



Internship Report on
“Investment Risk Management and Financial
Performance Analysis of IDLC Securities Limited”

Submitted to the Department of Business Administration,
Daffodil International University as a partial requirement for BBA degree completion.



Prepared by:

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Major in Finance

52nd Batch, BBA Program

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

**Internship Report on
Investment Risk Management and Financial Performance Analysis of
IDLC Securities Limited**

Supervised by:

Dr. Syed Mizanur Rahman
Director of Students' Affairs & Associate Professor
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Date of Submission: _____

Acknowledgment

At the very outset, I am thankful to Almighty Creator for giving me strength, courage and ability to accomplish the internship program as well as the internship report in a scheduled time in spite of various complications. It gives me immense pleasure to thank a large number of individuals for their cordial cooperation and encouragement which has contributed directly or indirectly in preparing this report for me in my endeavour and at this stage I would like to take this opportunity to convey my heartfelt appreciation to those, whose blessing and cooperation was important to bring this report in light. I want to show my gratitude to:

Dr. Syed Mizanur Rahman, who is the Director of Students' Affairs & Associate Professor in Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. Firstly, I would like to show my gratitude from the core of my heart for his kind support, guidance, constructive supervision, instructions and advice and for motivating me to do this report

Also, I want to show my gratitude to **Sakhawat Hossain** (Head of Finance and Operations and Assistant General Manager, IDLC Securities Limited) and **Mohammad Shafiqul Islam Azad** (Deputy Manager, IDLC Securities Limited) for believing in me.

Md. Rajibul Haque, (Senior Officer, IDLC Securities Limited), **Ms Jobaida Jahan**, (Officer grade-III, IDLC Securities Limited) for supervising me and providing me a standard knowledge of teamwork.

Last but not the least I would like to express my sincere thanks to all the employees of IDLC Securities Limited who helped me during my work tenure and made my experience a memorable one. I want to acknowledge my family and friends with great respect. Their love, encouragement and support have been exemplary. In the end, it is necessary to mention that this report is the result of days of hard work. I am thankful to the people who have contributed greatly behind the completion of the report. Without their help, this report would not have been even completed within the deadline, let alone being a successful and helpful one.

Letter of Transmittal

Date: _____

To
Dr. Syed Mizanur Rahman
Director of Students' Affairs & Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on "Investment Risk Management and Financial Performance Analysis of IDLC Securities Limited".

Dear Sir,

With respect and esteem, I would like to state you that I have finished my internship report on "**Investment risk management and Financial Performance Analysis of IDLC Securities Limited**". It is a great honour for me to place the same before you. I have attempted my level best to set up this report and amass applicable and clever data. It is an extraordinary encounter for me to deal with this point. I have attempted to make the report distinctive and exhaustive inside the planned time and limited resources. I have completed the internship from IDLC Securities Limited. It is my pleasure to carry out the internship report under your supervision.

I have made every effort to reveal greater insight in this report. I would be glad to furnish you with any clarifications, if required. I hope that this report will meet the standard of your judgment.

Thanking you for your kind supervision.

Sincerely yours,



Alif Mahmud Shah
ID No: 191-11-6139
Major in Finance
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Letter of Acceptance

This is to certify that Alif Mahmud Shah, bearing the ID No: 191-11-6139, Student of BBA Program, Daffodil International University, has completed the internship report under my guidance supervision. He has worked with IDLC Securities Limited as an intern and completed the report entitled “**Investment Risk Management and Financial Performance Analysis of IDLC Securities Limited**” as a partial requirement for getting a BBA Degree. He has finished the report without anyone's else. He has been allowed to submit the report.

Alif Mahmud Shah bears serious areas of strength for a person and is an extremely satisfying responsible individual. It has for sure been a wonderful experience working with him. I wish him all progress throughout everyday life.



Dr. Syed Mizanur Rahman
Director of Students' Affairs & Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Declaration of the Student

I hereby declare that the Internship report entitled “**Investment Risk Management and Financial Performance Analysis of IDLC Securities Limited**” Submitted has been carried out by me and has not been previously submitted to any other University/ College/ Organization for an academic certificate/degree. I in good faith declare this report in partial fulfilment of the requirement for the degree Bachelor of Business Administration (BBA) of Daffodil International University.

I have prepared this report after finishing my internship at IDLC Securities Limited, DR Tower, Box Culvert Road, Purana Paltan, Dhaka under the escalated supervision and direction of Dr. Syed Mizanur Rahman, Director of Students’ Affairs & Associate Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University

And **Mohammad Shafiqul Islam Azad**, Deputy Manager, IDLC Securities Limited. The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the damage arising from breach of the foregoing obligations.



Alif Mahmud Shah
ID No: 191-11-6139
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Executive Summary

IDLC Securities Limited is without a thread of doubt one of the leading financial institutions in NBFIs and brokerage industry of Bangladesh, comparatively having one of the best portfolios of any other company in the country. I have comprised in the report a detailed history of IDLC Securities Limited with its various concerns in the report along with relative and graphical presentation narrative to their five years performance evaluation as the most important objective of this report. The in-depth analysis of the company I have worked for is stated as the first objective from my personal working experience and knowledge that I have gathered from both annual report as well as the workplace. Secondly, the report is based on the CAMELS Rating System analyse the financial performance of the Bank. The CAMELS acronym stands for "Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity." Therefore, ratios such as capital adequacy, leverage ratio, net profit margin, earning per share, return on equity etc. are determined to get a general perspective on its financial performance. This report provides a bird's eye view of Company's Financial Performance, the organization's assessment of its importance, and its contribution to the company. In case of three months internship program in the Capital Market Operation department under Client Support and Settlement Division, my main work responsibility was on boarding client's, Preparing foreign trade papers for HSBC & SCB along with Central Depository Bangladesh Limited operations. My motto during the entire internship journey was to meet my superiors' expectations and to become more knowledgeable than I was yesterday. I have tried my best and hope I have met my supervisors' expectations. I must add that, I have learned a lot during the internship at IDLCSL and was equally beneficial for the organization and for myself. Lastly, with a recommendation I tried to produce this report as informative as possible with as much information that I could gathered.

Table of contents

Chapter	Topic Name	Page No.
	Acknowledgment	i
	Letter of Transmittal	ii
	Letter of Acceptance	iii
	Declaration of the Student	iv
	Executive Summary	v
	Chapter 1: Introduction	1
Chapter 1	1.1. Background of the Study	2
	1.2 Origin of the Study	3
	1.3 Scope of the Study	3
	1.4 Objectives of the Study	4
	1.5. Methodology of the Study	4
	1.6. Limitations of the Study	7
	Chapter 2: Organization Overview	8
Chapter 2	2.1. Historical Background	9
	2.2. Corporate Information	9
	2.2.1. IDLC Finance Limited	9
	2.2.1.1. Vision	9
	2.2.1.2. Mission	10
	2.2.1.3. Core Values	10
	2.2.1.4. Credit Rating	10
	2.2.1.5. Branches	10
	2.2.1.6. Subsidiaries	10
	2.2.1.7. IDLC Asset Management Limited	11
	2.2.1.8. IDLC Investments Limited	11
	2.2.1.9. IDLC Securities Limited	12
	2.2.2. Operational highlights of IDLCSL	14
	2.2.3. Organizational Hierarchy	15
	2.2.4. IDLC Securities Activity Model	15
	2.2.5. Activities of Capital Market Operations Team	16
	Chapter 3: Data Analysis and Findings	23
Chapter 3	3.1. Comparative Income Statement Analysis (Horizontal Analysis)	24
	3.2. Ratio Analysis	27
	3.2.1. Profitability	27
	3.2.2. Solvency ratio	32
	3.2.3. Activity Ratio	33
	3.2.4. Liquidity Ratio	35
	Chapter 4: Recommendation and Conclusion	37
Chapter 4	4.1. Recommendation	38
	4.2. Conclusion	38

List of figures

Chapter	Name of the figure	Page No.
Chapter 1	Figure:1.1 Data Collection Process	5
Chapter 2	Figure 2.1: IDLC Securities Organizational Hierarchy	15
	Figure 2.2: IDLC Securities Activity Model	15
Chapter 3	Figure 3.1: Return on Assets	28
	Figure 3.2: Return on Equity	29
	Figure 3.3: Operating Profit Margin	30
	Figure 3.4: Net Profit Margin	31
	Figure 3.4: Equity Ratio	32
	Figure-3.5: Asset Turnover Ratio	33
	Figure-3.6: Working Capital Turnover	34
	Figure-3.7: Current Ratio	35
	Figure 3.8: Cash Ratio	36

List of tables

Chapter	Name of the table	Page No.
Chapter 1	Table 1.1: Tools and techniques	6
Chapter 2	Table 2.1: Operational highlights of IDLC SL Activities of Capital Market Operations Team	14
		16
Chapter 3	Table 3.1: Comparative Income Statement Analysis (Horizontal Analysis)	24
	Table 3.2: Comparative Balance Sheet Statement Analysis (Horizontal Analysis)	26
	Table-3.3: Return on Assets	28
	Table-3.4: Return on Equity	28
	Table 3.5: Operating Profit Margin	29
	Table-3.6: Net Profit Margin	30
	Table-3.7: Equity Ratio	32
	Table 3.8: Asset Turnover Ratio	33
	Table 3.9: Working Capital Turnover	34
	Table 3.10: Current Ratio	35
	Table 3.11: Cash Ratio	36
	Appendix	41

Chapter 1

Introduction

1.1. Background of the Study

The stock market also known as the share market is a public market involved in the trading of company stock and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately. Usually, a stock market is a representation of the country's economic situation and the broker houses are viewed as the representation of the stock market of the country. A broker house is an entity that has the polish permission of Securities and Exchange, among others, to offer securities in public trading acquire and sell securities, and offer portfolio management and investment advice services to its clients. However, as a member of DSE and CSE the broker house does this service for their client's commission in return on each transaction. That means more transactions equals to more commission for houses and more wealth for it.

Up until 1998 broker houses were comparatively inactive in Bangladesh as people used to buy and sell their paper shares directly to buyers or sellers' hand to hand. This hand-to-hand transaction was an extremely slow process and full of complications. After CDBL (Central Depository of Bangladesh Limited) was established, the trade became extraordinarily faster than what it was before. As a result, the investors in the share market have been increasing tremendously day by day and the brokerage houses of Bangladesh have been facing mentionable hurdles with the increasing number of investors in the capital market. It is remarkable that the stock market of a country such as Bangladesh has got boost in BO (Beneficiary Owners) accounts. Hence, every day the brokerage houses of DSE and CSE have the opportunity to conduct smooth and huge trades. It is not only like that more the transaction more the commission for the broker, the brokerage houses have to follow all the rules and regulations established by the BSEC. These rules and regulations of BSEC can be detrimental for the brokerage houses sometimes. There is no doubt that the brokerage houses are playing an important role in the capital market of Bangladesh. As a result, we have to constantly monitors the performance of the brokerage firms. Also, we need to measure its own performance to satisfy the parties involved in the development.

