

An Internship Report

On

“Measuring Performance level of IDLC Finance Limited”

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Subject: Submission of Internship Report on “Measuring performance level of IDLC Finance Limited Company”.

Dear Madam,

With all respect, I would like to say that it was a great privilege for me to submit my internship report titled “Measuring performance level of IDLC Finance Limited Company” which has been prepared as a part of my BBA program requirement.

During the preparation of the report, I have tried my level best to cover all concerning matters.

Thank you for encouraging me to work on this topic. Please accept my report and oblige thereby.

Sincerely Yours

Moriom Akter Onni

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Acknowledgment

My greatest thank is to the almighty Allah for allowing me the opportunity to participate in this wonder experience of internship in IDLC. First of all, I am grateful to almighty Allah. Then I would like to express my gratitude to my university supervisor **Nusrat Farzana**, assistant professor of department of business administration, united international university for all kind of her cooperation to the successful end of this internship report.

I am thankful to IDLC employees, especially employees of customer experience department for making me feel like a home and guide me throughout my internship journey. I would like to give special thanks to CED department head **Samia Alam**, my branch manager **Jalal Ahmed** who always encourage me in my work then I specially want to thank **Mily Anwar** in customer experience department who was my supervisor and to guide me, teach me the department related works and for impart me such impressive experience in IDLC.

Lastly, I would like to thank, United International University for this wonderful experience and for being the reason for obtain my BBA degree successfully.

Executive summary

IDLC finance limited company is most trusted and reputed non-banking financial institutions (NBFI) of Bangladesh. IDLC started its journey in 1985 and become the explorer financial institutions in Bangladesh. After the year 2011 this financial company grown so much. In the year 2011 the company has increase its authorized capital from tk.1000 million to tk. 4000 million. It is the sign of expansion of their business. IDLC finance Limited has two wholly own subsidiaries names IDLC Investment Ltd. And IDLC securities LTD. The analysis and evaluation of performance cover whole IDLC Finance limited. The financial and operation performance of IDLC Finance Ltd. From the year 2015 to 2019 have been shown in the report. The report also covers the IDLC performance in compare with some of its competitor in the Market. It has been identified that the operating and financing expenditure of the company shows a higher growth rate than the operating income over the year 2015 to 2019, which lead impact on its net income. From 2017 to 2019 Net profit growth rate decline by 3.76%. As a result, the profit indicator ratios (ROE, ROA, EPS, dividend payout ratio) are also effected. It is also found out that compare to other non-banking financial institution like with IPDC, union capital Ltd, IDLC price earnings ratio is lower over some years. We know When profitability goes down it also affect the market that means investors and creditors. However, the Solvency ratio shows that IDLC increase its portion of debt compare to its total asset and total equity. The current ratio shows decreasing movement over the period as well as it's the growth rate is also declined over 5 years of their journey. It has been found out that from 2015 to 2019 about IDLC current asset growth rate decline by 0.67%. This might be the reason for the declining rate of current ratio. Moreover, some activities that makes IDLC Finance ltd. services more special than commercial Bank also shown in this report.

Finally, some problems have been identified and base on this suggestion are given to the management so that they can overcome from their basic problems. At the end of the report, a conclusion has been provided on the overall financial performance of IDLC finance Limited.

Contents

Letter of transmittal.....	i
Acknowledgment.....	ii
Executive summary.....	iii
CHAPTER-1.....	1
(INTRODUCTION).....	1
1.0 Introduction.....	2
1.1 Origin of the Report.....	2
1.2 Objectives of the report.....	2
1.3 Scope of Study.....	3
1.4 Methodologies of Study.....	3
1.5 Limitations of the report.....	3
CHAPTER-2.....	4
(AN OVERVIEW OF IDLC FINANCE LIMITED).....	4
2.1 Historical Background of IDLC.....	5
2.2 Subsidiaries.....	5
2.2.1 IDLC Investment Limited.....	5
2.2.2 IDLC Securities Limited.....	5
2.2.3 IDLC Asset Management Limited.....	5
2.3 IDLC Philosophies – The Backbone of the Enterprise.....	6
2.3.1 Vision.....	6
2.3.2 Mission.....	6
2.3.3 Strategic Objective.....	6
2.3.4 Core Values.....	6
2.3.5 Code of Conduct and Ethical Guidelines.....	6
2.4 Product and Service Basket.....	7
2.4.1 Small and Medium Enterprises (SME) Finance.....	7
2.4.2 Corporate Divisions.....	7
2.4.3 Consumer Finance.....	8
2.4.4 Capital Markets Operations.....	8
CHAPTER-3.....	10
(FINANCIAL PERFORMANCE ANALYSIS OF IDLC).....	10
3.1 Financial Highlights (IDLC Finance Limited and its subsidiaries).....	11
Figure 3.1.1: Table of IDLC Financial Highlights.....	12
3.2 Compound Annual Growth Rate (CAGR) of IDLC Finance Limited.....	12
3.3 Ratio Analysis.....	14
3.3.1 Liquidity dimension.....	14
3.3.1.1 Current ratio.....	14
3.3.2 Profitability Dimension.....	14

3.3.2.1 Net Profit margin.....	14
3.3.2.2 Operating Profit Margin	15
3.3.2.3 Return on Total Equity.....	16
3.3.2.4 Return on total asset	16
3.3.2.5 Gross Profit Margin.....	17
3.3.2.6 Cost to Income Ratio	18
3.3.2.7 Interest Income to Total Operating Income.....	19
3.3.2.8 Return on Capital.....	19
3.3.3 Solvency Dimension.....	20
3.3.3.1 Debt to Equity Ratio.....	20
3.3.3.2 Total Debt to Total Asset Ratio	21
3.3.3.3 Loan to Deposit Ratio	22
3.3.3.4 Equity Multiplier	22
3.3.4 Efficiency Dimension	23
3.3.4.1 Asset Utilization Ratio.....	23
3.3.4.2 Loan Utilization Ratio.....	24
3.3.5 Market Dimension	25
3.3.5.1 Price Ratio	25
3.3.5.2 Dividend Yield Ratio	26
3.3.5.3 Dividend Payout Ratio.....	27
3.3.5.4 Earning Per Share	27
3.3.5.5 Price Earnings Ratio.....	28
CHAPTER-4.....	30
(COMPARISON OF IDLC WITH OTHER NON-BANK).....	30
4.1 Highlights of the performance of Different Non-Banking Financial Institutions (IDLC, IPDC, Union Capital LTD, ILFSL).....	31
4.2 Cross-sectional ratio Analysis (IDLC vs. ILFSL vs. IPDC vs. Union capital LTD)	33
4.2.1 Debt to Equity Ratio	33
Debt to Equity Ratio (times)	33
4.2.2 Return on Equity.....	34
4.2.3 Return on Asset.....	34
4.2.4 Net asset value per share	35
4.2.5 Earning Per Share.....	36
4.2.6 Price Earnings Ratio.....	37
4.2.7 Current Ratio	38
4.2.8 Asset Management Efficiency.....	39
4.2.9 Financial Expense Coverage Ratio.....	40
CHAPTER-5.....	42
(WHY IDLC SERVICES IS MORE SPECIAL THAN COMMERCIAL BANK, IDLC SECTOR EXPOSER).....	42
5.1 Specialty of IDLC in compare to commercial Bank	43

5.2 Sector wise exposure of IDLC in year 2019	45
5.2.1 Total Gross Credit Risk Exposures.....	45
5.2.2 Industry or Country Type Distribution of Exposures, Broken Down by Major Types of Credit Exposure.....	45
CHAPTER-6.....	47
(FINDINGS, RECOMMENDATION AND CONCLUSION).....	47
6.1 Findings.....	48
6.2 Recommendation	49
6.1 Conclusion	50
Bibliography.....	50

CHAPTER-1
(INTRODUCTION)



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1.0 Introduction

NBFI-Non banking financial institution play a major role by offering different kinds of financial services that are not offered by many banks and it makes it more special. To meet the customer changing need and demand IDLC always try to offer various kinds of services in financial market. Bangladesh Bank supervised them by confirming a risk-based supervisory system. Credit rating is the key modest criterion in NBFIs' performance quantification system. It provides a direction about how an institution needed to perform in near future. Whether it has the ability to meet its debt and whether it has the ability to meet the overall financial obligation in near future. The purpose of this report is to know about the IDLC overall performance through five years and its financial growth rate till now. A well-known NBFI in Bangladesh name “IDLC finance limited company” is being selected for analyzing part of the report.

