



Daffodil
International
University

Internship Report

On

“Analysis of Profitability: Evidence from IDLC Securities Limited”



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Letter of Transmittal

December 26, 2022

Ms. Rozina Akter

Assistant Professor

Department of Business Administration

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Subject: Submission of the Internship Report.

Dear Maam,

I am delivering my internship report, "Analysis of Profitability: Evidence from IDLC Securities Limited," with all due gratitude and appreciation. I have completed the IDLC Securities Limited internship in order to fulfill the prerequisites for the BBA degree. It has been a real joy working on the internship report with your guidance.

If the report can satisfy the criteria, I would be extremely happy.

I appreciate your thoughtful direction.

Yours obediently,

Mst. Romana Islam

Program: BBA (Major in Finance)

Batch: 52

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Daffodil International University

Supervisor's Certification

This is to confirm that under my supervision, Mst. Romana Islam, ID number 191-11-6173, Program BBA, Major in "Finance," Daffodil International University, has successfully finished her internship at "IDLC Securities Limited," Dilkhusa branch. She successfully completed an internship report on "Analysis of Profitability: Evidence from IDLC Securities Limited" under my direction and supervision.

She has done her utmost to complete this satisfactorily under my supervision and direction. I'm hoping that this research can be useful to her in future for academic and professional endeavors.

With Best Regards



.....

Ms. Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

I would first want to express my gratitude to almighty Allah for giving me the fortitude and stamina to finish my internship and submit the internship report despite several challenges.

I'm happy to express my gratitude to everyone who assisted me in creating this report. Their assistance has aided me, either directly or indirectly, in finishing the report.

First and foremost, I would want to thank all of my academic mentors, especially Ms. Rozina Akter, Assistant Professor in the Department of Business Administration at the Daffodil International University's Faculty of Business & Entrepreneurship. I sincerely appreciate her oversight and direction.

Additionally, I would want to express my gratitude to Sakhawat Hossain, the company's head of finance and administration, and Aysha Shiddica Asha. Please excuse my need for assistance in finishing my paper. For their company, I must also consider Md. Zubair Ahmed and Md. Hafiz Uddin CFA.

I must also thank all the IDLC Securities Limited personnel that helped me finish my report and made the internship special.

For their encouragement and support, I also want to thank my family and friends.

Last but not least, I must say that this report required much effort and study to finish to its conclusion, and it wouldn't have been difficult if all of my professors, supervisor, and IDLC Securities staff had contributed.

Declaration of the Student

My internship paper's subject is "Analysis of Profitability: Evidence from IDLC Securities Limited," and I hereby declare that neither I nor any other person submitted this report to any institution.

Additionally, there are no copyright violations in this report.

*Romana
26.12.2022*

Mst. Romana Islam

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Executive Summary

In this study, the factors that affected the profitability of IDLC Securities Limited (Brokers), which was listed at the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited from 2017 to 2021, are analyzed. Profitability is the ratio of an organization's revenue to its outgoings. For every type of company, profitability is a crucial and significant goal. It is crucial for them to keep up and maintain their financial performance as well as grow their owner equity, which will improve their capacity to handle hazards. One of the top brokerage firms in Bangladesh is IDLC Securities Limited, which consistently maintains its ranking on the list of top firms. The primary source of revenue for brokerage firms is net commission income.

The Return On Asset (ROA) and Return on Equity (ROE) ratios are crucial to compute in order to assess the profitability of any brokerage firm. In order to illustrate the profitability performance of the business, several return ratios and margin ratios are calculated in the paper.

The profitability ratio is a tool used by many analysts and investors to estimate an organization's capacity to turn a profit in relation to sales. This ratio is used to demonstrate how well a firm is using its assets to generate profit for its owners.

The performance of the companies in terms of profit, revenue, and cash flow is better when the ratios have greater values. When compared to businesses or organizations of a comparable nature, these profitability measures are quite helpful. The purpose of the report is to examine and demonstrate IDLC's profitability performance while also determining the real performance of the relevant business unit.

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Chapter-I

Introduction

1.1 Introduction

Any firm is considered profitable when it is making money. Profitability occurs when total income within a given time period exceeds total costs.

Scale of assets that provide immediate returns is what enables profitability. However, this kind of profitability is inappropriate for sustainability. Every firm ought to have a sound business plan that will enable its continued operations to bring in more money and ultimately avoid failure.

One of the key metrics that can be utilized to determine the evaluation of any type of business is profitability. A multiple of yearly cash flows is a superior method for valuing a business since it more accurately captures the net cash flow that a buyer may anticipate.

The function that brokerage firms play in the purchasing and selling of financial instruments between buyers and sellers cannot be overstated. Additionally, they provide their clients consulting services. They also contribute to the organization's profitability, which is a key goal for the specific business. Increase the quantity of owner ownership in order to maintain their financial performance, which will make them more resilient to risk and better able to manage it. Knowing the factors that affect profitability and enhancing their position within the company are crucial for achieving the aim. In order to examine their profitability and identify the key factors influencing it, they also offer consulting services to their clients, which helps to eliminate information asymmetries.

The number of licensed brokerage companies in Bangladesh is (313). According to the list published on Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd. Dhaka Stock Exchange (DSE) has published best twenty TREC (Trading Right Entitlement Certificate) holders in the outgoing year on basis of highest exchange of shares and mutual funds. Lanka Bangla Securities Ltd has been named best TREC holder as they have exchanged highest volume of shares in DSE trading floor. ICB Securities Trading Company Ltd and BRAC EPL Stock Brokerage became second and third respectively. The other 17 best brokerage houses are- EBL Securities Limited, IDLC Securities Ltd, City Brokerage Limited, UCB Capital Management Limited, MTB Securities Ltd, Sheltech Brokerage Limited, UniCap Securities Limited, Shanta Securities Limited, United Financial Trading Co. Ltd, International Leasing Securities Limited, Bank Asia Securities Limited, AIBL Capital Market Services Ltd, Shahjalal Islami Bank Securities Ltd, BD Finance Securities Ltd,

Royal Capital Ltd, BD Sunlife Securities Ltd and Commerce Bank Securities and Investment Ltd.

In order to assess the significance of this industry and its effects on the national economy, this study looks at the factors that affected the profitability of IDLC Securities Ltd., one of the major publicly traded brokerage firms, from 2006 to 2022.

1.2 Statement of the paper

Any firm should aim to maximize profitability. Any company that wants to last the hard road needs to be profitable. It is crucial to assess both present and future profitability as well as historical and current profitability. As a finance major with prior experience working for a brokerage firm like IDLC Securities Ltd, the author must be familiar with the earning potential of brokerage firms. As a result, the author will have a thorough understanding of the data supporting brokerage market profitability after researching and working with this issue. How their business is doing financially. What aspects of their business management have a good and what aspects have a negative influence on their profitability. So. It will benefit me as the author plans to work for a brokerage firm in the future. The author will have a comprehensive understanding of the facts supporting the profitability of brokerage firms after finishing this article.

The primary source of income for brokerage firms is often the commission from customer transactions. Additionally, there are a ton more examples of how to make money. And they should be aware that, in addition to the commission's evidence, they should focus on boosting their profitability. They will be able to determine their source of profit and the relationship between which source has been producing the greater profit thanks to this investigation. It will be based on their annual report's financial data from the beginning of 2017 to the most current year (2021). They will be able to immediately see the evidence of their company's profitability. Which sources they are deficient in and which areas they ought to concentrate on more to increase their earnings

This report paper will also be helpful to the scholars. Any researcher can utilize it to do research on broker houses in Bangladesh. This research will provide a thorough account of IDLC SL, one of the leading brokerage firms, in accordance with the DSE report (Dhaka Stock Exchange Ltd.) The researcher will be able to determine which factors are more profitable for IDLC SL. They may use it to evaluate it against the

best brokerage firms in Bangladesh. Or, they may easily use this report paper if they want to create a report that includes all of the top mentioned brokerage businesses' profitability evidence.

1.3 Objectives of the Study

- To find out the profitability position of IDLC Securities Limited from the year 2017 to 2021 through ratio analysis.
- To know which elements has significant impact on profitability.
- Making some recommendations to improve the present situation.

1.4 Possibilities for the Study

The study's primary goal was to investigate the variables that influence IDLC Securities Limited's degree of profitability. In order to determine whether external or internal variables, such as the gross domestic product and inflation, had a greater influence on the profitability of IDLC Securities, a research was undertaken on the profitability evidences of that company. Aside from This study will also provide information on all other aspects of brokerage companies' profitability.

1.5 Methodological aspects of the study

1.5.1 Research Design: A step-by-step process was used to conduct the investigation. All duties, from choosing a topic to writing the final report, are performed in a methodical manner. The procedures involve submitting a proposal, reviewing the literature, developing a methodology, and assessing secondary data from the IDLC annual report.

1.5.2 Sample Size: For the article, the author employed a practical sampling size approach. To explore the factors that affect a firm's profitability, a sample of publicly traded brokerage company IDLC Securities Ltd. (Public Shareholding Companies) that cover the years 2017 through 2021 and comprising interval was utilized.

1.5.3 Data Source: There are two different categories of data sources: primary and secondary. Only secondary data gathering methods are used in this work. Information acquired from previous sources is one type of data source:

- Annual Report of IDLC Financing Ltd.
- Research articles about related topic
- Website
- Internet or library searches

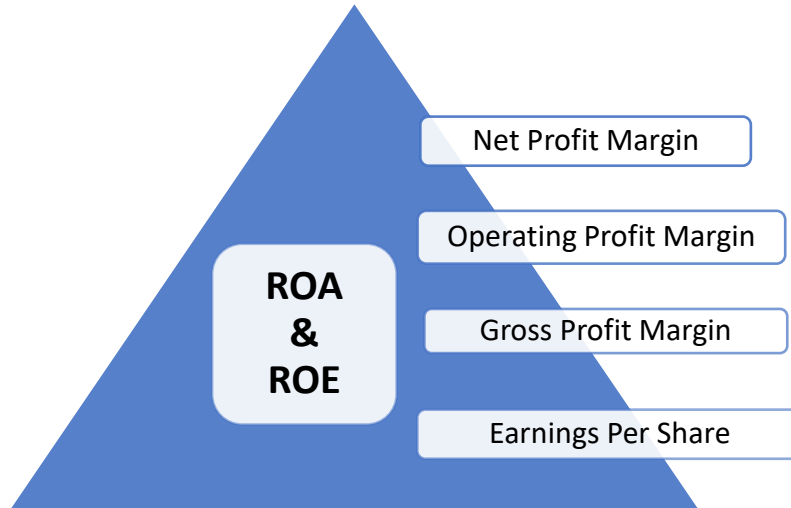
1.5.4 Data Gathering Method: IDLC Financing Limited's annual report was the primary source of the data that was used to construct this research. From 2017 to 2021, the author obtained it from the IDLC Financing Ltd. website. Additionally, internet and library searches are used to get the additional data.

