



Daraz

Internship Report

On

“Financial system of Daraz Bangladesh Limited”

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



Daffodil
International
University

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Submission date: 15/01/2023

Letter of Transmittal

Date: 15/01/2023

To

Professor Dr. Mostafa Kamal

Dean, Academic Affairs

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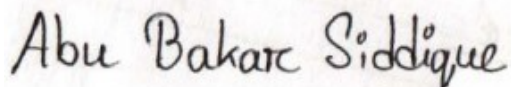
Daffodil International University

Subject: Submission of Internship Report on “Financial system of Daraz Bangladesh Limited”

Dear Sir,

It is my pleasure that I have completed my internship report and prepared in this way to submit my report about “Financial system of Daraz Bangladesh Limited”. According to the instructions I worked in the Taxation sector of the finance department at Daraz Bangladesh Limited. I have really enjoyed the atmosphere of the Daraz Bangladesh Limited Head Quarter. I have tried my best to present the experience I had experienced while I was preparing my report. I have really enjoyed my internship period over there. It helped me gain knowledge about practical work. This report is along with all the necessary information. This is submitted to you for your assessment. I really hope that you will appreciate my effort.

Sincerely Yours,



Abu Bakar Siddique

ID: 191-11-6153

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Supervisor's Certification

This is to certify that the report on this topic on “Financial system of Daraz Bangladesh Limited” has been prepared by Abu Bakar Siddique, ID: 191-11-6153 from Daffodil International University and which has only been prepared for the partial fulfillment for the degree of Bachelor of Business Administration (BBA).

The Report Has been prepared under my supervision. The report supports the topic title and fulfills the requirements. Hereby, I accept the successful completion of the BBA program.

The issue has been submitted to the internship report, the standard, and the rank of the organization.



Professor Dr. Mostafa Kamal
Dean, Academic Affairs
Department of Business Administration
Faculty of Business & Entrepreneurship
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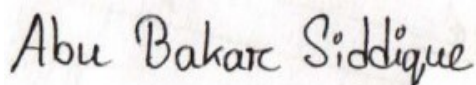
Declaration of the Student

I hereby declare that the Internship report entitled “Financial system of Daraz Bangladesh 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 Daraz Bangladesh Limited, Asfia Tower, Road-11, Banani, Dhaka-1213 under the escalated supervision and direction of Professor Dr. Mostafa Kamal, Dean, Academic Affairs, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University

And Mohammad Sohel Rana, Senior Manager-Taxation , Daraz Bangladesh 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.



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Acknowledgment

As a Bachelor's program student, the Internship is the most crucial part of completing the requirement of the course. In regards, I want to thank all my Daffodil international university faculty members who support me in completing this report successfully.

For the Successful ending of this internship report, first of all, I would like to thank almighty Allah. And I will also thank my respected supervisor for this report, Professor Dr. Mostafa Kamal, who always gave me the support I needed, effort, and wise instruction to reach the highest level to complete my report.

Finally, I am additionally grateful to every one of my colleagues who supported and encouraged me all through the span of my job period consistently. Lastly, I feel fortunate for getting the support, supervision, and guidance of my teachers, coworkers, and friends who have helped me through my internship period.

Executive Summary

Daraz Bangladesh is essentially an e-commerce firm that gives convenient online shopping opportunities to its buyers and an online showroom to its sellers. The organization trusts that the e-commerce segment in Bangladesh will blast in the not-so-distant future in view of technological progression and accessibility of the web. Thus, it chose to get the early market in the business so it can pick up clients' validity and has the first mover advantage.

Nevertheless, considering some critical components like the time of delivery, product quality, value creation, and price which are identified with consumer experience are analyzed thoroughly in this report by gathering information from primary and secondary sources. The sources contained reviewing clients, surveying customers, site substances, write-ups, and meeting with existing representatives. This report has explored every one of the data gathered from different sources that comprehended the primary factors that are influencing the organization's financial system. Some of the findings from this research include how customers find elements such as promise fulfillment, online platform design, payment system, etc. important. The level of their expectation regarding such factors has been measured by an importance scale. Thus, from this report, a brief idea can be gathered on The Finance Process of Daraz Bangladesh Limited.

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Chapter-1
Introduction

1.1 Introduction:

E-commerce stands for any commercial or business transactions directed over the internet. It is the combination of a large range of different processes, for example, World Wide Web, applications, electronic mail, data interchange, etc. which together construct e-commerce. Using e-commerce is helping develop efficiency and other aspects of many businesses. Moreover, the process of e-commerce can save both time and money for its users by bringing all the services closer to people's doors. An online marketplace provides a buying and selling opportunity to people without the hassle of visiting any physical marketplace. People now have access to a wider variety of goods and businesses as internet stores proliferate. Customers now have greater access to information, which makes making decisions much faster. They can assemble and analyze a lot of data in a short measure of time without being disturbed by salespeople in comparison with any physical shops.

1.2 Origin of the Study:

As a developing country, Bangladesh has a lot of potentials to grow in different fields and e-commerce is one of those sectors. The e-commerce industry is very new, having supposedly started in the 1990s, but it is swiftly becoming popular. Gradually the ICT ministry of Bangladesh has been taking many initiatives for making the e-commerce sector more popular, for example, bringing in payment gateway options. Additionally, as the price of computers and the internet has come down over time, more people are engaging in online shopping. Thus, a lot of e-commerce brands have now emerged both internationally and nationally.

The first step in establishing and conveying an appealing web relationship that is likely to have the most profound impact on internet clients is differentiating the web encounter segments and recognizing their role as contributions to the basic leadership process of the online client. Brick-and-mortar businesses that provide a dominant Web experience have an impact on the perceptions and behaviors of their in-person clients, increasing traffic to traditional retail shops. There is debate over the factors influencing the behaviors and interfaces of online buyers, where there are some obvious parallels and differences. Despite the fact that there is no consensus on what customer experience means in writing, it is generally recognized that it is a complex concept and should not be equated with usability or user interface in general.

1.3 Objective of the study:

General Objective:

Daraz is the single biggest marketplace in Bangladesh. However, this has a complex organizational structure. Which results in a complex reporting system too. I have been working in Daraz for the last 3 months and for this internship period I chose to work in Finance. Daraz's Finance is the most complex financial management system out there. It has its own data warehouse system, a state-of-the-earth ERP system, a Payment collection system, a Vendor payment disbursement system, and its own reconciliation system. In my 3 months tenure in Finance and accounting, I learned a lot about revenue recognition and the finance system. Through its own finance processing system, Daraz recognizes its revenue according to the standard of IFRS 15.

Here I will discuss the financial system of Daraz Bangladesh Limited.

Specific Objectives:

- To analyze the financial condition of Daraz Bangladesh Limited
- To get an understanding of the Financial system of Daraz
- To determine the significance of the Financial system of Daraz Bangladesh Limited
- To Address the problem regarding the Financial system of Daraz Bangladesh limited Along with the recommendation.