1.1 Origin of the Report

An internship report made as a necessity for the fulfillment of the BBA program. The basic goal of the internship is to give an “on the job” discover to the student and a chance for relate theoretical conceptions in their real job life situation.

To fulfill this objectives, I was transmitted to IDLC finance limited company as an intern. In consideration under two supervisors. One is from my institution and another one is from the organization.

This report, named "**Financial Performance Analysis of IDLC**" is the conclusion of a three-month working experience in IDLC Finance Limited. I hope that this report will provide a clear knowledge and better understanding about role, activities & performance of IDLC.

1.2 Objectives of the report

There are various objectives in support of this report which are-

- To get a better understanding about the function of the non-banking system
- To know their strength and weakness in terms of the investment approval and monitoring process.
- To show the IDLC performance over years.
- To notify the financial performance of IDLC.
- To get a better understanding of the problems of IDLC.
- To provide primary solution of the problems.
- To increase the knowledge regarding investment management system of non-bank.

1.3 Scope of Study

This reports basically covers IDLC major activities and also give a short overview of IDLC finance limited. This report also focuses on the over 5 year's financial performance of IDLC. This financial performance is shown from the year 2015 to 2019.

Lastly, an attempt was provided to find out the factors that are the reason of IDLC success and failure experience in non-banking industry. Base on this few suggestions have been provided to their management.

1.4 Methodologies of Study

Sufficient data is needed to be collected for preparing a report. After that that collected data require to be analyzed to get a clear understanding and it should be presented in a way so that customers can get a clear understanding about the company performance. In a short this need to be presentable to its users.

Secondary sources: The report is made base on secondary sources that are available on the websites, IDLC annual reports, their monthly reviews, from their own websites. No survey was conducted for preparing of this report.

- IDLC 5 years' annual report from 2015 to 2019 were collected
- Other some non-banking financial ratio were collected for comparison from their own website.

Lastly it can be concluding that this report is made through extensive and effective discussions with the apprehensive executives of DLC Finance Ltd.

1.5 Limitations of the report

Some limitations are found in times of preparing of this report. Those limitations are describing below-

- As the report need to be submitted within 3-month time duration some data that are collected not analyzed very deeply because of limitation of time and those are discuss briefly
- Some information was needed to get a clear knowledge and make this report more authentic but IDLC finance limited company did not reveal that full data.
- Though, to know about IDLC finance limited products there are many resources available but the problem is there are few officials' papers that are available for the operating plan of action.
- Information about their principal activities and how they work is difficult to know because of poorer entrance system in some department. For this reason, some needed data were not being collected.

CHAPTER-2

(AN OVERVIEW OF IDLC FINANCE LIMITED)



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2.1 Historical Background of IDLC

In 1985 IDLC started its journey as a single product lease financing company with 5 staff members. Within 33 years IDLC come to light as the largest multi-segment and multiproduct NBFIs in the country. As a reputed financial brand in the financial industry, IDLC Finance Limited company holds a very powerful and diversified stability in corporate, Capital market segments, retail and short and medium loan (SME). Today, it has three other fully owned subsidiaries. It serves over 50,000 clients by 41 major touch points. It serves almost 24 cities of the country. Above of 1300 employees give their full effort every day in corporate finance, capital market segment, SME finance and Consumer finance. Serving over 45,000 clients. They strive to help people achieve their dreams - the dream of owning a home, the dream of sending their children to a bigger school, the dream of going on a picnic in the family car, the dream of starting a business, or that of expanding it, the dream of generating more employment, the dream of taking the nation to greater heights. However, it would be constricting to say that they are merely in the financing business, as they try to do something more to this extent, what really drives them is not only the number of people they employ, or the number of customers they serve, but the number of lives they have touched. While profits are important to them, they also take immense pride in being the reason for countless smiles. From 1985 till now journey of IDLC it becomes now one of the biggest Non-Banking Financial organizations in Bangladesh [3].

2.2 Subsidiaries

2.2.1 IDLC Investment Limited

As per the requirement of the Bangladesh Securities & Exchange Commission (BSEC), IDLC has formed a separate subsidiary on May 19, 2010 with the name and style 'IDLC Investments Limited' in order to transfer its activities in merchant banking. The license of this company was obtained from BSEC on August 02, 2011 and commencement of its business was on August 16, 2011. The main businesses of IDLC are mainly portfolio management, issue management, underwriting of securities and advisory services [3].

2.2.2 IDLC Securities Limited

IDLC Securities Limited, is a well-managed and fully owned subsidiary by IDLC; it offers full-fledged international standard brokerage services for its retailing and institutional clients. It has predominantly reserved seats on both Dhaka Stock Exchange and Chittagong Stock Exchange Limited as well. It also has a Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL) [3].

2.2.3 IDLC Asset Management Limited

IDLC Asset Management Limited is another fully owned subsidiary of IDLC Finance Limited with its headquarters in Dhaka, Bangladesh amongst many others. Asset management services

are offered here, which currently consist of Mutual Funds proposed to several individuals and institutions [3].

2.3 IDLC Philosophies – The Backbone of the Enterprise

2.3.1 Vision

Become the best financial brand in the country [3].

2.3.2 Mission

Focus is on quality growth, superior customer experience and substantial business practice [3].

2.3.3 Strategic Objective

- Expand of its talent pool.
- Fully leverage the core banking platform.
- Optimize distribution points.
- Expand and bring verity to funding sources.
- Expand sales and service competence in the consumer division.
- Survivable growth in SME portfolio.
- Pay more attention to top-level customers in the corporate section.
- Integrate capital market project and upgrade capacities.
- Support globally acknowledged corporate administration and maintainable business practices.

2.3.4 Core Values

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

2.3.5 Code of Conduct and Ethical Guidelines

- Act with Honesty, capability, grace and in a moral way when dealing clients, Inspect, connects, offices and general society.
- Act and desire others to act in a professional and moral way that will think about sympathetically IDLC workers, their calling and on IDLC on the bad times.
- Attempt to keep up and build up the capability of all in the business.
- Use rational care and exercise free skillful judgment.
- Permit others to perform their expert commitments.

- Keep balancing on learning and agree to each single materials law, quality and controls. Exhibited all incompatible circumstances
- Pertinent professionals and expert qualities and provide expert administrations as per IDLC strategies.
- Respect gives to individuals and whom they work with. Also respect the protection of client and others with whom they work.

2.4 Product and Service Basket

2.4.1 Small and Medium Enterprises (SME) Finance

Small Enterprise Finance

- Small Enterprise Loan/ Lease
- Seasonal Loan
- IDLC Purnota – Women Entrepreneur Loan
- SME Shachal Loan
- Revolving Short Term Loan
- Commercial Space Loan
- Commercial Vehicle Loan
- IDLC Udbhabon
- SME Deposit

Medium Enterprise Finance

- Medium Enterprise Loan /Lease
- Commercial Vehicle Finance
- Machinery Lease
- Revolving Short Term Loan
- Commercial Space Loan
- Commercial Vehicle Loan

Supplier and Distributor Finance

- Factoring of Accounts Receivable
- Bill/ Invoice Discounting
- Work Order Financing
- Distributor Financing

2.4.2 Corporate Divisions

Corporate Finance

- Lease Financing
- Term Loan Financing
- Commercial Space Financing
- Project Financing

- Short Term Loans (to meet working capital requirements)
- Specialized Products (for meeting seasonal demand)
- Green Financing

Structured Finance Solutions

- Debt Syndication (Local & Foreign Currency)
- Working Capital Syndication
- Agency & Trusteeship
- Fund Raising through Zero Coupon & Coupon Bearing Bonds
- Commercial Paper
- Arrangement of Private Equity n& Preference Shares
- Corporate Advisory for Mergers& acquisitions and Joint Venture Making
- Preparation of Feasibility Study

Green Banking Solutions

- Over 50 products offered under Green Banking and Sustainable Finance department as per Bangladesh Bank Green Refinance scheme

2.4.3 Consumer Finance

Loans

- Home Loans
- Car Loans
- Personal Loans
- Loan against Deposit

Deposits

- Flexible Term Deposit Package
- Regular Earner Package

2.4.4 Capital Markets Operations

IDLC Securities Limited

Products

- Cash Account
- Margin Account through IDLCT Investments Limited and other enlisted merchant banks
- Easy IPO
- Premium Brokerage for High Net Worth Individuals (HNIs) an institutional and foreign invest Services
- Trade execution through the Dhaka and Chittagong stock exchanges
- Custodial and CDBL services

- Bloomberg terminal for foreign clients
- Research and Advisory Services

IDLC Investments Limited

Products

- Margin Loan
- Discretionary Portfolio Management Services
- Corporate Advisory
- Issue Management
- Underwriting

IDLC Asset Management Limited

- Mutual Funds

Portfolio Management.