1.5.5 Data Analyzing Procedure: This research is analytical in nature, and the variables it will evaluate are taken from IDLC Securities Limited's income statement and financial position statement.

Definition and Measures of Variables:

variable	Profitability	Measure
		Return on Assets (ROA) = Net Income/total assets
		Return on Equity (ROE) =Net Income/Total Equity
		Net profit Margin
		Operating Profit Margin
		Earnings per Share

Research Model



1.6 Limitations of the study

- The study certainly has some limitations, just like other studies. The limitations are-Inexperience of author
- Shortage of time
- The validity and confidence of the data depends on their faith and trustworthiness of the published data
- Inconvenience data
- Time is not enough for collect all information because of internship period.
- Another limitation is that I have learned a lot of things in the intern period but it is not possible for all the aspect to be described in depth and detail.

Chapter II

Literature Review

To understand the complexities of profitability and its drivers, several research were conducted both domestically and internationally. The majority of studies have, however, been focused on the banking sector. Therefore, research on the profitability of brokerage houses, specifically in Bangladesh, is in its infancy. There are few studies that focus on brokerage firms, despite the fact that previous research have produced a large number of conclusions that aim to explain the factors of profitability in many types of businesses. The following is an effort to highlight relevant contextual sources for the subject of study.

Okay and Kose(2015) used TOPSIS to analyze the profitability measures of several brokerage companies listed on the Istanbul Stock Exchange in order to assess the financial performance of these firms in relation to these ratios' fluctuations.

Hoffmann (2011)'s study, which looked at the factors affecting US banks between 1995 and 2007, discovered a link between profitability and capital adequacy ratio.

In Jordanian banks, **Ramadan et al. (2011) and Shatti (2016)** were used for the years 2001–2010 and 2005–2014, respectively. The findings showed that banks with enough capital are frequently connected with high profitability. Additionally, the findings of Dahiyat (2016), who also applied his research to banks listed on the Amman exchange for the years 2012 to 2014, demonstrated that profitability is unaffected by solvency but profitability is negatively (inversely) impacted by liquidity.

Alalaya and Al Khattab (2015), on the other hand, came to the conclusion that the assets logarithm of banks had a significant negative relationship with ROA, whereas the relationship between ROE and ROA was positive and significant. They also discovered that the per capita inflation rate and GDP had a negative sign. The profitability of commercial banks in Turkey was evaluated in the study by Alpaer and Anbar (2011), however no correlation between profitability and GDP growth rate or inflation was discovered.

According to **Kadioglo et al(2017)** .'s study on the connection between Turkish banks' profitability and asset quality, the number of non-performing loans causes asset quality to decline, which in turn lowers return on equity and return on assets. This outcome was consistent with that of earlier investigations, including those by Adebisi and Matthew (2015) and Ozurumba (2016). Furthermore, a positive and substantial association between bank profitability and size was discovered by Akhavein et al. (1997) and Smirlock (1985).

The factors of liquidity, profitability, and sales are favorably associated to the Return on Assets (ROA), whereas the variables of leverage and company size are adversely related to it, according to Matar and Eneizan's (2018) study, which was applied to industrial enterprises in Jordan.

According to the empirical findings of **Fareed et al(2016)** .'s study, profitability is favorably impacted by business size, firm expansion, and the electricity issue. Age of the company, financial leverage, and productivity, however, have a negative impact on the firm's profitability. Additionally, Jafari and Samman's (2015) study findings showed a favorable and statistically significant association between profitability, business size, growth, fixed assets, and working capital. The average tax rate and the financial leverage factors, on the other hand, demonstrated a negative association with profitability.

Burja (2011) investigated in Romania what aspects affect chemical industry profitability. The findings showed that inventory efficiency, debt level, financial leverage, capital efficiency, and profit all had substantial positive relationships. In their study on the impact of leverage and the size of manufacturing firms in Indonesia, Katrikasari and Merianti (2016) discovered that the debt ratio has a substantial positive impact on profitability while total assets have a considerable negative impact. Returning to Turkey, Kaya (2015) looked at the firm-specific variables influencing the financial performance of non-life insurance businesses from 2006 to 2013. The empirical findings revealed that the size, age, loss ratio, current ratio, and premium growth rate of Turkish non-life insurance businesses are the firm-specific determinants influencing their profitability. Based on the aforementioned literature, we can conclude that although there have been a number of studies on this subject, a thorough investigation of brokerage firms in Jordan has not yet been carried out. In order to ascertain the profitability of listed Brokerage businesses in Jordan, the current investigation was started.

In their study "Non-Bank Financial Institution's Profitability Indicators: Evidence from Bangladesh," Shah-Noor Rahman and Tazrina Farah (2012) looked at the profitability indicators of businesses in the Non-Banking Financial Institutions (NBFIs) sector of Bangladesh. The study established a link between the dependent variable, Net Profit, and the independent variables, Current Assets, Operating Expenses, Long-Term Liability, Interest Income, and Operating Revenue (NP). It was shown that a firm's liquidity and operational effectiveness significantly affect the profitability of Bangladesh's non-bank financial industry.

Chapter III

Organizational Overview

INDUSTRIAL DEVELOPMENT LEASING COMPANY OF BANGLADESH LIMITED

IDLC of Bangladesh Limited was established in 1985. It had 5 staff members, 33 years of operation emerged as one of the largest non-banking financial institutions in Bangladesh. In case of corporate and retail or capital market segment IDLC finance limited plays a strong role. At present IDLC has reached over 20 cities With 40 branches and has 1400 employees whom are serving More than 45,000 clients. The company helps many people to dream about The dream of building a home, sending their children to a bigger school, going on a picnic in the family car, starting a new business.

The group's main firm, IDLC Finance Limited, has concentrated on the SME, consumer, and corporate segments. Through the subsidiaries of this firm, IDLC Investment Limited and IDLC Security Limited, it has a sizable position in the capital market as well.

IDLC Finance Limited

It is known as Industrial Development Leasing company of Bangladesh limited which has the headquarter at Dhaka.

Vision

The best financial brand in the country

Mission

The mission of the company is to focus on the growth of the quality , better experience of the customers and also the sustainable practices of business

Values

- Simplicity, Eco-Friendliness, Trust and Respect, Integrity, Customer Focus, and Equal Opportunity

Strategic Objectives

- To advance our social causes, we must:
- Achieve sustainable business growth;
- Fully utilize the core banking platform;

- Maintain a strong funding mix;
- Attract, retain, and develop talented employees;
- Constantly improve operational efficiency; and
- Adopt corporate governance and sustainable business practices that are recognized globally.

Services and goods

In its Corporate Division, Consumer Division, SME Division, and Capital Market segments, IDLC offers a variety of goods and services.

Credit Score

Based on the IDLC Finance Ltd.'s audited financial statements for the fiscal years 2009 through 2013 and other information available as of the rating date, Emerging Credit Rating Limited (ECRL) has affirmed IDLC Finance Ltd.'s AAA (pronounced as Triple A) long term credit rating and ECRL-1 short term credit rating. The rating has a stable outlook.

Branches

Here are the listed branches for IDLC finance limited

Dilkusha, Gulshan, Dhamnondi, Uttara, Mirpur, Agrabad, Nandankanan, Narayanganj, Narsingdi, Savar, Keraniganj, Imamganj, Tongi, Bogra, Sylhet, Comilla, Imamganj, Tongi, Jessore, Khulna, Natore, Bhulta, Habiganj, Kushtia, Elephant road

Subsidiaries

IDLC Finance Limited's subsidiaries include IDLC Securities Limited, IDLC Investments Limited, and IDLC Asset Management Limited.

IDLC Asset Management Limited

With BDT 1.1 billion in assets under management, IDLC Asset Management Limited (IDLCAML) is an asset management business with its headquarters in

Dhaka, Bangladesh. The business is a fully owned subsidiary of the biggest non-banking financial institution in the nation, IDLC Finance Limited (IDLC). It provides asset management services through alternative investment vehicles and mutual funds that are mostly employed in the private equity and venture capital sectors.

Services and Goods

- Mutual Funds

Various Investments

- The business provides institutional investors with private equity and venture capital services.

IDL Capital Limited

Bangladesh's capital city of Dhaka is home to the merchant bank IDLC Investments Limited (IDLCIL). The business is a fully owned subsidiary of IDLC Finance Limited, the largest non-banking financial institution in the nation.

In 1999, IDLCIL was founded as the company's merchant banking section. As required by the Bangladesh Securities and Exchange Commission, it became a separate company later in 2010. The business offers its clients, who are both businesses and private citizens, services in investment banking, portfolio management, margin lending, and securities research.

