

INTERNSHIP REPORT
ON
Business Operation and Performance Evaluation of
Mika Securities Ltd.





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Prepared By:

Md. Rubel Sikder
ID: 173-14-2520
MBA in Finance
Department of Business Administration
Daffodil International University

Prepared For:

Mr. Mahbub Parvez
Head & Associate Professor
Department of THM
Faculty of Business & Entrepreneurship
Daffodil International University

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Letter of Transmittal

September 18, 2020

Mr. Mahbub Parvez

Head & Associate Professor

Department of THM

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report.

Dear Sir,

It is a great pleasure and honor for me to submit my internship report on Business Operation and Performance Evaluation of Mika Securities Limited. In this report, I have tried to analyze the Performance and Business Operation of Mika Securities Limited. I have prepared this report in a details format with adequate information search and I have tried my level best to conduct this in a professional manner. It is true that, it could have been done in a better way if there were no limitations.

I hope you will assess my report considering the limitations of the study. Your kind advice will encourage me to make better report in future.

Yours' trustworthy

Md. Rubel Sikder

ID: 173-14-2520

MBA in finance

Department of Business Administration

Daffodil International University



Certificate of Approval



To Whom It May Concern

I am very pleased to declare that Md. Rubel Sikder, ID No: 173-14-2520, Department of Business Administration, Daffodil International University, has completed his report “Business Operation and Performance Evaluation of Mika Securities Ltd.” for the partial fulfillment to complete his MBA degree. I have supervised him throughout preparation of the internship paper.

He is wished all the best in his effort.

Supervisor

Mahbub Parvez
Head & Associate Professor
Department of THM
Faculty of Business & Entrepreneurship
Daffodil International University



Acknowledgement

This report would not have been possible without the dedication and contribution of all the employees at Mika Securities Ltd.

In Daffodil International University I studied the subject of investment as a part of our syllabus. We went through the textbook, according to the syllabus. But in the corporate world the concepts are not applied in the same format of the book. Hence, I am grateful to our course instructor for describing the topics clearly and repeatedly in the class. A clear concept is the first step to be involved in making any kind of term paper and practical analysis. While preparing this report it was very helpful for me to work with the topic. I would like to thank my honorable supervisor Mr. Mahbub Parvez for his assistance and guideline.

Finally, I express my sincere gratitude to my onsite supervisor of Mika Securities Ltd. Sha Md. Aman Ullah (Head of Research) and Shafiul Alam Tutul (Trading Supervisor) to their magnificent assistance.



Executive Summary

Capital market ensures efficient transfer of resources from savers to borrowers. The journey of our capital market begins in 1954. It is constituted with securities and non-securities segment. The securities segment is constituted with bourses namely Dhaka stock Exchange Limited (DSE) & Chittagong Stock Exchange Limited (CSE) as well as the regulator namely Bangladesh Securities & Exchange Commission (BSEC)

In this study I described about Mika Securities Limited (MSL). Actually it's a brokerage house.

In this report, firstly I explained the introduction part of the report (Objective of the study, scope of the study, Methodology of the study and Limitations of the study). Secondly I have described regarding Mika Securities Ltd. to get actual view of the company.

Thirdly, I have narrated about activities and business operation process of Mika Securities Ltd. Its help me to understand their major activities, all kind of services and core business functions of this company.

Fourthly, I have described financial performance of Mika Securities Ltd. Its help us to know the actual financial scenario of this company. Financial Performance Analysis of MSL includes Ratio Analysis, Trend Analysis and Common Size Analysis etc. Every data I have collected from audited Balance Sheet and Income Statement (2016-2019).

Finally, I have tried to find out some problems of MSL and given some recommendations to solve those problems.



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Chapter- 01: Introduction



Introduction

The internship program is a sophisticated way of acquiring practical knowledge. Department of Business Administration has arranged this program for MBA students those who are going to pass under this program.

This is a 3 months full-time internship program. After completing this program each student will submit a report on a particular topic on the basis of his or her observation, experience and analysis. The organization also follows some control mechanism to guide and control the internship students.

This study has given me an opportunity to learn about the area of operation of Mika Securities Limited. This pragmatic knowledge and experience will help me in my practical life. In spite of my limited knowledge and experience, I have devoted my assigned job with due earnest. If any lacking prevails in my report, I have no objection to accepting it sincerely. I expect that this report will be accepted as a true picture of Mika Securities Limited.

Background of the study

The capital market is absolutely a vital consideration for the proper functioning of the capitalistic economy since they serve the channel funds from savers to borrowers. The securities market allows sound listed companies to raise additional capital quickly and cheaply, as they enjoy reputation. A vibrant and liquid securities market encourages an increase in savings by offering attractive and rewarding securities In terms of higher return, lower risk and easy option for conversion to cash. Investors in Bangladesh became increasingly interested in the equity market for many reasons. In this connection, Dhaka Stock Exchange Ltd. and his Dealer, Brokers Like Mika Securities Limited plays an integral part in the industrialization of the country. Mika Securities is 30th ranked brokerage house in Bangladesh. It has strong local customer base. In this report, I have attempted to illustrate the performance, role and activities of the Mika Securities Ltd.



Objectives of the study

The main objective of the report is to know regarding Mika Securities Ltd. – its overall functions, performances. The following are the other objectives of the study-

- To get a fundamental idea about Mika Securities Ltd. and its activities.
- To evaluate the financial performance (2015-2019) of the Mika Securities Ltd.
- To find out the problems of financial performance of MSL.
- To provide few recommendations to solve financial problems of MSL.

Methodology of the study

❖ Type of study

This report has been made on the basis of different kinds of information. This information is collected from two types of sources. They are the primary source and secondary source. I used a qualitative research method for collecting data. The information on this report was collected from secondary and primary data.

❖ Sources of data

This study will be focusing on both the secondary and primary data.