CHAPTER-3

(FINANCIAL PERFORMANCE ANALYSIS OF IDLC)



3.1 Financial Highlights (IDLC Finance Limited and its subsidiaries)

Particulars	2019	2018	2017	2016	2015
Current Assets	2691000000.00	5111000000.00	6580000000.00	5031000000.00	5924000000.00
Current Liabilities	89643206999.00	82753942426.00	71253979038.00	60039308139.00	56624257983.00
Cash	1926930083.00	2565430058.00	1096112369.00	976157535.00	891869744.00
Net Profit after Tax	1699922214.00	2171000422.00	2277119793.00	1780295316.00	1459224581.00
Interest Income	13183089035.00	11162932726.00	8892872138.00	8359739673.00	8251180347.00
Total Assets	117385278436.00	109165688035.00	95686943091.00	79311082684.00	73434454190.00
Total Shareholders' Equity	14018000000.00	13637000000.00	12597475866.00	8937837171.00	7785960042.00
Total Liabilities	102838253858.00	95528361086.00	83089464224.00	70373243128.00	65648491983.00
Total Assets	117385278436.00	109165688035.00	95686943091.00	79311082684.00	73434454190.00
Loans & Advance	86847794243.00	83934280017.00	71498548035.00	62216869177.00	55211824250.00
Total Deposits	77905582637.00	72712749226.00	62092433912.00	49324324830.00	47624565293.00
Interest Paid on deposit and borrowings	-8512176946.00	-6940206955.00	-4898052961.00	-4625068399.00	-4833191104.00
Market Price per Share	45.40	69.70	85.30	57.00	63.60
Earnings per Share	4.04	4.22	4.26	4.62	3.84
Book Value Per Share	37.18	36.17	33.41	23.70	20.65
Dividend Per Share	3.50	3.50	3.00	3.00	2.50
Total share	377050780.00	377050780.00	377050780.00	251367187.00	251367187.00
Total Revenue	13719816093.00	12167323184.00	10423342930.00	9347603723.00	9064143167.00
Total Expense	-8089283195.00	-6543194531.00	-4665242060.00	-4469292569.00	-4521580329.00

Retain earning	5,430,052,634	5,143,188,211	4,421,469,765	3,591,910,951	2739315501
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Figure 3.1.1: Table of IDLC Financial Highlights

3.2 Compound Annual Growth Rate (CAGR) of IDLC Finance Limited

(In BDT Million)							
Financial Performance	2014	2015	2016	2017	2018	2019	5 years CAGR (%)
Lease and term loans disburse	17,473	22,140	29,807	35,511	39,400	41,414	18.8%
Disbursement housingfinance	5,896	5,954	5,646	7,893	7,649	8,134	6.65%
Short term finance portfolio	735	1,079	845	778	906	735	-0.02%
Lease Financing	6,282	6,016	4,950	4,629	4,277	3,496	-11.0%
Real estate assets	14,822	17,206	18,108	21,462	25,131	28,163	13.7%
Total asset	57,160	71,769	76,505	92,611	105,182	114,655	14.9%
Liabilities (long term)	50,471	63,591	67,446	80,540	92,554	101,069	14.9%
Total term deposit	35,241	46,174	47,564	60,538	71,338	77,008	16.9%
Net current assets	2,778	5,924	5,031	6,580	5,111	2,691	-0.63%

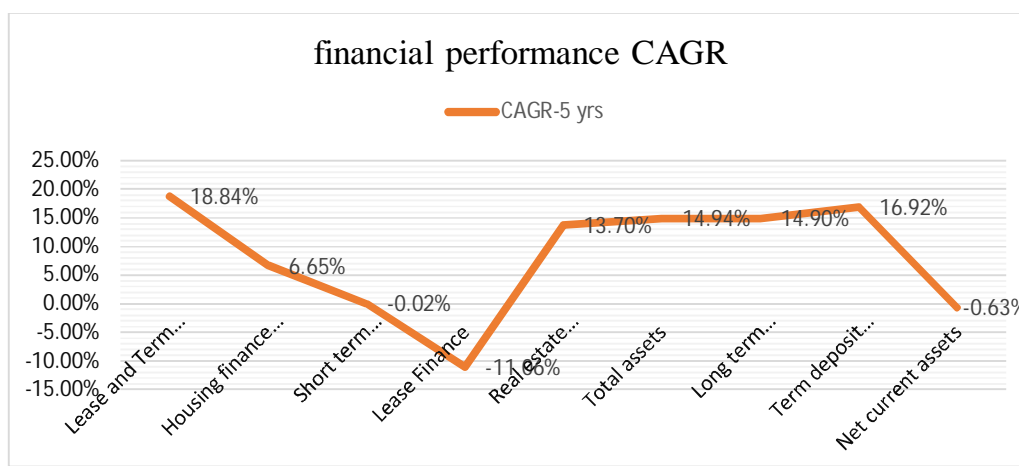
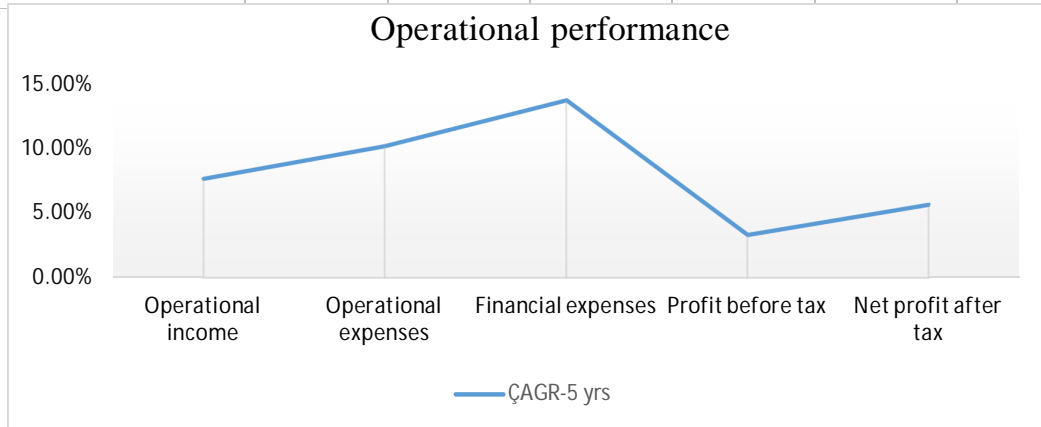


Figure 3.2.1: Table of Annual growth rate of IDLC

						In BDT- Million	
Operational performance	2014	2015	2016	2017	2018	2019	5 years CAGR (%)
Operational income	3,326	3,961	4,433	4,801	4,705	4,815	7.68%
Operational expenses	1,237	1,394	1,679	1,934	1,913	2,012	10.22%
Financial exp.	4,530	4,827	4,625	4,902	7,016	8,640	13.78%
Profit before tax	2,029	2,276	2,581	2,639	2,426	2,390	3.33%
Net profit after tax	1,154	1,244	1,496	1,582	1,591	1,522	5.70%



3.3 Ratio Analysis

3.3.1 Liquidity dimension

3.3.1.1 Current ratio

Year	2019	2018	2017	2016	2015
Ratio	1.06	1.12	1.18	1.17	1.22

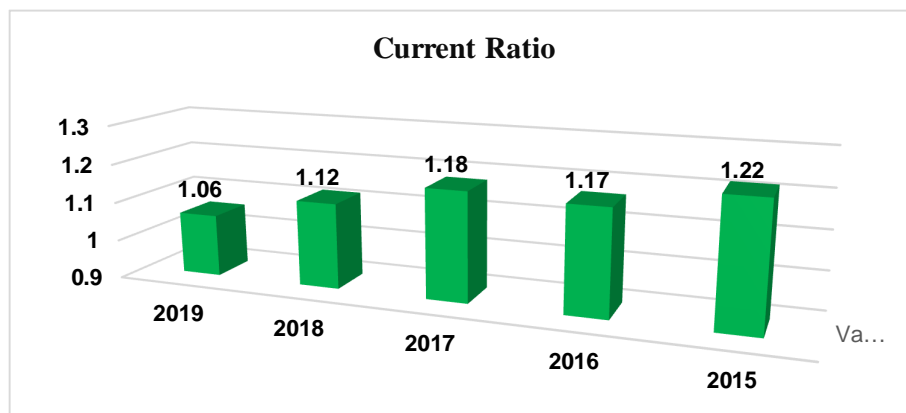


Figure 3.3.1.1.1: Graph of Current Ratio

In simple terms, current ratio is a liquidity ratio that measures whether a firm has enough resources to meet its short term obligations or not. If we evaluate the last 5 year's current ratio data of IDLC finance Limited, we find that their ability to repay the loan is declining year by year. In the year of 2019, if they liquidated their current assets, then they would have 1.06 BDT for fulfilling 1 BDT short term liability.