Service is available:

1. Discretionary Portfolio Management:
2. Cap Invest
3. Investment Banking

IDLC Securities Limited

One of Bangladesh's biggest brokerages, IDLC Securities Limited (IDLC SL), began operations in September 2006. A stockbroking firm called IDLC Securities Limited (IDLC SL) is based in Dhaka, Bangladesh. The business is an entirely owned subsidiary of IDLC Finance Limited (IDLC), which was founded through a collaboration between the International Finance Corporation, German Investment Corporation, Korea Development Bank, Aga Khan Fund for Economic

Development, and other national and international organizations. Through dependable trading platforms on the Dhaka and Chittagong Stock Exchanges, the business offers brokerage services to more than 15,834 retail, domestic, and international institutional clients. As a panel broker, it also provides services to more than 2,500 clients of the merchant banks it has enrolled. It has a track record of providing top-notch customer service while upholding strict compliance standards and business ethics. The firm also provides premium brokerage services, which include execution brokerage, research and advisory support, and are primarily geared toward High Net Worth (HNW) clients, institutional investors, and overseas investors. Additionally, the business has a trustworthy internet trading system that was created internally and deployed in 2010 by its Order Management Unit.

Three (3) IDLC SL's Key Strengths

- Confidentiality norms and safekeeping of customers' funds are upheld
- Relationship managers who are committed to all investors
- Able crew of sell side researchers

Corporate Information:

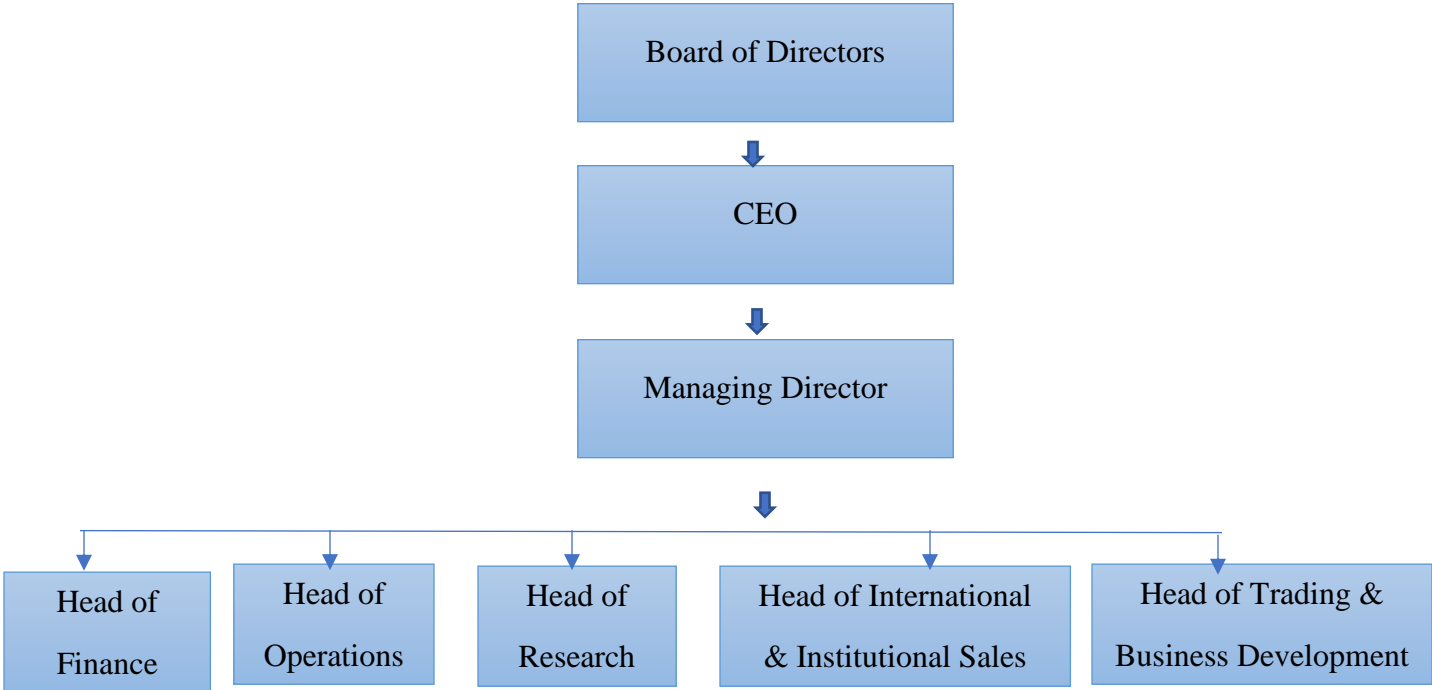
IDLC Securities Ltd.	
Type	A fully owned subsidiary of IDLC Finance Limited (IDLC)
Industry	Financial services(Brokerage Services)
Founded	18 Sep 2006
Headquarters	D R Tower (4th Floor),65/2/2 Bir Protik Gazi Golam Dostogir Road,Purana Paltan, Dhaka-1000
Area served	Bangladesh
Key People	Niaz Habib (Chairman) Arif Khan (CEO & MD) Md. Saifuddin(Managing Director)

Corporate Member	Dhaka Stock Exchange Ltd(58),Chittagong Stock Exchange Ltd.(119),Full Service Depository Participan (DP) of CDBL
Fees and Charges for Brokerage Services	0.40%
Number of retail clients	15,834
Number of Employees	121
Net Income	194,878,364 (2021)
Total Assets	6,053,522,390 (2021)

Source: Annual Report (2021)

Organizational Hierarchy:

Organizational Hierarchy



Source: Annual Report (2021)

Branches

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

Product & Services

IDLC Securities Limited Products

Cash Account, Margin Account, Easy IPO, Premium Brokerage for High Networth Individuals (HNIs), Institutions and Foreign Investors

Services by IDLC Securities Limited

- Trading via the stock markets in Dhaka and Chittagong
- Facilities for trade over the Internet
- Services for CDBL and custody
- Bloomberg terminal for international users

Services for Advice and Research

Brokerage: IDLCSL is a brokerage firm that provides international brokerage, premium brokerage, and execution brokerage.

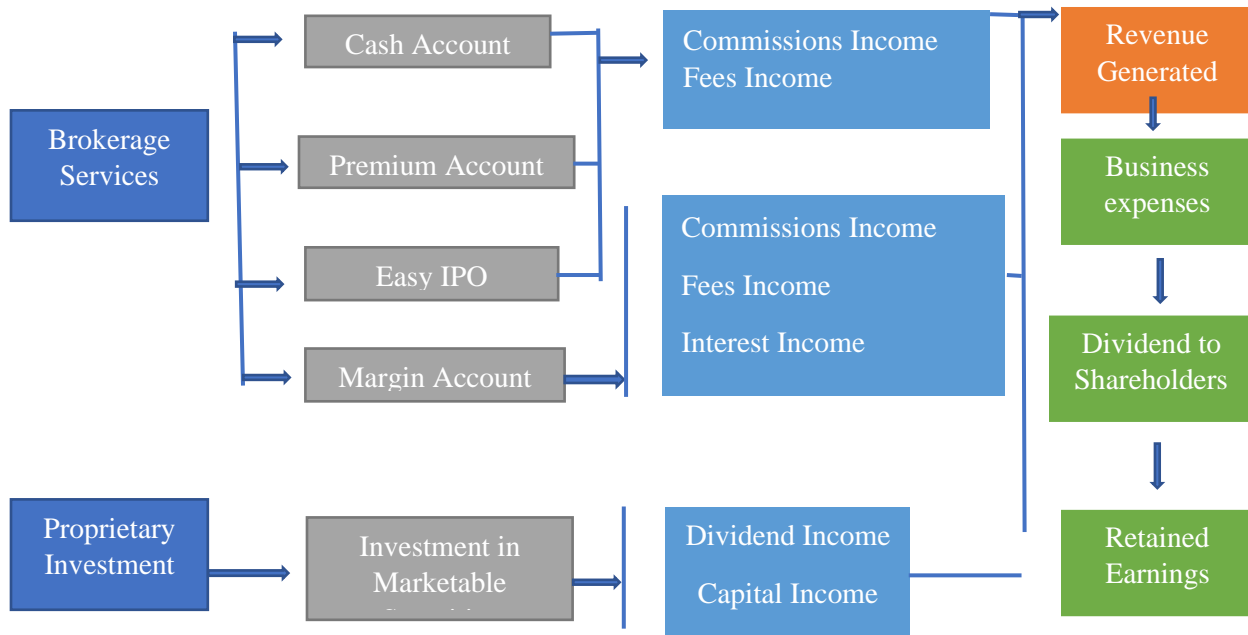
Investment Options: IDLCSL provides bonds and Bangladeshi equities under this category. The IDLCSL provides both closed-end and open-end mutual funds based on the investing goal of generating returns.

Trading Tools: Through the online stock trading platform i-Trade, the DSE-Mobile App, DSE-Investor, DSE-VIP, and Trade Assisted Training, IDLCSL offers unique trading tools that can manage and trade customers' portfolios.

Value Added Services: The Order Management System (OMS), Bangladesh Electronic Funds Transfer Network (BEFTN), and Margin Trading & Depository Services are among the value added features provided by IDLCSL.

Client Categories: Residents, NRB Investors, and foreign institutional investors are among the client segments that IDLCSL offers.

IDLC Securities Activity Mode



Brokerage Services

- Trading Execution Brokerage Services Dhaka and Chittagong Stock Exchange Limited
- Appointment of dedicated and skilled sales representative
- Opportunities for trading through different financial instruments

Custodial Services

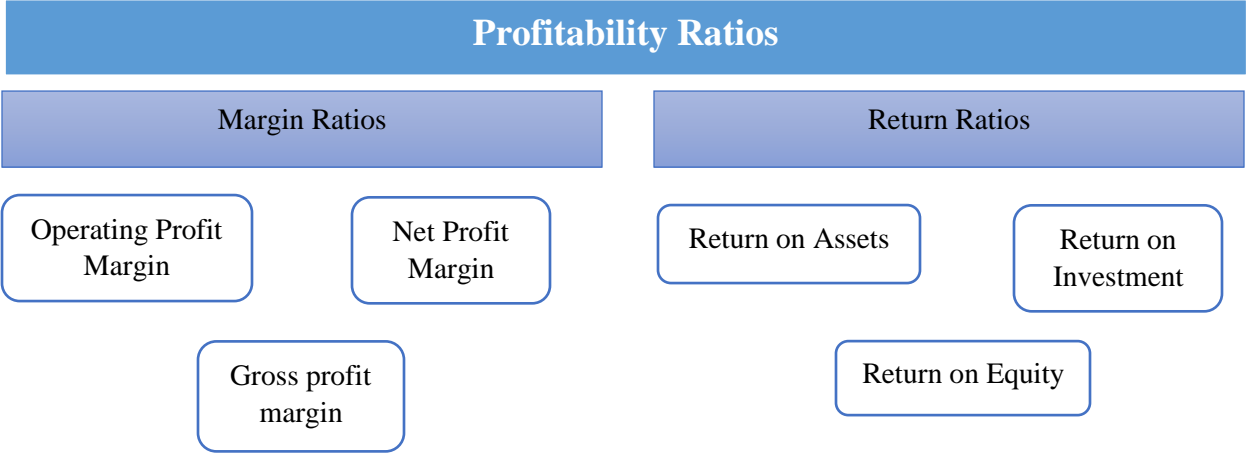
- secure storage of securities
Exclusive agreement for clients to store their shares in our vaults under safe custody

Chapter - iv

Analysis of Data

It is crucial to examine the profitability ratios when assessing a company's financial performance. This ratio demonstrates how well the business uses its resources to generate profit.