1.2 Origin of the Study

The internship program is a mandatory requirement for students who want to complete their BBA graduation. In the internship program, I was linked to the company IDLC Securities Limited. This report was prepared on the basis of my practical experience with daily organizational activities, theoretical literature and under the close supervision of my internal support as well as my official supervisor.

1.3 Scope of the Study

To development the organization as per the flow of the competing rivals, brokerage firms now have to compete in the market with both local along with foreign institutions. The policies of IDLC Securities Limited and the analysis of the strategies it employs are the aim of this report. An infrastructure of the organization has been worked out and is looking to the future. The purpose of this report is limited to the general description of the company, its services, position in the sector. The analysis of its financial performance and the practical progress of its operation. The purpose of the study is limited to organizational structure, functions and performance.

- To build a professional operator in the capital market sector in any lending institution.
- Gain extensive capital market experience by participating in a variety of programs.
- To dissect the brokerage firms' current financial activities performed by IDLC Securities Limited.
- Execution of IDLC Securities Limited in terms of investment, risk management, domestic and foreign trade.

It is obvious that the following report cannot include all aspects of brokerage houses because the basis of this report is only one company and due to the time limitation of the internship program. However, IDLC Securities Limited is one of the leading Brokerage houses in Bangladesh

1.4 Objectives of the Study

In my report I am going to deal with two parts of my internship report. They are described in the upcoming parts,

1.4.1 General Objective:

The main purpose of the report will be present the Financial Performance Analysis of IDLC Securities Limited.

1.4.2 Specific Objectives:

- To gather an overview of financial performance tools.
- To analyse the financial performance through the ratios.
- To identify problems by analysing the financial performance.
- To give proposals based on the discoveries of the findings of the study.
- Know the general protocols of IDLC Securities Limited.
- Improve of communication skill.

1.5. Methodology of the Study

1.5.1. Sample Size:

For this report I have worked with the annual report of IDLC Securities Limited and their financial statement and income statement from 2018 to 2022, along with internal information I have gathered from working at IDLC Securities Limited and from discussions with my superiors.

1.5.2. Sources of Data and Method of Data Collection

The data collection methods include both the primary and secondary collection methods.

1.5.2.1. Primary collection methods:

- This method includes the data collection from the personal discussion with the authorized clerks and members of the IDLC Securities Limited.
- Direct observation of IDLC Securities Limited's Capital Market Operations Division activities.
- Up close and personal discussion with the manager, official and employees.

- Study of old file/ documents/ formats.
- Doing practical work in different desks of IDLC Securities Limited.

1.5.2.2. Secondary collection methods

- A portion of my course components as connected with this report.
- Different reports and articles connected with study.
- Website and pamphlets are additionally utilized as significant sources.
- Intermit is also used as a theoretical source of information.
- Annual Report of Southeast Bank Limited.
- The lectures of the supervisor of my team.
- IDLC Securities Limited’s annual report,
- news, magazines and different books issues of the Supervisor.

1.5.3. Data Collection Procedure

I have followed a step-by-step procedure to carry out the study. Starting from topic selection to the preparation of the final report, all the tasks are completed in a systematic order and procedure. The steps include literature review, preparing methodology, conducting survey, analysing some secondary data on various Reports of IDLC Securities Limited. The step-by-step procedure is given below,

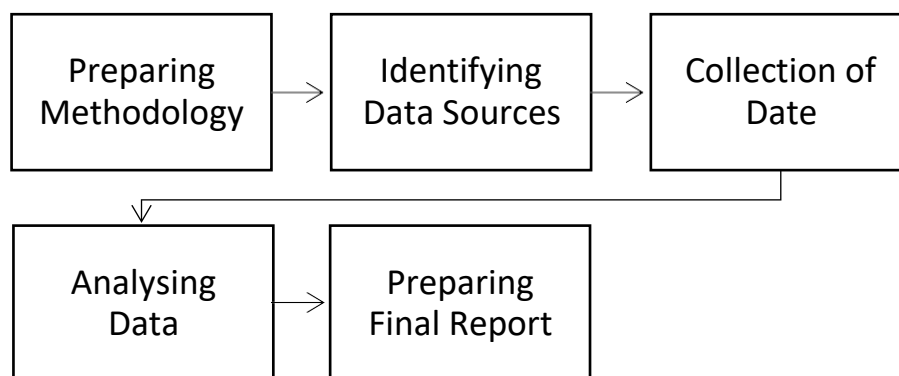


Figure:1.1 Data Collection Process

1.5.4. Data collection tools

For collecting my data in a primary stage, I discussed it with my supervisor thoroughly about the topic. He suggested me some article related to the topic. All of them were very helpful during my study. Then I have also discussed about my topic with the workplace people I have been working with. My queries were welcomed and they provided some source of links from where I can get proper and actual data. My supervisor suggested some tools and techniques for using in my report for getting proper decision at the end.

1.5.4.1. Tools and techniques

Financial Statement Analysis is done in different ways using various tools and techniques. The various tools and techniques available for financial statement that are being used to complete this report are mentioned below,

No	Title	Descriptions
1	Comparative Financial Statement Analysis (Horizontal Analysis)	Comparative analysis provides a year-on-year review of the various financial statements. For example, in the Income Statement, the Sales figure may be compared over a period of years to understand how the sales figures have grown (or declined) over the year. It should be noted that horizontal analysis compares the internal performance of the company.
2	Ratio Analysis	Ratio analysis is the most widely used tool of financial statement analysis. A ratio gives relationship between two numbers, in this case items in the financial statements. Ratios are more widely accepted because they readily allow internal evaluation along with the comparison of two firms. The ratios are categorized according to activities or functions they perform or the information they provide. For example, profitability ratios

		measure the profit-making capability of the company.
--	--	--

Table 1.1: Tools and techniques

1.5.5. Data Presentation and Interpretation

Graphs, tables have been used to present the data findings and analysing the data found analysing the Historical data. Microsoft word and Microsoft Excel are used to interpret and present data.

1.6. Limitations of the Study

The study certainly has some limitations. They are,

- Here some information is collected from the assumption by analysing the historical data of IDLC for the confidentiality issue. It would be better if information could be taken from the service providers directly.
- The information of is collected from the secondary source such as annual report, DSE etc.
- The study covers five years period including data only 1 year after COVID-19 and one year’s semi-annual report.
- The validity and confidence of the data depends on their faith and trustworthiness of the published data
- Another limitation is that I have learned a lot of things in the intern period but it could not Possible all the aspect described in depth and detail.
- Time is not enough for collect all information because of internship period.

Chapter 2

Organization Overview

2.1. Historical Background

Over the past 37 years the IDLC Group has become the largest multi-product multi-segment Non-Banking Financial Institution in Bangladesh. The single product leasing business which started in 1985 with five staff members has today evolved into a multi-product business which has diversified into the Corporate, SME, Retail and Capital Market segments. IDLC is today represented out of 40 branches & booths over 20 cities with over 1,400 staff and serving over 45,000 clients. IDLC's corporate ethics are grounded in good governance, statutory compliance and transparency. The Company is committed to sustainable business practices and strong financial performance. IDLC has been regularly recognized by independent bodies for the values underpinning its business and is proud to be a standard bearer for the Bangladesh Financial Sector. Since 2011, the IDLC Group has embarked on a journey to grow its capabilities and become larger and better – launching new technology, new products, new branches, new sales teams, new sales channels, etc. In 2014 the Company began leveraging these investments and, seriously stepped-up business. In 2019 they Launch the VSE Finance & Affordable Housing Received BSEC approval for Venture Capital Fund also launch the IDLC AML Shariah Fund as well as in 2020 the successfully Launch the Venture Capital Fund-I and Online On-boarding Platform by IDLC AML IDLC Finance also has a significant presence in the Capital Markets through its wholly-owned subsidiaries, IDLC Investments Ltd. and IDLC Securities Ltd.

2.2. Corporate Information

2.2.1. IDLC Finance Limited

IDLC Finance Limited formerly known as Industrial Development Leasing Company of Bangladesh Limited (IDLC), is a multi-product Non-Banking Financial Institution with headquarters in Dhaka, Bangladesh.

IDLC Finance Limited, IDLC Finance Limited formerly known as Industrial Development Leasing Company of Bangladesh Limited (IDLC), is a multi-product Non-Banking Financial Institution with headquarters in Dhaka, Bangladesh.

2.2.1.1. Vision

The Company will be the best financial brand in the country

2.2.1.2. Mission

The Company will focus on quality growth, superior customer experience and sustainable business practices.

2.2.1.3. Core Values

- Integrity
- Customer Focus
- Trust and Respect
- Equal Opportunity
- Eco-friendly
- Passion
- Simplicity

2.2.1.4. Credit Rating

Emerging Credit Rating Limited (ECRL) has affirmed AAA (Pronounced as Triple A) long term credit rating and ECRL-1 short term credit rating to the IDLC Finance Ltd (From here on referred to as IDLCFL) based on audited financials of FY2011-2021 and other available information up to the date of rating. The outlook on the rating is Stable.

2.2.1.5. Branches

The following are where the branches for IDLC Finance Limited are located:

Dilkusha, Gulshan, Dhanmondi, Uttara, Mirpur, Agrabad, Nandankanan, Narayanganj, Narsingdi, Savar, Keraniganj, Imamganj, Bogra, Sylhet, Comilla, Imamganj, Tongi, Jessore, Khulna, Natore, Bhulta, Habiganj, Kushtia, Mymensingh, Rangpur, Chowmuhani, Elephant Road, Rajshahi, Barisal, Faridpur.

2.2.1.6. Subsidiaries

The following are the subsidiaries for IDLC Finance Limited

- IDLC Securities Limited.
- IDLC investments Limited.

- IDLC Asset Management Limited.

2.2.1.7. IDLC Asset Management Limited

IDLC Asset Management Limited (IDLCAML) is an asset management company, headquartered in Dhaka, Bangladesh, with an asset under management of BDT 1.1 billion (USD 13 million). The company is a wholly owned subsidiary of IDLC Finance Limited (IDLC), the country's largest Non-Banking Financial Institution. It offers asset management services in forms of Mutual Funds and Alternative Investment vehicles focused on Private Equity and Venture Capital space.

2.2.1.7.1. Products and Services

2.2.1.7.2. Mutual Funds

IDLC Asset Management Limited Offers Mutual Funds products to retail and institutional investors in form of lump sum investment and Systematic Investment Plan. The company currently has two Mutual Funds

- IDLC Balanced Fund
- IDLC Growth Fund

2.2.1.7.3.