3.3.2 Profitability Dimension

3.3.2.1 Net Profit margin

Year	2019	2018	2017	2016	2015
Ratio	0.1239	0.1784	0.2184	0.1904	0.1609

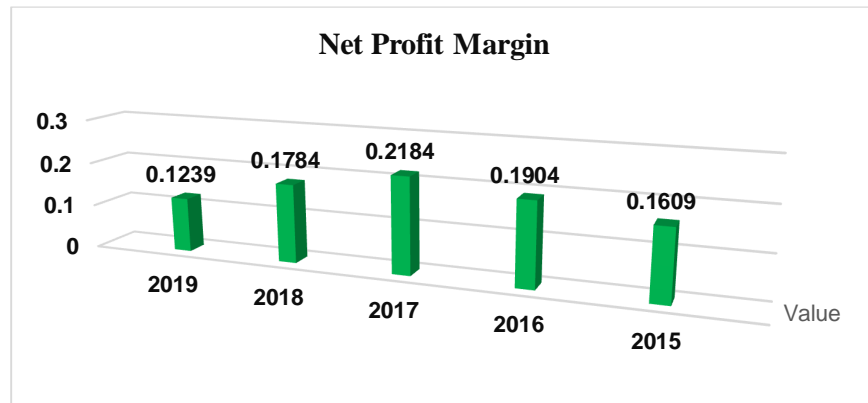


Figure 3.3.2.1.1: Graph of Net profit margin of IDLC

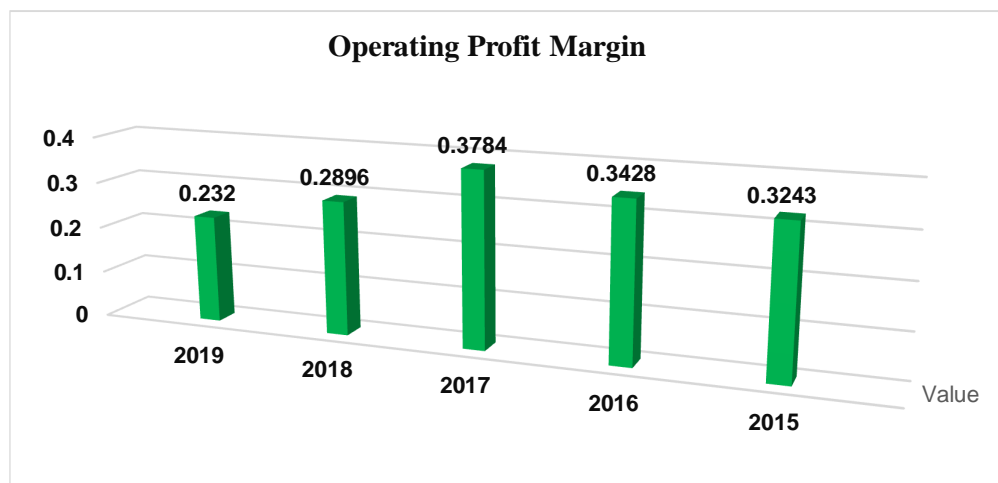
Net profit margin refers how much return a firm generates from their interest income. In the last five years, their net profit margin fluctuates from one year to another year. If we consider the fluctuation from 2017 to 2018, then we have found that both the interest income and non-interest based income had been declined from 2017 to 2018. IDLC needed to spend less interest expense compared to the year of 2017 which lead them to the decrease net profit after tax. Decreased interest rate may be one of the reasons behind it. That's the reason of getting higher net profit margin in 2017 and similarly, we can describe the reasons of net profit margin fluctuation.

3.3.2.2 Operating Profit Margin

Year	2019	2018	2017	2016	2015
Ratio	0.232	0.2869	0.3784	0.3428	0.3243

Figure 3.3.2.2.1: Graph of operating profit margin of IDLC

Operating profit margin for IDLC refers that how much return it generates from the revenue through interest income, non-interest based income before deducting the tax and provision. Similar like net profit margin, we found the fluctuate rate in the last five years and in the year



of 2019, IDLC generates 23.2% profit before provision from their revenues or get 0.232 BDT from 1 BDT revenue. If we consider only the fluctuation from 2017 to 2018, we can give the similar reason that described in the case of net profit margin rate fluctuation from 2017 to 2018.

3.3.2.3 Return on Total Equity

Year	2019	2018	2017	2016	2015
Ratio	0.1247	0.15919	0.1808	0.1992	0.1875

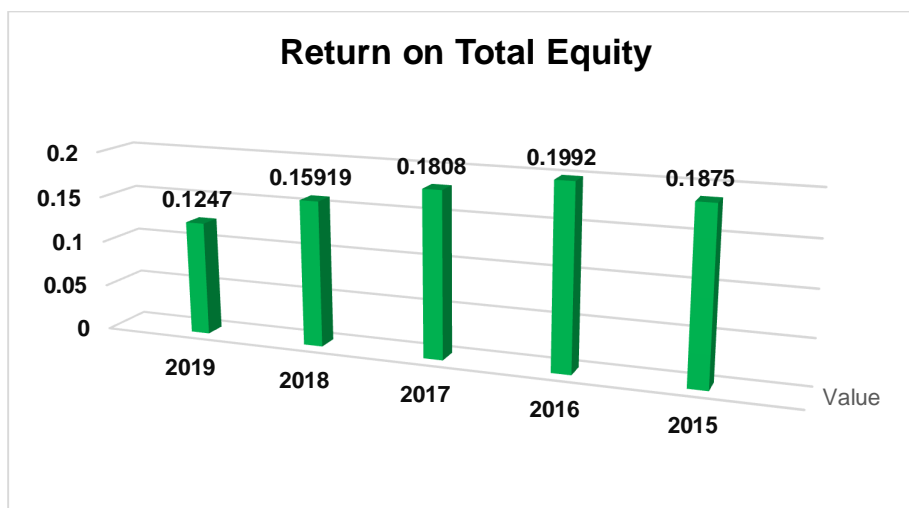


Figure 3.3.2.3.1: Graph of Return on total equity

It is known to us that return on equity refers the income the shareholders generate from their invested capital or it indicates how well a company uses investment to generate earning growth. If we evaluate the last five years ROE of IDLC, we found fluctuate rate and if we consider time period of 2017 and 2018 then we will notice that from 2017 to 2018 ROE decreasing rate is rate 2.161% and from 2017 to 2019 ROE decreasing rate is 5.61%. I found that both the shareholders' equity and net profit had been decrease in year 2018 and 2019, for this reason ROE had been decreased because of more decreased rate of net profit. For increasing ROE firm should use their asset more efficiently

3.3.2.4 Return on total asset

Year	2019	2018	2017	2016	2015
Ratio	0.01448	0.01988	0.02379	0.02244	0.01987

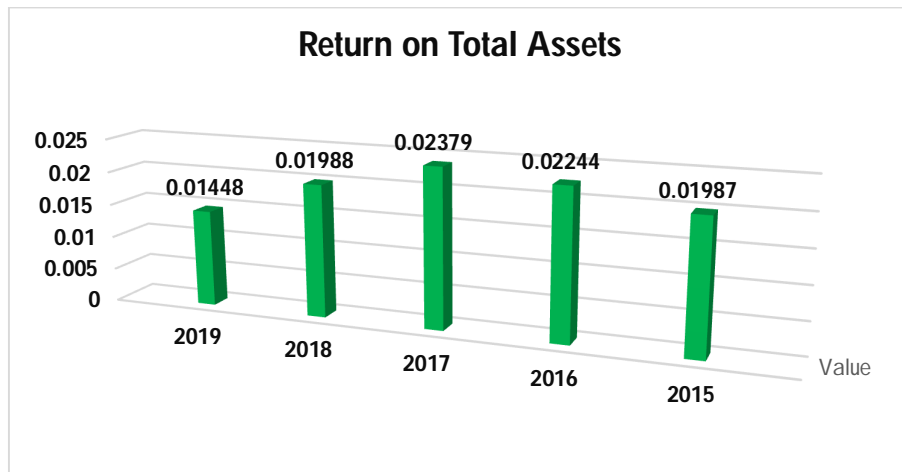


Figure 3.3.2.4.1: Graph of Return on total assets

Return on total assets or ROA indicates how efficiently a firm uses its total assets to generate net income. If we see the above table regarding the information of IDLC, we find that return on total asset of IDLC declining over years. This declining rate is almost 0.05% Over 5 years.