Typically, the greater the ratio's value, the better the firms' performance, and the ratios are most helpful when compared to those of other businesses. This chapter discusses the ratios that are the most crucial and appropriate for profitability analysis.



Profitability:

4.1 Total Assets

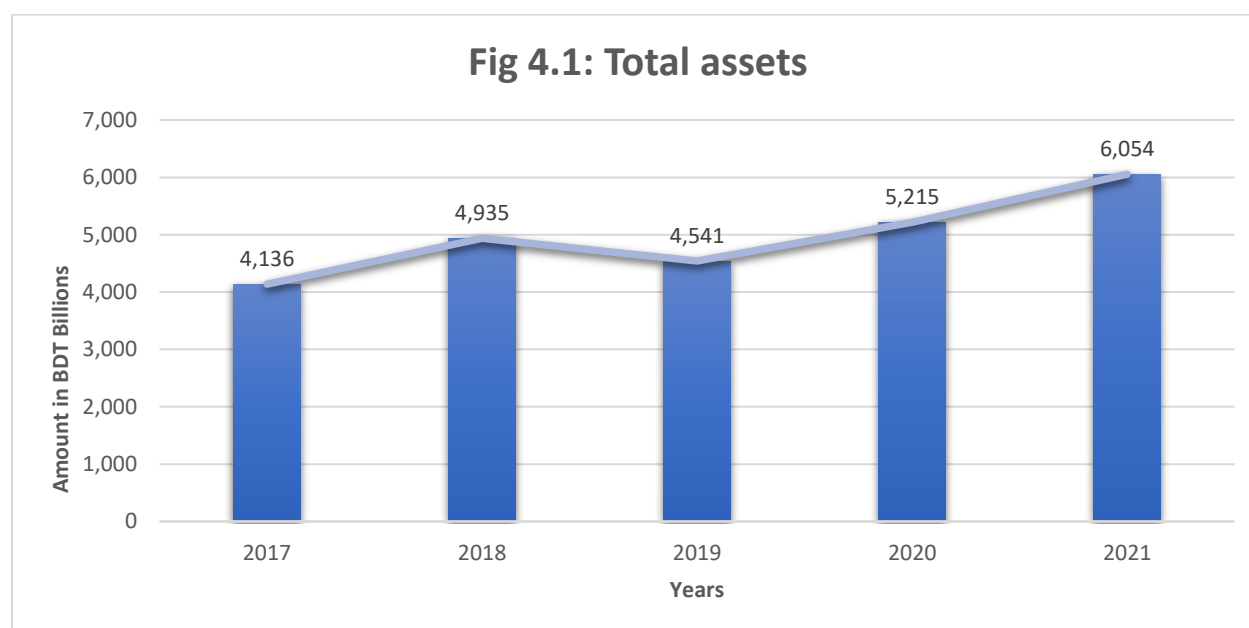
An asset is simply a resource with economic worth that a corporation or organization holds with the intention of profiting in the future. The assets in the balance sheet of the organization are exhibited to raise the firm's worth or the benefit of the activity. to produce cash flow, increase sales, and save costs The primary source of future operation is assets.

We may calculate the value of total assets for the business by adding the value of liabilities to the total value of assets or equity. The table below shows the total asset amount of IDLC securities limited from 2017 to 2021.

Table-4.1: Total Assets

Year	Total assets in BDT Billion
2017	4,136
2018	4,935
2019	4,541
2020	5,215
2021	6,054

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Total assets are the representation of the worth of everything a company owns. The graph depicts the observation of total assets amount for IDLCSL during the time frame of 2017 to 2021. The growth rate of total assets is 19.31 % at the year at 2018 from 2017. But the total assets growth rate decreases about -7.97 % at the year of 2019. At the time period of 2020-2021 the company could make their turnover in total assets at the growth rate of 14.83% and 16.08 % respectively.

4.2 Net Income

For every firm, net income is critical in determining profitability through margin ratios or return ratios. It is particularly useful if the company wants to examine how much revenue exceeds the costs of that particular organization. When a firm publishes its income statement, the net income shows on the statement, and it is also a significant signal in the case of a company's profitability study.

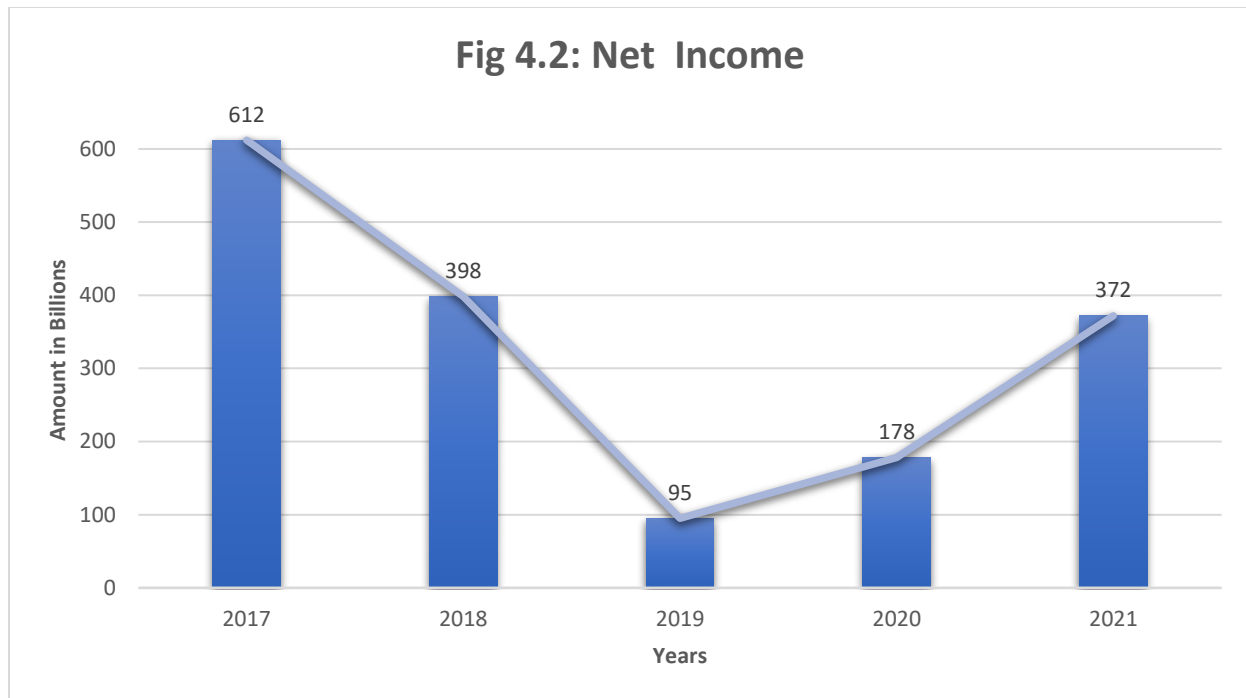
The formula of net income can be described as the revenue minus expenses interest and taxes.

Investors should verify the net income computation since in some circumstances expenditures may be concealed and revenues may be exaggerated. Net income is the term used to describe an individual's income after all taxes and deductions have been taken into consideration. Moreover, the company uses net income to calculate earnings per share. The bottom line of the financial performance statement is referred to as net income.

Table-4.2: Net Income

Year	Net Income in BDT Billions
2017	612
2018	398
2019	95
2020	178
2021	372

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Net income shows how much money a company is making after subtracting all expenses. The graph depicts the observation of Net Income amount for IDLCSL during the time frame of 2017 to 2021. At the year of 2017 the company was cutting a good figure about their net income but it decreases at a percentage of about -35% at the year of 2018. Moreover the company faces a huge decrease in net income at the year of 2019 for the global pandemic. After that the company is being able to gradually increase the amount of net income at the time period of 2020-2021 and coming back to its previous level.

4.3 Owners Equity

Owner's equity is the owners' claim to the company's assets following the settlement of all liabilities. In other words, if the company's assets were sold to pay off debts, the extra cash would be seen as owner's equity.

