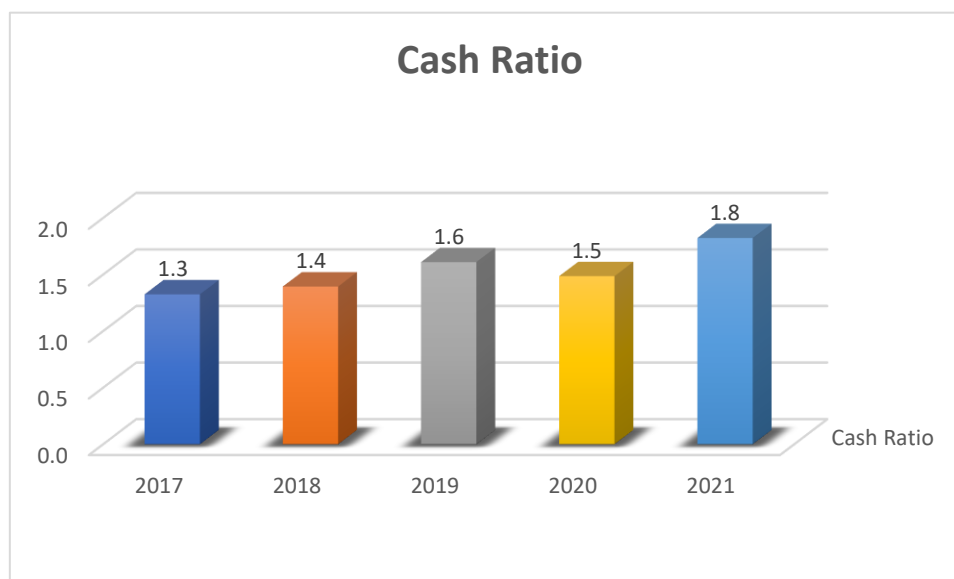
Liquidity ratio is a ratio which measures a company's ability to pay short term and long-term obligations.

- ✚ **Current Ratio:** Current ratio is a kind of liquidity ratio that measures a company's ability to pay short-term obligation or those due within one year. This ratio tells investors and financial analyst that how the company can maximize the current asset on its balance sheet to satisfy its current debt and other payables. This is why current ratio is so much popular cause investor can get a quick overview about a company's condition about current asset and current liabilities before invest.



Interpretation: If a company's current ratio is less than 1 which mean the company does not have the capital on hand to meet its short-term obligations if they were all due at once, on the other hand, a ratio greater than 1 indicates that the company has enough asset to remain solvent in the short term. Here the above giving current ratio, it indicates that IDLCSL has enough asset to cover all of their liabilities. The current ratio of IDLC Securities Limited from Year 2017 to 2021 it is far greater than 1 like in 2017 it was 4.0, 2018 3.2, 2019 4.3 (Highest), 2020 3.5 and last year it was 3.0. The ratio is lying between 3 to 4 which indicate that the company has enough capital against current liabilities.

Cash Ratio: Cash and cash equivalents are much important for a company to run the organization smoothly and the amount of cash and cash equivalents of a company should have the ability to pay off their short-term obligation. The Cash Ratio is measuring a company's ability to pay off short term liabilities with cash & cash equivalents. Investors always do this ratio analysis to know about the position of cash & cash equivalents of their desire company before investing. The following cash ratio graph will present the condition of cash & cash equivalents against short term debt of IDLCSL.



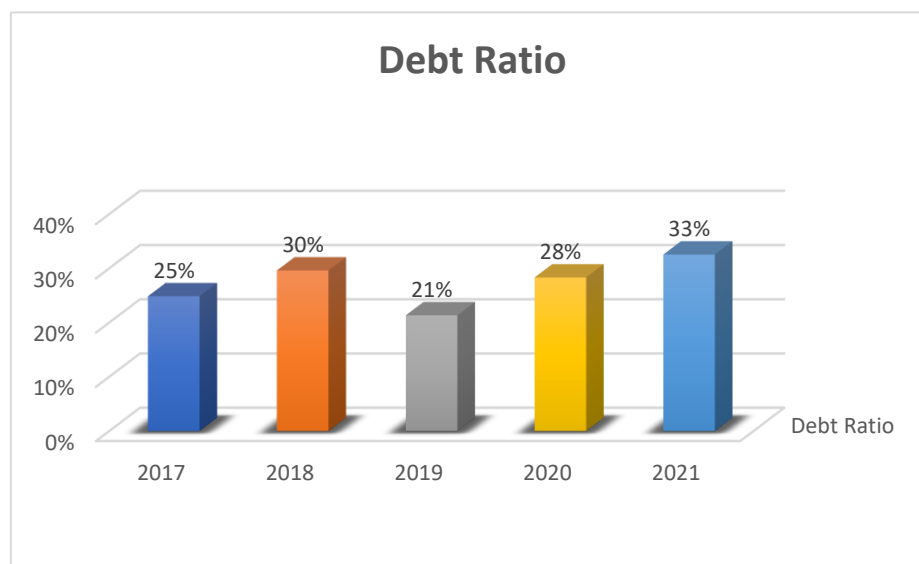
Interpretation: In general, a cash ratio equals to or greater than 1 which indicates a company has enough cash and cash equivalents to entirely pay off all short-term debt. Here the graph shows the cash ratio of year 2017 to 2021. From the above cash ratio, the cash ratio of 2017 to 2021 is greater than 1 that means the company has enough ability to pay off their short-term debt. The ratio also shows that in year 2021 the cash ratio is greater than other year, $2021 > 1$ which indicates that IDLCSL keeping a good cash ratio in current days which definitely good.

4.1.2 Leverage Ratios:

Leverage ratios measure the amount of capital that comes from company's debt. Leverage ratios are used to evaluate mainly the debt level of the company. Leverage ratios include the following ratios

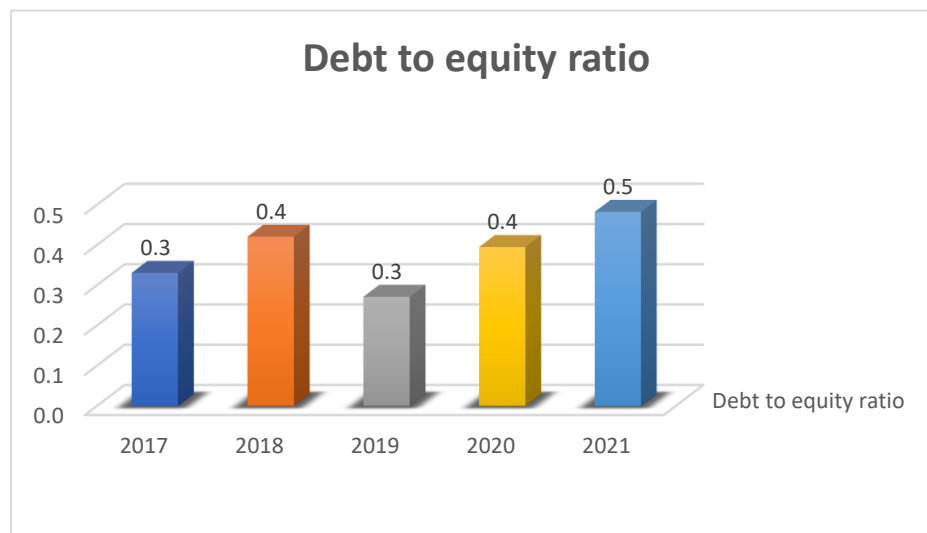
- Debt Ratio
- Debt to Equity ratio

Debt Ratio: A debt ratio measure the amount of leverage used by a company in terms of total debt to total asset. It represents the proportion of a company's assets that are financed by debt. The lower the debt ratio percentage is the company's debt is the lower against the asset.