3.3.2.5 Gross Profit Margin

Year	2019	2018	2017	2016	2015
Ratio	0.4094	0.4787	0.6025	0.5524	0.5062

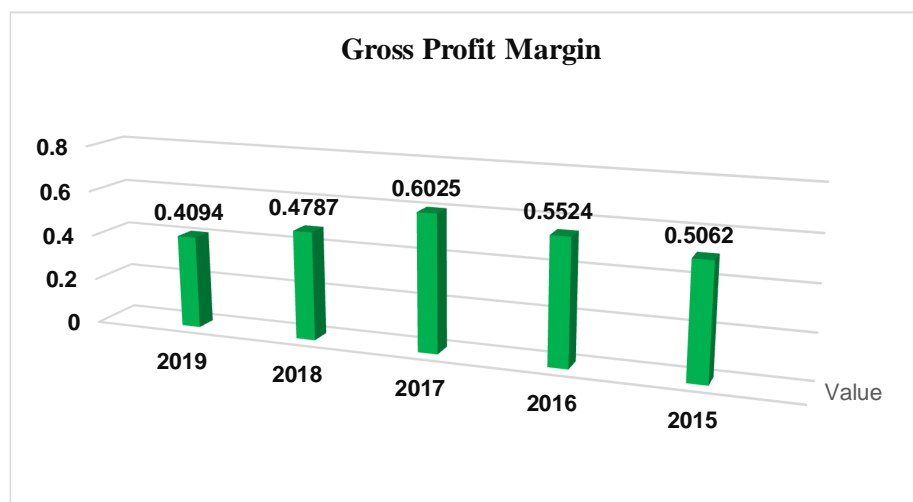


Figure 3.3.2.5.1: Graph of Gross profit margin

Gross profit margin refers how much operating income a firm can generate from the total revenue or the profit earned before deducting the operating expenses. If we evaluate the above table of EBL, we find the fluctuate rate of gross profit margin over the five years, but in the last years we have found an increasing rate of it. In 2019, IDLC earns 40.94% gross profit from the revenue earned or if the revenue is 1 BDT, then IDLC earned 0.4094 BDT gross profit. If we consider only the period from 2018 to 2019, we have found that increase rate of operating income was less than the increased rate of total revenue which lead to the decreased gross profit margin of 2019.

3.3.2.6 Cost to Income Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.4332	0.3948	0.3719	0.3793	0.3592

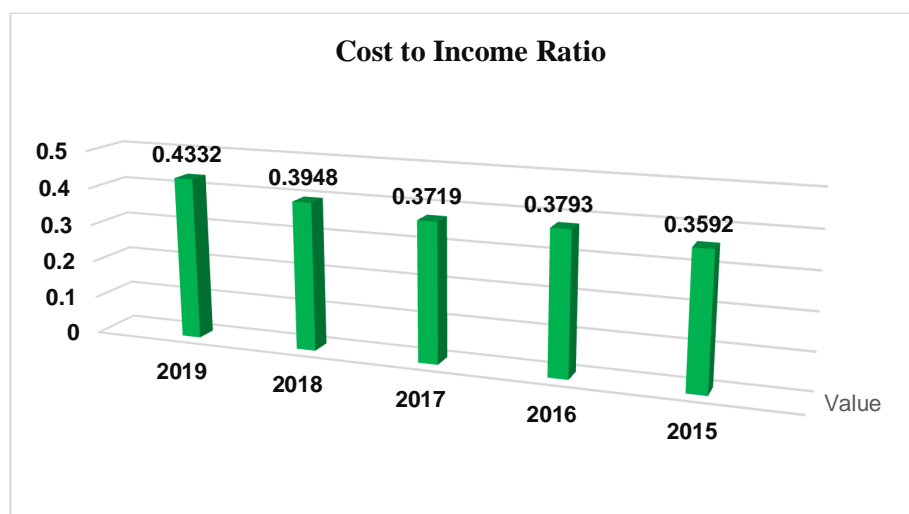


Figure 3.3.2.6.1: Graph of Cost to income ratio

Cost to income ratio refers the operating expenses against the operating income or how much expenses a firm need to spend for generating the operating income. If we take the last five year's information of IDLC, we have found cost to ups and downs cost to income ratio and in the year of 2019, for generating 1 BDT operating income; IDLC needed to spend 0.43 BDT as operating expenses. In the last three years 2015, 2016 & 2017, the ratio was almost similar, it can be said that IDLC might manage their cost well in those years. But in 2018 and 2019 compare to operating income their cost getting increased.

3.3.2.7 Interest Income to Total Operating Income

Year	2019	2018	2017	2016	2015
Ratio	0.8314	0.725	0.636	0.7232	0.745

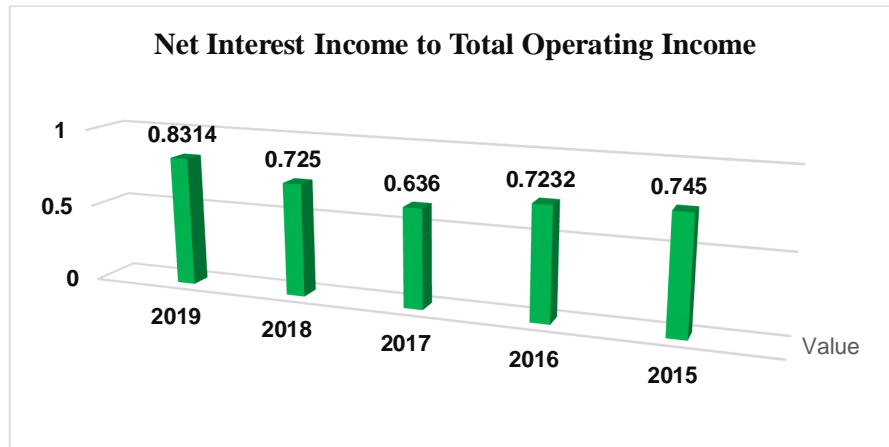


Figure 3.3.2.7.1: Graph of Net interest income to total operating income

This ratio simply refers how much net interest income a firm generates from their total operating income. We have found that operating income of IDLC consists of interest income, investment income, commission and other income after deducting the interest expense. After deducting interest expense from interest income, we have found the net interest income and in the year of 2019, IDLC had 0.8314 BDT net interest income from 1 BDT total operating income. If we consider just one period from 2018 to 2019, we can say that in this period the net interest income had been increased, the increased rate of net interest income was more than the operating income which lead to increase ratio from the previous period.