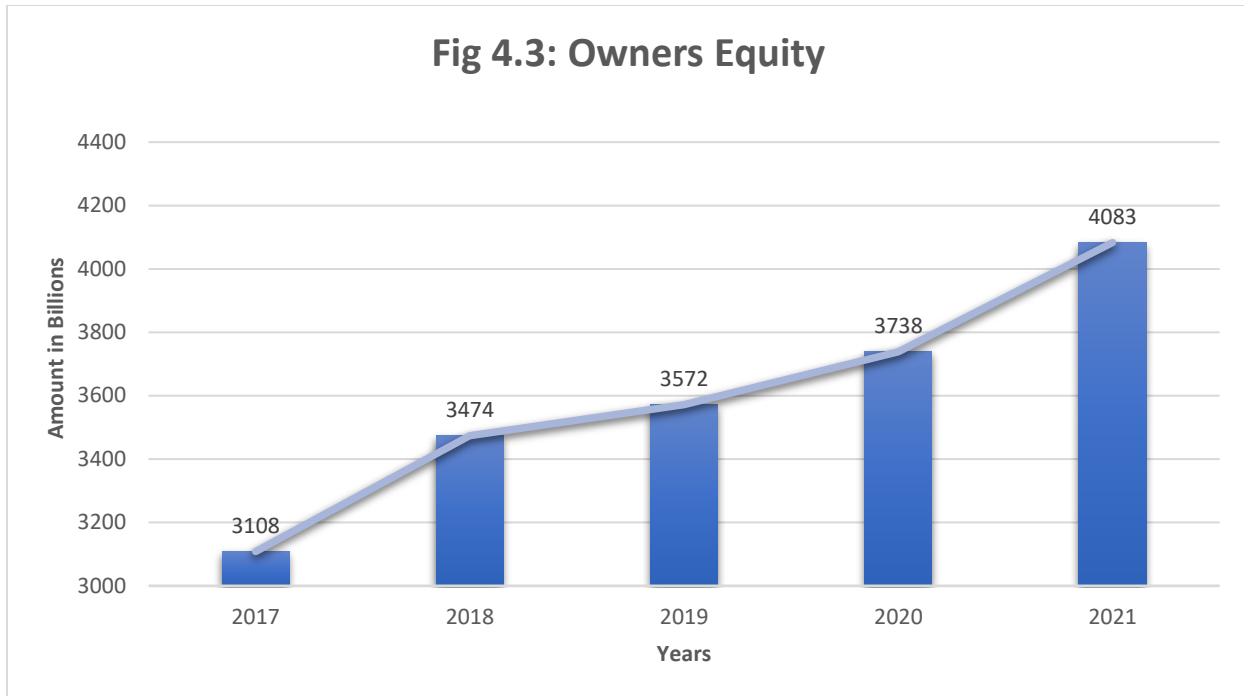
One of the three major categories on a sole proprietorship's balance sheet is owner's equity, which is also a part of the accounting equation: Liabilities plus owner equity equal assets. Owner's equity is the owner's initial investment in the company less any withdrawals or draws made by the owner, plus the company's first net income.

Because of this, it's frequently referred to as net assets. Owner's equity is determined by subtracting total liabilities from total assets in the accounting equation. Owner's equity is a general phrase for an equity account, however it's most frequently used to refer to single proprietorships.

Table-4.3: Owners Equity

Year	Owner's Equity in BDT Billions
2017	3108
2018	3474
2019	3572
2020	3738
2021	4083

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Owner's equity is the amount of a company owned by shareholders. The graph depicts the observation of Owners Equity amount for IDLCSL during the time frame of 2017 to 2021. It shows an increasing slope where it is seen that there is a jump of increase of owners equity at the year of 2018 from 2017 at a percentage of 11.77%. Later on, the company is cutting a good figure in increasing their owners equity and representing the amount of a company's value that can be claimed by its shareholders.

4.4 Total Equity

Total equity is the sum of the shares that the company's founders and other owners own. Common equity and preferred equity make up the total amount of equity. Total liabilities are subtracted from total assets to determine total equity. Financial statements provide details about a company's assets and liabilities. You may visualize total equity as:

Total equity = total assets – total liabilities;

Where: Accounts receivable, non-current assets, cash, marketable securities, paid costs, goodwill, and other assets make up the total assets.

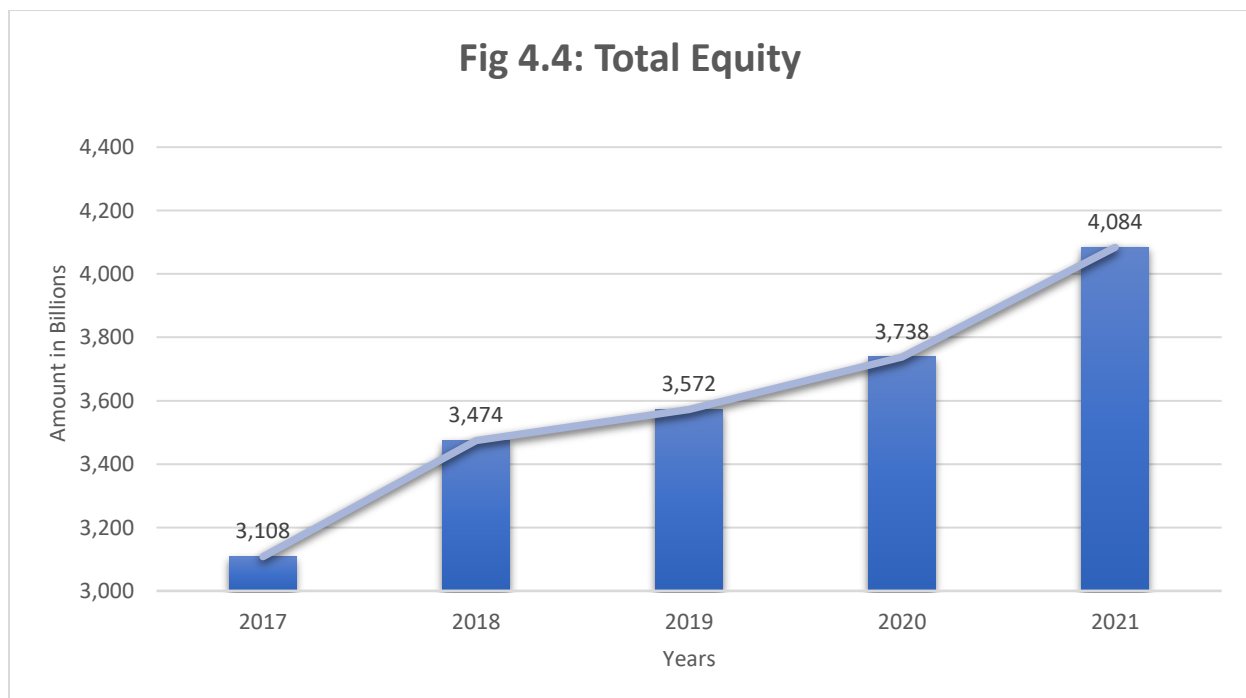
Other liabilities, short-term notes, accrued liabilities, long-term debt, accounts payable, and unearned revenue make up the total liabilities.

A different way to calculate total equity is to sum up all the line items in the shareholders' funds section of the statement of financial status, then subtract dividends. Ordinary shares, share premiums, retained earnings, reserves, and preference shares are among the line items.

Table-4.4: Total Equity

Year	Total Equity in BDT Billions
2017	3,108
2018	3,474
2019	3,572
2020	3,738
2021	4,084

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Total equity is the amount invested in a company by investors in exchange for stock, plus all subsequent earnings of the business, minus all subsequent dividends paid out. The graph depicts the observation of Total Equity amount for IDLCSL during the time frame of 2017 to 2021. It shows a increasing slope where it is seen that there is a jump of increase of total equity at the year of 2018 from 2017 at a percentage of 11.77%. Later on The company is cutting a good figure in increasing their total equity and representing the amount of a company's value that can be claimed by its shareholders.

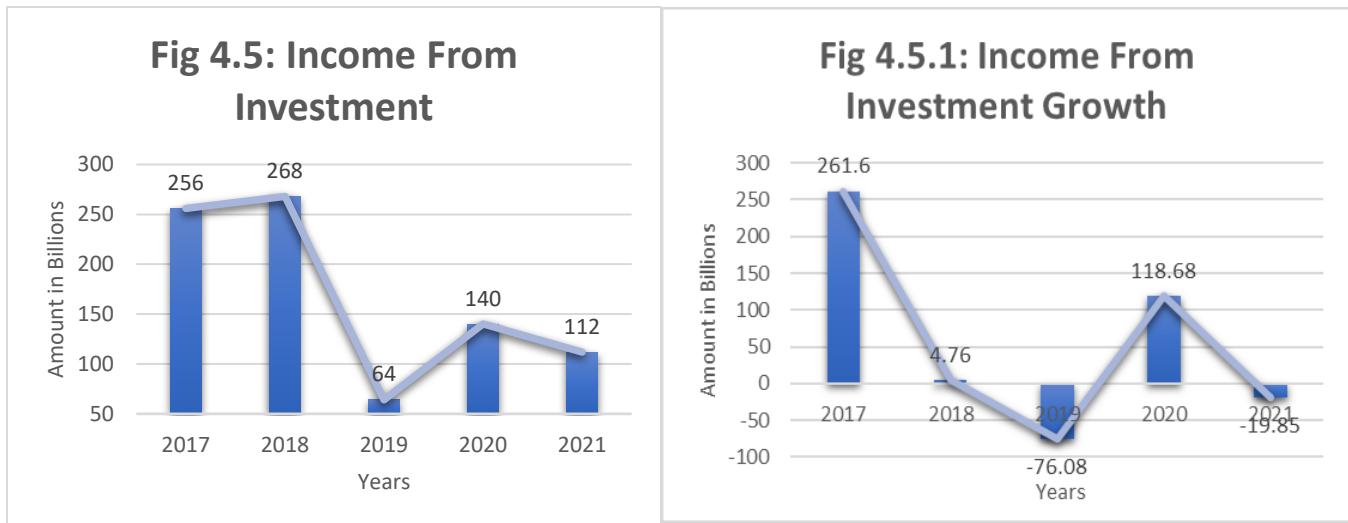
4.5 Income from investment

Interest income, dividends, capital gains from the sale of stocks or other assets, and any profit from another investment type are all examples of investment income. In addition, dividends received from stocks owned by mutual funds as well as the proceeds from the selling of gold coins are all regarded as investment income.

Long-term investment income is subject to distinct and frequently advantageous tax treatment, which varies by nation and locale.

- Investment income is the revenue generated from the sale of investments like stocks and real estate.
- Bond dividends count as investment income as well.
- Income from investments is taxed at a different rate than income from jobs.
- Profits from the selling of expensive wines or gold coins may qualify as investment income.
- The interest a person earns on a savings account is regarded as investment income.