Alternative Investments

The company offers Private Equity and Venture Capital services for institutional investors

2.2.1.8. IDLC Investments Limited

IDLC Investments Limited (IDLCIL) is a merchant bank, headquartered in Dhaka, Bangladesh. The company is a wholly owned subsidiary of IDLC Finance Limited (IDLC), the country's largest Non-Banking Financial Institution IDLCIL started as the merchant banking division of IDLC in 1999. Later in 2010, it emerged as a separate company as per the requirement of Bangladesh Securities and Exchange Commission. The firm provides Investment banking, Portfolio management, Margin loans and Securities research services to its clients, which include both corporations and individuals.

2.2.1.8.1. Services:

- Discretionary Portfolio Management:
- Cap Invest
- Investment Banking

2.2.1.9. IDLC Securities Limited

IDLC Securities Limited (IDLCSL) is a stockbroking company with headquarters in Dhaka, Bangladesh. The company is a wholly owned subsidiary of IDLC Finance Limited (IDLC), which was created by a joint initiative of International Finance Corporation, German Investment Corporation, Korea Development Bank, Aga Khan Fund for Economic Development, and other local and international institutions.

2.2.1.9.1. Services

- Brokerage- IDLCSL is an establishment of broker and offers execution brokerage, premium brokerage & international brokerage.
- Investment Options- Under investment options, IDLCSL offers Bangladesh Equities and bonds. On the basis of investment objective in earning returns, IDLCSL offers closed-end mutual funds and open-end mutual funds.
- Trading Tools- IDLCSL offers exclusive trading tools that can manage and trade clients' portfolios through online stock trading platform i-Trade, DSE-Mobile App/ DSE-Investor/ DSE-VIP and Trade Assisted Training.
- Value Added Features- IDLCSL offers value added features like Order Management System (OMS), Bangladesh Electronic Funds Transfer Network (BEFTN), and Margin Trading & Depository Services.
- Client Segments- Under client segments, IDLCSL has Resident Investors, NRB Investors and Foreign Institutional Investors.

2.2.1.9.2. Product & Services

- Cash Account
- Margin Account
- Easy IPO
- Premium Brokerage for High-Net-worth Individuals (HNIs), Institutions and Foreign Investors
- Trade execution through the Dhaka and Chittagong stock exchanges
- Internet based trading facilities
- Online based IPO Application
- Custodial and CDBL services
- Bloomberg terminal for foreign clients
- Research and Advisory Services

2.2.1.9.3. Branches of IDLCSL

- Dilkusha (Head Office)
- Gulshan
- Gazipur
- Dhamnondi
- DOHS
- Uttara
- Agrabad
- Narayanganj
- Sylhet
- Khatungan
- Bogura

2.2.2. Operational highlights of IDLCSL

Particulars	2016	2017	2018	2019	2020
Number of accounts at the beginning of the year	13,960	15,352	17,171	16,510	15,834
Account opened during the year	1,878	2,358	1,506	1,288	1,620
Account closed during the year	-486	-539	-2,167	-1,964	-1,146
No. of accounts at year end	15,352	17,171	16,510	15,834	16,308
Growth (year on year)	9.97%	11.85%	-3.85%	-4.09%	2.99%
Composition of client base:					
Individual	14,933	16,363	15,685	15,010	15,459
Institution and Foreign	287	685	713	351	391
NRB	132	123	112	473	458
Total	15,352	17,171	16,510	15,834	16,308

Table 2.1: Operational highlights of IDLCSL

Currently, IDLC SL has more than 16,300 clients including 391 institutional and foreign clients. Moreover, the Company serves more than 4,500 customers as a panel broker of its enlisted merchant banks. In 2020, IDLCSL closed 1,146 inactive accounts. As a result, total number of accounts in 2020 showed a growth of 3.0%.

2.2.3. Organizational Hierarchy:

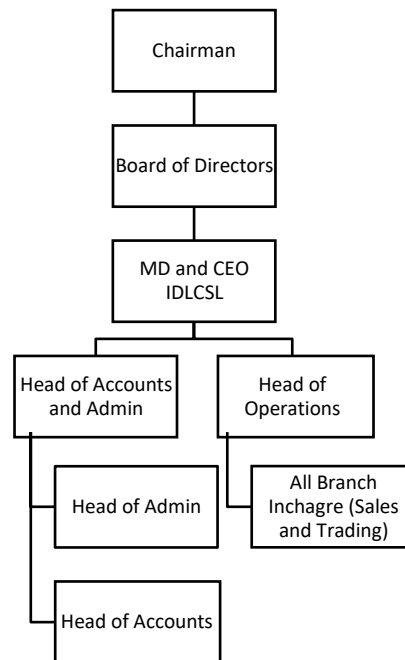


Figure 2.1: IDLC Securities Organizational Hierarchy

2.2.4. IDLC Securities Activity Model

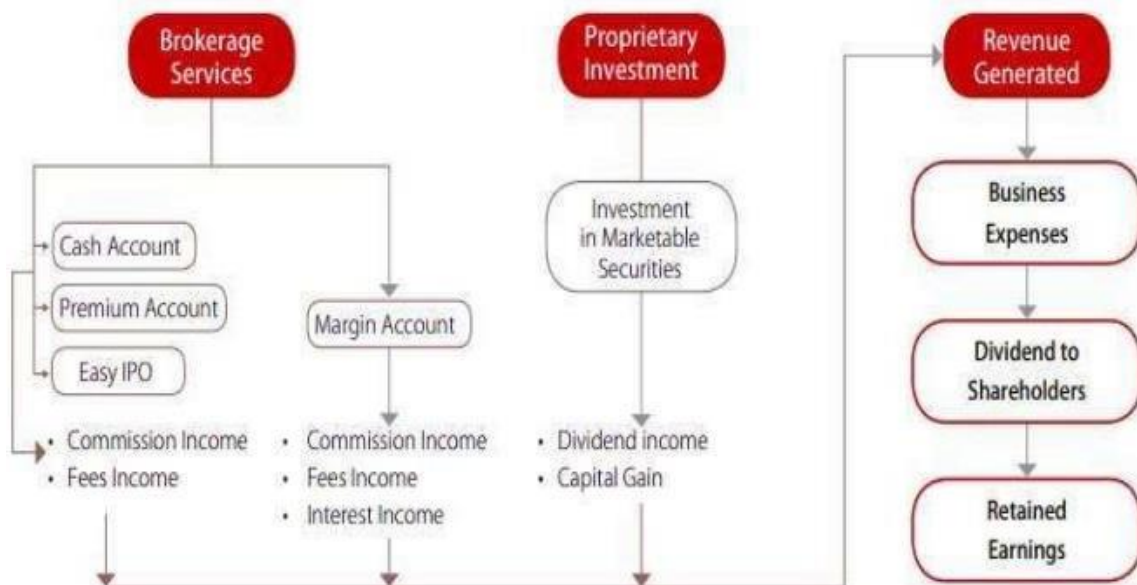


Figure 2.2: IDLC Securities Activity Model

2.2.5. Activities of Capital Market Operations Team:

JOB ID	JOB Ticker	JOB DETAILS	Time from	Time till	BRANCH
Ops 01	Customers shares/cash Limit & Risk Management (Intraday limit DSE/CSE)	Drive CAT during Trade → Input Cash/Shares limit for CSE platform and DSE in CAT terminal → Assigning client codes to DSE workstation and adjusting individual workstation limit → Activation and Deactivation of codes → Imposing and/or eliminating Buy and sell restrictions → Hourly Trade Report	9:30 AM	2:45 PM	Head Office
Ops 02	Dealer Operations	→ EOD ticker upload (Close price) → DSE/CSE Trade data upload → Ensure appropriate share allocation for Dealer Codes C013, C013A → Ensure share and cash limit balances in trading system → CNS check → Declared Cash Dividend (Checked with AGM file)	3:30 PM	4:10 PM	Head Office
Ops 03	IPO Operations	Step A → Company Setup → Declaration and update IPO Subscription Date → IPO Notification through Email and SMS Step B → 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 SMS & Email → Shares Allotment Approve → Fund refund process → Tradable at DSE & CSE trading system	9:30 AM	5:30 PM	Head Office
Ops 04	IPO Operations of Dealer Account	→ Fixed Price Method & BID Price Method → Fund Transfer to Exchange → IPO Application → Share Allocation → Fund Refund → Tradable at DSE & CSE Trading System	9:30 AM	5:30 PM	Head Office

Ops 05	Mobile Application	<ul style="list-style-type: none"> → DSE Mobile app Registration → Notify Client → Workstation Assign → Ensure Purchase Power → Ensure Activation Process → Client Log Maintenance → Other service (PW reset, Device Un-register) 	9:30 AM	5:30 PM	Head Office
Ops 06	CDBL Operations (Intraday)	<ul style="list-style-type: none"> → Demat Setup → Transfer & Transmission Setup → Transfer & Transmission Approve → Transfer & Transmission Change of Ownership Setup → Transfer & Transmission Change of Ownership Approve → Pledge Setup → Pledge Approve → Unpledged Setup → Unpledged Approve → Close Setup → BO suspension Withdraw → Request setup for DP reports 	9:30 AM	5:30 PM	Head Office
Ops 07	CDBL Operations (Next Working day)	<ul style="list-style-type: none"> Upload required files in BLUECHIP software generated by CDBL → Corporate Action Bonus and Right → IPO → Pledge → Unpledged → Dematerialization → Re-materialization → Transmission by Link Account → Transfer (Change Ownership) → Transfer Change Ownership (Debit) → Transmission Change Ownership (Debit) → Transmission (Debit) → Transfer (Debit) → Corporate Action-Transfer → Dividend Receivable → Cash Dividend Receivable → Block Setup, release → Freeze, Suspense → Lock, Unlock 	9:30 AM	2:00 PM	Head Office
Ops 08	Trade Data Process	<ul style="list-style-type: none"> Trade data files upload in Backoffice → Download all trades data every day. (FileZela and CAT-ADMIN) → EOD ticker upload (Close price) → DSE/CSE Trade data upload → Trade Correction Several Time (if needed) → CNS check → After-trade client SMS → After-trade client C-notes 	3:00 AM	5:30 PM	Head Office