Interpretation: A debt ratio greater than 1 or 100% indicates that a firm has more debt than asset. Here the above debt ratio of IDLC Securities Limited indicates that the company has more asset than debt cause the ratio is less than 100%. The ratio indicates that IDLCSL has only 30% debt against their asset in year 2017 repeatedly in 2018 is 30%, 2019 is 21%, 2020 is 28% and last year ratio is 33% which indicates a healthy position of the company's debt against their asset. IDLCSL is having more asset than their debt since 2017 which indicate a good position.

✚ **Debt to Equity Ratio:** Debt to equity ratio is kind of leverage ratio that measure the weight of total liabilities against shareholders equity. An investor always looks for debt to equity ratio to know that how much debt is currently bearing by the company against their equity. The following graphical representation of IDLCSL's debt to equity ratio will help to discuss more.



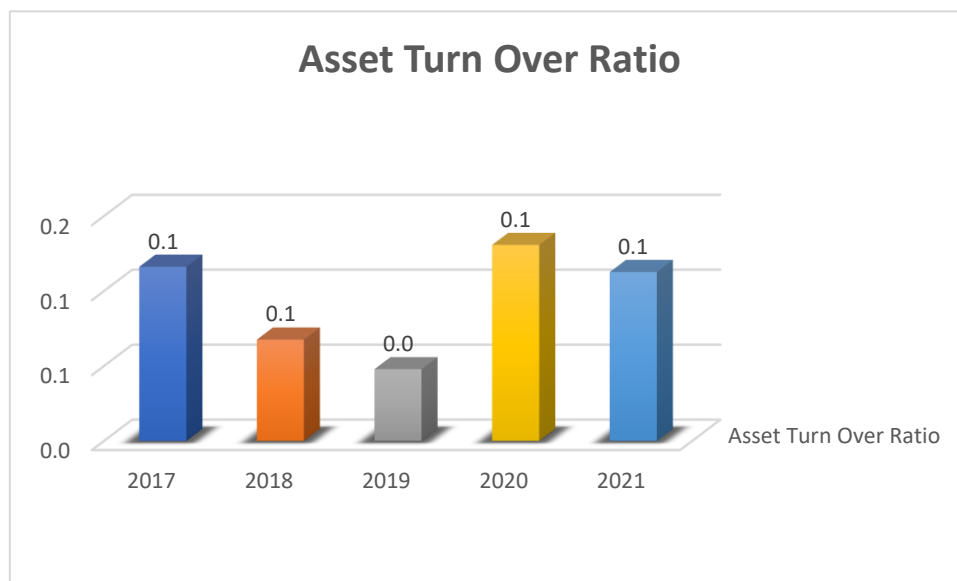
Interpretation: A good debt to equity ratio is highly contextual based on the type of business, in general basis a debt-to-equity ratio close to 1 consider as good. Here the debt-to-equity ratio of IDLCSL lying between from 0.3 to 0.5. Some analyst says that a ration like 0.3 or 0.5 is far better than having a ratio like 1 or 2. Here the ratio from 2017 0.3 it indicates that IDLCSL is a low-risk investment for lenders and company has TK 1 asset against TK 0.30 of debt. If we see at the last year ratio it indicates that company has tk.1 asset against tk.0.50 of debt. On the other side the ration from 2017 to 2021 is not fluctuating much it also determines a good financial health of the organization

4.1.3 Efficiency Ratios:

Efficiency Ratio is also called as activity financial ratio. Efficiency Ratio is mainly used for measuring how well a company is utilizing its asset and resources. Common Efficiency Ratios are as follows

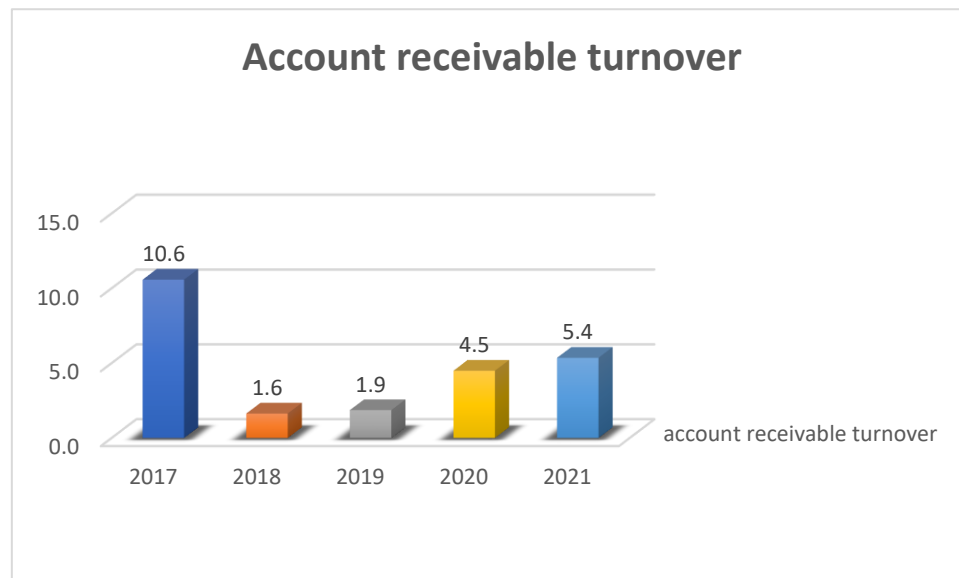
- Asset Turnover Ratio
- Account Receivable turnover Ratio
- Account Payable Turnover Ratio

Asset Turnover Ratio: The asset turns over ratio measures that how a company is using their asset efficiently to generate sales or revenue. This ratio compares the number of sales or revenue with the company's total asset to measure the efficiency of the company's operation. As like the other ration also the asset turnover ratio is industry specific where manufacturing firm maintain a high ratio and other firm like financial institution is low.



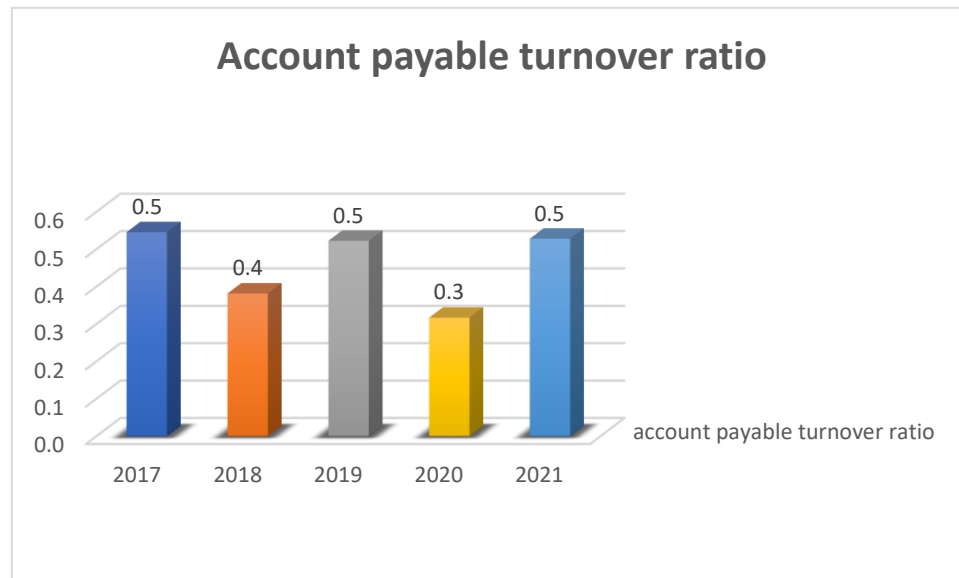
Interpretation: A high asset turnover ratio indicates that the company is efficiently using their asset to generate revenue. The higher the asset turnover ratio, the more efficient the company is. Here we can see the above asset turnover ratio of IDLCSL is less than 1 in almost every year from 2017 to 2021, which indicates a bad position cause as per the ratio IDLCSL's total asset can't produce enough revenue at the end of the year. IDLCSL should increase their asset to maintain a good asset turnover ratio.