Table-4.5.: Income from Investment



Source: Annual Report (2017-2021)

Year	Income from Investment in BDT Billion	Income from Investment Growth (%)
2017	256	261.60
2018	268	4.76
2019	64	-76.08
2020	140	118.68
2021	112	-19.85

Source: Annual Report (2017-2021)

Interpretation: Investment income refers solely to the financial gains above the original cost of the investment. The graph depicts the observation of Income from Investment amount for IDLCSL during the time frame of 2017 to 2021. It shows that it decreased at 4.7% at the year 2018 from 2017. But it is shocking to see that the income decreases by 64 billion in about -76% at the year 2019. Later these years of 2020-2021 the company is being able to return to their margin again.

Return Ratios

4.6 Return on Asset (ROA)

Return on assets (ROA) is regarded as a measure of a company's profitability in relation to its total assets. An analyst, manager, or investor might use ROA to gain a clear understanding of how well a company's management uses its assets to produce profits. The return on assets is expressed as a percentage.

Major Takeaways

- When comparing similar firms or a corporation to its past performance, ROA is most effective.
- Unlike other measures, such as Return on Equity, Return on Assets considers a company's debt (ROE).
- In simple words, return on assets (ROA) displays how much profit was made from the money that was invested (assets). For publicly traded firms, ROA may differ significantly and will be strongly influenced by the sector. Therefore, it is preferable to compare ROA to a firm's historical ROA figures or to the ROA of a comparable company when considering ROA as a comparison metric.
- Investors can get a sense of the company's efficiency by looking at its return on assets (ROA) statistic. As a result of the firm making more money with less investments, it can be claimed that the higher the ROA figure, the better.

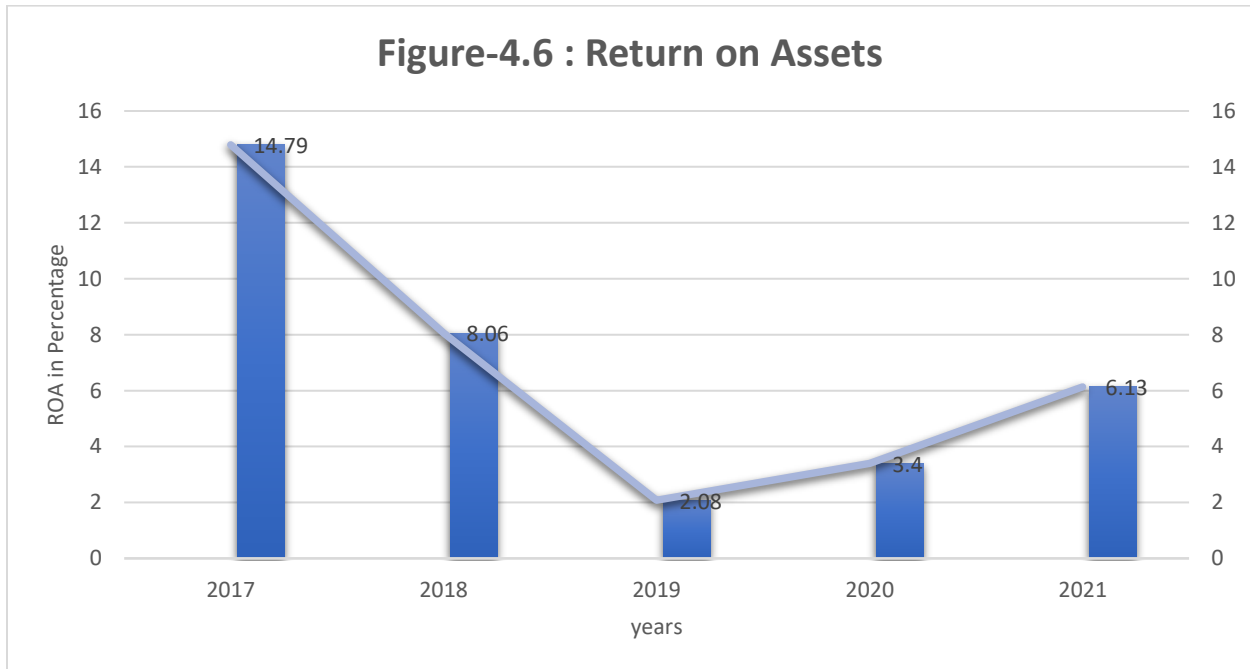
In the end, running a business is all about efficiency—getting the most out of your available resources. A valuable operational statistic is comparing earnings to revenue, but comparing them to the resources a firm needed to generate those profits casts doubt on the viability of that organization's very existence. The simplest of these corporate organizations for the buck measurements is return on assets (ROA). Higher ROA indicates more asset efficiency.

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Table-4.6: Return on Assets

Year	Return on Assets (ROA)
2017	14.79 %
2018	8.06 %
2019	2.08 %
2020	3.40 %
2021	6.13 %

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Return on assets (ROA) measures how successfully a company's management produces profits from all of the assets shown on its balance sheet. The graph depicts the observation of Return On Assets percentage for IDLCSL during the time frame of 2017 to 2021. It is clearly seen that the ROA is decreasing at the year 2017 to 2019. During the year 2018 it decreases about 6.74% which is almost same as at the year of 2019. During these pandemic times the ROA of the company

does not show a satisfactory value. Over the past 2 years (2020-2021) IDLCSL is again gaining their ROA and increased to 6.13% which is not same as their past record but at present scenario is can be said that it is gaining progress in value.

4.7 Return on Equity (ROE)

An indicator of financial performance known as return on equity (ROE) is simply net income divided by shareholders' equity. Because a company's shareholders' equity equals its assets less its debt, return on equity (ROE) is known as the return on net assets. ROE is seen as a gauge of how successfully management is generating profits from a company's assets.

Key Take ways

- The efficiency with which management uses a company's assets to generate profits is measured by return on equity (ROE).
- What is typical for the sector or for competitors will determine if a ROE is deemed good.
- Investors may quickly determine whether a ROE is acceptable by defining anything above 10% as good and anything below the long-term average of the S&P 500 (14%) as terrible.
-

Any corporation may compute its ROE in percentage form if its net income and equity are both positive figures. Before dividends given to common shareholders, after payouts to preferred shareholders, and before interest paid to lenders, net income is computed. A ROE is a metric for management's capacity to create revenue from the equity at its disposal, similar to return on capital. ROEs of 15-20% are often seen as favorable. Along with other financial parameters, ROE is used while valuing stocks.

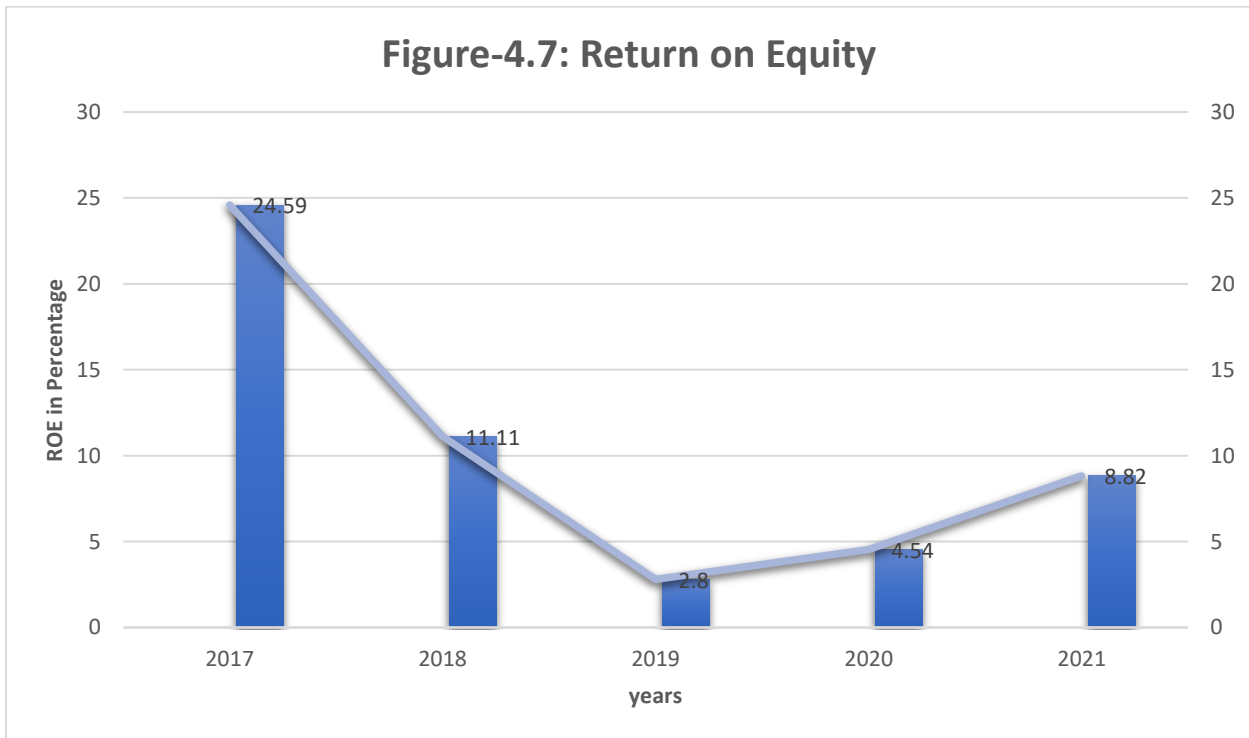
In most cases, a company's low ROE (below than 10%) over an extended period of time merely indicates that it is not particularly effective at creating profit. In other words, it also indicates that the company is unprofitable to invest in since management can't effectively handle the money of investors.

$$\text{Return on Equity(ROE)} = \frac{\text{Net Income}}{\text{Total Equity}} \times 100$$

Table-4.7: Return On Equity

Year	Return On Equity
2017	24.59 %
2018	11.11%
2019	2.80%
2020	4.54%
2021	8.82%

Source: Annual Report (2017-2021)



Source: Annual Report (2017-2021)

Interpretation: Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders. The graph depicts the observation of Return On Equity percentage for IDLCSL during the time frame of 2017 to 2021. It is clearly seen that the ROA is decreasing at the year 2017 to 2019. During the year 2018 it decreases about 13.48 % which is further decreased as at the year of 2019 to 2.8%. During these pandemic times the ROE of the company does not show a satisfactory value. Over the past 2 years (2020-2021) IDLCSL is again

gaining their ROE and increased to 8.82% which is not same as their past record but at present scenario is can be said that it is gaining progress in value.