		<ul style="list-style-type: none"> → EOD confirmation → EOD portfolio 			
Ops 09	Merchant Bank Operations	<ul style="list-style-type: none"> → Account Setup → Shares & Cash limit Upload → Convert of ABACI Trade data → Merchant Bank Trade data and C-note distribution through email 	3:30 PM	4:30 PM	Head Office
Ops 10	AMC Trade Settlement	<ul style="list-style-type: none"> → AMC account setup documentation → Preparation and disbursement of all AMC trade confirmation → Shares and fund Settlement with local custodian and clients 	3:30 PM	4:30 PM	Head Office
Ops 11	Foreign Trade Operations	<ul style="list-style-type: none"> → Foreign account setup documentation → Preparation and disbursement of all foreign trade confirmation → Ensuring Trade matching report with local custodian and clients → Preparing Trade Certificate for Shares and fund Settlement with local custodian → Weekly Foreign trade report to DSE & CSE and Monthly MIS report 	3:30 PM	4:30 PM	Head Office
Ops 12	Foreign Commission Sharing	<ul style="list-style-type: none"> → Brokerage Commission Calculation daily and month basis → Sharing of Foreign trade MIS for turnover & commission → Prepare FBC 2 Certificate for Audit Purpose → Ensure Repatriation 	5:00 PM	5:30 PM	Head Office
Ops 13	Shares Receive and Delivery	<ul style="list-style-type: none"> → Shares Collection of AMC and Foreign Accounts in Backoffice → Increment quantity upload at FlexTP → Shares Delivery of AMC and Foreign Accounts in Backoffice 	10:15 AM	2:15 PM	Head Office
Ops 14	Pay-In and Pay-out	<ul style="list-style-type: none"> → Export Pay-In and Pay-out from Backoffice → Upload Pay-In and Pay-out at CDBL → BO ISIN Checking at CDBL → Shortage Checking at CDBL 	12:00 PM (Payout) 4:30 (Payin)	01:00 PM (Payout) 5:30 (Payin)	Head Office

Ops 15	Margin Operations	<ul style="list-style-type: none"> → Prepare Margin Agreement → Dividend Collection through email and letter → Dividend Disbursement to client account → Issue Margin Call Letter → Conversation Margin to Cash and Cash to Margin 	10:30 AM	5:30 PM	Head Office
Ops 16	AR and TWS Management	<ul style="list-style-type: none"> → AR Registration → AR Renewal → AR Withdrawal → TWS Registration → TWS Suspension → TWS Suspension Withdraw → AR and TWS Database management 	10:30 AM	5:30 PM	Head Office
Ops 17	Financial Documents	<ul style="list-style-type: none"> → Tax Certificate → Wealth Certificate → Others (lock-in price Update, financial ledger calculate) 	10:30 AM	5:30 PM	Head Office
Ops 18	Charges and Fees	<ul style="list-style-type: none"> → BO Account Opening Fee (Monthly) → BO Account Maintenance Fee (Monthly) → CDBL Transaction Charges (Monthly) → BO Account Annual Maintenance Fee 	10:30 AM	2:00 PM	Head Office
Ops 19	Reconciliation of Shares	<ul style="list-style-type: none"> Client wise Daily Basis Monthly Stock Reconciliation For → Mancom → ICC → CDBL → DSE → CSE 	10:30 AM	2:00 PM	Head Office
Ops 20	Cabinet Management (volt)	<ul style="list-style-type: none"> → Physical Shares → Letters → Others Documents 	9:30 AM	5:30 PM	Head Office
Ops 19	Account Open	<ul style="list-style-type: none"> → Receiving request through Walking Client/RM/Online Channel → Send NID to Documentation for NID verification → Create SIP → Open in CDBL → Update in Blue-chip For next day Tradable in DSE Account Should be opened by 4PM → Send BO Acknowledgement to Client. → Active Value-added service (Email & SMS) → Collect CEO sign in Form → Preserve BO Opening form to Volt 	9:30 AM	5:30 PM	Head Office and Branch Office

Ops 20	Account closing	<ul style="list-style-type: none"> → Receiving Request of Hard Copy from Client/RM/currier → Verified the Signature, Client Information and recheck the Bank Details → Send to Settlement Team after preparing Memo with Portfolio and 6-month Ledger 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 21	Fund withdrawal	<ul style="list-style-type: none"> → Receiving through email/Hard Copy (Placed by RM/Client/representative)/WhatsApp → Signature/ Registered Mail ID/ Mobile Number Verification (Online Mode) → Check Available Balance. → Positing in Back Office Software → Provide the Document to Accounts Team 	9:30 AM	1:00 PM	Head Office and Branch Office
Ops 22	Fund Receive	<ul style="list-style-type: none"> → Receiving through Mail/Hard Copy (Placed by RM/Client/representative)/WhatsApp → Post in Back Office Software. → Provide the money receipt to client if client present physically present. → Provide the all-deposit file to Accounts team 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 23	Client Information Change/Modification	<ul style="list-style-type: none"> → Bank Account Change (Receive Through Hard Copy/ Registered Mail) → Address Change (Receive Through Hard Copy/ Registered Mail) → Nominee Change / Include (Hard Copy Required) → TIN/NID Updating (Receive Through Hard Copy/ Registered Mail) → Name Change (Client/Father/Mother) (Hard Copy Required) → Signature Change (Hard Copy Required) → POA Change / Include (Hard Copy Required) → Verified the Signature, recheck Client Information → Send to Settlement Team after preparing Memo with Portfolio and 6 month Ledger → Modify in Back Office Software after receiving Acknowledgement. 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 24	Transfer / Transmission (Delivery)	<ul style="list-style-type: none"> → Transfer Request (Hard Copy Required) → Transmission Request (Hard Copy Required) → Transmission Request (Death of Account Holder) (Hard Copy Required) 	9:30 AM	5:30 PM	Head Office and Branch Office

		<ul style="list-style-type: none"> → Form Check and verify the signature → Calculation the Approx Charge as per market value. → Send to Settlement with Memo, Portfolio and Ledger 			
Ops 25	Demat/Remat of securities	<ul style="list-style-type: none"> → Form Check and verify the signature → Send to Settlement with Memo, Portfolio and Ledger 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 26	IPO application	<ul style="list-style-type: none"> → Receiving through email/Hard Copy (Placed by RM/Client/representative)/WhatsApp → Submit in IPO Module 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 27	Registration for Online Platform	<ul style="list-style-type: none"> → Receiving through email/Hard Copy (Placed by RM/Client/representative) → Send to OMU Team 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 28	DSE Mobile Apps Registration	<ul style="list-style-type: none"> → Receiving through email/Hard Copy (Placed by RM/Client/representative) → Send to Settlement Team 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 29	Various Forms & Reports	<ul style="list-style-type: none"> → Portfolio → Ledger Statement → Trade Confirmation → Blank Order Sheet → Profit Loss Statement → TAX Certificate → Wealth Certificate → Solvency Certificate Provide as per Client Demand 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 30	Branch Operation	<ul style="list-style-type: none"> → Assisting and Monitoring branch administrative activities such as Branch inventory management, Petty cash & others billing management (electricity bill, grocery & stationary bill etc.). → Compliance related works (order sheet management, BO update, over buy related issue etc.) 	9:30 AM	5:30 PM	Head Office and Branch Office
Ops 31	Communication	<ul style="list-style-type: none"> CDBL DSE CSE BSEC 	9:30 AM	5:30 PM	Head Office and Branch Office

Ops 18	Compliance Monitoring & following up	<ul style="list-style-type: none"> → Over buy → Z and Spot category buy → Z and Spot category netting → non-margin buys → Negative Equity → Follow up unsettled issues → BSEC → Commission Rate, Customer Conversion, → Dishonor cheque notification to RM → STR SAR → SL Audit → Account Authorize / Approve 			Head Office
Ops 19	Compliance Reporting	<ul style="list-style-type: none"> → DSE → CSE → NBR → ACC → CDBL → ICC → BFIU → Status of Securities laws/directives/circulars 			Head Office
Ops 20	Compliance Updating & circulating	<ul style="list-style-type: none"> → In-house awareness program → Status of Securities laws/directives/circulars → Scrips' margin, non-margin & related status → Status of Order Sheet Balance → Clients' account lock-unlock → Order Sheet verification 			Head Office
Ops 21	Documentations & Authentication	<ul style="list-style-type: none"> → NID verification → Accounts' duplications → Verification of Account Open Form → Documenting & Registering incoming & outgoing reporting & corresponding docs/letters → BSEC 			Head Office
Ops 22	Handling enquiry/audit/inspection/show cause/hearing	<ul style="list-style-type: none"> → DSE → CSE → NBR → ACC → CDBL → ICC → External Auditor (Regulator's paneled) → 2 inspections to be conducted in a year 			Head Office
Ops 23	Conducting in-house inspection				Head Office

Chapter 3

Data Analysis and Findings

3.1. Comparative Income Statement Analysis (Horizontal Analysis):

A Comparative Income Statement shows the operating results for several accounting period and it helps to compare the results over the different periods for better understanding and also for detailed analysis of variation of line-wise items of Income Statement. Comparative Income Statement format combines several Income Statements as columns in a Single Statement, which helps to analysing trends and measure the performance over different reporting periods. Thus, Comparative Income Statement is an essential tool through which the result of operations of a business over multiple accounting periods can be analysed to understand the various factors contributing to the change over the period for better interpretation, analysis and decision. It helps various stakeholders of the business and also the Analyst community to analyse the impact of business decisions over the company's top line and bottom line and helps in identifying various trends over the period which otherwise would have been difficult also time-consuming. Comparative Income Statement shows absolute figures, changes in absolute figures, absolute data in terms of percentages, and also as an increase (or decrease) in terms of percentages over the different period and by this process the help of a Comparative Income Statement format in one snapshot, the performance of a company over different periods can be compared, and changes in expense items and Sales can be easily ascertained.

IDLC Securities Limited

Comparative Income Statement Analysis (Horizontal Analysis)

Year ended December 31, 2016 to 2020

Properties	Percent of Change				
	2016	2017	2018	2019	2020
Operating Income					
Brokerage commission income	31%	91%	-29%	-34%	39%
Brokerage commission expense	88%	94%	-12%	-25%	-218%
Net brokerage commission income	26%	91%	-31%	-35%	43%
Interest income	-19%	53%	82%	11%	-25%
Interest expense	257%	6%	85%	-1%	-155%
Net interest income	-29%	61%	82%	12%	-23%
Net investment income	37%	262%	5%	-76%	119%
Other brokerage income	8%	-21%	-23%	27%	-6%
Other brokerage income	16%	118%	-8%	-40%	29%

Operating Expenses					
Salaries & allowances	142%	-55%	199%	4%	7%
Rent, taxes, insurance, electricity, etc	11%	-1%	-6%	-45%	-23%
Legal expenses	8%	53%	-54%	57%	-24%
Postage, stamp, telecommunication, etc.	-45%	70%	3%	-4%	-2%
Stationery, printing, advertisements, etc.	19%	124%	40%	-36%	-57%
Directors' Fee & Meeting Expenses	26%	63%	4%	-6%	-9%
Audit fee	0%	33%	0%	0%	0%
Depreciation and amortization	-35%	24%	14%	158%	0%
Other expenses	12%	39%	-18%	-22%	-13%
Total Operating Expenses	3%	33%	-4%	-2%	-1%
Operating Profit	31%	201%	-10%	-58%	61%
Non-operating Income	-62%	82%	54%	-4%	8%
Profit before Provisions and Tax	30%	200%	-10%	-57%	60%
Provision for Income Tax	36%	122%	-43%	4%	1%
Current tax	34%	137%	-43%	4%	5%
Net Profit	8%	267%	-4%	-73%	68%
Other comprehensive income					
Total Comprehensive Income	8%	267%	-4%	-73%	68%

Table 3.1: Comparative Income Statement Analysis (Horizontal Analysis)

Findings:

Here we can see that the net income of IDLC Securities Limited was high in 2017 but after this, in 2018 & 2019 the profit was very low compared with 2017 whereas in 2020 they made a recovery in net income compared to 2019 the situation of Profit before Provision for Income Tax and Profit before Provisions and Tax was quite same. Also, the Total Operating Expenses gradually decrease from 2018 to 2020 however operating profit increase in 2020 by 61% but the non-operating income was low. Lastly, the brokerage commission income was low in 2018 and 2019 but it seems high in 2020 on the basis of 2019 so by this comparative Income statement analysis it can be said that COVID-19 doesn't highly influence on profit and loss of IDLC Securities Limited.