1.4 Methodology of the Study:

The methodology is a way to systematically solve problems of a study or any research. Data analysis was conducted for the information comparison and was included in my report. The information and data comparison is based on the company's internal report and a few other papers. This report is prepared based on my regular experience from the job survey which I conducted for the finance department of Daraz Bangladesh Limited.

Primary sources:

- On-the-job experience
- Survey report
- Findings from the interview
- Global and internal reports

Secondary sources:

- Daraz.com.bd
- Publications of different dailies and internet resource

1.5 Scope of the Study:

It was a great opportunity to learn about this sector in a better way. Also, the survey helped me to get an insight into the real perception of customers and Vendors involved with the process. Overall, a good way to get a better insight into the industry.

1.6 Limitations of the Survey

Few limitations I have faced while making this report.

- Many internal Data were not allowed to be used due to organizational policies
- As it is a growing sector, the change in this industry is unstable and sometimes rapid. So, the findings can be changed.
- Not enough reports are available on the current situation of e-commerce in Bangladesh.

Chapter-2
Company Overview

Daraz Company Ltd

In 2015, Daraz.com.bd, an online marketplace akin to a virtual mall, is the fastest-growing platform for delivering the newest domestic and foreign goods to Bangladeshi consumers. People can choose their preferred goods from a variety of different categories using the same e-commerce model as amazon.com. Daraz was founded in 2012 by the German investment company Rocket Internet. Daraz experiences a brief period of annual growth between 350 and 400%. Beyond Bangladesh, Sri Lanka, Pakistan, Nepal, and Myanmar are connected via Daraz.com. Of all these countries, Pakistan's Daraz.com.pk appears to be the most lucrative. In May 2018, Daraz Group was acquired by Alibaba Group, the biggest e-commerce business in China. Daraz currently operates under Alibaba under the same brand name..

2.1 Company Profile

One of the most well-known and significant websites in the current e-commerce industry is daraz.com.bd. Daraz Bangladesh started operating in 2015, and since then the company has considerably grown (The Daily Star, 2015). It is a lot more than just a rocket internet project. More well-known businesses include Foodpanda, Everjobs, Jovago, etc. Daraz essentially creates an online marketplace that enables numerous businesses to sell their goods through a website while giving clients a centralized location to shop from all of their preferred brands. Daraz.com.bd provides a selection on its website, and a variety of items are available, ranging from electrical products to fashion accessories. In Bangladesh, the business focuses on online B2C and B2B sales.

Since offering the best quality products and services is every company's top priority, it is vital to know what can be done to improve consumers' experiences in this area. This study will examine the financial system in place at the time in Daraz Bangladesh and determine the components that make up the financial system. Based on information from the company and a study that indicates consumer perceptions and expectations, this study is finished.

Daraz Bangladesh is a component of Rocket Internet, a globally influential incubator for emerging entrepreneurs engaged in online commerce. In Bangladesh, Daraz Bangladesh started operating in 2015. It has been growing swiftly and has seized the top spot in this industry. Young, active, and entrepreneurial people work for Daraz Bangladesh. They are keen to share innovative web concepts with Bangladesh's rapidly evolving market. Daraz is presently concentrating on expanding its business operations in Bangladesh. Bangladesh is a developing country with excellent development possibilities. It is a great location to put money to work. In any case, the

globe is progressing, but Bangladesh seems to be making the best of its circumstances. However, a change appears to be on the horizon as more organizations seek to go online, which is boosting productivity. The majority of company divisions profit from this. Moreover, a new section called "online business" has been developed in light of the changes and advancements that websites offer. The idea of conducting business online or exchanging information electronically is not new; it has been around for a while. E-trade was only getting started, but now it is accessible anywhere in the world. E-commerce is gaining a whole new market to operate on thanks to globalization and rising development in our nation. Online marketplace Daraz Bangladesh is a company that conducts business online. It is a shopping center that offers a variety of options, such as clothing for men, women, and children, sporting goods, video games, home goods, and lining products. Daraz enables its clients to enjoy incredible shopping experiences by having their orders delivered right to their front door. They keep expanding their reach to include the newest tools, fashions, and goods. Bangladesh is home to a sizable population, which attracts a sizable number of merchants to sell their wares. However, a sizable portion of our population is still uninformed about internet purchasing possibilities and requires instruction in using them. A significant portion of the population is unaware of how to use the internet, which is problematic for online enterprises. Although Bangladesh's government is working to make sure that everyone has access to the internet, there is still a long way to go. The best thing is that the online community is gradually expanding thanks to this access. Factors influencing Daraz Bangladesh's customer experience 7 Daraz is a platform for sellers and buyers where the sellers can showcase their goods and the buyers may buy everything at once. It is a B2C internet offering, and clients appear to have a favorable opinion of this business strategy. Daraz aims to broaden its consumer base even more by adding additional retailers to the marketplace. It is a location where customers can simply locate sellers and select from a wide range of goods.

There are eleven broad categories of products available at Daraz now and these are-

1. Fashion products
2. Phones & Tablets
3. Sports & Travel
4. TV, Audio & Camera
5. Computing and Gaming
6. Home & Living
7. Baby, Kids, and Toys
8. Beauty & Health
9. Appliances
10. Grocers shop

To satisfy customer demand, these categories are frequently changed. Additionally, the addition of food products in the middle of 2017 has been quite recent and has been very successful in the Bangladesh market. Daraz always aims to provide the best customer service and to make the system as convenient as possible. Customers can select their chosen payment method from a variety of options, for instance, Bkash payments, card payments, etc. Daraz also offers cash-back incentives to customers who return products within 7 days after purchase.

2.2 Parent Organization

Rocket Internet, a German-based corporation that was founded in 2007, has grown its operations all over the world. This corporation is recognized for investing in business proposals, the majority of which originate from wealthy nations. The company then tests out such concepts by putting them into practice in poor nations. Rocket Internet emulates the strategy of establishing businesses on the foundation of successfully implemented internet-based strategies. The organization concentrates on several well-known industries like groceries, fashion, food, travel, and general retailing, as shown by Rocket Internet's budgetary articulations. In addition to the businesses in the five business divisions, Rocket Internet also claims shares in businesses at various phases of development, from recently launched models to businesses that are gaining authority or are still expanding their own reach. Among the well-known businesses of Rocket Internet are -

- Delivery Hero
- Easy Taxi
- Jumia
- Lazada
- Hellofresh
- Lamoda

This company has been the parent of hundreds of businesses under the tagline "We develop companies." This business has expanded to more than 50 countries in just 10 years. Rocket Internet is an e-commerce retailer and venture financing firm. Bangladesh is a growing country that this corporation is interested in exploring, and Rocket Internet has already established some enterprises there. This company has invested in numerous projects here because our nation swiftly embraced the online trend and the market has been expanding ever since. Several instances of that include -

- FoodPanda – an E-commerce Food Store
- Carmudi – an E-commerce Car Store
- Daraz – an E-commerce Marketplace
- Lamudi – an E-commerce Real Estate
- Jovago – an E-commerce Hotel Booking
- Everjobs – an E-commerce Job Site

WE FOCUS ON FIVE KEY REGIONS...



ventures of rocket internet

2.3 Mission

The mission of Daraz is to become the most popular online retailer in Bangladesh, provide clients with access to all essentials, and identify the best local vendors to feature their wares on the Daraz website.