Secondary data source

- Audited report of the MSL.
- Yearly review of the MSL.
- MSL website (www.mikasecurities.com).

Primary data source

- Respective officers and staff of Mika Securities Limited.
- Relevant document's studies as provided by the officers concerned.

❖ Method of data collection

Personal interview: Face to face conversation was held with the various employee and their customers during my internship.

Personal observation: observation of brokerage house activities and DSE operations.



❖ **Population size**

Target population has been selected from employees of Mika Securities Limited.
Population size: 50.

❖ **Sample size**

Officers: 5

❖ **Sampling technique**

Random

❖ **Data Analysis**

After collecting all primary and secondary data analysis is done by spread Sheet.
Finally, the report was completed by using Microsoft Word.

Limitations of the study

In preparing the internship report I have faced some problems which are mentioned below-

- 📖 Sufficient books, publications, and journal were not available.
- 📖 Insufficiency of necessary information and data.
- 📖 Up- to- date information was not available.
- 📖 Sometimes officials deny disclosing some information as to maintain secrecy



Chapter-2: An overview of Mika Securities Limited (MSL)



An overview of Mika Securities Limited (MSL)

Mika Securities Limited (MSL) one of the best brokerage house on the basis of service and compliance in Capital Market, was established on 2005. Mika Securities Limited is a TREC Holder of Dhaka Stock Exchange. It also has full Service Depository Participant DP of CDBL (Central Depository Bangladesh Limited). The company has reorganized its operations under a fresh management team and has emerged as a leading player in stockbroking. The company has maintained a stable rank of 30th in Dhaka Stock Exchange's turnover based ranking scheme comprising of 250 stockbrokers.

2.1 Philosophy of organization:

❖ Free Ride on our Ideas:

Our clients will always have a free ride on our best ideas. We have a capable team capable of producing investment ideas based on technical and fundamental analysis. We are committed to providing clients with up to date information free of cost.

❖ Fiduciary Duty:

We put client interest first, this enables us to evaluate risk accurately and objectively

❖ Efficiency:

Effective delegation at every layer of the organization is to be ensured to make our service less bureaucratic.

❖ Professionalism:

Whether it is a retail or International client, our professional standards will be the same.

❖ Knowledge-based Investing:

We will build a team of knowledgeable individuals to guide the company and the clients.

🗺 2.2 Mission of the organization:

- To become a leading and sustainable financial institution.
- To grow the client base by continuously enhancing service quality and by developing a customer-centric organization through innovative leadership and operational excellence.
- To bring trading at your fingertips by leveraging state of the art information technology to the fullest extent.
- To convert every single penny spent on commissions into tangible value to investors.
- To help clients manage risk efficiently and make rational decisions by exploiting our knowledge base.
- To become the most preferred broker to international clients by generating authentic, actionable and accurate investment ideas through fundamental and technical research.



2.3 Senior management:

- Mr. A.A Moniruzzaman
Managing Director
- Mr. Wasif Zaman
Deputy Managing Director
- Mr. Muhammad Younus Ali
Chief Operating Officer
- Mr. Md. Showkat Akbar
Manager (Trade Operations)
- Mr. Md. Mizanur Rahman
Manager
- Mr. Monjur Hasan Tito
Head of Audit
- Mr. Fazlur Rahman
Head of Finance
- Mr. Sha Md. Aman Ullah
Head of Research

2.4 Services of organization:

Conventional Brokerage Service: MSL provides trade execution, clearance and settlement services to retail, local institutional and international clients. MSL is a TREC holder in DSE, thus clients can avail trading opportunities at Dhaka Stock Exchanges. All other numerous ancillary services such as demat/ remat, account opening, transfers etc. are also available for all class of clients at minimum or no cost.

Research: MSL has a separate research department comprising of full-time analysts. The team produces various research reports such as Daily/ Weekly market summary reports, industry/ sector, and economic reports and stock reports. This report is available at no additional cost to local institutional and international clients. MSL has always encouraged knowledge driven investments and research function is aimed at generating investment ideas that are less risky and can produce steady returns over the long term.

Analytics: This is a value added service available at no additional cost. The company has a separate Risk management department that can generate valuable analytics to aid investors in managing risk and understanding their own trading pattern to minimize errors in the future. **Margin Trading:** MSL provides margin loans to both retail and institutional clients. Rates are extremely competitive and MSL supports margin clients with additional risk management services to minimize risks associated with leverage.



2.5 Why MSL:

Understanding of Local Markets: MSL team is highly connected to all local and foreign participants. Besides top management has a close relationship with the management of most of the listed companies. This enables the MSL team to remain on top of the game.

Experienced Management: Management is highly experienced, the combined experience of the key team members is more than 12 years in the capital market of Bangladesh. The team has experience of 2011 crash. Management has a keen sense of market direction and thus is able to produce accurate predictions

Professional Team: Currently MSL team is one of the most capable teams in the market- professionalism has been protracted from the very top of the corporate ladder. Some of the team members are engaged in professional degrees to enable themselves to cater better services

Block Sourcing: Top management has access to portfolio managers of local and foreign institutions, this enables the MSL team to have a better picture of the demand-supply situation. Thus the team always enjoys an edge in sourcing blocks for local and foreign institutions.



Chapter-3: Activities and Business operation process of Mika Securities limited



Since the establishment of the company as a wholly owned subsidiary of Mika Group, Mika Securities Limited is engaged in different functions to provide the promising services to its existing and potential clients and stakeholders. It has developed a disciplined approach toward providing capital market services, including beneficial owner accounts opening and maintaining, margin loan providing and with the research and publication. The main functions operated by Mika Securities Limited are as follows:

 **3.1 Principle Activities:**

- Stock Broker.
- Stock Dealer
- Depository Participant Activities.

 **3.2 Product and Services:**

➤ **Panel Broking**

MSL offers exclusive panel broking services through renowned Merchant Banks.