IDLC Securities Limited
Comparative Balance Sheet Statement Analysis (Horizontal Analysis)

Year ended December 31, 2016 to 2020

Properties	Percent of Change				
	2016	2017	2018	2019	2020
ASSETS					
Non-Current Assets	18%	47%	207%	236%	-62%
Property, plant and equipment	39%	27%	-22%	1%	-33%
Intangible asset	-27%	-69%	71%	-51%	-77%
Right-of-use-assets					-25%
Investment in Stock Exchanges	0%	0%	-20%	0%	0%
investments in bond				270%	-75%
Deferred tax asset	-24%	25%	16%	19%	36%
Current Assets	38%	94%	16%	-19%	30%
Advances, deposits and prepayment	-16%	-18%	-27%	-74%	5%
Investment in marketable securities	102%	167%	-10%	-2%	-9%
Accounts receivable	72%	-71%	587%	-42%	-42%
Short term loan to IDLC Investments Limited		100%	-11%	-	
				100%	
Margin loan to clients	23%	106%	48%	33%	175%
Short term investments					
Cash and cash equivalents	-2%	48%	50%	-30%	47%
Total Assets	38%	93%	19%	-8%	15%
Shareholders' equity and liabilities					
Shareholders' equity	10%	175%	12%	3%	5%
Equity					
Share capital	0%	400%	0%	0%	0%
Retained earnings	17%	52%	33%	7%	11%
Non-Current Liabilities					-17%
Lease liabilities					-17%
Current Liabilities	91%	-100%	42%	-40%	59%
Accounts payable	116%	-12%	52%	-51%	129%
Short term loan	62%	0%	47%	-20%	-
					100%
Liabilities for expenses	0%	106%	-31%	-24%	-6%
Provision for income tax	17%	138%	-13%	-5%	15%
Provision for diminution in value of investments				10%	149%
Provision for operations					188%
Total liabilities	91%	1%	42%	-34%	52%

Total shareholders' equity and liabilities	38%	93%	19%	-8%	15%
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Table 3.2: Comparative Balance Sheet Statement Analysis (Horizontal Analysis)

Findings:

Non-Current Asset was quite low in 2020 as well as current asset was low in 2019 which have been improved in 2020 by 30% as a result total asset also impacted. Shareholders' equity gradually decreased from 2019 however Shareholders' equity was very much fluctuating hence current liability was high in 2020 according to the previous year which means in 2020 their operating situation was not good. As well as their total liabilities increased in 2020.

3.2. Ratio Analysis:

Corporate finance ratios are quantitative measures that are used to assess businesses also these ratios are used by financial analysts, equity research analysts, investors, and asset managers to evaluate the overall financial health of businesses, with the end goal of making better investment decisions. Corporate finance ratios are also heavily used by financial managers and C-suite officers to get a better understanding of how their businesses are performing.

3.2.1. Profitability:

3.2.1.1. Return on Assets:

Return on assets (ROA) is a type of profitability ratio that measures the profitability of a business in relation to its total assets and this ratio indicates how well a company is performing by comparing the profit (net income) it's generating to the total capital it has invested in assets as a result the higher the return, the more productive and efficient the management is in utilizing economic resources.

Return on Assets (ROA)					
Formula	Years				
	2016	2017	2018	2019	2020
Net Income	103,378,327	379,473,908	365,529,301	98,583,546	166,058,413
Average Total Asset	2,630,158,180	4,213,131,184	6,603,309,208	7,205,292,542	7,148,638,915
Net Income/ Average Total Asset	3.9%	9.0%	5.5%	1.4%	2.3%

Table-3.3: Return on Assets

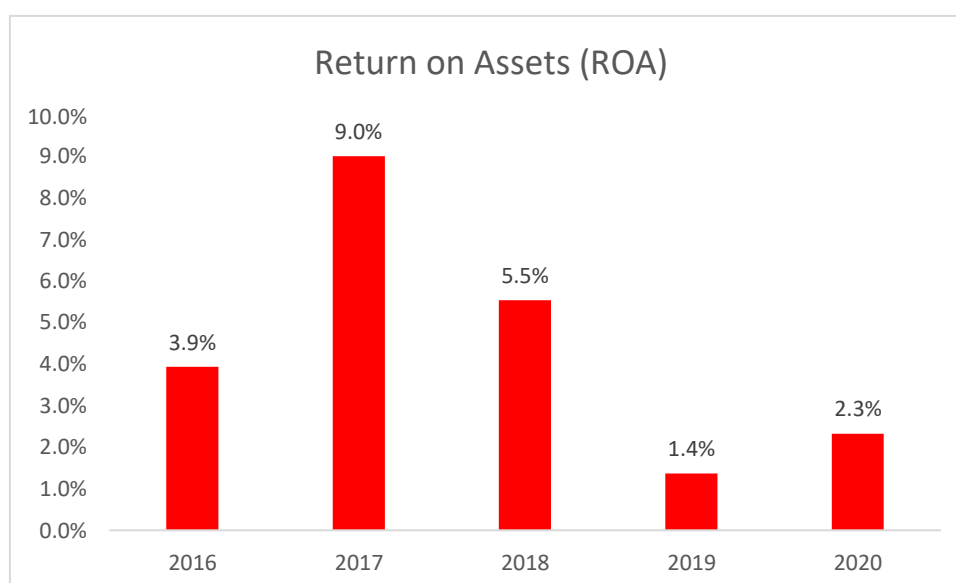


Figure 3.1: Return on Assets

3.2.1.2. Return on Equity

Return on equity is a measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage.

Return on Equity (ROE)					
Formula	Years				
	2016	2017	2018	2019	2020
Net income	103,378,327	379,473,908	365,529,301	98,583,546	166,058,413
Shareholders' equity	1,128,650,188	3,108,124,097	3,473,653,398	3,572,236,944	3,738,295,357
Net income/ Shareholders' Equity	9.2%	12.2%	10.5%	2.8%	4.4%

Table-3.4: Return on Equity

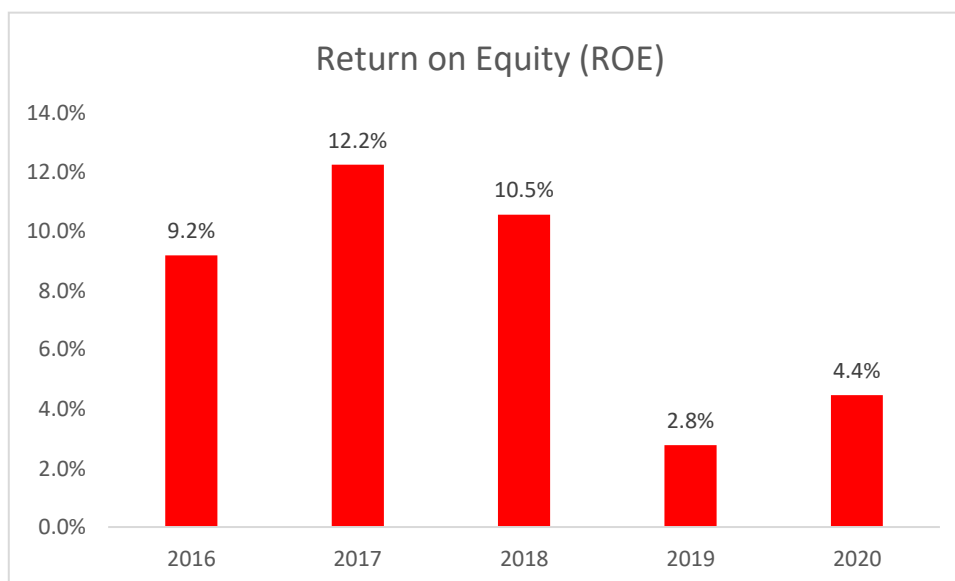


Figure 3.2: Return on Equity

3.2.1.3. Operating Profit Margin

Operating profit margin is a profitability ratio used to calculate the percentage of profit a company produces from its operations, prior to subtracting taxes and interest charges.

Operating Profit Margin					
Formula	year				
	2016	2017	2018	2019	2020
Operating Profit	190,920,669	574,111,408	515,620,938	218,667,016	351,417,893
Net brokerage commission income	251,626,044	480,481,655	333,369,171	216,991,532	309,928,095
Operating income/Net Brokerage Commission income	76%	119%	155%	101%	113%

Table 3.5: Operating Profit Margin

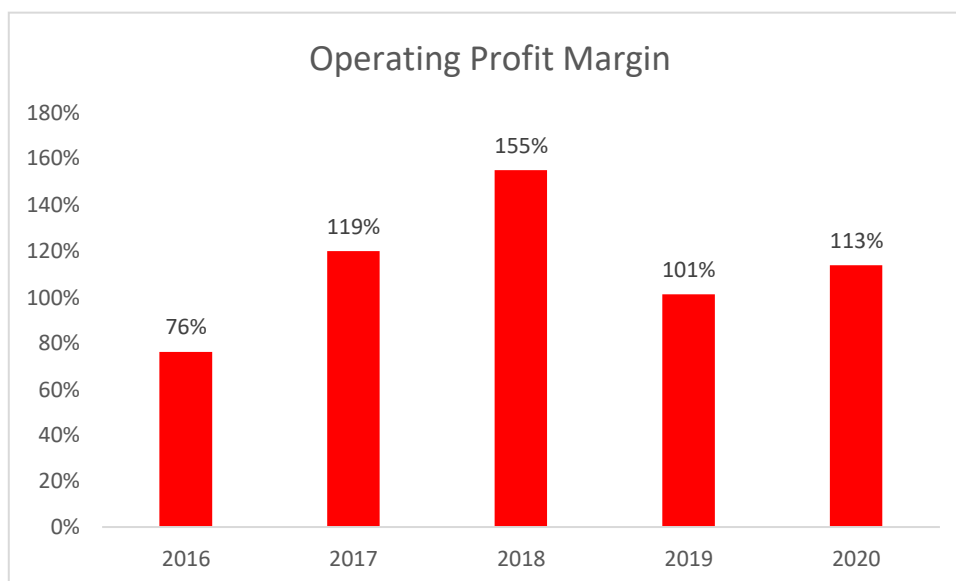


Figure 3.3: Operating Profit Margin

3.2.1.4. Net Profit Margin

Net profit margin (also known as “profit margin” or “net profit margin ratio”) is a financial ratio used to calculate the percentage of profit a company produces from its total revenue and it measures the amount of net profit a company obtains per dollar of revenue gained.