- ✚ **Account Receivable Turnover Ratio:** An account turnover ratio mainly used to identify within a time period how many times a company received money.



Interpretation: The more the AR turnover is the more effectiveness of a company. Here we can see that in 2017 IDLCSL generated 10.6 times AR turnover which is strongly good for the company. Now, if we look at the other years in 2018 & 2019 the AR Turnover is very low which is 1.6 and 1.9 that means company was just got 2 times paid in average which indicates a bad position this could be happened due to the effect of Covid-19 but in year 2020 & 2021 they made 4.5- & 5.4-times AR Turnover which is a good sign that they fight back and able to generate these AR Turnover.

Account Receivable Turnover Ratio: An account receivable turnover ratio shows that in a particular time period how many times they paid to their creditors.




Interpretation: Account payable turnover ratio measures that how quickly a business firm can make payments to their creditors. The less the Account Payable Turnover is the good for the company. Here we can see from the year 2017 to year 2021 the account payable turnover ratio is in favorable of IDLC Securities Limited cause in between those year IDLCSL just made just one payment to their creditors in average which is good for the organization and indicates a good health of their financial condition. From the ratio we can easily say that the IDLCSL is supper quick to make payments to their creditors as we can see they just make one payment in average over the time period which is supper quick.

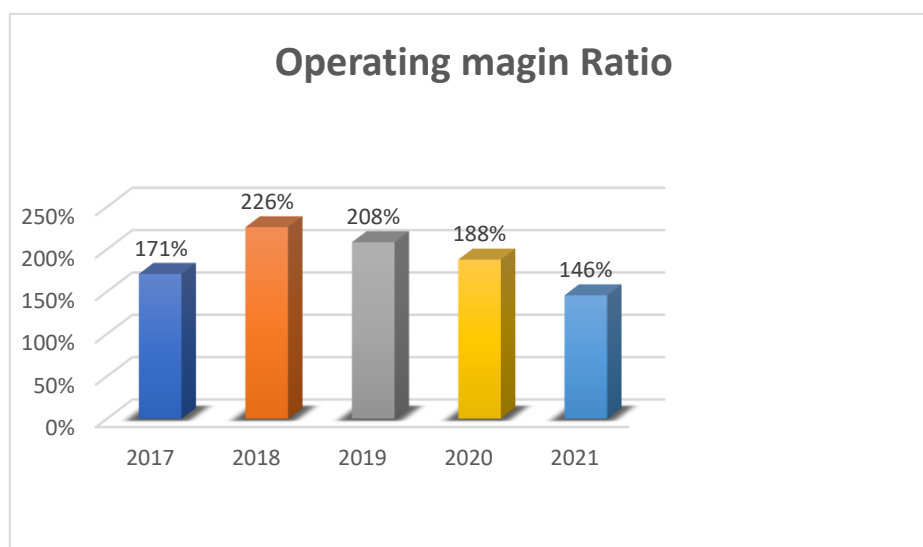
4.1.4 Profitability Ratio:

A company's profitability can be evaluated using a ration which is called profitability ratio. Profitability Ratios measures a company's ability to generate earnings relative to revenue, operating costs, balance sheet, asset or shareholders equity. It indicates how efficiently a company generates profit and value for shareholders. This ratio provides much more information when compared to similar companies.

The common type of profitability ratio company uses include

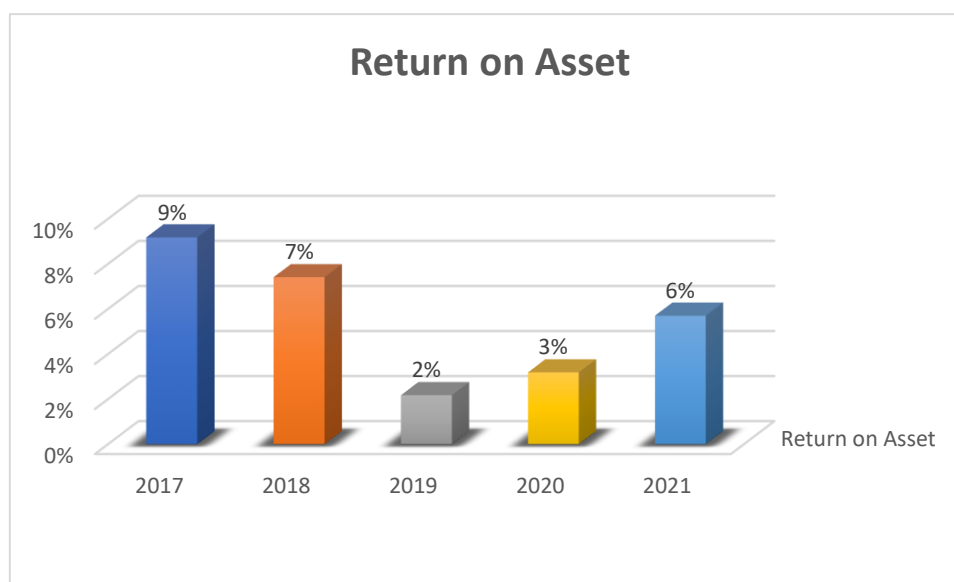
- Operating Margin Ratio
- Return on Asset
- Return on Equity
- Gross Profit Margin
- Net Profit Margin

 **Operating Margin Ratio:** The operating margin measures a company's profit per taka of sales after deducting variable costs but before interest and tax. It is calculated by dividing a company's net sales by its operating income. Higher ratios typically indicate a company's ability to convert sales into profits and operational effectiveness. Let's see the following operating margin ratio of IDLCSL for further discussion



Interpretation: The operating margin ratio shows how profitable the company is. The higher the ratio is, the more the company is making revenue from each taka of sales. Here from the above given data, we can see that in 2017 IDLCSL was 171% that means they were earned more than 100% of operating margin ratio. In 2018 the ratio is the highest where IDLCSL was earned 226%. But in last year the operating margin ratio for IDLCSL was the lowest that's not indicate that the company is not profitable, in 2021 IDLCSL was earned 146% of operation margin. From the last 5-year operating margin ratio of IDLCSL, we can say the company is a profitable company, they were more profitable in the past years but they are now less profitable like other years this might be happen due to pandemic.