- CAPM Advisory Ltd
- FAS Capital Ltd

- **Margin Loan:** MSL providing margin loan facility to the prospective investor under the Margin Rules 1999.

➤ **Depository Services:**

- BO Account Opening
- Dematerialization of Securities
- Re-materialization of Securities
- Transfer and transmission of Securities
- Pledge, un-pledge through CDS and other related operation.

❖ **Attractive Commission Rate:**

Attractive Brokerage Commission Rate: 'Absolute Cash Account' offers attractive brokerage commission @0.005% only for the cash transaction having any other investors without hidden costs or charges.

 **Brokerage Services:**

MSL is committed to delivering the best brokerage services experiences to its clients through its state - of- the art services. It ensures the best price for clients through the finest execution of trading in secondary market trading, initial public offering, or block trading.



Sales and Brokerage Services:

- Foreign Investment Management Companies
- Merchant Banks
- Asset Management Companies
- Bank, Financial Institutions and Insurance Companies.
- Local Companies
- Corporation
- Brokerage Service for retail (Individual) Clients
- Provide Margin lone at a competitive interest rate
- International and Domestic Placement of Securities
- Trade Execution Dhaka and Chittagong Stock Exchange Limited
- Pre-IPO private placement opportunities through Merchant Banks
- Appointment of dedicated and skilled sales representative
- Opportunities for trading in different financial instruments

Brokerage service for retails (Individual) clients:

- Local Individual Clients
- Foreign Individual Clients
- NRB (Non-Resident Bangladeshi) Clients

3.4 Custodial Services:

- Mika Securities Limited has an exclusive arrangement for clients to keep their shares in safe custody in their vault.
- Safe Deepings of securities

3.5 Research and Publication:

- Daily price information Market Overview, Daily Fact Sheet
- Monthly report
- Industry/Corporate research report
- Industry/Corporate research report
- Free access to their company research reports through their web-site
- Half yearly political and economic update

3.6 Value Added Services:

- Daily portfolio services through email
- Daily trade confirmation through SMS service
- Web services for portfolio and report.

3.7 Business operation of Mika Securities Ltd:

The business operations of Mika Securities Ltd. are divided into two parts. These are front office and back office.



Front office operation:

- ✚ **Beneficiary Account (BO) opening:** It's an important task for every employee because without sufficient investors account the brokerage house can't operate their business. The commission is the main income source for a brokerage house. More account will help a trader to earn more commission from the investor.
- ✚ **Liaison maintains:** Every department always maintain liaison to operate the business properly. Trade, CDBL, Compliance, Accounts have common cooperation. When a trader executes a buy order then he has collect buy limit from the CDBL department.
- ✚ **Execute buy and sell order:** Share buy/sell is a daily job for a trader. When an investor wants to buy or sell an item (share/stock/mutual fund) then he/she inform the trader to execute his/her order. It's the main task for a trader.
- ✚ **Maintain phone calls:** Every trader of the brokerage house has to maintain phone calls. When an investor wants to get immediate service from the trader he/ she has to dial to the authorized phone number.
- ✚ **Arrange meeting:** Chief Operation Officer (COO) always arrange a meeting to brief the performance of the organization and provide direction to the employee what should do or not do. He/ She set up a target for a month or year and provide direction for how everyone can participate to achieve this target.
- ✚ **Share price sensitivity news:** It's a most important task for a trader to share price sensitivity issues because the price of a stock increase or decrease depends on the company's performance and different kinds of operational decision which has a huge impact on company's business.
- ✚ **Provide daily portfolio and ledger to the customer:** After daily trade, the trader has the responsibility to provide a daily portfolio to the investor/Client.
- ✚ **Store daily trade report:** After the trade session, the trader has to provide a daily trade report to the assigned sub-ordinate. The brokerage house is so much concern about this report because if the client claim that he/she did not perform any trade within this month like June then the trader will be able to show his/her trade that they were doing.



Back office operation:

- ✚ **Data entry of cash and cheque receipt:** When an investor want to deposit his/her money by cash or cheque then accounts department received this and deposit into bank in return accounts department give a receipt copy to the investor.
- ✚ **Data entry of BO account:** Usually to open a BO Account First formality is done by the back office. A CDBL officer input all BO account information and make it ready to trade within a day.
- ✚ **Voucher writing and documentation.**
- ✚ **Provide daily cash limit to the trader:** When an investor wants to by a stocks that time trader has to take limit from the CDBL officer.
- ✚ **Accounting and reconciliation:** Accounting department always maintain ledger how money deposit by an investor and how much money withdraw by an investor. By the accounting count tax percentage which is given to DSE. And make salary sheet for the employee.
- ✚ **Provide query response to the DSE:** when Anticorruption department demand about any specific person that time brokerage house has to provide information about the person that he /she has a BO account or not.
- ✚ **Maintain client register, complaint register, and attendance register.**
- ✚ **Settlement of share:** When an investor wants to transfer his/ her share to another brokerage house then the brokerage house transfer this share to the customer assigned house.
- ✚ **Provide a margin loan to the client:** When an investor wants to take loan from Mika securities Limited. Then one condition is required 1:.5 that means to take 50 thousand taka investor have to his/her own 1 lac taka.
- ✚ **Research and publication:** Bank Asia Securities has a strong research department they has to make fundamental stock valuation , technical valuation, monthly valuation, economic review,
- ✚ **Maintain corporate relationship with other organizations.**

Mika Securities Limited is performed in other business operation like:

1. Morning discussion.
2. Client hunt.
3. Monitor branch operation.
4. Arrange training program for trader and clients.



Chapter-4: Performance Evaluation of Mika Securities Limited



Statement of Fundamental Analysis As at 30 June 2015-2019 (% , Times)

Liquidity Ratio	2016	2017	2018	2019
Current Ratio	1.88	1.81	2.28	2.35
Quick Ratio	-	0.68	0.86	0.54
Cash Ratio	1.00	1.31	1.38	1.15



Liquidity refers to the availability of resources of a company to meet short-term cash requirements. It is affected by the timing of cash inflows and outflows along with prospects for future performance. Analysis of liquidity is aimed at a company's funding requirements.