3.3.2.8 Return on Capital

Year	2019	2018	2017	2016	2015
Ratio	0.1448	0.1988	0.2379	0.2244	0.1987

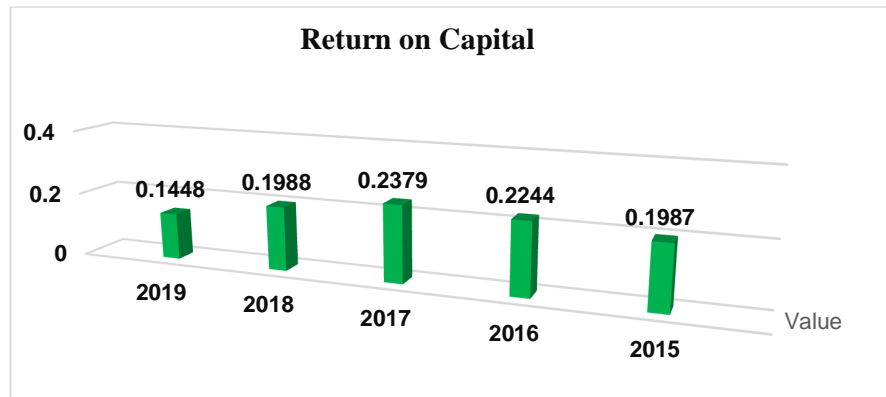


Figure 3.3.2.8.1: Graph of Return on capital

Return on capital (ROC) ratio measures the return that an investment generates from the capital contribution or how much return a firm generates from the invested capital. This ratio shows the effectiveness of a firm for turning capital into profits. From the above bar diagram, we have found fluctuate rate of this ratio in the last five years for fluctuate amount of capital and net profit after tax. In the year of 2019, we have found that IDLC generated 14.48% % return from their invested capital or we can say in another way that, from 1 BDT invested capital, they earned 0.1448 BDT. If we consider only the period from 2018 to 2019, we have found the decreased amount of ROC. Though amount of invested capital had been increased from 2018 to 2019, still IDLC net profit after tax had been declined which helped us to make a conclusion that they didn't efficiently use their invested capital to generate more return.

3.3.3 Solvency Dimension

3.3.3.1 Debt to Equity Ratio

Year	2019	2018	2017	2016	2015
Ratio	7.547	7.004	6.595	7.873	8.431

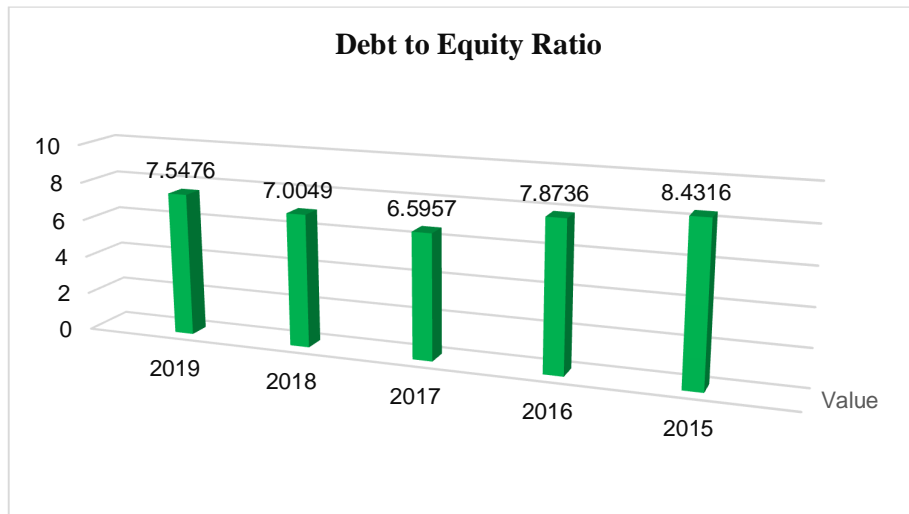


Figure 3.3.3.1.1: Graph of Debt to equity ratio

Debt to equity ratio refers the leverage position of a firm or how much debt is used for financing compared to the financing through the shareholders' equity. If we evaluate the last five year's debt to equity ratio of IDLC, we can see the dependency of IDLC on debt had been increasing than the equity for financing or they are relying more on deposits for the funding. In the year of 2019, their amount of debt is 7.54 times more than the equity financing. This ratio indicates that they were able to attract more and more customers for depositing their fund. On the other hand, it negatively affects the solvency because of the high amount of debt over the equity.

3.3.3.2 Total Debt to Total Asset Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.876	0.8751	0.8683	0.8873	0.8939

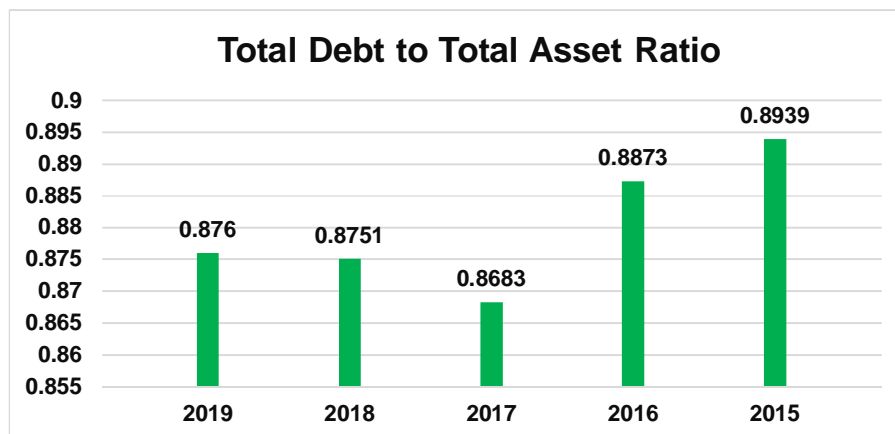


Figure 3.3.3.2.1: Graph of total debt to total asset ratio

Total debt to total asset ratio refers the proportion of total debt over the total assets. It is known to all that the major sources of fund. That's the reason we have found a high proportion of debt of IDLC in the last five years over the total assets and the proportion had been increasing year by year. Debt to equity ratio supports this fact. In the year of 2019, IDLC had 87.6% debt over the total assets. Higher proportion creates burden for the repayment over the periods which negatively affect the solvency condition of IDLC.

3.3.3.3 Loan to Deposit Ratio

Year	2019	2018	2017	2016	2015
Ratio	1.11	1.15	1.15	1.26	1.15

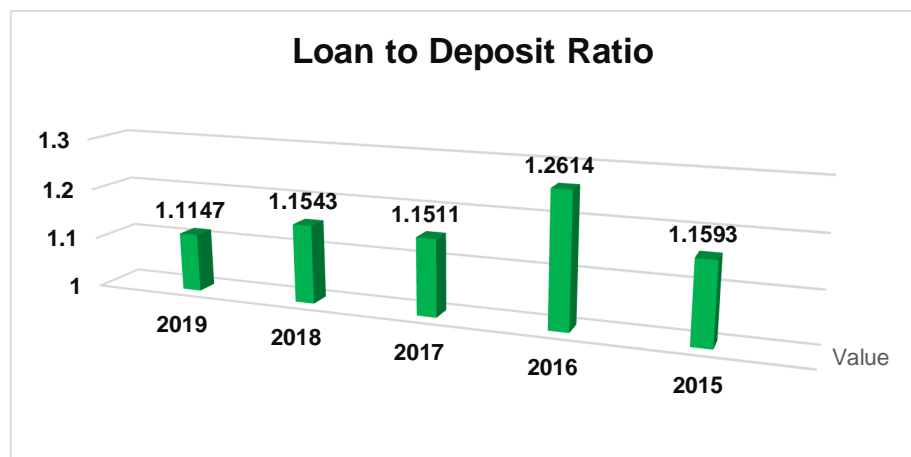


Figure 3.3.3.3.1: Graph of Loan to deposit ratio

Loan to deposit ratio refers how much loans are issued against the deposited fund collected from the depositors. This ratio can show the solvency picture of a firm. If we evaluate the last five year's data of IDLC, we have found that they had been issuing more loans against the deposits and it is very good indication for better solvency of firm. In the year of 2019, they issued 1.11 BDT loan against 1 BDT deposits. This ratio indicates that they are enough capable to cover the deposits.