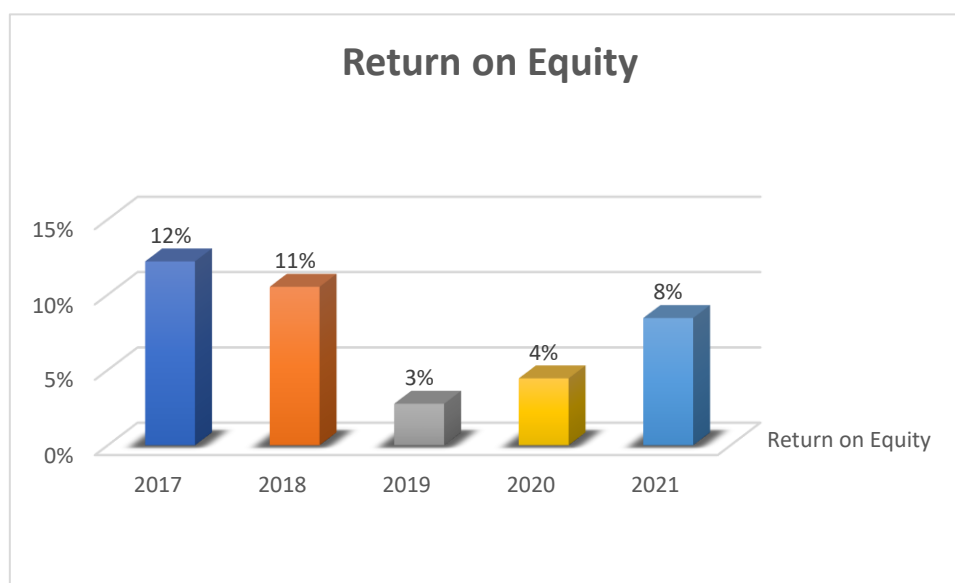
Return on Asset Ratio: Return on asset ratio determined that how much a company is profitable in relation to its total asset. The business analyst or the investor use this ratio to know how efficiently a company uses its asset to generate profit. A company should maintain good asset turnover ratio to attract the investors. Let's discuss more about the return on asset ratio with the ratio of IDLC Securities Limited.



Interpretation: In simple word ROA indicate more asset efficiency, so the higher the ROA ratio is, the more company is using their asset to earn more revenue with efficiency. From the above ROA of IDLCSL is indicating that from 2017 to 2018 the company was efficient with their asset in terms to earn more revenue but in 2019 & 2020 the company's ROA percentage

is the lowest than any other year which was 2% & 3% which means in between these two-year company was not able to use their asset efficiently. As per the analysis this situation might arise due to pandemic. But the good thing is in 2021 after the pandemic ends the company again push their ROA was 6% that means the company again started to use their asset to earn revenue with efficiency.

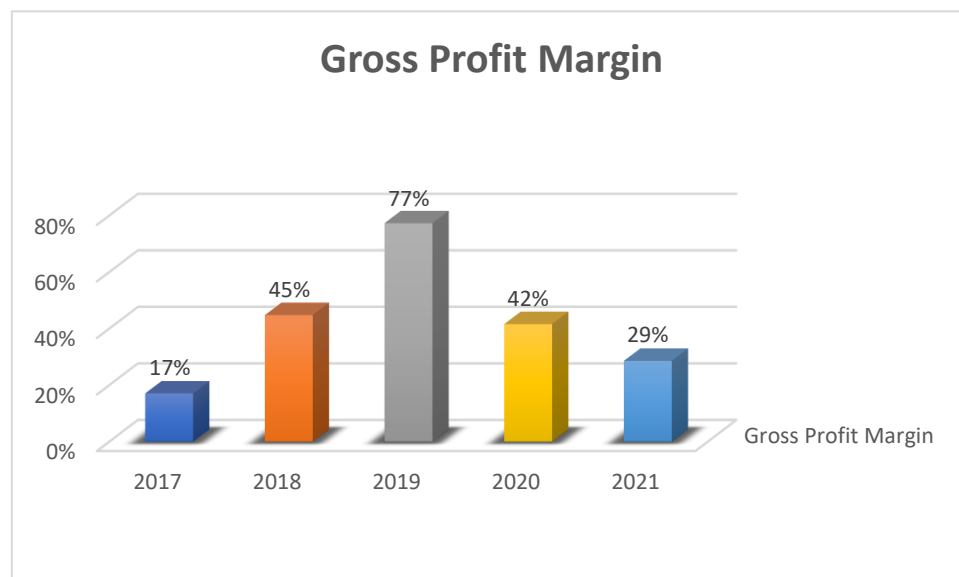
- + **Return on Equity:** A return on equity ratio measures whether a company is profitable or not in relation to the equity. ROA ratio is a thought of all asset liabilities. It calculates that how much tk. is the company earning against each tk. of shareholders equity. It also indicates that how efficiently a company using their equity to earn profit. Let's analyze the ROA ratio of the IDLC Securities Limited.



Interpretation: A ROE ratio almost same as ROA in terms interpretation. The higher the ROE ratio is, the more a company is efficiently using shareholders equity to generate profit. Here the ratio of ROE in 2017 & 2018 was 12% & 11% which mean the company was generated revenue against shareholders equity whereas if we see in year 2019 & 2020 the ROE ration is 3% & 4% which indicates that the company was not able to generate much revenue from shareholders equity, this might happen due to covid-19 but in year 2021 the ROE was 8% which indicate they again started their journey and start generating profit against shareholders

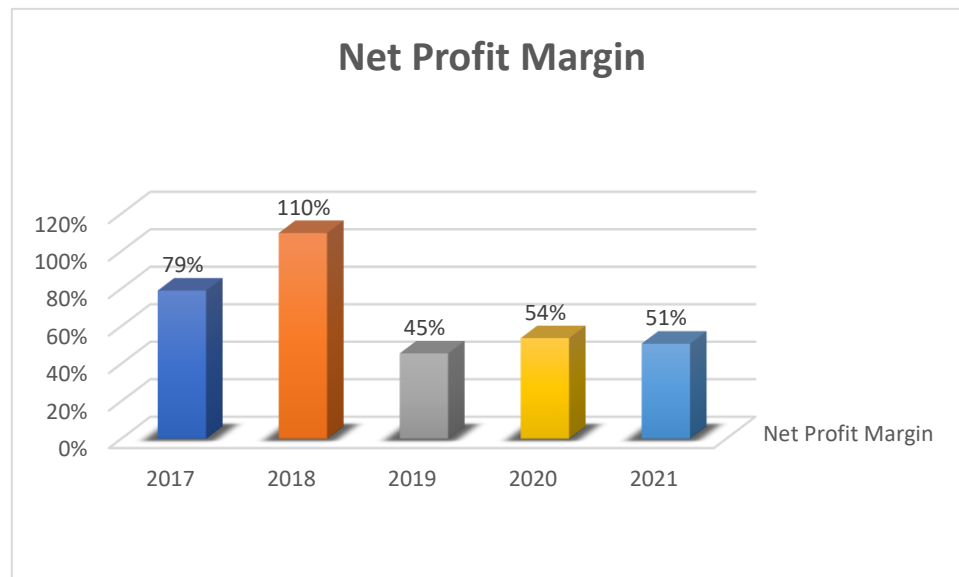
equity . So, at last we can say that the overall condition of their ROE ration is moderate they should increase the ratio by efficiently using the equity to generate profit.

Gross Profit Margin: The amount your company made after deducting the direct costs of doing business, such as labor, materials, and other direct production costs, is shown by the gross profit margin. Let's see the gross profit margin ratio of IDLCSL for financial performance analysis.