If a company fails to meet its current obligations, its continued existence is doubtful. From this view point, all other measures of analysis are in secondary importance. Although accounting measurements assume the company's continued existence, our analysis must always assess the validity of this assumption using liquidity measures.

Interpretation:

The Current Ratio is a liquidity and efficiency ratio that measures a firm's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year.

The Current Ratio indicates the company's ability to pay its current liabilities by using the current assets. The company's current ratio is increased over the period of time. In 2016 the company's current ratio was 1.88 and in 2019 it was 2.35. That means the increase point of the ratio is 0.47 which is very good sign for the company.

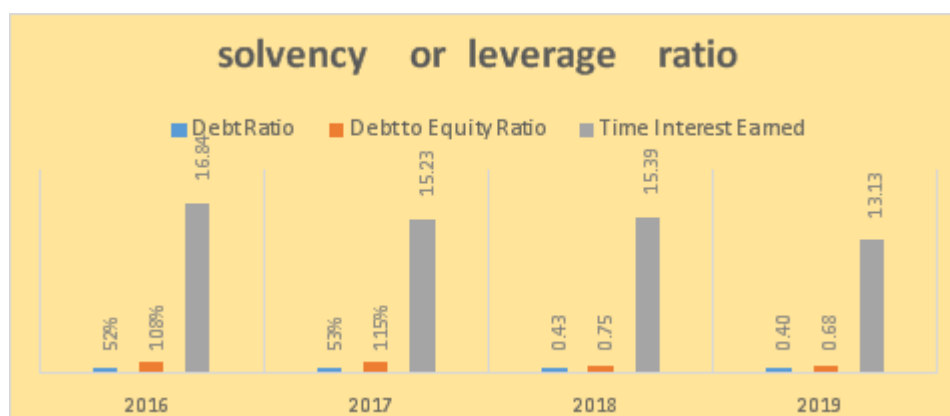


The Quick Ratio or Acid Test Ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. Cash, cash equivalents, short-term investments or marketable securities, and current accounts receivable are considered quick assets. The quick ratio of Mika Securities limited was decreased over time. It was 0.68 in 2017, 0.86 in 2018, and 0.54 in 2019. From the data we can say that company's liquid assets were increases first two years after that it was decreased.

The Cash Ratio is a liquidity ratio that measures a firm's ability to pay off its current liabilities with only cash and cash equivalents. The cash ratio is much more restrictive than the current ratio or quick ratio because no other current assets can be used to pay off current debt—only cash. The company's cash ratio is increased over the period of time from 2016 to 2019. In 2016 the cash ratio was 1.00 and in 2019 the ratio was 1.15 that means the increase point of the ratio is 0.15. Which is a good sign for Mika securities limited.



Solvency or Leverage Ratio	2016	2017	2018	2019
Debt Ratio	52%	53%	43%	40%
Debt to Equity Ratio	108%	115%	75%	68%
Time Interest Earned	16.84	15.23	15.39	13.13



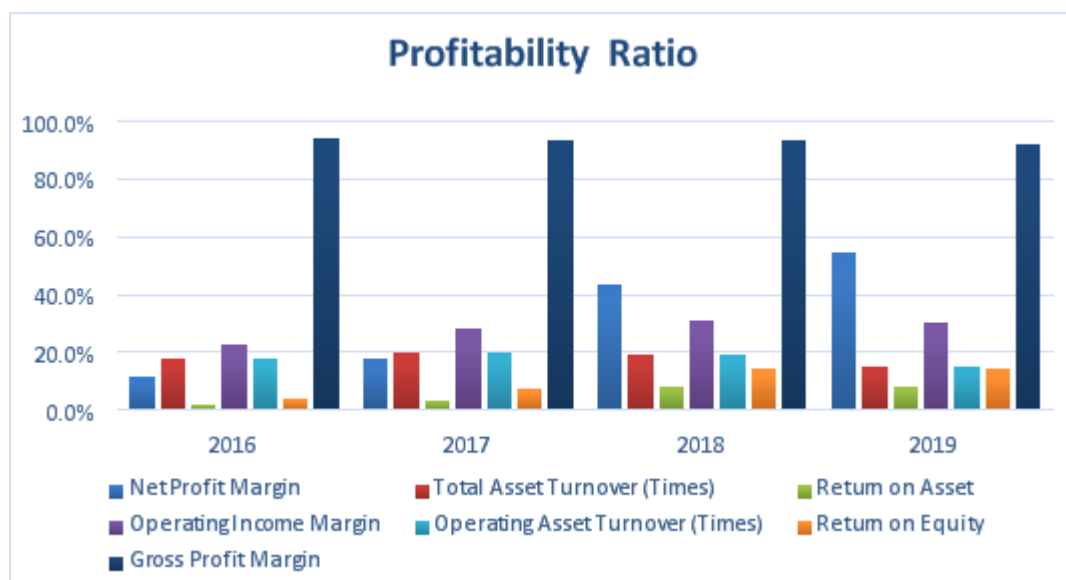
Debt Ratio is a solvency ratio that measures a firm's total liabilities as a percentage of its total assets. In a sense, the debt ratio shows a company's ability to pay off its liabilities with its assets. In other words, this shows how many assets the company must sell in order to pay off all of its liabilities. In 2016 company's debt ratio was 52 % over the period of time it was 40%. That means company's debt ratio is decreased. Which is good sign for Mika Securities Limited.

The Debt to Equity Ratio is a financial, liquidity ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company financing that comes from creditors and investors. A higher debt to equity ratio indicates that more creditor financing (bank loans) is used than investor financing (shareholders). The company's Debt to equity ratio was decreased from the last three years. In 2016 the company's debt to equity ratio was 108% after three years it was 68%. This is good sign. Lower debt to equity ratio is more preferable.