3.3.3.4 Equity Multiplier

Year	2019	2018	2017	2016	2015
Ratio	8.62	8.00	7.59	8.87	9.43

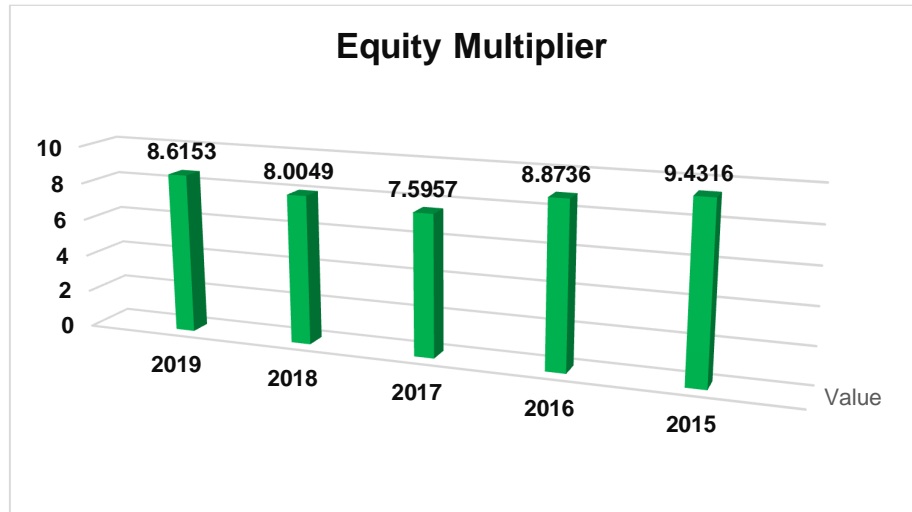


Figure 3.3.3.4.1: Graph of Equity multiplier

In simple terms, equity multiplier is a measure of firm' financial leverage. Higher equity multiplier indicates that a larger portion of total asset is financed with debt. If we evaluate the above bar diagram, we can find the increasing rate of equity multiplier for the last five years and IDLC was carrying a high rate of EM in all the years which indicates the more dependency on debt rather equity. In the year 2019, IDLC had 8.62 times more financing by debt than equity.

3.3.4 Efficiency Dimension

3.3.4.1 Asset Utilization Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.1168	0.1114	0.1089	0.11787	0.125

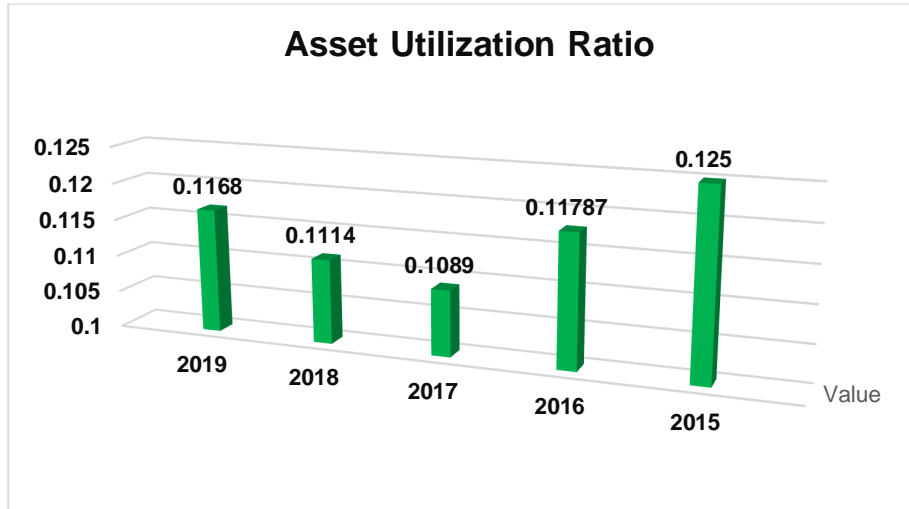
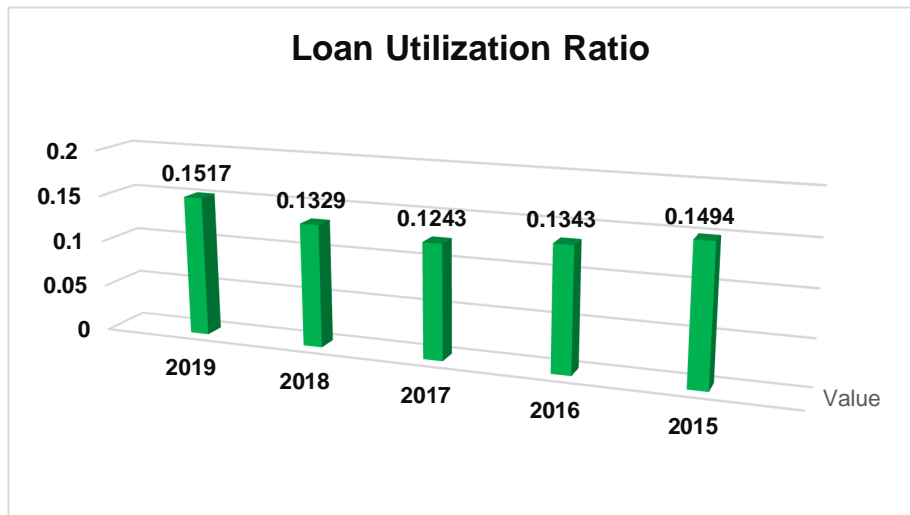


Figure 3.3.4.1.1: Graph of Asset utilization ratio

Asset utilization ratio how much revenue is generated by a firm from every dollar of assets that are invested. More return indicates the high efficiency of a firm. If we see the above bar diagram, we can see a decreasing rate of asset utilization ratio of IDLC from year 2015 to 2018. Though revenue was increasing in those five years, still the increasing rate was less than the increasing rate of total assets which lead to the decreasing rate of this ratio. We know that, interest income is one of the major components of total revenue that affects the total revenue. We can say, because of the decreased rate of spread, increased rate of interest income was not enough to provide the increased asset utilization ratio. If we consider the year 2019, we can see that by investing 1 BDT in asset, IDLC was capable to generate 0.1168 BDT revenue.

3.3.4.2 Loan Utilization Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.1517	0.1329	0.1243	0.1343	0.1494



Loan utilization ratio refers how much income can be generated from issuing loan. From the above bar diagram, we can see the increasing rate of loan utilization ratio of IDLC from the year 2016 to 2019 and in the year 2019, they earned 0.151 BDT from issuing loan of 1 BDT or generated 15.17% earning from issuing loan. Compare with the year 2016 the ratio getting increase in 2019 by 1.74%.

3.3.5 Market Dimension

3.3.5.1 Price Ratio

Year	2019	2018	2017	2016	2015
Ratio	11.23	16.51	20.02	12.33	16.56

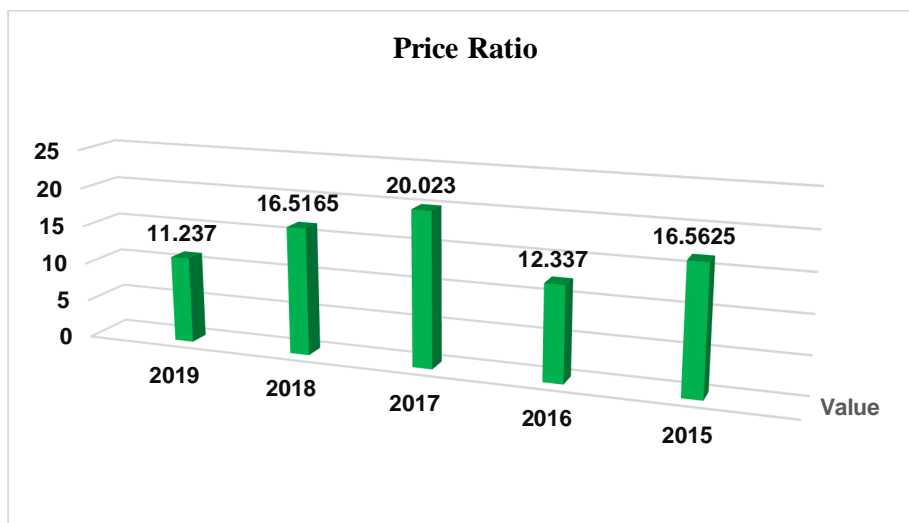


Figure 3.3.5.1.1: Graph of Price ratio

Price ratio refers how much investors are willing to pay per dollar of reported profits. This price ratio shows the growth prospective of a firm so that higher ratio is a good sign, because investors would be ready to give more to buy the shares of that firm. If we evaluate the last five year's date regarding this ratio for IDLC, we have found that from the 2015 to 2018, they had to face very much fluctuation in price ratio. In the year of 2017, there was a sharp jump of market price of per share which lead the IDLC to achieve a high price ratio in this year and the rate is 20.02% for per dollar of reported profit. But in year 2019 this ratio falls to 11.23% This low price ratio is a bad sign for collecting less funds from the investors in the future which will decrease the total equity to total asset ratio and so, it would increase burden of debt.