2.4 Vision

The vision of Daraz Bangladesh is to "be the best marketplace by providing exceptional services to all of our vendors and customers."

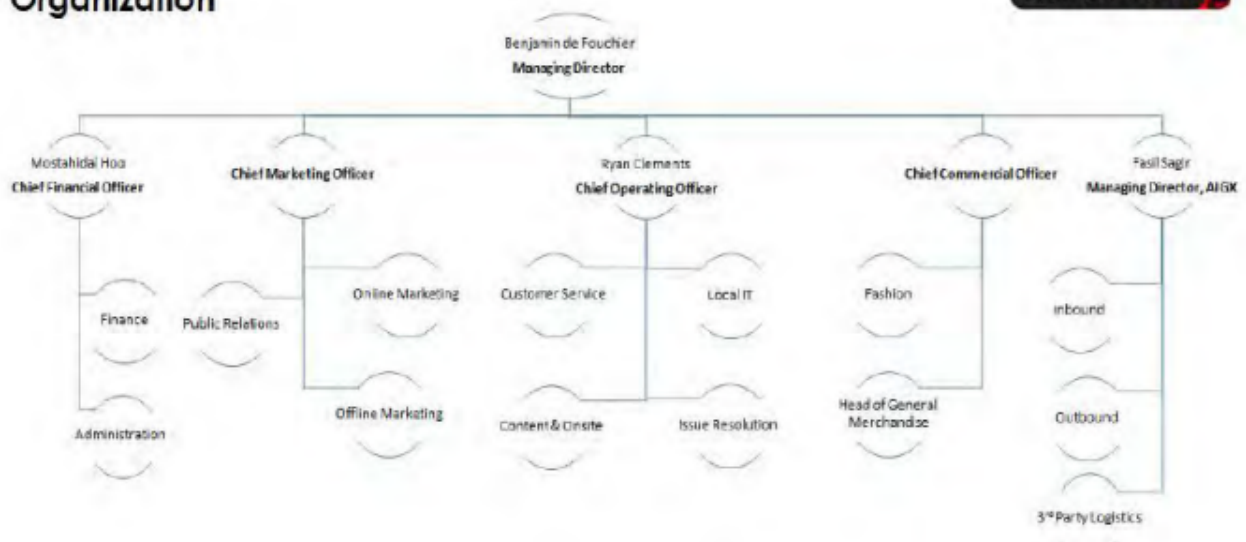
2.5 Daraz Bangladesh Crucial Departments

Each organization needs a progressive structure of some kind, depending on its size, to minimize the operation effectively. Without the appropriate authoritative strategies, the association finds it extremely difficult to implement operational processes and achieve its goals. Daraz has several specific divisions with the necessary people and manages its operations efficiently despite being an international organization. Below is a list of Daraz Bangladesh's principal departments.

- Administration
- Business
- Development
- Customer Service

- Commercial
- Category Management
- Graphics and Design
- Human Resources
- Information Technology
- Issue & Resolution
- Finance
- Operations
- Onsite and Content Management
- Sales Management
- Marketing
- Public Relation

Organization



Daraz Bangladesh Departments

2.6 Outline of Finance Department

The Finance team of Daraz Bangladesh is the biggest department of the company which consists of many departments within it. A brief idea of the organogram is given below but the full outline is mentioned in the appendix section.

- Chief Financial Officer
- Manager
- Assistant Manager
- Senior Executive
- Executive Officer

There are Mainly 6 different sectors in the Finance department. They Are:

- Asset & Treasury
- Retail
- Commercial Finance
- Logistics Finance & Audit
- Taxation
- Customer prepayment & Refund

Main Finance is Processed By these Teams & they are connected with each other.

Chapter-3
Job Description & Observation

3.1 Description/Nature of the job

In the Finance department, I was required to carry out a variety of job duties during my internship program. I also made an effort to match those tasks to my theoretical understanding, but it's crucial to note that practical experience paints a true image of each company's operational procedures and aids in evaluating all the actions taken by the particular firm. The Asset & Treasury team, Retail team, Commercial Finance team, Logistics Finance & Audit team, Taxation team, and Customer prepayment & Refund Team are all essentially included in this department.

3.2 Specific Job Responsibilities

I discovered that there are a few work duties I must complete in order to learn and get experience throughout my internship program. From my experience, I must say that every assignment was extremely important, thus I made a lot of effort to comprehend everything and perform my duties flawlessly. Additionally, I made an effort to compare those assignments to my theoretical knowledge and discovered that they were pretty comparable to what I had learned in my finance and accounting courses. But it goes without saying that real-world experience gives a true image of how each firm operates and aids in evaluating every step of the particular organization while carrying out one's duties.

Specific tasks that I have performed are mentioned below:

- In Team sales, I helped my seniors to collect cash and count them and confirm the safety of the notes and check properly.

- Received cheque from the client and submitted to the bank for clearing.

- I received collection reports from other branches and accumulated them to make them eligible for ERP reporting

- I need to confirm the amount by checking the bank statement deposited by 3rd party of a business partner

- I need to export all the sales data delivery performed in the specific time period.

- Create payable for those sellers and help to schedule for payment.

- Send details along with the amount to the payment officer for making the payment to the seller properly.

- Cross-check all the deposit slips sent by the various branches with Bank provided statements for specific days.

- Cross-check the prepayment done by the customer and recon with sales data

- Cooperate with the Bank for any quarries in the short term.

- Maintain overall accuracy and integrity of the general ledger, and ensure that financial statements are GAAP compliant

- Create and monitor a system of controls, procedures, and forms for the recordation of fixed assets.

Record fixed asset acquisitions and dispositions in the accounting system.
 Calculate depreciation for all fixed assets and Review and update the detailed schedule of fixed assets and the accumulated depreciation.
 Help with accounts receivable management

3.3 Knowledge Gathers from Duties

End of work I earned knowledge about:

- ✓ the revenue collection process for E-commerce.
- ✓ the sources and the multiple ways of collecting revenue.
- ✓ End of work I earned knowledge about the process of payment to the seller
- ✓ The way to create a schedule of payment for the seller
- ✓ How to reconcile the huge amount of data and trace it specifically once.
- ✓ The policy follows E-commerce for making payments to sellers
- ✓ At the End of work I earned knowledge about cooperation with the bank
- ✓ Reconcile the discrepancy if you arrive.

Mostly dealing with the bank for any kind of issue arising through the banking channel.