Margin Ratios:

4.8 Net Profit Margin

Net profit margin, also known as profit margin or net profit margin ratio, is a financial statistic that determines what much of a company's total sales represents profit. It establishes the net profit a business makes for every dollar of revenue. The ratio of net profit, also known as net income, to total sales, stated as a percentage, is known as the net profit margin.

Depending on the industry a firm is in, a company's profit margin ratio may vary. This is crucial for daily financial analysis as a financial analyst.

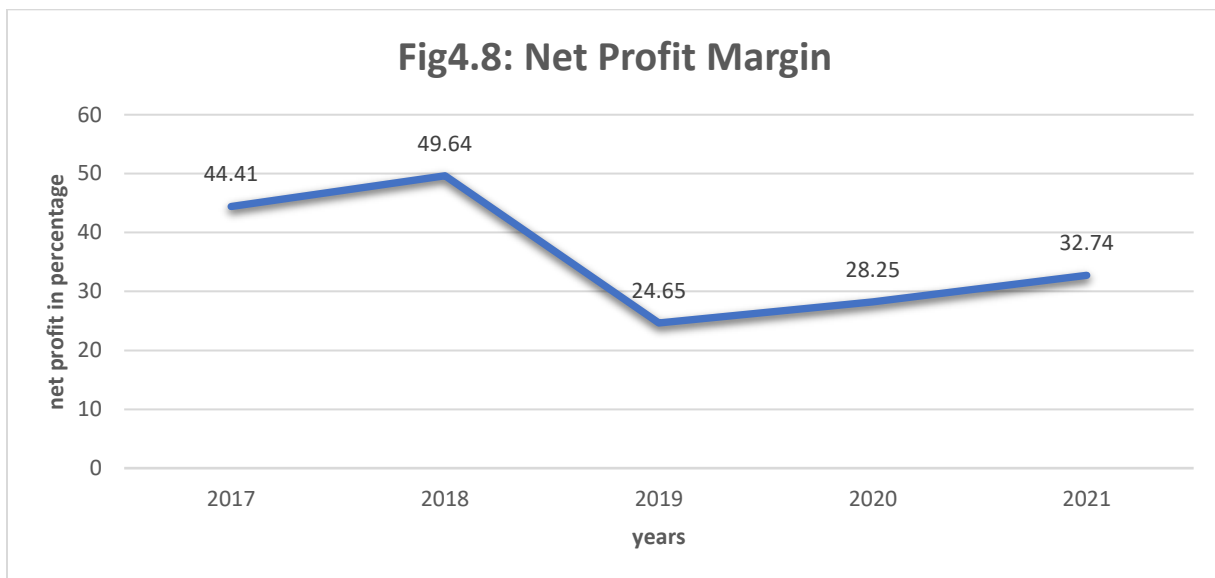
$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Total revenue}} \times 100$$

The bottom line, or net profit margin, is calculated by dividing a company's net income by its total sales. It offers the last and most comprehensive view of a company's profitability following the deduction of all costs, including interest and taxes. The fact that the net profit margin accounts for everything makes it a good indicator of profitability. It is difficult to compare a company's performance to that of its rivals since this indicator contains a lot of "noise" such one-time costs and gains.

Table-4.8: Net Profit Margin

Year	Net profit margin
2017	44.41 %
2018	49.64 %
2019	24.65 %
2020	28.25 %
2021	32.74 %

Source: Annual Report (2017-2021)



Interpretation: Net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. The graph depicts the observation of Return On Equity percentage for IDLCSL during the time frame of 2017 to 2021. At the year of 2017 and 2018 the net profit margins were attractive in amount and the company was clearly getting good profit as a percentage of revenue. But there was a sudden decrease in net profit at the year of 2019 and the pandemic of covid 19 was the main reason of that. During that year it decreases to half of its previous value. Later on there is a increasing slope of gaining more profit as a percentage of revenue and at present it is at 32.74% at the year of 2021.

4.9 Operating Profit Margin

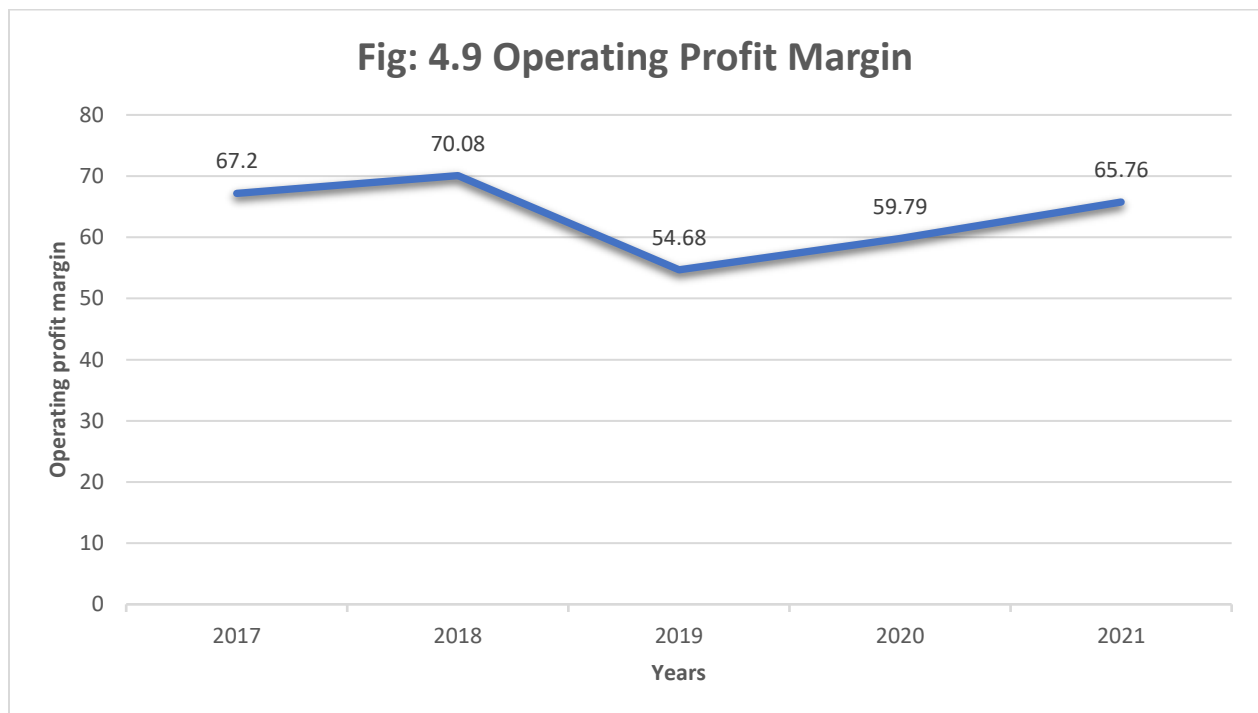
Before interest costs and income taxes are subtracted, operating profit margin represents earnings as a proportion of sales. Businesses with high operational profit margins are often better able to cover fixed expenses and debt interest, are more likely to withstand an economic downturn, and are better able to offer cheaper pricing than their rivals that have a lower profit margin. Because strong management may significantly increase a company's profitability by controlling its operational expenses, operating profit margin is a very useful metric for determining the management quality of a business.

The operating profit margin, also known as the profitability or performance ratio, is the portion of profit generated by a company's activities before taxes and interest expenses are deducted. It is calculated as a percentage by dividing the operational profit by the total revenue. Earnings Before Interest and Tax (EBIT) Margin is another name for the OPM.

$$\text{Operating Profit Margin} = \frac{\text{Operating profit}}{\text{Total revenue}} \times 100$$

Table-4.9: Operating Profit Margin

Year	Operating Profit Margin (%)
2017	67.20
2018	70.08
2019	54.68
2020	59.79
2021	65.76



Source: Annual Report (2017-2021)

Interpretation: The operational margin calculates the profit an organization generates on every dollar of sales, after variable production expenses, such as labor and raw materials, but before interest or taxes. The graph depicts the observation of Return On Equity percentage for IDLCSL during the time frame of 2017 to 2021. It shows a level value but a slight deflection in the year 2019. Overall it remains as average but not increased during the five years period.

4.10 Earnings Per Share

Earnings per share, or EPS, is one of the crucial financial metrics that shows a company's profitability. It is calculated by dividing the company's net income by the total number of shares that are currently outstanding. In order to evaluate a company's profitability before to purchasing its shares, market players usually utilize this excellent tool.

The amount of profit allotted to each unique piece of stock is known as the earnings per share (EPS) of a corporation. For investors and stock market traders, the phrase has a lot of significance. One may argue that a company's profitability is correlated with its earnings per share. It is recommended to utilize the weighted ratio for computing the EPS. Because the number of outstanding shares might fluctuate over time, it is best to utilize the weighted ratio when calculating EPS.