Net Profit Margin					
Formula	year				
	2016	2017	2018	2019	2020
net income	103378327	379473908	365529301	98583546	166058413
Net brokerage commission income	251,626,044	480,481,655	333,369,171	216,991,532	309,928,095
Net income/ Net Brokerage Commission income	41%	79%	110%	45%	54%

Table-3.6: Net Profit Margin

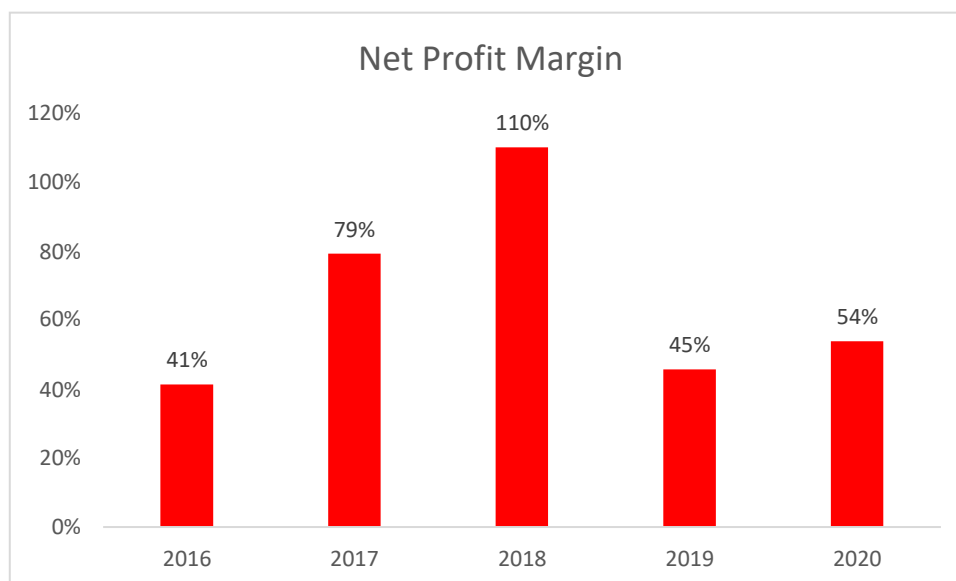


Figure 3.4: Net Profit Margin

Findings:

From the above ratios it is depicted that IDLC Securities Limited's ROA was its highest in 2018 and till then it has gone downhill year after year. This may indicate that the company is not utilizing their economic resources properly and to its fullest extent. Their ROE of the company was perfectly in healthy situation till 2018 but it starts to go down from 2019 continuing to 2020. IDLC Securities Limited produces the Highest profit from its operation in 2018 and the lowest was in 2016. Although the company's operations profit is seeing an upward trend in the year 2020. In terms of the company's net profit margin. The company yielded the highest profit margin in the year 2018 and the lowest profit margin year was in 2016. So, from this ration analysis we can say that the company's profitability was the most stable in the year 2018 in terms of the observed 5 years.

3.2.2. Solvency ratio

3.2.2.1. Equity Ratio

The equity ratio is a leverage ratio that calculates the proportion of total shareholders' equity versus total assets and the ratio determines the residual claim of shareholders on a business. It determines what portion of the business could be claimed by shareholder in a liquidation event.

Equity Ratio					
Formula	Years				
	2016	2017	2018	2019	2020
Shareholders' equity	1,128,650,188	3,108,124,097	3,473,653,398	3,572,236,944	3,738,295,357
Total Assets	2,145,143,864	4,135,974,639	4,934,669,138	4,541,246,807	5,214,784,215
Shareholders Equity/Total Asset	53%	75%	70%	79%	72%

Table-3.7: Equity Ratio

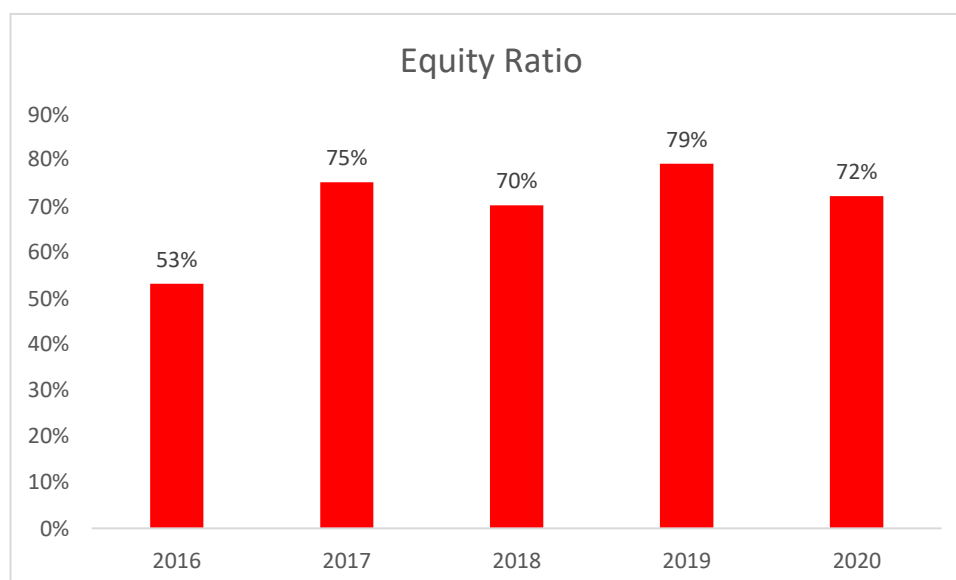


Figure 3.4: Equity Ratio

Findings:

In terms of Equity Ratio IDLC Securities Limited has the highest percentage in the year 2019, in 2017, 2019 and 2020 the equity ratio for the company was moderate but relatively lower than the year 2019. The company faced the lowest Equity ratio in the year 2016 in terms of the 5 years observed in the report.

3.2.3. Activity Ratio:

3.2.3.1. Asset Turnover Ratio

The asset turnover ratio, also known as the total asset turnover ratio, measures how efficient a company uses its assets to generate sales. This ratio looks at how sales is generated per currency of total assets that the company owns.

Total Asset Turnover					
Formula	Year				
	2016	2017	2018	2019	2020
Net brokerage commission income	251,626,044	480,481,655	333,369,171	216,991,532	309,928,095
Average Total asset	2,630,158,180	4,213,131,184	6,603,309,208	7,205,292,542	7,148,638,915
Revenue/ Average Total asset	9.6%	11.4%	5.0%	3.0%	4.3%

Table 3.8: Asset Turnover Ratio

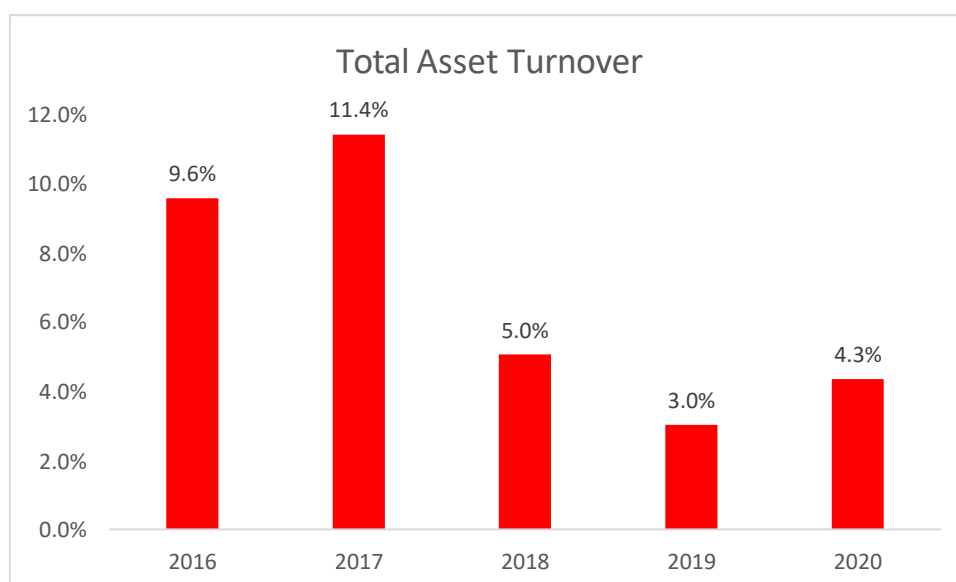


Figure-3.5: Asset Turnover Ratio

3.2.3.3. Working Capital Turnover Ratio:

Working capital turnover shows how effectively a business can generating sales for each unit of working capital put to use. A higher working capital turnover ratio is better, and indicates that a company is able to generate a larger revenue.

Working Capital Turnover					
Formula	year				
	2016	2017	2018	2019	2020
Net brokerage commission income	251,626,044	480,481,655	333,369,171	216,991,532	309,928,095
Working Capital	2,058,899,1	3,146,843,9	3,093,597,1	3,233,341,5	4,117,293,4
	27.50	53.00	74.00	55.00	83.00
Revenue/ Average Working Capital	12.2%	15.3%	10.8%	6.7%	7.5%

Table 3.9: Working Capital Turnover

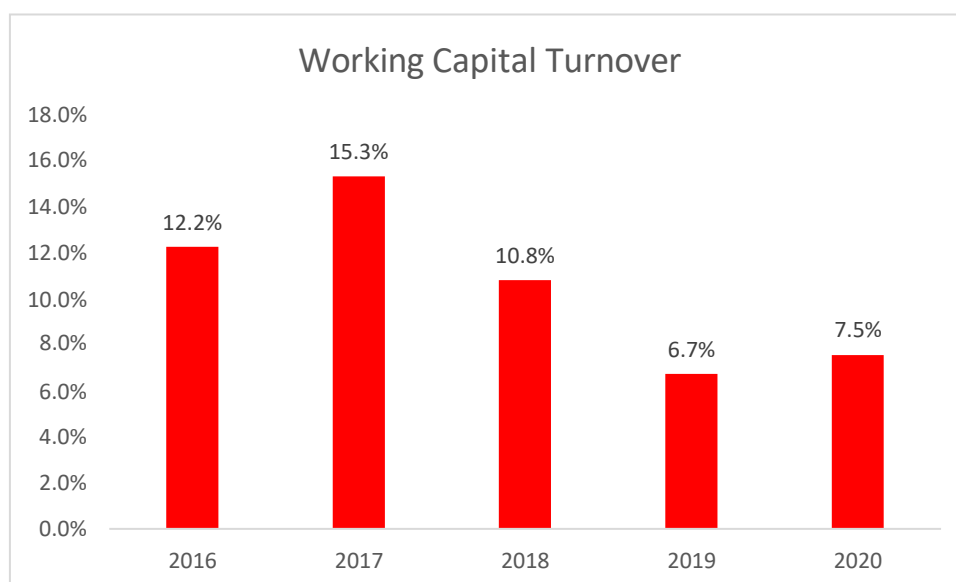


Figure-3.6: Working Capital Turnover

Findings:

In terms of both Total asset turnover and Working Capital Turnover we can see that the company had the highest percentages in the year 2016 and the year 2017 in terms of the following three years. This heavily indicates that the company had too much capital tied up in its asset base from 2018 to 2020 whereas in 2016 & 2017 they have high Asset turnover ratio; that means the firm has too few assets for potential sales. The firm utilize its working capital best in the year 2018 in terms of the other five years being observed in the report.