Internship Duties & Responsibilities

3.4 Internship position and duties learning point:

The duration of my internship was three months. I finished my task on time as a result. During the internship, I made every effort to gather information. Over the course of time, I collaborated with every division.

Department: Accounts & Finance	Time Duration
Team Sales	30
Team Payment	20
Team Banking; EMI	16

I had a schedule during my internship and worked with the team for 50 hours (10 hours per day, five days a week). I took part in the department's daily operating tasks both directly and indirectly.

3.5 Specific responsibilities of the Jobs:

I don't have a specific role in the office as an intern. Almost all Teams' operations were under my observation. I must, however, also complete some specified chores.

Team Sales:

1. In Team sales, I helped my seniors to collect cash and count them and confirm the safety of the notes and check properly.
2. I often go to the bank to deposit that money into business Accounts
3. Received cheque from the client and submitted to the bank for clearing.
4. I received collection reports from other branches and accumulated them to make them eligible for ERP reporting.
5. I used to check the Bank deposit statements and reconcile them with the report that came from another branch.
6. I need to confirm the amount by checking the bank statement deposited by 3rd party of the business partner.
7. I traced all the issues that happened during the delivery process and noted them for further processing.

My primary responsibilities included gathering cash, depositing it, collecting sales data from other locations, accepting third-party checks, and putting those into a business bank account..

- End of work I earned knowledge about:
- The revenue collection process for e-commerce.
- The sources and the multiple ways of collecting revenue.

Team payment:

They used to work for seller payment in team payment and reconcile for the packages they delivered.

1. I need to export all the sales data delivery performed in the specific time period.
2. I need to help with the reconciliation of those with actual delivered Order no and confirmed all those are performed and delivered properly and collected amount for those.
3. If there is any return or other issue I need to trace out and make sure no Payment for those orders.
4. Create payables for those sellers and help schedule payment.
5. Send details along with the amount to the payment officer for making payment to the seller properly.
6. Liaison with the seller representative for any kind of issues that arise.

Making a list of sellers, reviewing the data that seniors had produced, balancing the order for the particular seller, helping to arrange payments, and creating payables for particular time periods were the key tasks I completed.

- End of work I earned knowledge about the process of payment to the seller
- The way to create a schedule of payment for the seller
- How to create payable for specific time lapses
- How to reconcile a huge number of data and trace specific ones.
- The policy follows e-commerce to make payments to sellers.

Team Banking:

A highly skilled and significant team in accounting and finance is team banking. They serve as all other people's connection points. carrying out tasks related to banking channels, making payments, receiving payments via banking channels, all financial distributions, EMI facilities, etc.

1. I need to check the Banking payment confirmed by 3 rd party by seeing the bank statement.
2. Cross-check all the deposit slips send by the various branches with Bank providing a statement for specific days.
3. If any discrepancy is found I need to mark and recon with the depositor and find out the actual issues.
4. Cross-check the prepayment done by the customer and recon with sales data.
5. Cooperate with the Bank for any quarries in the short term.
6. Reconciliation of the EMI facility for client and end of the month I need to perform recon and make payment details along with all EMI data for merchant payment to the bank for EMI facilities.

The essential tasks I checked the bank statement and comparing the deposit slips that various branches had sent. Third-party banking confirmation, processing of short-term queries by the bank, and the majority of customer-facing EMI facility duties

- End of work I earned knowledge about cooperation with the bank
- Cross-checking the banking statement for better confirmation
- Reconcile the discrepancy if you arrive.
- Providing EMI facility to e-commerce customers.
- Make payment details for the EMI facility to the bank.
- Mostly dealing with banks for any kind of issue that arises through the banking channel.

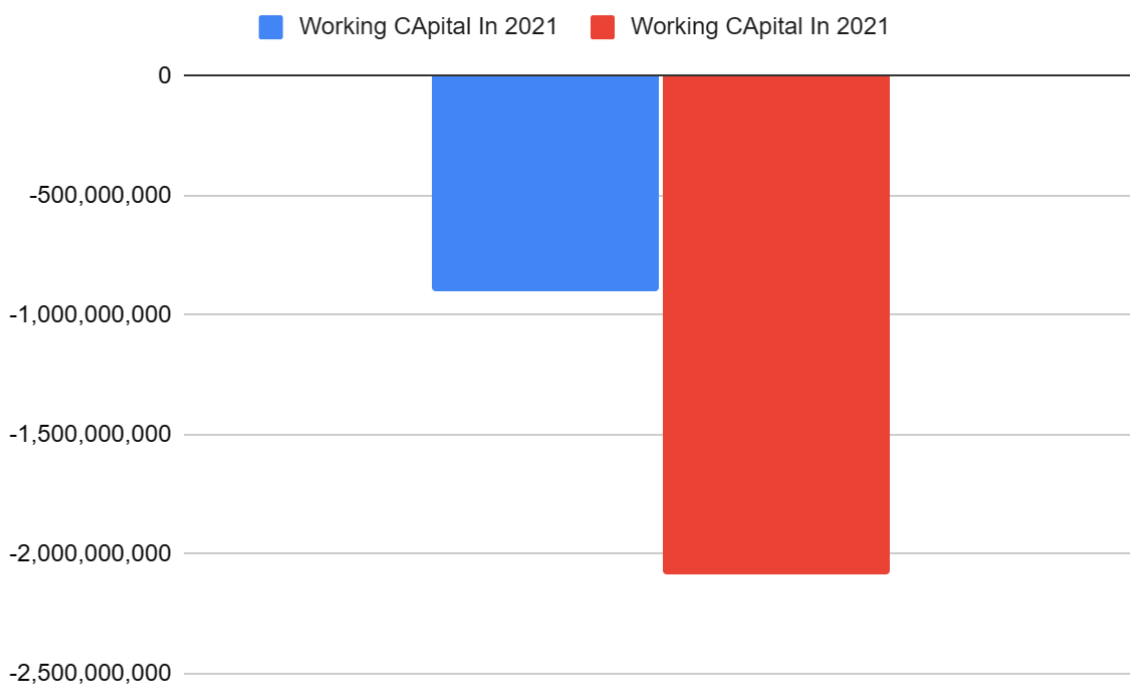
Chapter-4
Finance System of Daraz Bangladesh Limited

4.1 Daraz's Working capital

Daraz's Current assets in 2021 was 1,044,616,045 and in 2022 were 1,094,687,378. Its Current Liability in 2021 was 1,941,215,233 and in 2022 is 3,181,281,248.

So, Its working Capital in 2021 was = $(1,044,616,045 - 1,941,215,233)$
= (896,599,188)

Its working Capital in 2022 was = $(1,094,687,378 - 3,181,281,248)$
= (2,086,593,870)



Here we can see Daraz's Current assets are less than its current liabilities. Therefore its Working Capital is Negative. This means Its Current Liabilities Exceed its current income and assets. Its Occurs When a company makes a large purchase, such as investing in more stocks, new products, or equipment.