The Time Interest Earned Ratio, sometimes called the interest coverage ratio, is a coverage ratio that measures the proportionate amount of income that can be used to cover interest expenses in the future. The company's time interest earned ratio was highest in 2016 than other years & in 2019 it was lowest. Higher time interest earned ratio is better than lower time interest earned ratio.



Profitability Ratio	2016	2017	2018	2019
Gross Profit Margin	94%	93%	94%	92%
Operating profit Margin	22.7%	28.1%	31.3%	30.5%
Net Profit Margin	11.3%	17.7%	43.8%	55.0%
Return on Asset	2%	4%	8%	8%
Return on Equity	4%	8%	15%	14%
Total Asset Turnover (Times)	0.18	0.20	0.19	0.15
Operating Asset Turnover (Times)	0.18	0.20	0.19	0.15



Profitability refers to a company's ability to generate an adequate return on invested capital. Return is judged by assessing earnings relative to the level and source of financing. Profitability is also relevant to solvency. This section describes key profitability measures and their importance to financial statement analysis.

Interpretation:

Gross Profit Margin is a profitability ratio that calculates the percentage of sales that exceed the cost of goods sold. In other words, it measures how efficiently a company uses its materials and labor to produce and sell products profitably. The company's gross profit margin was gradually decreased from 2017 to 2019. If I compared gross profit margin with other years. 2017 is in better position according to gross profit margin.



Operating Profit Margin: How much profit a company makes after paying for variable costs of production such as wages raw materials etc. The company's operating profit margin was increased over the period of time. In 2017 it was 22.7% after three years it was 30.5% the percentage of increased ratio is 7.8 %. This is very good sign for Mika securities Limited.

Net Profit Margin Ratio: also called net margin, is a profitability metric that measures what percentage of each dollar earned by a business ends up as profit at the end of the year. In other words, it shows how much net income a business makes from each dollar of sales.

Net profit margin of the company is very good. It was gradually increased from 11.3% to 55.0% by 2016 to 2019. Higher net profit margin is more preferable than lower net profit margin.

Return on Assets Ratio (ROA): often called the return on total assets, is a profitability ratio that measures the net income produced by total assets during a period by comparing net income to the average total assets. In other words, the return on assets ratio or ROA measures how efficiently a company can manage its assets to produce profits during a period. The company's return on asset ratio gently increases from 2% to 8%. More return on Asset is good sign for Mika Securities Limited.

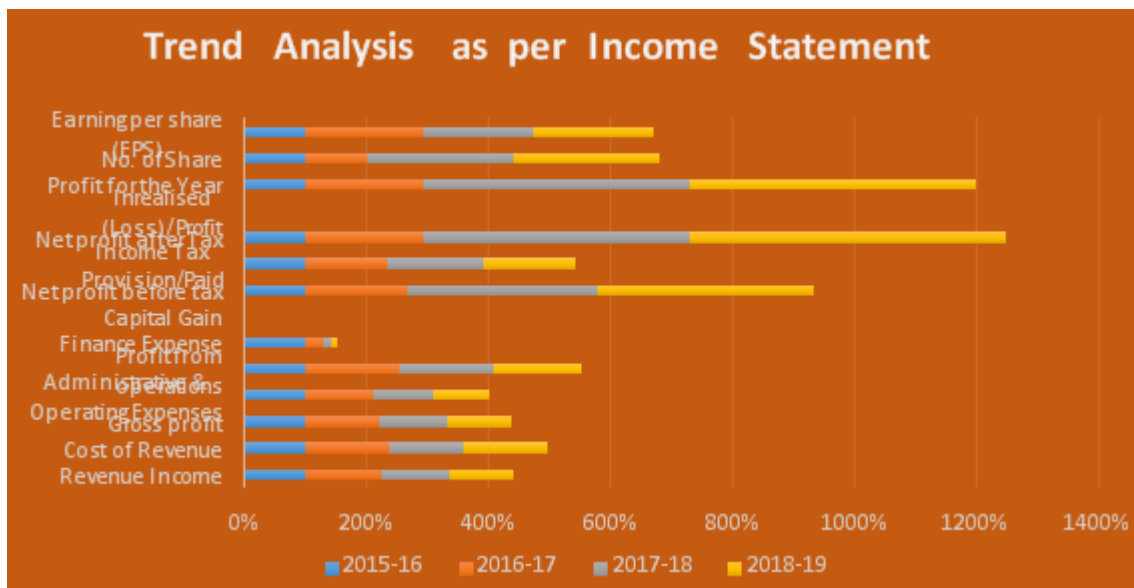
Return on Equity Ratio (ROE): is a profitability ratio that measures the ability of a firm to generate profits from its shareholder's investments in the company. In other words, the return on equity ratio shows how much profit each dollar of common stockholders' equity generates. Higher profit is better for a company. Mika Securities limited was gain higher return on equity over the period of time. From 2016 to 2019 the company gains excessive percentage of return on equity which is 10%. This is Auspicious for the company.

Total Asset Turnover: Higher total asset turnover is more preferable than lower total asset turnover. 2017 is better than other years. Because of in 2017 company gain more turnover than other years.

Operating Asset Turnover: In 2017 company was gained more total asset turnover than other years. Higher total asset turnover is more preferable than lower total asset turnover.