Interpretation: A gross profit margin of 50% to 70% considered as good for a company. Here in 2017 the gross profit margin was the lowest as compared with the other years which do not indicate a good sign for the company. In year 2018 IDLCSL generated 45% of gross profit margin and in next year it goes up to the top which is 70% OF gross profit margin which is the highest among other years. In between year 2020 & 2021, the margin again falls to 42% & 29%. From that, we can say that the gross profit margin of IDLCSL is not stable which is not that much good for the company.

✚ **Net Profit Margin:** The percentage of earnings that remain after deducting all operating and non-operating expenses from the revenue generated during the period is referred to as the Net Profit Margin.



Interpretation: According to the aforementioned chart, IDLC Securities Limited had its greatest net profit margin in 2018, which is 110%, and 20% of NPM indicates a company's strong state, as opposed to 10% that indicates average and 5% that indicates low. Here, 51% of the NPM was produced by IDLCSL in 2021. Nonetheless, it produced 79% of NPM in 2017, 46% of IDLCSL in 2019, the lowest gain due to COVID-19, and 54% of NPM in 2020. Hence, based on the NPM's range, IDLCSL maintains a reasonable profit margin.

4.2 Common Size Analysis

To see how the company is doing relative to competitors and over time common size analysis presents each line item of company's financial statement as a percentage of base amount. Additionally, it shows how each line item affects the company's overall revenue, cash flow and also the asset figure. The value of common size analysis is in the ability of percentages to provide you a better knowledge about company to determine whether the company is expanding profitability and assess how it stacks up against the competitors. We can use the common size analysis to compare the company with competitors with percentage performance.

4.2.1 Horizontal Analysis of IDLC Securities Limited

You can spot trends in your business by using common size horizontal analysis, which lets you see how certain figures change from one year to the next. Using a common size horizontal analysis, you can quickly determine whether, for instance, your expenses increased as a percentage of revenue, remained the same, or decreased over time. While an increase in expenses as a percentage of revenue may indicate that you lost some efficiency as your revenue increased, a decrease in expenses as a percentage of revenue may indicate that your business is currently operating at a higher level of efficiency than it was in the past.

4.2.2 Common Size Analysis (Balance Sheet)

Common Size Analysis of IDLC Securities Limited (Balance Sheet)					
	2017	2018	2019	2020	2021
Property, Plant	1%	1%	1%	0%	0%
Intangible asset	0%	0%	0%	0%	0%
Right-of-use-assets	0%	0%	2%	1%	1%
Investment in Stock Exchanges	0%	0%	0%	0%	0%
Investments in bond	0%	3%	13%	3%	3%
Deferred tax assets	0%	0%	0%	1%	0%
Non-Current Asset	2%	4%	16%	5%	5%
	0%	0%	0%	0%	0%
Advances, deposits and prepayment	0%	0%	0%	0%	0%
Investment in marketable securities	57%	43%	46%	36%	17%
Accounts receivable	1%	5%	3%	2%	2%
Short term loan to IDLC Investments Limited	5%	4%	0%	0%	0%
Margin loan to clients	2%	3%	4%	9%	14%
Short term investments	0%	0%	0%	8%	4%
Cash and cash equivalents	33%	41%	31%	40%	57%
Current Assets	98%	96%	84%	95%	95%
	0%	0%	0%	0%	0%
Total Assets	100%	100%	100%	100%	100%
	0%	0%	0%	0%	0%
Shareholders' equity and liabilities	0%	0%	0%	0%	0%
Share Capital	48%	41%	44%	38%	33%
Retained Earnings	27%	30%	35%	33%	34%
	0%	0%	0%	0%	0%
Shareholders' equity	75%	70%	79%	72%	67%
	0%	0%	0%	0%	0%
Lease liabilities	0%	0%	2%	1%	1%
Non-Current Liabilities	0%	0%	2%	1%	1%
	0%	0%	0%	0%	0%
Accounts payable	16%	21%	11%	22%	24%
Short term loan	4%	5%	4%	0%	0%
Liabilities for expenses	1%	1%	1%	0%	1%
Provision for income tax	3%	2%	3%	3%	3%
Provision for diminution in value of investments	0%	1%	1%	2%	1%
Provision for operations	0%	0%	0%	0%	3%
Current Liabilities	25%	30%	19%	27%	32%
	0%	0%	0%	0%	0%
Total liabilities	25%	30%	21%	28%	33%
	0%	0%	0%	0%	0%
Total Shareholders' Equity & Liabilities	100%	100%	100%	100%	100%

Table 4.1: Common Size Analysis of Balance Sheet

Findings:

As we know a common size analysis shows each item's percentage against fixed asset. From the above horizontal common size analysis, we can see each year's current asset, non-current asset, non-current liability, current liability also shareholders equity's percentage against fixed asset. In simple word by the help of common size analysis we can see that our fixed asset's portion in current and non-current asset side also other item's portion in fixed asset. Here we can see that the non-current asset in year 2017 was 2% of the fixed asset, 2018 4%, 2019 16%, 2020 5% and 2021 5%. By this we can see in 2019 the non-current asset is good but other year the percentage of non-current asset is lower. On the other side current asset against fixed asset is from year 2017 to 2021 is 98%, 96%, 84%, 95% and 95% which enough for IDLCSL to pay off all their short-term obligations. If we see in the liability section, current liability from year 2017-2021 is 25%, 30%, 19%, 27%, 32% which is far lower than fixed asset which indicate that IDLC Securities Limited is able to pay all of their current liability with their asset, which indicates a good sound health of financial condition. On the other hand, in term of non-current liabilities from year 2017-2021 is 0, 0, 2%, 1%, 1% which is also far low than their fixed asset so that IDLCSL can easily pay of them. The company's total liability is also lower than the fixed asset which is also good for the company. If we see the percentage of shareholders equity in term of fixed asset from year 2017-2021 is accordingly 75%, 70%, 79%, 72%. 67% from this shareholder can be sure that their equity is not that much against company's total asset. In conclusion, it can be said that a balance sheet of the same size makes it simple to compare the performance of the same company year to year or different companies of different sizes. An analyst can also use it to compare businesses of varying sizes without regard to the size difference that exists between them because it is built into the raw data. To elaborate, a user can not only easily see how efficiently a company's capital structure is distributed, but they can also compare those percentages to other times or to other businesses.