4.2 Financial Data

Daraz's total equity in 2021 was (55,378,309) and in 2022 was (705,662,736). Daraz's Cash & Cash Equivalents in 2021 were 282,441,982 and in 2022 were 67,994,426. Its Short term investment in 2021 was 80,000,000 and in 2022 was 0. Trade & other receivables in 2021 were 129,174,373 and in 2022 403,135,105. Advances & prepayment in 2021 was 256,397,917 and in 2022 was 428,804,367. Its inventory in 2021 was 296,601,773 and in 2022 was 194,753,480. Its Long Term Deposit in 2021 was 44,810,219 and in 2022 was 143,750. Its Interest expenses in 2021 were 59,749,264 and in 2022 52,971,954. Its Total Assets in 2021 were 2,577,170,568 and

in 2022 3,048,928,904. The total liabilities of this company in 2021 were 2,632,548,877 and in 2022 were 3,754,591,640.

4.3 Ratio Analysis

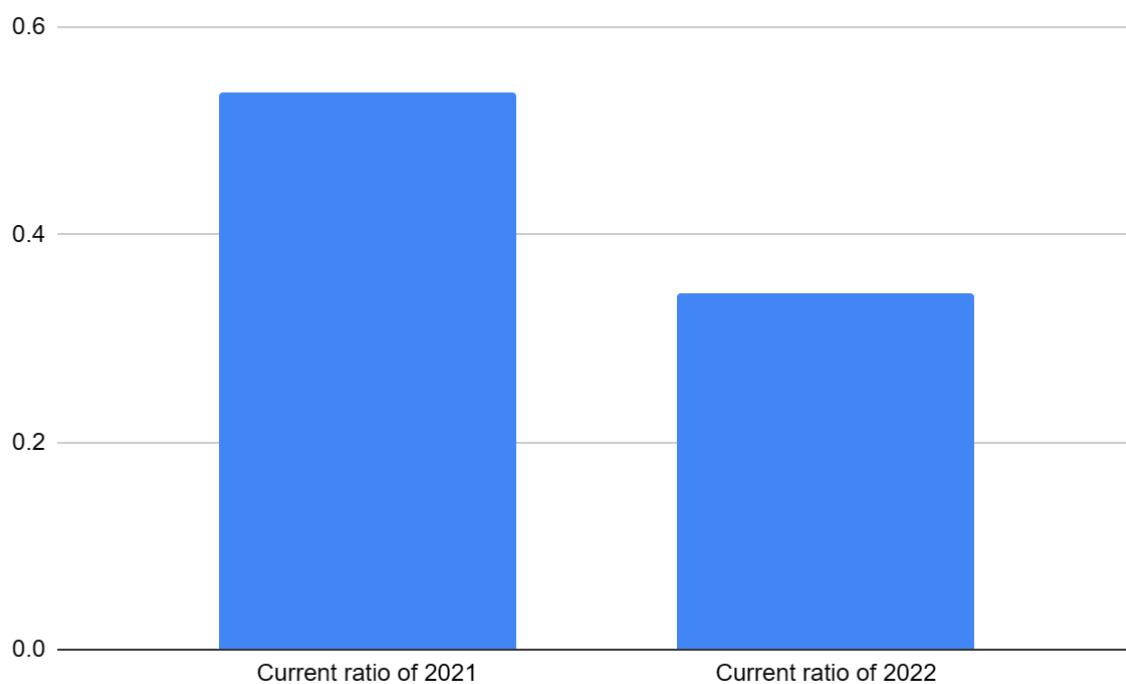
1. Current Ratio = Current Assets/ Current Liability

For 2021,

$$\begin{aligned}\text{Current Ratio} &= 1,044,616,045/1,941,215,233 \\ &= 0.538\end{aligned}$$

For 2022,

$$\begin{aligned}\text{Current Ratio} &= 1,094,687,378/3,181,281,248 \\ &= 0.344\end{aligned}$$



Here we can see, Current ratio is decreasing day by day.

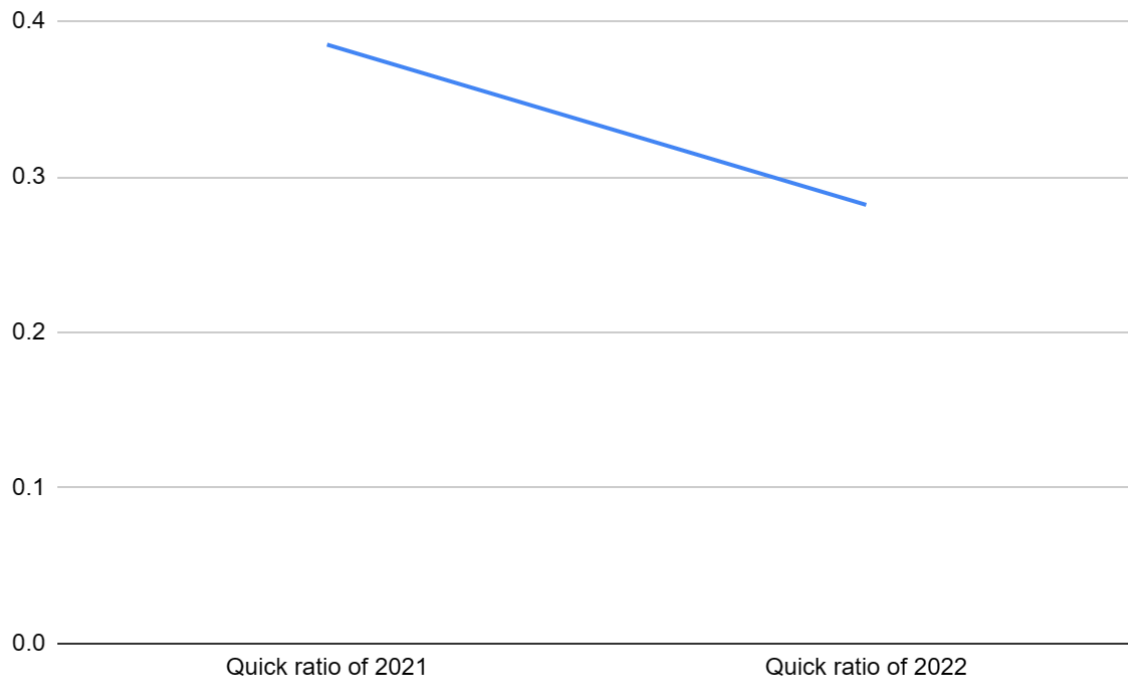
2. Quick Ratio =(Current Assets-Inventory)/Current liabilities

For 2021,

$$\begin{aligned}\text{Quick Ratio} &= (1,044,616,045-296,601,773)/1,941,215,233 \\ &= 0.385\end{aligned}$$

For 2022,

$$\begin{aligned}\text{Quick Ratio} &= (1,094,687,378-194,753,480)/3,181,281,248 \\ &= 0.282\end{aligned}$$



Here we can see, Quick Ratio is decreasing day by day.