3.2.4. Liquidity Ratio:

3.2.4.1. Current Ratio

The current ratio, otherwise known as the working capital ratio, measures the ability of a business to meet its short-term obligations that are due within a year. The ratio compares total current assets to total current liabilities. The current ratio looks at how a company can maximize the liquidity of its current assets to settle its debt obligations.

Current Ratio					
Formula	year				
	2016	2017	2018	2019	2020
Current Assets	\$2,096,922,975.00	\$4,065,219,497.00	\$4,717,334,689.00	\$3,811,154,569.00	\$4,938,889,168.00
Current Liabilities	\$1,016,493,676.00	\$1,027,850,541.00	\$1,461,015,739.00	\$880,279,171.00	\$1,403,081,456.00
Current Asset/ Current Liabilities	2.1	4.0	3.2	4.3	3.5

Table 3.10: Current Ratio

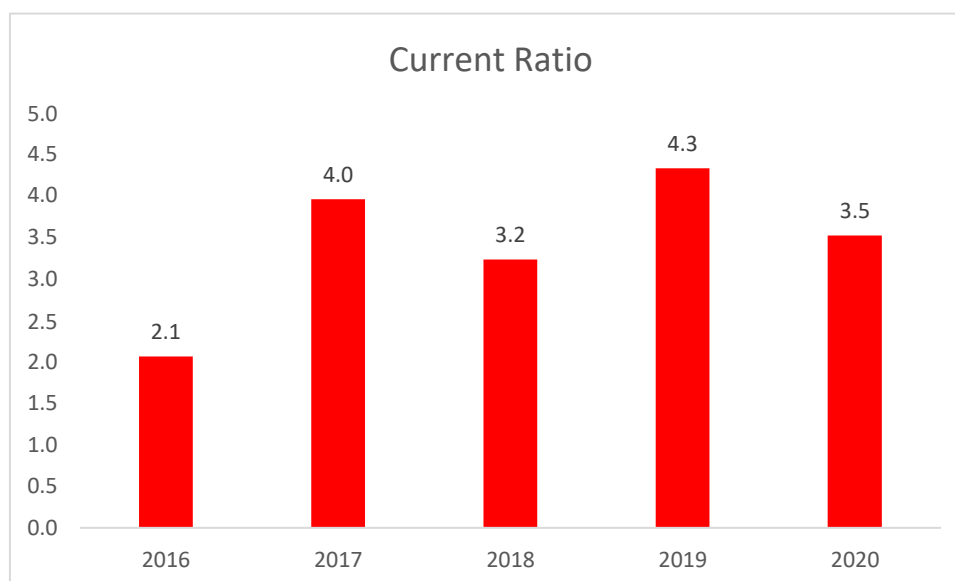


Figure-3.7: Current Ratio

3.2.4.2 Cash Ratio

The cash ratio, sometimes referred to as the cash asset ratio, measures a company’s ability to pay off its short-term debt obligations with cash and cash equivalents. Compared to the current ratio and the quick ratio, the cash ratio is a stricter, more conservative measure because only cash and cash equivalents – a Company’s most liquid assets – are considered. Cash equivalents are assets that can be converted quickly into cash and are subject to minimal levels of risk.

Cash Ratio					
Formula	year				
	2016	2017	2018	2019	2020
Cash and cash equivalents	\$917,532,095.00	\$1,361,733,629.00	\$2,036,305,009.00	\$1,416,621,142.00	\$2,084,221,838.00
Current Liabilities	\$1,016,493,676.00	\$1,027,850,541.00	\$1,461,015,739.00	\$880,279,171.00	\$1,403,081,456.00
Cash and Cash Equivalents/ Current Liabilities	0.90	1.32	1.39	1.61	1.49

Table 3.11: Cash Ratio

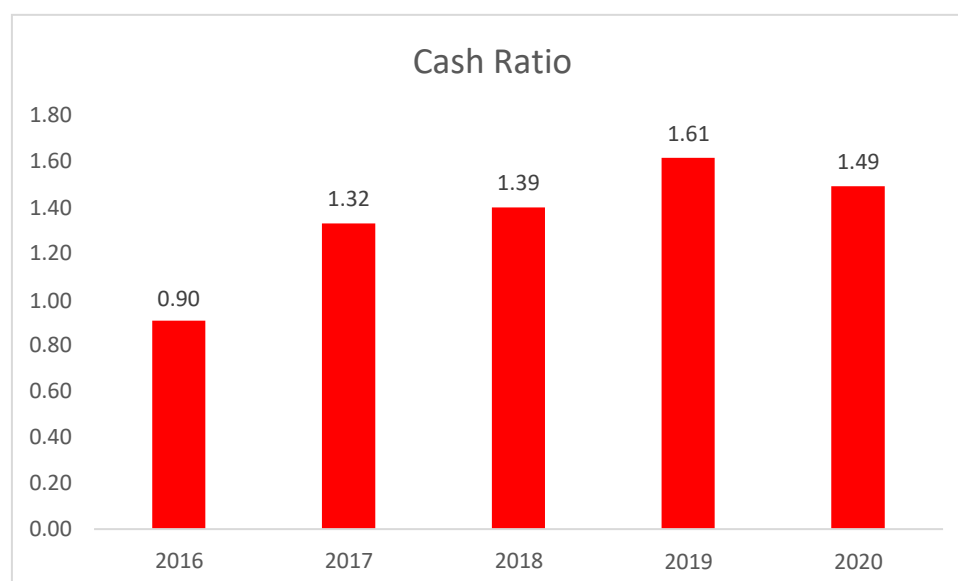


Figure 3.8: Cash Ratio

Findings:

IDLC Securities Limited will not face liquidity crisis though their Current ratio is very fluctuating. The company has seen steady growth throughout the years. Although in the final year the ratio plummets in the year 2020 slightly in terms of 2019. Also, they don’t have any issue to pay for short term bills because their cash ratio is stable. However, overall, their Liquidity ratio was low in 2020 according to previous few years.

Chapter 4

Recommendation and Conclusion

4.1. Recommendation:

- 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.
- IDLC Securities Limited should concern regarding their Operational Activities because they don't see any success in the account opening section it was high in 2017 as well as accounting closing amount increases day by day.
- Most potential clients are either obsolete, daunted or have little knowledge about the ins and outs about the capital market. To onboard more clients and generate more commission; they must concentrate on educating the general public and encouraging them to invest.
- In operating activities, they can face few issues after COVID-19 so they should have to be concern regarding this issue.
- They also need to have a look at their asset management section after COVID-19 to fly up to their profitability section again. Also, should be more focused on their internal factors as it is responsible for their profitability.

4.2. Conclusion:

This study mainly focuses on brokerage companies' Financial Stability from 2016 to 2020 and IDLC Securities Ltd have been taken as representative of brokerage companies. Brokerage companies' main profit comes from net commission income. IDLC Securities Limited always stands its position on the list of the top brokerage companies. On the basis of result and analysis, it can be concluded that the company has seen noticeable growth from 2016 to 2017 up until 2018. Due to the pandemic hitting Bangladesh 2019, most clients faced financial discomfort. Although it must be added that the capital market is not affected as much as other sectors due to the pandemic. But the statistics show that the impact was significant enough to be mentioned. IDLC Securities Limited handled this hurdle by switching the organizational structure during this period of time. The company employee structure was divided into two parts, (i) Skeleton unit (ii) non-Skeleton unit. The skeleton team was a selected group of individuals to operate the office being physically present like trade, settlement, order management etc. while the non-Skeleton unit worked from home like client support, research, digital marketing etc. As a result,

the company was able to make a considerable comeback in the year 2020. The final thoughts go as the market is unpredictable as is running a business. Hurdles will come at any moment of any intensity. It is up to the business to adapt to the changes or it will perish.

In view of these components, this branch of IDLC Securities Limited is a decent place for a Finance, Accounting and Economics graduate to do his/her understudy. One will get valuable chance to genuine issues managed by a budgetary organization by doing entry level position here. Likewise, this gives a decent systems administration opportunity. In this way, I recommend graduates to do his/her internship program in this bureau of IDLC Securities Limited.

4.3 References

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- [https://lankabd.com/Company/Search?searchText=IDLC&cn=IDLC_Finance_Limited_\(IDLC\)](https://lankabd.com/Company/Search?searchText=IDLC&cn=IDLC_Finance_Limited_(IDLC))
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Appendix

IDLC Securities Limited
Income Statement
Year ended December 31, 2016 to 2020

Properties	year					
	2015	2016	2017	2018	2019	2020
Operating Income						
Brokerage commission income	216,028,793	283,608,543	542,457,255	387,845,448	257,683,274	357,927,414
Brokerage commission expense	-17,019,734	-31,982,499	-61,975,600	-54,476,277	-40,691,742	47,999,319
Net brokerage commission income	199,009,059	251,626,044	480,481,655	333,369,171	216,991,532	309,928,095
Interest income	74,303,438	60,329,508	92,092,622	168,031,595	186,176,694	139,107,800
Interest expense	-2,676,538	-9,543,396	-10,162,407	-18,770,091	-18,489,731	10,216,314
Net interest income	71,626,901	50,786,113	81,930,215	149,261,503	167,686,963	128,891,486
Net investment income	51,669,735	70,747,437	255,817,500	268,001,158	64,116,975	140,212,976
Other brokerage income	3,999,466	4,327,245	3,414,862	2,622,980	3,323,369	3,110,011
Other brokerage income	326,305,161	377,486,840	821,644,232	753,254,812	452,118,840	582,142,568
Operating Expenses						
Salaries & allowances	43,960,205	106,230,160	47,912,751	143,487,798	148,890,050	159,433,558
Rent, taxes, insurance, electricity, etc	43,960,205	48,629,911	47,912,751	45,012,512	24,868,281	19,108,608
Legal expenses	2,110,689	2,276,233	3,492,603	1,610,635	2,533,782	1,924,083
Postage, stamp, telecommunication, etc.	7,373,694	4,055,557	6,901,887	7,133,066	6,872,712	6,710,710
Stationery, printing, advertisements, etc.	3,812,149	4,527,225	10,159,861	14,219,821	9,066,502	3,882,430
Directors' Fee & Meeting Expenses	135,750	171,398	278,818	291,193	273,558	248,949
Audit fee	86,250	86,250	115,000	115,000	115,000	115,000
Depreciation and amortization	12,458,213	8,136,360	10,118,568	11,492,255	29,678,256	29,627,496
Other expenses	11,124,522	12,453,077	17,349,430	14,271,593	11,153,683	9,673,842