4.2.3 Common Size Analysis (Income Statement)

Common Size Analysis of Income Statement					
Particular	2021	2020	2019	2018	2017
Brokerage commission income	76.23%	61.48%	56.99%	51.46%	44.49%
Brokerage commission expenses	7.60%	8.25%	9.00%	7.23%	7.54%
Net brokerage commission income (a)	68.62%	53.24%	47.99%	44.23%	58.48%
Interest income	20.03%	23.90%	41.18%	22.29%	11.21%
Interest expenses	0.41%	1.75%	4.09%	2.49%	1.24%
Net interest income (b)	19.62%	22.14%	37.09%	19.80%	9.97%
Net investment income (c)	11.31%	24.09%	14.18%	35.56%	31.13%
Others brokerage income (d)	0.45%	0.53%	0.74%	0.41%	0.42%
Total operating income (A=a+b+c+d)	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expenses					
Salaries & allowances	23.11%	27.39%	32.93%	19.04%	18.40%
Rent, taxes, insurance, electricity, etc.	2.00%	3.28%	5.50%	5.97%	5.83%
Legal expenses	0.19%	0.33%	0.56%	0.21%	0.43%
Postage, stamp, telecommunication, etc.	0.59%	1.15%	1.52%	0.95%	0.84%
Stationery, printing, advertisements, etc.	0.67%	0.67%	2.01%	1.89%	1.24%
Directors' fee & meeting expenses	0.02%	0.04%	0.06%	0.04%	0.03%
Audit fee	0.01%	0.02%	0.03%	0.02%	0.01%
Depreciation and amortization	2.71%	5.09%	6.56%	1.52%	1.23%
Other expenses	1.14%	1.66%	2.47%	1.89%	2.11%
Total operating expenses (B)	30.43%	39.63%	51.64%	31.53%	30.13%
Operating profit (A-B)	69.57%	60.37%	48.36%	68.47%	69.87%
Non-operating income	0.16%	0.42%	0.50%	0.26%	0.19%
Profit before provisions and tax	69.73%	60.79%	48.87%	68.73%	70.06%
Provision for diminution in value of investments	5.00%	11.36%	0.86%	5.37%	0.00%
Provision for operations	17.22%	0.77%	0.53%	0.00%	0.00%
Profit before provision for income tax	57.51%	48.66%	47.48%	63.36%	70.06%
Provision for income tax	22.77%	20.13%	25.68%	14.86%	23.88%
Current tax	22.22%	21.50%	26.48%	15.20%	24.27%
Deferred tax expense/(income)	0.55%	1.37%	0.80%	0.34%	0.39%
Net profit	34.74%	28.53%	21.80%	48.50%	46.18%
Other comprehensive income	0.00%	0.00%	0.00%	0.00%	0.00%
Total comprehensive income	34.74%	28.53%	21.80%	48.50%	46.18%



Table 4.2: Common Size Analysis of Income Statement

Findings: Common size analysis shows each line item of the financial statement as a percentage of a base figure. Here the above common size analysis of income statement shows each item of the whole income statement as a percentage against their net sale. From the above table we can see every item like operating expense, operating profit, profit before income tax, profit after tax and net income as a percentage against their net sale. Now let's see the performance of IDLC Securities Limited with the above common size analysis of their income statement. If we see the operating expense from year 2017-2021, in 2017 30.13%, in 2018 30.53%, in 2019 51.64%, in 2020 39.63% and in 2021 their operating expense was 30.43% which are good as per the criteria cause if we deduct the amount from 100% that indicate that from 2017-2021 the company was able to earn profit. We can also see that the most income came from brokerage commission, in 2017 the brokerage income was 58.48% of their total operating income as like other years in 2018 44.23%, in 2019 47.99%, in 2020 53.24 and in 2021 68.62. The brokerage income was a little bit low in the year 2019 & 2020 maybe for covid-19. We can also see that the expense is also maintained like their expense is in average 30% between all the years from 2017 to 2021, from this we can say that the company is not only good at earning profit by also in terms of maintaining expenses. Now see the profit area against their total income, in 2017 46.17%, 2018 48.50%, 2019 21.80%, 2020 28.53% and in the last year the net profit was 34.74% from the percentage we can see that the company was earned good profit in year 2017-2018 and the in year 2019-2020 the earning percentage was low enough because of corona pandemic but the company again start to earn more profit like in 2021 the profit was 34.74% against their net sales, which is a good sign for company that they can handle a sudden bad market situation then again start their operation as like before.

4.3 Trend Analysis

Financial statement trend analysis enables data users to identify percentage changes in the selected data over time. Users can see, for instance, whether a company's net profit has increased, decreased, or remained stable over time, as well as whether there have been fluctuations. Examining changes over a specific time period is often crucial because it allows for the evaluation of emerging trends that may affect performance in subsequent years. A trend is defined as a pattern that repeats itself over time or a general direction of change. It could also be a pattern that appears over time and keeps happening. The process of looking for patterns in data is known as trend analysis. It is utilized for trend detection, event forecasting, and decision-making. There are a lot of different kinds of trend analysis, but they all share the same thing: They try to find patterns using data. Trend analysis is a useful tool for making decisions because it can be used to find opportunities and decide where resources should be invested. Additionally, it can be utilized to make decisions regarding how to react to changes that have already taken place. In this regard, the annual report's five-year summary of selected financial data is useful.

Here we consider basically two financial statement to do trend analysis, these are as follows

-  Balance Sheet
-  Income Statement

4.3.1 Trend Analysis of Balance Sheet

In business, trend analysis is frequently used to compare current and previous data, such as to calculate trend percentages. Here we do trend analysis of Balance Sheet to identify the trend of change in some item such as Total Asset, Fixed Asset, Current Asset, Current Liabilities, Non-Current Liabilities, Shareholders Equity etc. Now let's see the trend analysis of Balance Sheet of IDLC Securities Limited for further discussion.

Trend Analysis (Balance Sheet)					
Particular	2017	2018	2019	2020	2021
Asset					
Property, Plant	100%	-22%	-22%	-48%	-52%
Intangible asset	100%	71%	-17%	-81%	-100%
Investment in Stock Exchanges	100%	-20%	-20%	-20%	-20%
Deferred tax assets	100%	16%	39%	88%	55%
Non-Current Asset	100%	207%	932%	290%	311%
Advances, deposits and prepayment	100%	-27%	-81%	-80%	-84%
Investment in marketable securities	100%	-10%	-12%	-20%	-56%
Accounts receivable	100%	587%	301%	131%	309%
Short term loan to IDLC Investments Limited	100%	-11%	-100%	-100%	-100%
Margin loan to clients	100%	48%	96%	439%	928%
Cash and cash equivalents	100%	50%	4%	53%	155%
	100%	16%	-6%	21%	42%
	100%	19%	10%	26%	46%
Shareholders' equity and liabilities					
Share Capital	100%	0%	0%	0%	0%
Retained Earnings	100%	33%	42%	57%	88%
Shareholders' equity	100%	12%	15%	20%	31%
Non-Current Liabilities					
Accounts payable	100%	52%	-26%	69%	114%
Short term loan	100%	47%	18%	-100%	-100%
Liabilities for expenses	100%	-31%	-48%	-51%	20%
Provision for income tax	100%	-13%	-18%	-5%	27%
Current Liabilities	100%	42%	-14%	37%	86%
Total liabilities	100%	42%	-6%	44%	92%

Table 4.3: Trend Analysis of Balance Sheet

Findings: Trend analysis helps us to identify the growth rate of a specific item of any financial statement. Here we consider the given trend analysis (Balance Sheet) of IDLC Securities Limited to identify their growth rate of specific item of balance sheet to measure their financial performance over the 5 years period. Here the period is five years and the base year that we consider is 2017. So, the whole trend analysis of IDLC Securities limited will be based on 2017 and we will consider the growth as well as make decision based on the performance from the year 2017 to 2021. Though our base year is 2017 so we consider 2017 as 100% and compare other item with the base year performance. According to the trend analysis of IDLC Securities Limited in the previous page we can see that the Fixed Asset growth of IDLC is in uptrend position where it is increasing rapidly from the year 2017 to 2017 like in 2018 the growth rate was 207%, in 2019 932%, in 2020 290%, in 2021 311%. On the other hand, if we look at the fixed asset over the period in 2018 the growth rate was 19%, in 2019 10%, in 2020 26%, in 2021 31% from that we can see that that the growth rate of fixed asset is grow less in between the year 2018 & 2019 and after 2019 the growth rate increases rapidly. If we look at the shareholders equity item in 2018 the growth rate was 12%, in 2019 15%, in 2020 20%, in 2021 31% from that we can say that as the firm growing with this also the shareholders equity is increasing over the year which indicate a good health of financial position. Now look at the trends of total liabilities of IDLC Securities Limited which shows in 2018 the liabilities increase than previous year is 42% as well as in 2019 -6% which indicated that IDLC was able to reduce their total liabilities, in 2020 44% and in 2021 92% which means the liabilities again increased. At last, let's see the trend of total shareholders' equity & liabilities which is growing over the period like in 2018 19%, in 2019 10%, in 2020 26, in 2021 46% which indicates a good position. From the trend analysis of IDLC Securities Limited we can easily say that it is a risk taker organization as they are likely to take loan and earn more, but the fun factor is as they take loan against them, they increase their fixed and current asset to repay the loan which is also a good sign. The shareholder's equity is constantly growing with the year like from 2017 to 2021 firm increased their shareholders equity to 31% more than 2017 which will attract more investors to invest in IDLC Securities Limited. According to the trend analysis we can say that IDLC Securities Limited is a profitable brokerage firm in Bangladesh.