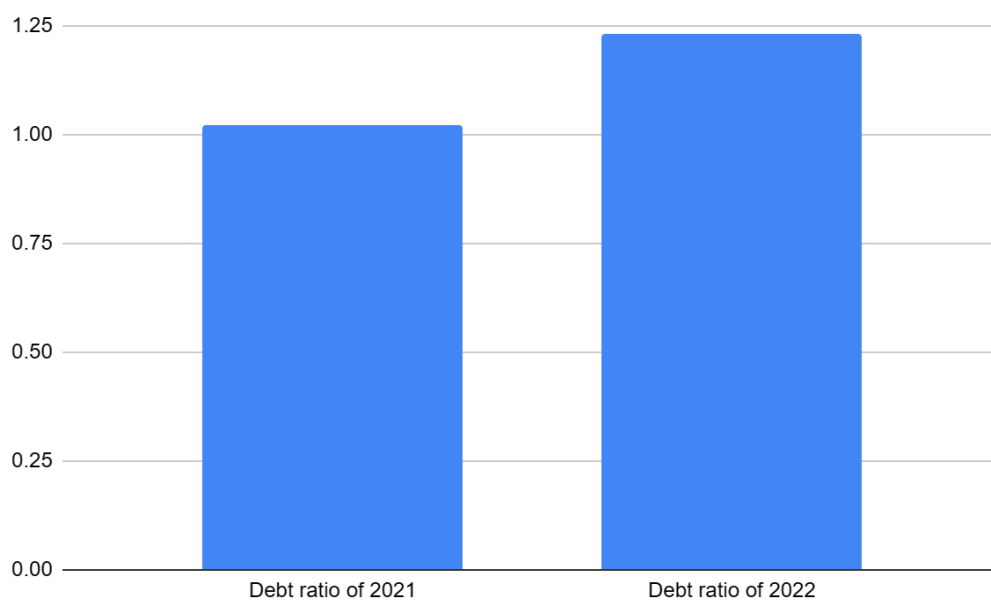
3. Debt Ratio = Total Liabilities/Total Assets

For 2021,

$$\begin{aligned} \text{Debt Ratio} &= 2,632,548,877 / 2,577,170,568 \\ &= 1.021 \end{aligned}$$

For 2022,

$$\begin{aligned} \text{Debt Ratio} &= 3,754,591,640 / 3,048,928,904 \\ &= 1.231 \end{aligned}$$



Here we can see, Debt Ratio is increasing day by day.

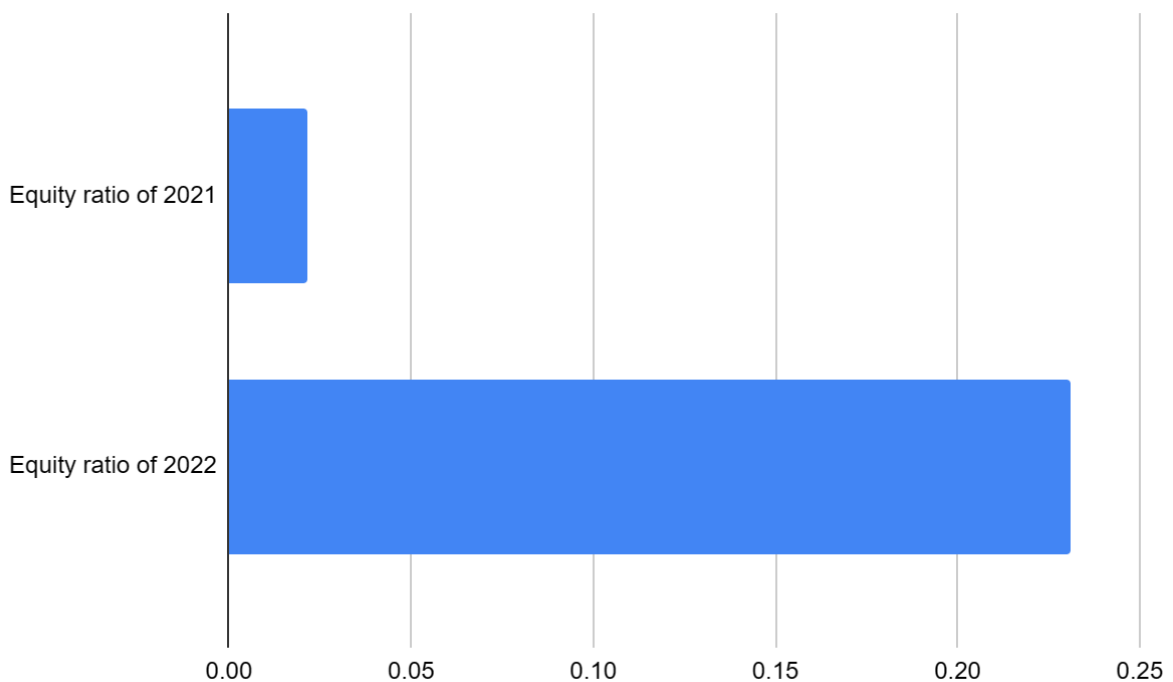
4. Equity Ratio = Total Equity/Total Assets

For 2021,

$$\begin{aligned} \text{Equity Ratio} &= (55,378,309)/2,577,170,568 \\ &= 0.0214 \end{aligned}$$

For 2022,

$$\begin{aligned} \text{Equity Ratio} &= (705,662,736)/3,048,928,904 \\ &= 0.231 \end{aligned}$$



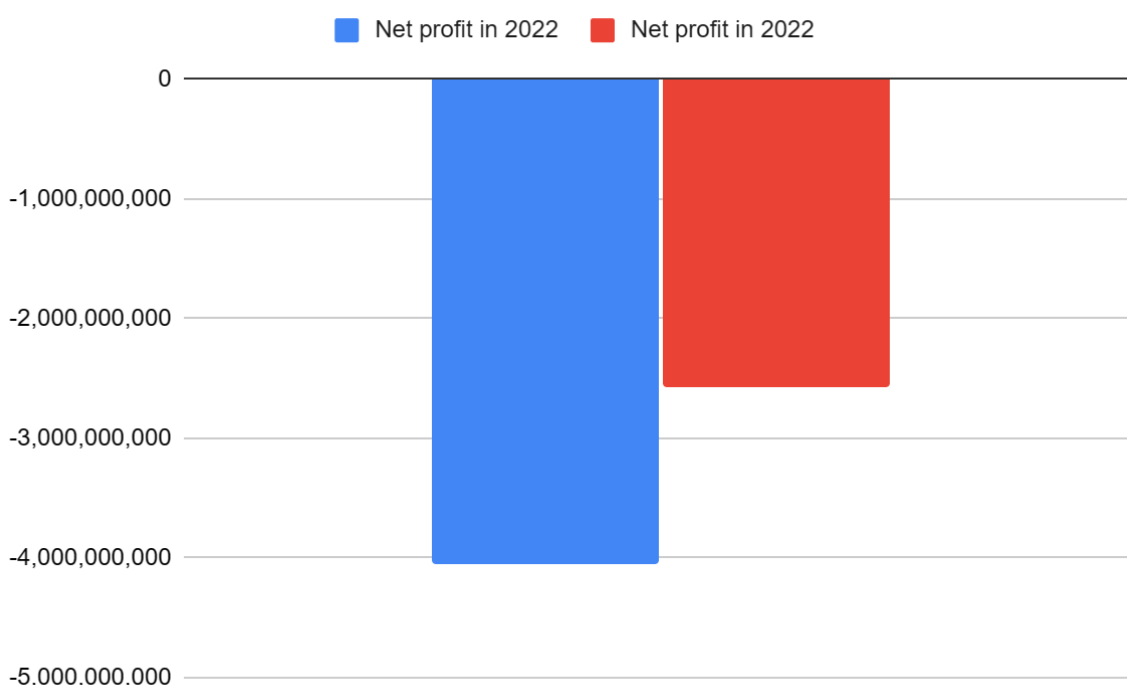
Here we can see, Equity ratio is increasing day by day.