Total Operating Expenses	181,023,879	186,566,171	247,532,824	237,633,874	233,451,824	230,724,675
Operating Profit	145,281,282	190,920,669	574,111,408	515,620,938	218,667,016	351,417,893
Non-operating Income	2,260,417	853,012	1,549,481	2,380,980	2,277,122	2,468,946
Profit before Provisions and Tax	147,541,699	191,773,681	575,660,889	518,001,918	220,944,138	353,886,839
Provision for diminution in value of investments	13,518,321			40,466,147	-3,891,947	-66,154,717
Provision for operations					-2,378,758	-4,479,337
Profit before Provision for Income Tax	161,060,020	191,773,681	575,660,889	477,535,771	214,673,434	283,252,785
Provision for Income Tax	64,975,829	88,395,353	196,186,981	112,006,470	116,089,888	117,194,372
Current tax	63,059,043	84,243,811	199,391,506	114,599,583	119,725,004	125,179,132
Deferred tax income	1,916,786	4,151,542	-3,204,525	-2,593,113	3,635,116	-7,984,760
Net Profit	96,084,191	103,378,327	379,473,908	365,529,301	98,583,546	166,058,413
Other comprehensive income						
Total Comprehensive Income	96,084,191	103,378,327	379,473,908	365,529,301	98,583,546	166,058,413

IDLC Securities Limited

Balance Sheet

Year ended December 31, 2016 to 2020

Properties	Years					
	2015	2016	2017	2018	2019	2020
ASSETS						
Non-Current Assets	40,983,361	48,220,889	70,755,142	217,334,449	730,092,238	275,895,047
Property, plant and equipment	20,157,408	27,978,666	35,535,541	27,620,781	27,864,713	18,553,641
Intangible asset	2,149,953	1,566,223	482,658	823,508	402,254	90,571
Right-of-use-assets					89,634,883	67,345,508
Investment in Stock Exchanges	18,676,000	18,676,000	18,676,000	14,869,750	14,869,750	14,869,750
Investments in bond				155,366,353	575,031,466	144,761,645
Deferred tax asset	17,007,960	12,856,417	16,060,943	18,654,056	22,289,172	30,273,932

Current Assets	1,516,602,887	2,096,922,975	4,065,219,497	4,717,334,689	3,811,154,569	4,938,889,168
Advances, deposits and prepayment	25,757,288	21,594,749	17,771,694	13,060,061	3,337,686	3,513,482
Investment in marketable securities	437,308,107	885,524,029	2,365,849,893	2,126,037,264	2,085,402,765	1,894,069,565
Accounts receivable	68,639,313	117,954,062	34,554,226	237,482,931	138,505,730	79,650,535
Short term loan to IDLC Investments Limited		100,000,000	200,000,000	178,400,000		
Margin loan to clients	33,740,272	41,461,623	85,310,055	126,049,423	167,287,246	459,933,748
Short term investments						417,500,000
Cash and cash equivalents	934,149,947	917,532,095	1,361,733,629	2,036,305,009	1,416,621,142	2,084,221,838
Total Assets	1,557,586,248	2,145,143,864	4,135,974,639	4,934,669,138	4,541,246,807	5,214,784,215
Shareholders' equity and liabilities						
Shareholders' equity	1,025,271,861	1,128,650,188	3,108,124,097	3,473,653,398	3,572,236,944	3,738,295,357
Equity						
Share capital	400,000,000	400,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Retained earnings	625,271,861	728,650,188	1,108,124,097	1,473,653,398	1,572,236,944	1,738,295,357
Non-Current Liabilities					88,730,692	73,407,402
Lease liabilities					88,730,692	73,407,402
Current Liabilities	532,314,387	1,016,493,676	1,027,850,541	1,461,015,739	880,279,171	1,403,081,456
Accounts payable	353,578,464	764,417,975	669,743,510	1,015,781,251	493,038,398	1,128,912,400
Short term loan	105,000,000	170,000,000	170,000,000	250,000,000	200,000,000	
Liabilities for expenses	23,231,816	23,186,932	47,843,563	32,909,342	25,040,277	23,493,467
Provision for income tax	50,504,107	58,888,769	140,263,468	121,858,999	115,463,646	133,304,683
Provision for diminution in value of investments				40,466,147	44,358,094	110,512,811
Provision for operations					2,378,758	6,858,095
Total liabilities	532,314,387	1,016,493,676	1,027,850,541	1,461,015,740	969,009,863	1,476,488,858

Total shareholders' equity and liabilities	1,557,586,248	2,145,143,864	4,135,974,639	4,934,669,138	4,541,246,807	5,214,784,215
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IDLC Securities Limited

Comparative Income Statement Analysis (Horizontal Analysis) Year ended December 31, 2016 to 2020

Properties	Increase (or Decrease) based on year				
	2016	2017	2018	2019	2020
Operating Income					
Brokerage commission income	67,579,750	258,848,712	-154,611,807	-130,162,174	100,244,140
Brokerage commission expense	-14,962,765	-29,993,101	7,499,323	13,784,535	88,691,061
Net brokerage commission income			-		
Interest income	13,973,930	31,763,114	75,938,973	18,145,099	-47,068,894
Interest expense	-6,866,858	-619,011	-8,607,684	280,360	28,706,045
Net interest income	-20,840,788	31,144,102	67,331,288	18,425,460	-38,795,477
Net investment income	19,077,702	185,070,063	12,183,658	-203,884,183	76,096,001
Other brokerage income	327,779	-912,383	-791,882	700,389	-213,358
Other brokerage income	51,181,679	444,157,392	-68,389,420	-301,135,972	130,023,728
Operating Expenses					
Salaries & allowances	62,269,955	-58,317,409	95,575,047	5,402,252	10,543,508
Rent, taxes, insurance, electricity, etc	4,669,706	-717,160	-2,900,239	-20,144,231	-5,759,673
Legal expenses	165,544	1,216,370	-1,881,968	923,147	-609,699
Postage, stamp, telecommunication, etc.	-3,318,137	2,846,330	231,179	-260,354	-162,002
Stationery, printing, advertisements, etc.	715,076	5,632,636	4,059,960	-5,153,319	-5,184,072
Directors' Fee & Meeting Expenses	35,648	107,420	12,375	-17,635	-24,609
Audit fee	0	28,750	0	0	0
Depreciation and amortization	-4,321,853	1,982,208	1,373,687	18,186,001	-50,760
Other expenses	1,328,555	4,896,353	-3,077,837	-3,117,910	-1,479,841

Total Operating Expenses	5,542,292	60,966,653	-9,898,950	-4,182,050	-2,727,149
Operating Profit	45,639,387	383,190,739	-58,490,470	-296,953,922	132,750,877
Non-operating Income	-1,407,405	696,469	831,499	-103,858	191,824
Profit before Provisions and Tax	44,231,982	383,887,208	-57,658,971	-297,057,780	132,942,701
Provision for diminution in value of investments	-13,518,321		40,466,147	-44,358,094	-62,262,770
Provision for operations				-2,378,758	-2,100,579
Profit before Provision for Income Tax	30,713,661	383,887,208	-98,125,118	-262,862,337	68,579,351
Provision for Income Tax	23,419,524	107,791,628	-84,180,511	4,083,418	1,104,484
Current tax	21,184,768	115,147,695	-84,791,923	5,125,421	5,454,128
Deferred tax income	2,234,756	-7,356,067	611,412	6,228,229	-11,619,876
Net Profit	7,294,136	276,095,581	-13,944,607	-266,945,755	67,474,867
Other comprehensive income					
Total Comprehensive Income	7,294,136	276,095,581	-13,944,607	-266,945,755	67,474,867

IDLC Securities Limited

Comparative Balance Sheet Statement Analysis (Horizontal Analysis) Year ended December 31, 2016 to 2020

Properties	Increase (or decrease) based on year				
	2016	2017	2018	2019	2020
ASSETS					
Non-Current Assets	7,237,528	22,534,253	146,579,307	512,757,789	-454,197,191
Property, plant and equipment	7,821,258	7,556,875	-7,914,760	243,932	-9,311,072
Intangible asset	-583,730	-1,083,565	340,850	-421,254	-311,683
Right-of-use-assets	0	0	0	89,634,883	-22,289,375
Investment in Stock Exchanges	0	0	-3,806,250	0	0
investments in bond	0	0	155,366,353	419,665,113	-430,269,821
Deferred tax asset	-4,151,543	3,204,526	2,593,113	3,635,116	7,984,760
Current Assets	580,320,088	1,968,296,522	652,115,192	-906,180,120	1,127,734,599
Advances, deposits and prepayment	-4,162,539	-3,823,055	-4,711,633	-9,722,375	175,796

Investment in marketable securities	448,215,922	1,480,325,864	-239,812,629	-40,634,499	-191,333,200
Accounts receivable	49,314,749	-83,399,836	202,928,705	-98,977,201	-58,855,195
Short term loan to IDLC Investments Limited	100,000,000	100,000,000	-21,600,000	-178,400,000	0
Margin loan to clients	7,721,351	43,848,432	40,739,368	41,237,823	292,646,502
Short term investments		0	0	0	417,500,000
Cash and cash equivalents	-16,617,852	444,201,534	674,571,380	-619,683,867	667,600,696
Total Assets	587,557,616	1,990,830,775	798,694,499	-393,422,331	673,537,408
Shareholders' equity and liabilities		0	0	0	0
Shareholders' equity	103,378,327	1,979,473,909	365,529,301	98,583,546	166,058,413
Equity		0	0	0	0
Share capital	0	1,600,000,000	0	0	0
Retained earnings	103,378,327	379,473,909	365,529,301	98,583,546	166,058,413
Non-Current Liabilities		0	0	88,730,692	-15,323,290
Lease liabilities		0	0	88,730,692	-15,323,290
Current Liabilities	484,179,289	-1,016,493,676	433,165,198	880,279,171	522,802,285
Accounts payable	410,839,511	-94,674,465	346,037,741	-522,742,853	635,874,002
Short term loan	65,000,000	0	80,000,000	-50,000,000	-200,000,000
Liabilities for expenses	-44,884	24,656,631	-14,934,221	-7,869,065	-1,546,810
Provision for income tax	8,384,662	81,374,699	-18,404,469	-6,395,353	17,841,037
Provision for diminution in value of investments		0	40,466,147	3,891,947	66,154,717
Provision for operations		0	0	2,378,758	4,479,337
Total liabilities	484,179,289	11,356,865	433,165,199	-492,005,877	507,478,995
Total shareholders' equity and liabilities	587,557,616	1,990,830,775	798,694,499	-393,422,331	673,537,408