4.3.2 Trend Analysis of Income Statement

Trend Analysis (Income Statement)					
Particular	2017	2018	2019	2020	2021
Operating Income					
Brokerage commission income	100%	6%	-30%	-2%	107%
Brokerage commission expenses	100%	12%	-34%	-23%	22%
Net brokerage commission income (a)	100%	31%	-55%	-35%	42%
Interest income	100%	82%	102%	51%	116%
Interest expenses	100%	85%	82%	1%	-60%
Net interest income (b)	100%	82%	105%	57%	138%
Net investment income (c)	100%	5%	-75%	-45%	-56%
Others brokerage income (d)	100%	10%	-3%	-9%	30%
Total operating income (A=a+b+c+d)	100%	-8%	-45%	-29%	21%
Operating Expenses	100%				
Salaries & allowances	100%	-5%	-2%	5%	52%
Rent, taxes, insurance, electricity, etc.	100%	-6%	-48%	-60%	-59%
Legal expenses	100%	54%	-27%	-45%	-47%
Postage, stamp, telecommunication, etc.	100%	3%	0%	-3%	-15%
Stationery, printing, advertisements, etc.	100%	40%	-11%	-62%	-35%
Directors' fee & meeting expenses	100%	4%	-2%	-11%	-41%
Total operating expenses (B)	100%	-4%	-6%	-7%	22%
Operating profit (A-B)	100%	10%	-62%	-39%	20%
Non-operating income	100%	25%	47%	59%	0%
Profit before provisions and tax	100%	10%	-62%	-39%	20%
Provision for diminution in value of investments	100%				
Provision for operations	100%				
Profit before provision for income tax	100%	17%	-63%	-51%	-1%
Provision for income tax	100%	43%	-41%	-40%	15%
Current tax	100%	43%	-40%	-37%	11%
Deferred tax expense/(income)	100%	19%	13%	149%	70%
Net profit	100%	-4%	-74%	-56%	-9%
Other comprehensive income	100%				
Total comprehensive income	100%	-4%	-74%	-56%	-9%

Table 4.3.1: Trend Analysis of Income Statement

Findings: Trend analysis is a method that looks at and predicts how an item will move based on current and past data. Trend analysis basically done for make decision based on historical data. Here the given chart is the trend analysis of IDLC Securities Limited. From that analysis we will be able to measure the historical data to plan in current days. If we look at the trend of some individual item like total brokerage commission income, in 2018 the growth was 31% than the previous year which indicates a good sign about financial condition. By the consequences of Covid-19 IDLC Securities Limited faced a recent regression in their brokerage income like in 2019 and 2020 the rate was -55 & -35% which indicates a certain downtrend for the company but after pandemic end the company again grow their brokerage income like in 2021 the growth was 42% which definitely indicates a good sign about their financial condition. On the other hand, the interest income, we can see that the interest income in uptrend position over the year like in 2018-82%, in 2019-105%, in 2020-57%, in 2021-138%. From the 5-year trend analysis we can see that the operating expense also in under control and been low than 2017 till 2020, which is also a good sign. But if we look at the profit section, we can see that the condition is not that much good as compared with 2017 like the profit before tax and provision was not higher than year 2017 that means there is no growth in profit and in a downtrend position. At last, if we take a look at the net profit, it is in downtrend, there is no growth like in 2018 4%, in 2019 74%, in 2020 56% and in 2021 -9% which indicate that the company is profitable but the profit is not growing over the time period which is not a good sign for a financial company like IDLC Securities Limited. Though there is no profit growth, there is a huge possibility that investor give less interest to invest in IDLC Securities Limited but there is a point that is the trend analysis is based on only 5 years data where 2 years was affected by pandemic so there is possibility if we take more data the trend will change. At last, the trend analysis of IDLC Securities indicates that all the other item except net income is in a good trend from 2017 but the net income is not growing over the time period.

Chapter 5

Findings, Recommendation

&

Conclusion.

5.1 Findings Related to Financial Performance of IDLC Securities Limited.

After analyzing all the required financial statement with the analysis tool like, common size analysis, ratio analysis, trend analysis these below mentioned problem are found related with the financial performance of IDLC Securities Limited.

- ❖ The Asset Turnover ratio indicates that the asset turnover ratio is not favorable which means IDLC Securities Limited is taking much time to generate profit from the asset.
- ❖ Account Receivable Turnover ratio is comparatively decreasing in between 2018-2019.
- ❖ If we look at the Return on Asset was not in a good position in between 2019-2020, the return was just only 2% and 3%.
- ❖ ROE was low over the time period and mainly in between 2018-2019 the return was just about 3% & 4% which indicates a bad position.
- ❖ Though, in 2029 the Gross Profit Margin was comparatively in good position but in other years margin was not satisfactory, the margin was less than 50%.
- ❖ In addition, the net profit margin of IDLC Securities Ltd decreased from 51% in 2021 to 2020's 54% and 2017's 79%.
- ❖ Due to Covid-19 the company faced some issue and they still suffering to get over it.
- ❖ According to the trend analysis of income statement of IDLC Securities Limited, net profit after is not growing over the year in compare with year 2017(base year).
- ❖ Net profit is in a downtrend situation as compare with year 2017.
- ❖ IDLC Securities Limited is holding almost 95% current asset of total assets and only 5% fixed asset.
- ❖ IDLC Securities Limited is making 60% of their profit from brokerage commission and 20% from interest income and rest from other income but their investment earning is relatively low like 10%, in this competitive market only depending on brokerage and interest income is not enough.

5.2 Recommendation

As previously mentioned some problem related to the financial performance of IDLC Securities Limited. Now, after done all the research and analysis of financial statement and related data here is some possible recommendation for resolve these problems that previously mentioned.