4.4 Financial Condition

Here We will Calculate the loss & The profit -

Particulars	2022 Taka	2021 Taka
Sales Revenue	3,908,910,047	2,896,601,637
Cost of Sales	(2,149,855,855)	(2,108,835,205)

Fulfillment Expenses	(3,030,402,888)	(2,127,895,609)
Sales & Marketing Expenses	(1,933,591,307)	(886,178,608)
Product & Technology Expenses	(167,047,955)	(49,050,415)
General & Administrative Expenses	(661,511,102)	(274,985,104)
Other Income	4,094,035	3,088,713
Income Tax Expenses	(23,459,382)	(17,447,420)
Net Loss	(4,052,864,407)	(2,564,702,011)



So, Here we can see Daraz is Decreasing its profit and its expenses are greater than its Net revenue. But this Company increase its wealth as well.

4.5 Financial System & Activities

In the first month of my work in Finance, I worked with the cash collection team. This team gets cash collection reports from all 64 district hubs and recognizes them in the system. Daraz recorded the revenue on its book at the time of successful delivery when the contract was completed. This way the seller also gets paid a while later which we will recognize later.

In addition to the cash collection team, Daraz has another team that recognizes the revenue from prepayment. Currently, there are prepayment partners who collect the payment through a card and send it back to Daraz. In that case, Daraz also follows the same rule and recognizes the revenue after it is completed based on the contract completion rule with its customer.

However, Seller payment is another department that handles all seller payment-related issues. Commission charges, payment reconciliation, and penalty implementation happen in this department. I worked in this department in the second month of my internship.

Finally, in the last month of the internship, I worked in the Financial Reporting department. In this department, I learned mostly about trial balance, GL mapping, and Fixed asset recognition of Daraz. Learning about working capital management was also a significant part of the internship.

4.6 Payment Recognition

Collection and Payment recognition were the first part of my work. In the first month of the internship, I worked closely with the collection team and understood how they recognized the payment. In terms of payment, there are three ways that can happen

1. Own Fleet Cash Collection
2. Prepayment Collection
3. 3PL Collection

In the first part of the payment method, most people of Bangladesh love to pay through cash. I have seen that almost 60% of the payment is through cash. This indicates that in Bangladesh people are still very skeptical about E-commerce and don't want to pay upfront before receiving the product. In comparison to the last statement, there is another reason why cash collection is preferred. Being still a developing country, people in Bangladesh are still very hard cash-dependent. Access to payment services is still a very rare thing in Bangladesh in non-urban areas. Even though there are services like Bkash and Nagad very prominent in Bangladesh their usability in transaction-making is still very small. For example, most people use Bkash (Report, 2020) to transfer money from one sender to another. But they are not using the system to make payments online or make payments for their products. This indicates that the economy is still not ready for accepting e-currency as their daily method of payment. Data from Bkash indicates that of all (Report, 2020) transactions only 15% is used for digital payment the rest 85% is only for transfer. During my tenure, I learned how to collect payment and how to report it in the financial reports. I have learned different tactics for reconciling different hubs. I'm also accountable for the operation of the local hub balance. Finally, how payment service providers like

SSL-Commerce and Bkash send the money back to Daraz and how it gets reported was also key learning for me.

4.7 3PL Payment Settlement

Collecting money from 3PL was one thing, and paying them for their service is another. Settling 3PL payable is the most crucial part of Daraz. When it comes to paying 3PLs the first thing that comes to mind is the weight and dimension of the package. I have seen in my tenure that Daraz had a detailed Standard Operating Procedure for that. In that document, it is clearly mentioned what a 3PL will get in different scenarios. For example, if a package gets collected from inside Dhaka and goes outside Dhaka and based on the weight of the product it gets the payment. This SOP highly reduces the potential dispute among the 3PL partners and maximizes the outcome of 3PL logistics support. Because of this SOP and the signed contract of the 3PL partners, Daraz is the most trusted vendor for any 3PLs in Bangladesh. Daraz always gets the number one priority for any 3PL partners according to the Logistic Association Report of Bangladesh (ref). In my tenure, I learned a lot about 3PL settlement strategies and how they get reimbursed after delivery.

4.8 Vendor Operations Payment Management

The second most important thing that I learned in Daraz. The most important thing that I learned in Daraz is the cash payment of the vendors. Seller payment is the most important thing in an organization. There are currently 100,000 (Hoq S., 2021) active sellers in Bangladesh where regular seller payment has to be made without any delay. The other important thing about seller payment is that based on the payment, the sellers get reimbursed and get a new product to live in Daraz after the payment. In terms of selecting two parts, one is marketplace seller payment, and another one is retail seller payment. In terms of marketplace seller payment, Daraz pays the seller every 7 days. This is based on the revenue recognition model that we have talked about previously. When the statement closes after seven days, a seller receives the payment after the next working day. If I look into the data, then I can see that a seller receives payment and the satisfaction rate is 98% of all payments. This thing helps me understand how SOP works and how it creates trust among the stakeholders. This seven days seller payment method also creates trust among the customers too because when a customer knows that the seller gets paid after 7 days then they can fully trust the system and order the item knowing that they will get 7 days to return the product if there are any issues.