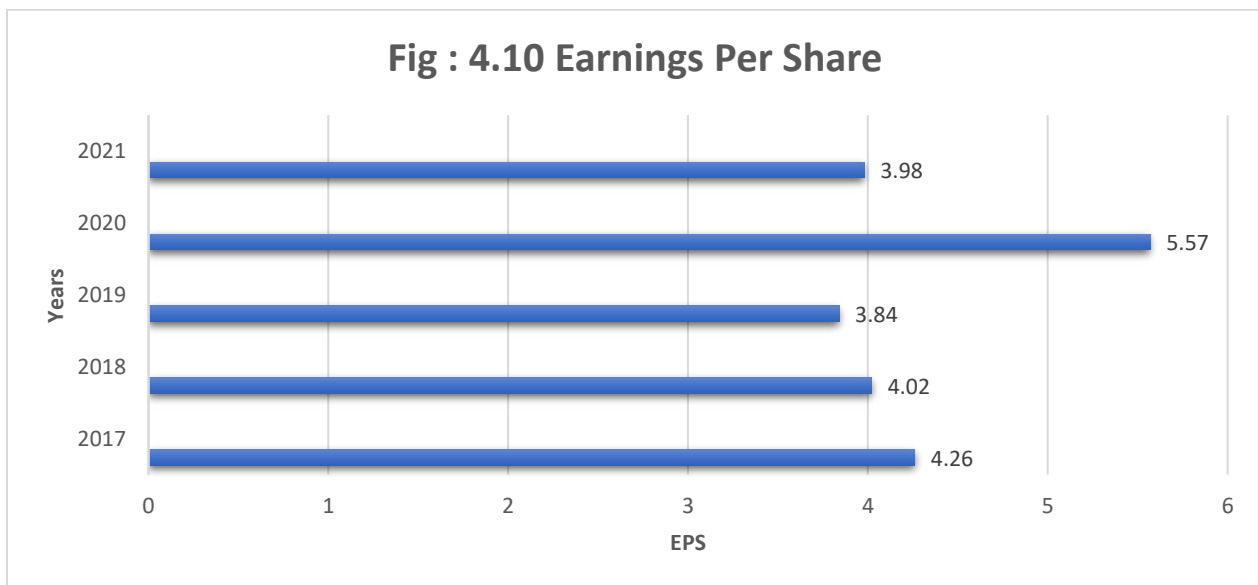
- A company's net profit is divided by the number of outstanding common shares to arrive at earnings per share (EPS).
- EPS, a popular statistic for determining corporate value, also shows how much money a firm produces for each share of its stock.
- Because investors would pay more for a firm's shares if they believe the company has larger earnings relative to its share price, a higher EPS denotes more value.
- EPS may be calculated in a number of ways, such as on a diluted basis or by omitting unusual items or ceased activities.

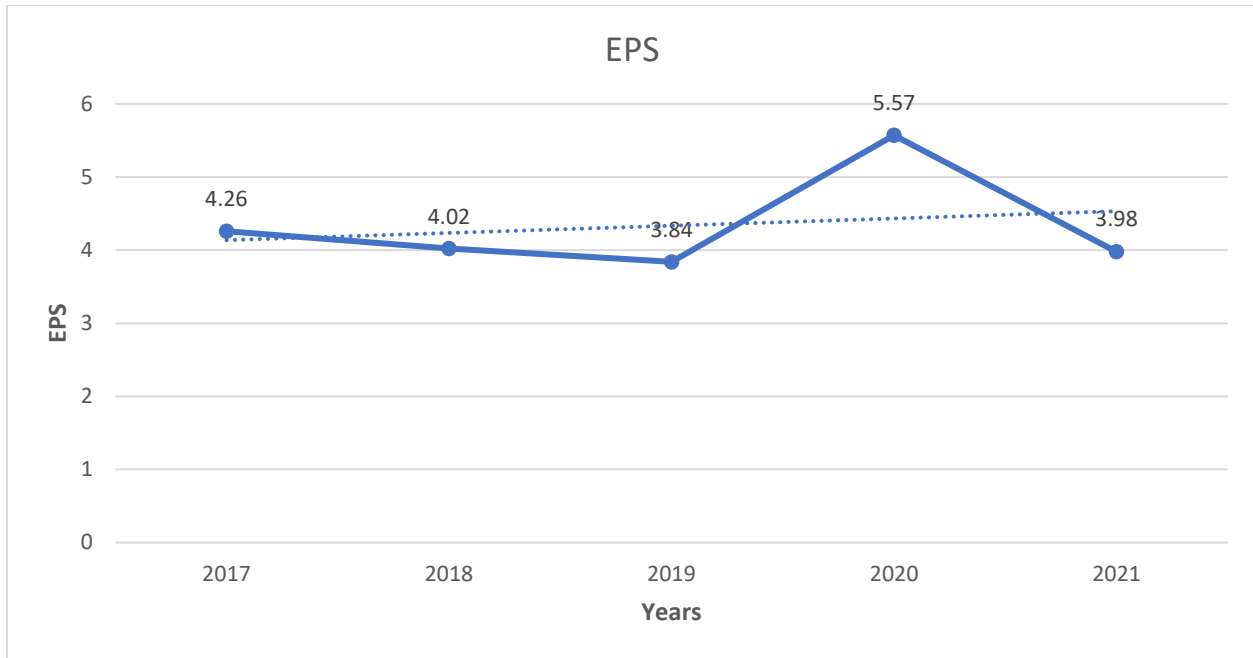
$$\text{Earnings Per Share (EPS)} = \frac{\text{Net profit}}{\text{Total No. of Shares}}$$

Table-4.10: Earnings Per Share

Year	Earnings Per Share	Growth
2017	4.26	1.59
2018	4.02	
2019	3.84	
2020	5.57	
2021	3.98	

Source: Annual Report (2017-2021)





Source: Annual Report (2017-2021)

Interpretation: EPS indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value. The graph depicts the observation of Return On Equity percentage for IDLCSL during the time frame of 2017 to 2021. The higher the EPS the better it is for a company. From the graph it is seen that the EPS is highest at the year of 2020 at the value of 5.57. Later on the year 2021 it again decreases to its previous stage. During the pandemic I think the share value was decreased to a lower amount and the company was able to keep the higher value of share and maintain balance at the year of 2020.

Chapter -V

Findings, Recommendations and Conclusion

5.1 Findings of the Report

The findings that I have summarized from the report are listed below, I believe this will provide a bird's eye view of my overall findings from the report.

- With the exception of 2019, when there were pandemics throughout the world and they hindered the company's financial operations, IDLCSL's Total Assets, Owners Equity, and Total Equity have been rising slowly and steadily over the last five years.
- The net income and income on investment of IDLCSL have changed significantly during the last five years. In 2017, it was making a solid profit, but from 2018 to 2019, it started to significantly lose value. Due to local responsibilities as well as worldwide pandemic conditions, it faced a significant value decline in 2019. Later, the business is attempting to eliminate that position while saving money and seeing a modest and steady increase in income.
- By examining the ROA figures, it can be concluded that the ratio is now in good shape. I can see from the graph of total assets that the company's assets are growing every year. However, it did not see a big return on its assets over the course of three years (2017–2019), which was not a favorable indicator. The return on assets will improve over the next couple of years, and the assts will climb over the course of the last few years as the ROA continues to grow steadily.
- The business's ROE has the same ROA characteristics as in 2017, when the firm had a high return on its equity. Its worth declines noticeably during the pandemic, and subsequently the corporation is working to recover and keep a constant number in case they want to regain their ROE.
- In case of margin ratios operating profit margin plays a significant role to determine the profitability of the company. By analyzing the performance of the company its seen that the operating profit margin ratio is maintain a steady value over the last 5 years though it degrades a little bit at the year of 2019. But I must say it's a great performance as compared to other brokerage companies considering the situations.
- The net profit margin has a noticeable change starting from the year 2019. The company faced a significant degraded amount of net profit margin at 2019. Before that it was going on a good margin. But it is increasing over the last 2

years and keeping a steady value which is obviously a great performance and also its maintaining the safe value to face any situations like the pandemic. From that I can say the financial health of the company is really good now. By tracking increases and decreases in its net profit margin, the company can assess whether current practices are working and forecast profits based on revenues.

- Like other financial metrics, earnings per share is most valuable when compared against competitor metrics, companies of the same industry, or across a period of time. By analyzing the EPS of five years for the company IDLCSL, I can say that it is in a balanced situation. It decreased at the year 2019, but in 2020 it could maintain a higher share value to recover the loss of 2019 and later on it goes back to its balance situation to maintain a steady performance of the company.

5.2 Recommendation

My internship experience felt a few minor changes might help the company/organization to perform more successfully.

- The corporation has to concentrate more on internal variables since they determine profitability.
- For potential pandemic and lockdown situations, a skeleton and non-skeleton squad can be assembled. Whereas the non-skeleton team can service the clients by working from home, the skeleton crew may physically attend the workplace.
- The company's ROA and ROE are 6.13% and 8.82% respectively which are regarded to be in decent shape but not outstanding shape. The company should put more effort into increasing its profit margin or utilizing its assets to generate sales in order to maximize the return on its assets and equity.
- The EPS growth for the corporation is not strong enough to keep a good figure. If the number of shares is same, the corporation should concentrate on raising its revenue.

5.3 Internship Experience

I worked as an intern at IDLC Securities Limited as part of this program in the company's head office in Dilkusha, Paltan, Dhaka. Here, I learnt many viewpoints and gained insight into working in a professional setting. I've outlined my internship experience below:

Internship Position

I joined as an intern in IDLC Securities Ltd. and my given department was “Accounts & Finance”

Responsibilities

- Making Bank reconciliation statement
- Making Real Time Gross Settlement (RTGS)
- Making BFTN
- Give deposit entry
- Different voucher entry (Debit voucher, credit voucher, journal voucher, Vat tax voucher, payment voucher)

5.4 Conclusion

This study empirically investigated the determinants of brokerage companies' profitability at IDLC Securities Ltd. Brokerage companies' main profit comes from net commission income. IDLC Securities Limited always maintains its position on the list of top brokerage companies. Based on the findings and analysis, one can conclude that the findings of this paper show the company's profitability evidence, where internal evidence of broker size has a positive impact on profitability and capital adequacy has a negative impact on profitability ROA and ROE. My report shows the overall profitability ratios of IDLCSL and how the company faced devastating hurdles in 2018 leading up to 2019. On the contrary, I can say that the company is going through its recovery period and improving day by day. But business is always unpredictable, and one needs to adapt to survive. IDLCSL has made a remarkable comeback in the year 2021. During my 3 months of the internship program, I gained some practical knowledge about their activities. This report was completed as a requirement for the completion of a bachelor's degree. The essential objective is to give work experience to the students and the chance to apply theoretical information in real life. It leaves room for further study.

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