Trend Analysis				
Income statement	2015-16	2016-17	2017-18	2018-19
Revenue Income	100%	123%	112%	107%
Cost of Revenue	100%	136%	123%	137%
Gross profit	100%	122%	112%	105%
Administrative & Operating Expenses	100%	113%	98%	93%
Profit from operations	100%	153%	155%	143%
Finance Expense	100%	31%	11%	10%
Capital Gain	-	-	-	-
Net profit before tax	100%	167%	312%	355%
Income Tax Provision/Paid	100%	134%	158%	150%
Net profit after Tax	100%	193%	435%	519%
Unrealized (Loss)/Profit	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Profit for the Year	100%	193%	435%	470%
No. of Share	100%	100%	240%	240%
Earnings per share (EPS)	100%	193%	181%	196%

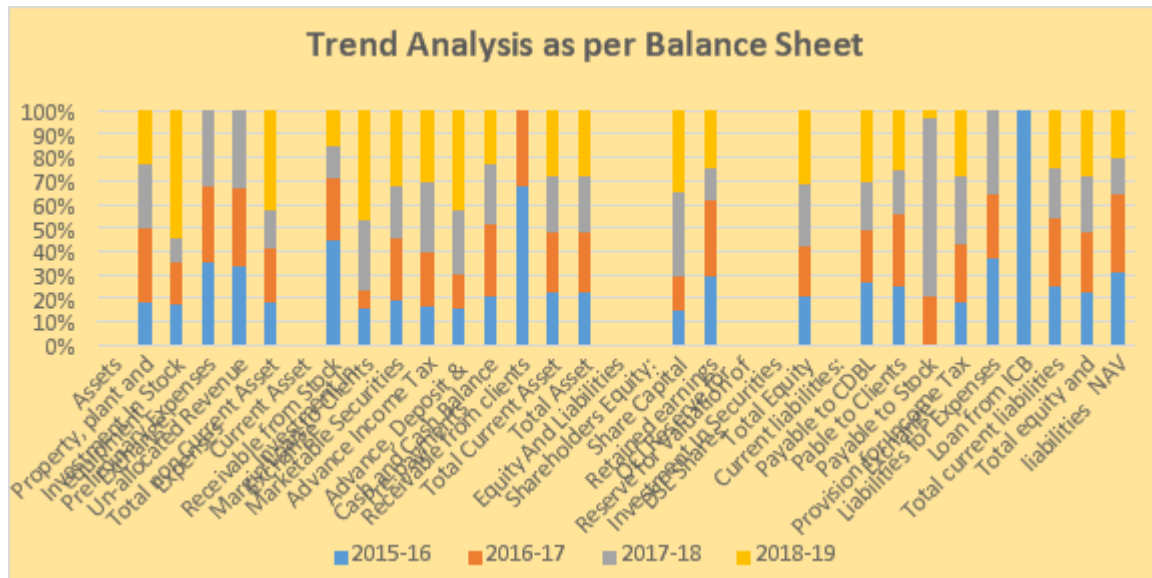


Interpretation: This Company's revenue income was increased from 2016 to 2017 after that it was decreased for last two years. If I compared with base year the company's revenue income was high in 2017. As like as revenue income the company's gross profit was also increased from 2016 to 2017 after that it was decreased from 2018 to 2019. In 2017 the company was gained more gross profit than other years. According to trend analysis the company's profit from operation was increased from 2016-2018, last year it was decreased. Compared with other years the company was in better position in 2018. Net profit after tax of the company was gradually increased from 2016-2019. In 2019 the company gain more profit. Since profit after tax is high in 2019 so net profit is also high in 2019 & Earnings per share also increased over the period of time. This is good sign for Mika Securities Limited.



Trend Analysis as per Balance Sheet

	2015-16	2016-17	2017-18	2018-19
Assets				
Property, plant and equipment	100%	178%	151%	128%
Investment In Stock Exchange	100%	100%	60%	308%
Preliminary Expenses	100%	92%	92%	0%
Un-allocated Revenue Expenses	100%	100%	100%	0%
Total non-Current Asset	100%	130%	95%	239%
Current Asset				
Receivable from Stock Exchange	100%	59%	30%	33%
Margin Loan to Clients	100%	46%	188%	298%
Investment In Marketable Securities	100%	137%	119%	167%
Advance Income Tax	100%	139%	180%	185%
Advance, Deposit & Pre-payments	100%	98%	178%	282%
Cash and Cash Balance	100%	152%	122%	113%
Receivable from clients	100%	48%	0%	0%
Total Current Asset	100%	112%	107%	123%
Total Asset	100%	112%	107%	126%
Equity And Liabilities				
Shareholders' Equity:				
Share Capital	100%	100%	240%	240%
Retained earnings	100%	114%	47%	84%
Reserve for Valuation of DSE Shares	-	-	-	-
OCI Reserve for Investment In Securities	-	-	-	-
Total Equity	100%	108%	127%	156%
Current liabilities:				
Payable to CDBL	100%	85%	78%	115%
Payable to Clients	100%	121%	77%	101%
Payable to Stock Exchange	100%	6854%	25732%	1227%
Provision for Income Tax	100%	134%	158%	150%
Liabilities for Expenses	100%	75%	99%	0%
Loan from ICB	100%	0%	0%	0%
Total current liabilities	100%	116%	88%	98%
Total equity and liabilities	100%	112%	107%	126%
NAV	100%	108%	53%	65%



Interpretation:

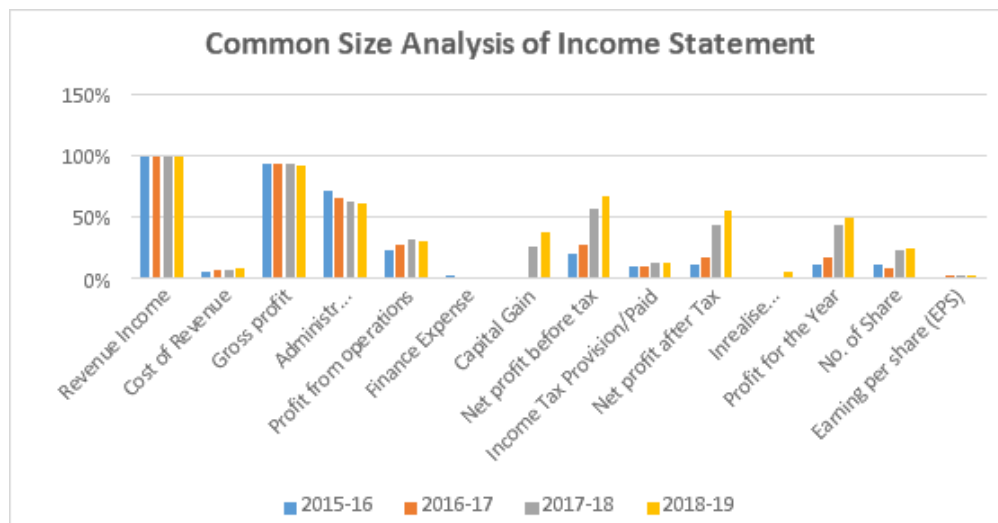
Trend analysis evaluates an organization’s financial information over a period of time. Periods may be measured in months, quarters, or years, depending on the circumstances. The goal is to calculate and analyze the amount change and percent change from one period to the next.

The company’s total asset was increased from 2016-2019. As 2016 base year the company gently grown their total asset in base year the company’s total asset was 100% after three years it was 126%. That means the growth percentage was 26%.

In total of the company 2019 is better than other years .If we compare with base year 2016 the company’s total equity was increased 56%. In 2018 the company was lower total liabilities than other years. According to the trend analysis as per balance sheet the company had more liabilities in 2017. After that it was gradually decreased for the last two years.



Common Size Analysis as per Income Statement				
Income statement	2015-16	2016-17	2017-18	2018-2019
Revenue Income	100%	100%	100%	100%
Cost of Revenue	6%	7%	6%	8%
Gross profit	94%	93%	94%	92%
Administrative & Operating Expenses	71%	65%	62%	62%
Profit from operations	23%	28%	31%	30%
Finance Expense	2%	1%	0%	0%
Capital Gain	0%	0%	25%	38%
Net profit before tax	20%	28%	57%	68%
Income Tax Provision/Paid	9%	10%	13%	13%
Net profit after Tax	11%	18%	44%	55%
Unrealized (Loss)/Profit	0%	0%	0%	5%
Profit for the Year	11%	18%	44%	50%
No. of Share	11%	9%	24%	25%
Earnings per share (EPS)	1%	2%	2%	2%



Interpretation:

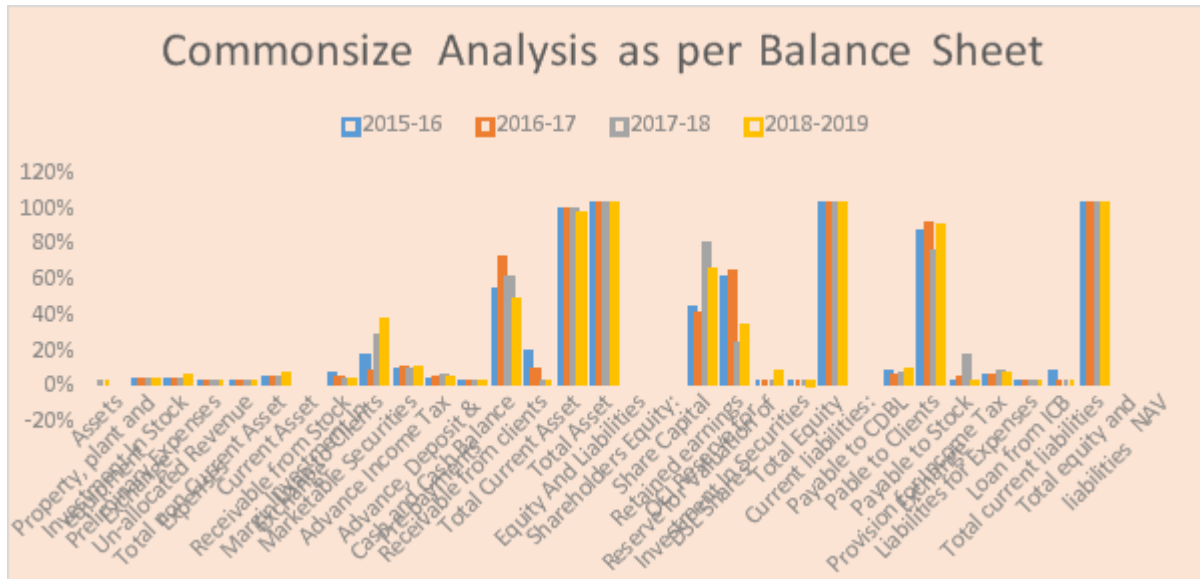
Common size analysis also referred to as vertical analysis, is a tool that financial managers use to analyze financial statements (Balance sheet & Income Statement). It evaluates financial statements by expressing each line item as a percentage of the base amount for that period. The analysis helps to understand the impact of each item in the financial statement and its contribution to the resulting figure.

In gross profit 2016 & 2018 was better for the company that was 94% which was higher than other years. Profit from operations was high in 2018 which was 31%. Capital gain was so high in the last year compared with other years. Which was 38%. This is very good sign for



the company. Net profit before tax was also high in the last year. It was gradually increased from 20% to 28%, 28% to 57%, and lastly 57% 68%. As like as net profit before tax net profit after tax was also increased over the period of time the increased percentage of net profit after tax is 44%. It is highly appreciated for the company. Company's profit for the year was increased from 2016 to 2019, which was in 2016 profit was 11%, in 2017 profit was 18% ,in 2018 profit was 44%, & lastly in 2019 it was 50%. Form the analysis we can say that company gradually increased their profit this is prosperous for Mika Securities Limited