However, I have seen that disputes may arise in terms of paying sellers sometimes. Sometimes there are cases where customers wrongfully send another product in the box after receiving the right one. In this case, Daraz has a department where it gets

verified and checked. This department is called Issue Resolution. In this kind of situation, the issue resolution team steps in and sees whose fault it is, and instructs finance to make the seller payment if there is a fault from the customer. However, the issue resolution process is really smooth, and there is 97% satisfaction among the stakeholders. Even though these things are very beneficial for both customers and sellers, I have seen Daraz incur heavy losses on this because of reimbursement. However historical trends suggest that this issue resolution trend is slowly going down and people are becoming more educated while operating E-commerce. 2016 the issue resolution department handling issue was around 30% which has come down to 4%. In my second month of tenure, I learned how Daraz deals with these issues and how it impacts his financial statements

4.9 Bank Reconciliation

In the last part of the second month of my tenure I got to know about bank reconciliation and payment check conciliation of different payment partners. I've got to learn how bank reconciliation works with different banks and payment partners like Bkash. I learned that Daraz has a very robust payment reconciliation system with banks and manages its working capital very efficiently. According to IFRS 15, I have seen that the company segregates its non-trade activity to trade activities. It maintains 2 separate accounts for that. All non-trade activities are going through the rigorous governance of the Procurement Department where it gets vetted by them and then the payment gets disbursed according to the agreement. However, trade activities like seller payment and customer payment receive are mostly automated. Bank statement and Seller statement reconciliation are all done in an automated way where there is no chance of mistakes. For the marketplace site, I have seen that there is 99% accuracy in the marketplace payment and bank statement. However, in the retail and marketplace consignment part, according to the interview that I have taken, there is 98% accuracy because of product issues and the vastness of operation. I see that they are implementing new SOPs which are designed to reduce this gap. For consignments and seller payments, I have seen that there is an automated way to reconcile the dues of the sellers.

4.10 Fixed Asset reporting

In the third month of the first week of my tenure I got to learn about the Fixed Assets recognition procedure and how it is shown in the financial statement. I have seen that Daraz has a strict Fixed Asset recognition policy which it follows to reduce miscommunication. All fixed assets need to be procured through the procurement department and get vetted by different departments like the internal audit team to ensure maximum clarification of the stakeholders. Through the fixed asset policy, Daraz purchases distribution, and scrap which fixes it based on management's

approval. I got to learn how fixed assets are booked. Also, I have learned how depreciation works and how accumulated depreciation is booked in a financial statement. I have seen all the Fixed Assets are properly accounted for and it matches with the trial balance automatically. However, tagging the Fixed Asset and tracking it is difficult. For that reason, Daraz uses a fixed asset tracking tool to track its fixed assets.

Chapter 5
Findings, Recommendations & Conclusion

5.1 Findings

Daraz is one of the most well-known multinational corporations in the Asia-Pacific. Daraz is a staple in people's daily life because it has the biggest payment and logistics networks in the region and promises to serve 100 million consumers and sellers by 2030. The Alibaba Group now fully bought Daraz in 2018. Some findings of the Financial systems and conditions are-

- **Working Capital:** Their working capital is negative. Because Their Current liabilities are greater than their current asset.
- **Current Ratio:** Their Current ratio is less than 1 and it is decreasing day by day. That means the company may not be able to service its short-term debt.
- **Quick Ratio:** This Company's Quick Ratio is less than 1 and it decreasing day by day. This indicates that the company may have problems meeting its short-term obligations without having to sell some of its larger assets.
- **Debt Ratio:** Their debt ratio is greater than 1. This means This company has more debts than assets and may be at a greater risk of default.
- **Equity Ratio:** This company's Equity Ratio is below 0.5. This means Daraz is a fully leveraged company at this point.
- **Net Profit:** Their net profit is decreasing day by day.
- **Sectors of finance department:** There are 6 sectors in the finance department, so the collection of money & the process of money takes a huge time to complete.
- **3PL Payment Settlement:** Settling 3PL payable is the most crucial part of Daraz. Because it depends on the weight and dimension of the package.
- **Vendor Operations Payment Management:** Disputes may arise in terms of paying sellers sometimes. Because sometimes customers wrongfully send another product in the box after receiving the right one. So, the issue resolution team steps in and sees whose fault it is, and instructs finance to make the seller payment if there is a fault from the customer. Daraz deals with these issues and it impacts his financial statements
- **Customer prepayment & Refund:** Sometimes the customer didn't get their preferred products so the amount of refund is getting high day by day. This made a great impact on their financial statement.

Although all of the factors that were put in the survey were highly scored on the importance scale. Daraz Bangladesh can now focus on the most important factors to improve those and deal with the other less important elements later on.

5.2 Recommendations

In this developing and competitive world, it's extremely essential for all companies to wealth maximization in the marketplace by increasing overall sales using pleasing their customers as much as possible. As an e-commerce firm, it's very essential to preserve pace with modern structures. Some factors that Daraz Bangladesh needs to look over are mentioned below:

- **Wealth & Profit maximization:** Plans need to be developed to find how to maximize its profit & wealth at the same time.
- **Working Capital:** Daraz has less working capital. Low working capital can often mean that the business is barely getting by and has just enough capital to cover its short-term expenses. Therefore Daraz is investing its money in a large purchase or investing in another sister concern company like Hungrynaki, Mercari Asia Limited, etc. It will help Daraz to maximize its wealth and total market value.
- **Ratio Analysis:** Daraz is a fully leveraged company at this moment and its total debt is greater than its total asset. That indicates that Daraz is planning to maximize its wealth than profit.
- **3PL Payment Settlement:** 3PL payable settlement is the most crucial part of Daraz. So, it reduced its 3PL expenses by opening Daraz Express as DEX. So that it can give hassle-free logistics support.
- **Sectors of finance department:** Daraz has 6 sectors in the finance department. So their working culture is well organized.
- **Net Profit:** Daraz also focuses on its sales and service. So, Daraz opens around 266 hubs all over Bangladesh. So that it can help to increase its sales and get more profit.
- **Vendor Operations Payment Management:** In 2016 the issue resolution department handling issue was around 30% which has come down to 4%. This can be made a great impact on its financial statement.

The e-commerce business is one that is developing extremely quickly, and because so many new competitors are appearing every day, Daraz wants to make sure they are currently able to maintain their client loyalty. This is easily accomplished by focusing on improving customer experience and offering better service.

5.3 Conclusion

An overview of the financial system and financial situation was presented in this study. E-commerce is quickly taking over as the most common activity and aspect of life, thus it's crucial to know what the important terms are that businesses should be aiming for to give customers a better experience. One of the hardest jobs is keeping customers, therefore it's time for businesses to start focusing on the factors that contribute to customer satisfaction as well. In addition to focusing on actual customer data obtained from a survey, this research also examines a number of earlier types of research in an effort to identify the factors.

While in the past businesses' primary goals was to acquire new consumers and develop ways to keep them, in recent years organizations have placed a greater emphasis on acquiring new clients than keeping existing ones. The environment has changed, the situation is now the reverse, and factor analysis is more important in developing corporate strategies nowadays. Whether a customer will return to the website and make a purchase depends on their experience. Understanding the components seems to be crucial to the growth of the company.

This study has identified the variables that have an impact on the financial situation. Furthermore, it is simpler to comprehend the relative importance of each aspect when looking at earlier research. This was merely a basic basis for subsequent publications; further research is required in this area. To understand how to handle each of the elements identified and discussed in this work, careful consideration is required. Some of these solutions can be found in academic papers as well as organizational research because concentrating on just one particular company is insufficient.

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