- ❖ IDLC Securities need to use their asset more effectively to generate profit within a short time period. By using asset effectively, the asset turnover ratio will be in favorable point what going to attract investors and other stake holders.
- ❖ IDLCSL needs to find more effective way like making good relationship with supplier to collect receivable in short time period.
- ❖ To increase ROA, IDLCSL needs to increase the profit margin or they must make maximum use of their asset to increase sell.
- ❖ ROE will increase as net income increases so IDLCSL should increase their income.
- ❖ To increase its gross profit margin, IDLCSL might renegotiate with its suppliers for better terms and boost its efficiency and output.
- ❖ The profitability ratios for IDLCSL are likewise subpar. In comparison to 2020, its operating profit margin and net profit margin both decline by over 50% in 2021. It suggests that the company should concentrate on making lucrative investment choices.
- ❖ As we can see that the consequences of covid-19 affect the company by this the company was not able to earn more with asset in year 2019-2020. So, IDLCSL should take new strategies to overcome the loss.
- ❖ Growth is important for every business organization, as we can see the growth rate of net profit from 2017 is not happen. So, the recommendation is IDLCSL should fixed some target and they need to do target oriented task.
- ❖ IDLCSL should increase the fixed asset to minimize the short term & long-term obligation as they keeping more current asset that fixed asset.
- ❖ Brokerage Companies are mostly dependent on the share market and the market is unpredictable, as a result if it only focuses on their brokerage commission for earning a profit, there is a possibility that they may face huge losses, so, they should focus on other sources as well.

5.3 Conclusion

This study mainly focuses on the financial performance from 2017 to 2021. Brokerage companies' main source of making profit is brokerage commission income. IDLC Securities limited is one of the top brokerage firm in Bangladesh. On basis of our financial performance analysis, the company's growth is magnificent up to year 2018 and due to the effect of Covid-19 the growth stops suddenly. I need to mentioned that the brokerage sector is not affect that much as other sector so IDLC fight back with new strategies and again rule the industry after the pandemic. We can say on the basis of our financial performance analysis, IDLCSL is successfully overcome all the unexpected situation with the hardworking management and currently running their all operation smoothly.

5.4 Reference

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- ix. <http://idlc.com/>

5.5 Appendix

5.5.1 Balance Sheet

Particular	2017	2018	2019	2020	2021
Asset					
Property, Plant	35,535,541	27,620,781	27,864,713	18,553,641	16,980,645
Intangible asset	482,658	823,508	402,254	90,571	385
Right-of-use-assets			89,634,883	67,345,508	52,799,026
Investment in Stock Exchanges	18,676,000	14,869,750	14,869,750	14,869,750	14,869,750
Investments in bond		155,366,353	575,031,466	144,761,645	181,557,679
Deferred tax assets	16,060,943	18,654,056	22,289,172	30,273,932	24,819,710
Non-Current Asset	70,755,142	217,334,449	730,092,238	275,895,047	291,027,195
Advances, deposits and prepayment	17,771,694	13,060,061	3,337,686	3,513,482	2,843,525
Investment in marketable securities	2,365,849,893	2,126,037,264	2,085,402,765	1,894,069,565	1,037,843,949
Accounts receivable	34,554,226	237,482,931	138,505,730	79,650,535	141,375,047
Short term loan to IDLC Investments Limited	200,000,000	178,400,000			
Margin loan to clients	85,310,055	126,049,423	167,287,246	459,933,748	877,009,519
Short term investments				417,500,000	226,087,863
Cash and cash equivalents	1,361,733,629	2,036,305,009	1,416,621,142	2,084,221,838	3,477,335,292
Current Assets	4,065,219,497	4,717,334,689	3,811,154,569	4,938,889,168	5,762,495,195
Total Assets	4,135,974,639	4,934,669,138	4,541,246,807	5,214,784,215	6,053,522,390
Shareholders' equity and liabilities					
Share Capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Retained Earnings	1,108,124,097	1,473,653,398	1,572,236,944	1,738,295,357	2,083,391,629
Shareholders' equity	3,108,124,097	3,473,653,398	3,572,236,944	3,738,295,357	4,083,391,629
Lease liabilities			88,730,692	73,407,402	62,139,193
Non-Current Liabilities			88,730,692	73,407,402	62,139,193
Accounts payable	669,743,510	1,015,781,251	493,038,398	1,128,912,400	1,433,108,994
Short term loan	170,000,000	250,000,000	200,000,000		
Liabilities for expenses	47,843,563	32,909,342	25,040,277	23,493,467	57,522,722
Provision for income tax	140,263,468	121,858,999	115,463,646	133,304,683	178,595,985
Provision for diminution in value of investments		40,466,147	44,358,094	110,512,811	60,809,649
Provision for operations			2,378,758	6,858,095	177,954,218
Current Liabilities	1,027,850,541	1,461,015,740	880,279,171	1,403,081,456	1,907,991,568
Total liabilities	1,027,850,541	1,461,015,740	969,009,863	1,476,488,858	1,970,130,761
Total Shareholders' Equity & Liabilities	4,135,974,639	4,934,669,138	4,541,246,807	5,214,784,215	6,053,522,390

5.5.2 Income Statement

Particular	2017	2018	2019	2020	2021
Brokerage commission income	365,529,301	387,845,448	257,683,274	357,927,414	757,226,593
Brokerage commission expenses	61,975,600	54,476,277	40,691,742	47,999,319	75,543,702
Net brokerage commission income (a)	480,481,655	333,369,171	216,991,532	309,928,095	681,682,891
Interest income	92,092,622	168,031,595	186,176,694	139,107,800	198,984,021
Interest expenses	10,162,407	18,770,091	18,489,731	10,216,314	4,105,657
Net interest income (b)	81,930,215	149,261,503	167,686,963	128,891,486	194,878,364
Net investment income (c)	255,817,500	268,001,158	64,116,975	140,212,976	112,380,648
Other brokerage income (d)	3,414,862	3,066,040	3,323,369	3,110,011	4,434,430
Total operating income (A=a+b+c+d)	821644232	753697872	452118840	582142568	993376333
Operating Expenses					
Salaries & allowances	151,203,907	143,487,798	148,890,050	159,433,558	229,551,801
Rent, taxes, insurance, electricity, etc.	47,912,751	45,012,512	24,868,281	19,108,608	19,877,631
Legal expenses	3,492,603	1,610,635	2,533,782	1,924,083	1,841,015
Postage, stamp, telecommunication, etc.	6,901,887	7,133,066	6,872,712	6,710,710	5,840,703
Stationery, printing, advertisements, etc.	10,159,861	14,219,821	9,066,502	3,882,430	6,638,015
Directors' fee & meeting expenses	278,818	291,193	273,558	248,949	163,463
Audit fee	115,000	115,000	115,000	115,000	115,000
Depreciation and amortization	10,118,568	11,492,255	29,678,256	29,627,496	26,906,219
Other expenses	17,349,430	14,271,593	11,153,683	9,673,842	11,352,504
Total operating expenses (B)	247,532,824	237,633,874	233,451,824	230,724,675	302,286,351
Operating profit (A-B)	574,111,408	516,063,998	218,667,016	351,417,893	691,089,982
Non-operating income	1,549,481	1,937,921	2,277,122	2,468,946	1,556,099
Profit before provisions and tax	575,660,889	518,001,918	220,944,138	353,886,839	692,646,081
Provision for diminution in value of investments		40,466,147	3,891,947	66,154,717	49,703,161
Provision for operations			2,378,758	4,479,337	171,096,123
Profit before provision for income tax	575,660,889	477,535,771	214,673,434	283,252,785	571,253,119
Provision for income tax	196,186,981	112,006,470	116,089,888	117,194,372	226,156,847
Current tax	199,391,506	114,599,583	119,725,004	125,179,132	220,702,625
Deferred tax expense/(income)	3,204,525	2,593,113	3,635,116	7,984,760	5,454,222
Net profit	379,473,908	365,529,301	98,583,546	166,058,413	345,096,272
Other comprehensive income					
Total comprehensive income	379,473,908	365,529,301	98,583,546	166,058,413	345,096,272