Common Size Analysis as per Balance Sheet				
Balance sheet	2015-16	2016-17	2017-18	2018-2019
Assets				
Property, plant and equipment	1%	2%	1%	1%
Investment In Stock Exchange	2%	1%	1%	4%
Preliminary Expenses	0%	0%	0%	0%
Un-allocated Revenue Expenses	0%	0%	0%	0%
Total non-Current Asset	3%	3%	2%	5%
Current Asset				
Receivable from Stock Exchange	5%	3%	1%	1%
Margin Loan to Clients	15%	6%	26%	35%
Investment In Marketable Securities	7%	8%	7%	9%
Advance Income Tax	2%	2%	3%	3%
Advance, Deposit & Pre-payments	0%	0%	0%	0%
Cash and Cash Balance	52%	70%	59%	46%
Receivable from clients	17%	7%	0%	0%
Total Current Asset	97%	97%	98%	95%
Total Asset	100%	100%	100%	100%
Equity And Liabilities				
Shareholders' Equity:				
Share Capital	41%	38%	79%	64%
Retained earnings	59%	62%	21%	32%
Reserve for Valuation of DSE Shares	0%	0%	0%	6%
OCI Reserve for Investment In Securities	0%	0%	0%	-1%
Total Equity	100%	100%	100%	100%
Current liabilities:				
Payable to CDBL	6%	4%	5%	7%
Payable to Clients	85%	89%	74%	88%
Payable to Stock Exchange	0%	3%	15%	1%
Provision for Income Tax	3%	4%	6%	5%
Liabilities for Expenses	0%	0%	0%	0%
Loan from ICB	6%	0%	0%	0%
Total current liabilities	100%	100%	100%	100%
Total equity and liabilities				
NAV				



Interpretation:

Total current asset was enough in 2018 compared with other years. And company’s non-current asset was high in 2019. Company’s property plant’s & equipment was almost same in every year. In 2017 company’s Cash & cash balance was high which was 70%. Advanced income tax was slightly increased of the company. Receivable from clients was 0% for last two years .Company’s share capital was high in in 2018 after that it was decreased. In 2017 company’s retained earnings was high from the previous year which was 62% after that it was decreased for the last two years. Company’s current liabilities payable to CDBL was high in the last year in 2017 the percentage of payable to CDBL was low. Payable to stock exchange was high in 2018 which was 15%. This was liabilities for the company but in 2016 it was 0% that means 2016 was better for payable to stock exchange. Because low liabilities is more preferable for every company. Liabilities for exchange was 0% in every year which is good sign for the company.



Chapter-5: Findings, Recommendations and Conclusion



Development of capital market is absolutely essential for future. Major industry investments create, directly and indirectly, the most job and to finance these investment requires equity participation. The development of the industrial sector on the basis of debt is a risky approach and simply does not work. Unfortunately as we have reviewed on several occasions the development of capital market in Bangladesh has not been successful. The explosive rise of the market and its subsequent collapse led to much anguish and ultimately imposition of many regulations that have strangled the development of the market and removed it as a major player in financing the industrial growth of the economy.

Findings:

The major problems of Mika Securities Ltd. are described below-

- ❖ Investor has not come to invest in capital market for the uncertainty of capital market.
- ❖ The profitability of the company was gradually increased this is good sign for the company.
- ❖ Mika Securities Limited are always under close monitoring of DSE and SEC. If DSE sees any unusual activity they directly punished the brokerage houses, they don't see who made the mistake is it the trader or client it just fine the house.
- ❖ Mika Securities Limited is currently operating by 10 branches in Dhaka city. But, according to the demand in some areas, they are clearly left behind to provide the service in different areas of the country.
- ❖ Over the last couple of year, the market size is growing intensively. Every day new people are investing in the capital market. But MSL is not increasing to match the growing demand, result overpricing of the current securities.
- ❖ Mika Securities Limited does not arrange any awareness program regularly.
- ❖ High Commission rate (0.005 per lac) than other brokerage houses.
- ❖ Higher interest rate of margin loan. Margin loan means if any client has 5 lac portfolio value (current investment) then he can take also 5 lac taka as a margin loan from brokerage house. Now total investment is 10 lac.
- ❖ Lack of online transaction system.
- ❖ Lack marketing activities.
- ❖ Lack of foreign clients than other houses.



Recommendations:

- Rules and regulations of DSE & CDBL should be flexible for a brokerage house to operate their activities.
- The company's Management should be concentrated about their quick asset to repay their current obligations.
- MSL should focus more on its customer service department.
- MSL should start more branches to facilitate investors.
- Employees should be trained more about fundamental and technical techniques.
- More marketing activities should be done to let people know about the organization.
- MSL should be arranged awareness program to their client about a healthy portfolio.
- In house research activities should be increased to provide analytical support to clients.
- As competitors are increasing rapidly, MSL management needs to be clear and more careful about future plan.
- Mika Securities Ltd. should hunt more foreign clients. It can help them to grow positive reputation in the market.



Conclusions

Capital market is a mother of economy and business houses are assistance to help the economy to practical development. A brokerage house has bunches of commitment to develop the capital market since they are chasing new financial specialists and spur them to put their reserve in the capital market. Therefore, various organizations ready to raise their store by giving Initial Public Offering (IPO) and afterward they put that capital in the diverse profitable venture. Subsequently, business, send out and per capita pay expands that are serving to the maintainable development of the economy of our nation. In this roundabout procedure brokerage houses is a key factor to drive the capital market appropriately. Mika Securities Ltd. is one of them who are performing great to help the capital market authority like Dhaka Stock Exchange (DSE) and Bangladesh Securities Exchange Commission (BSEC). Mika Securities Ltd. has great advancement and furthermore has a few issues that need to understand to improve things. In conclusion, I might want to state if our administration needs to build up our economy and another division from the start the govt. ought to balance out the capital market of our nation. In the event that the capital market doesn't work appropriately so the entire money related segment will be in a tough situation. So the govt. should develop a solid observing cell whose will be dependable and will screen capital market-related organs.

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