3.3.5.2 Dividend Yield Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.07709	0.0572	0.0351	0.0526	0.0393

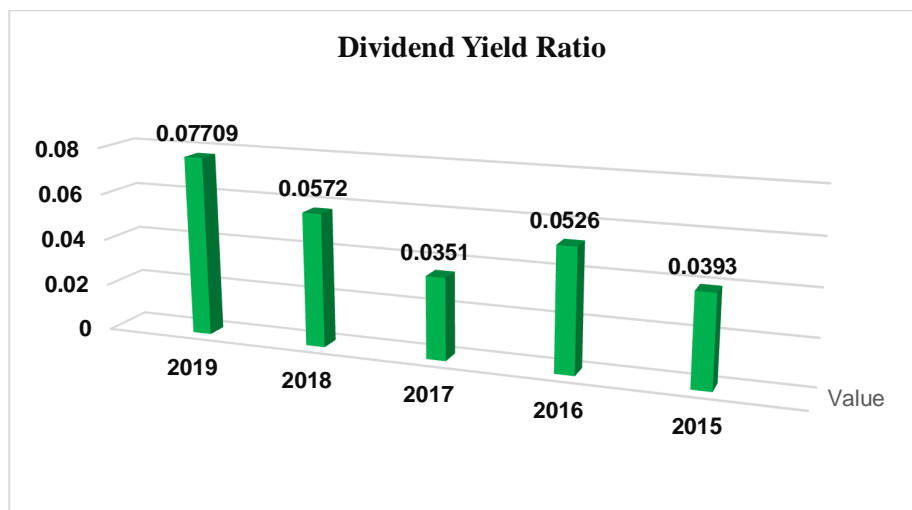


Figure 3.3.5.2.1: Graph of Dividend yield ratio

Dividend yield ratio is the ratio that measures the amount of cash dividends distributed to the ordinary shareholders' relative to the market value per share. It helps the investors to analyze their return on investment in stock. If we compare the last five year's value of DPS and market price per share of IDLC, we get fluctuate dividend yield ratio. If we consider only the period from 2018 to 2019, we can see an increased dividend yield because of low market price in that year. Dividend yield was 7.70%. low market price per share indicates the low demand of their share, that's why they paid more dividend yield in the year 2019 by doing this they become more attractive to investors.

3.3.5.3 Dividend Payout Ratio

Year	2019	2018	2017	2016	2015
Ratio	0.8663	0.82938	0.7042	0.6493	0.651

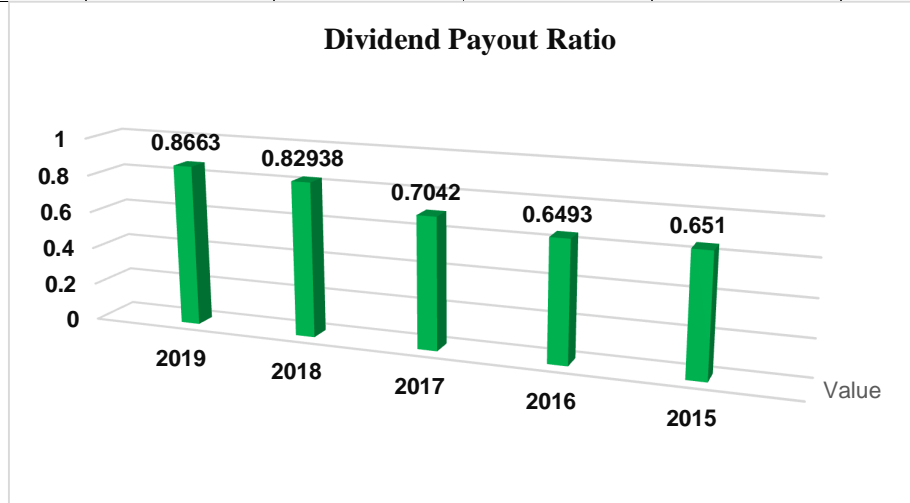
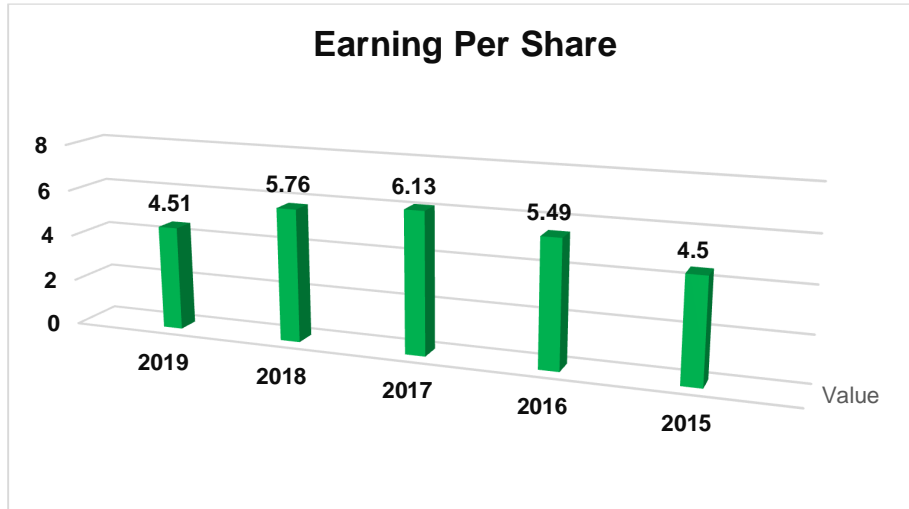


Figure 3.3.5.3.1: Graph of Dividend payout ratio

Dividend payout ratio refers how much earnings per share is given as dividend per share to the investors. It is very obvious that investors will prefer high dividend payout ratio. Last five year's data of IDLC have showed us the fluctuate rate of this dividend payout ratio because of the changes of earning per share and company's own policy also affects it. In the year of 2019, IDLC paid 86.63% dividend of their total earning per share as a dividend.

3.3.5.4 Earning Per Share

Year	2019	2018	2017	2016	2015
Ratio	4.51	5.76	6.13	5.49	4.5



Earnings per share is the portion of a firm’s profit allocated to each of the ordinary shares. EPS can be calculated from net income available to ordinary shareholders and then it need to be divided by total number of ordinary shares outstanding in the market. From the above bar diagram, we can see fluctuate rate of EPS over the last five years because of the differences of net income and number of shares outstanding. In year of 2019, the common shareholders of IDLC have earned 4.51 taka on every share they held.

3.3.5.5 Price Earnings Ratio

Year	2019	2018	2017	2016	2015
Ratio	10.07	12.11	13.91	8.05	10.96

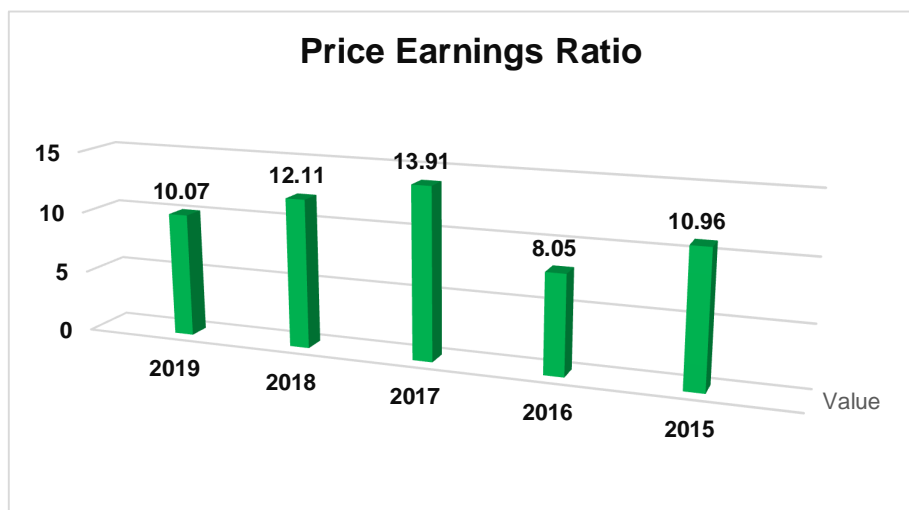


Figure 3.3.5.5.1: Graph of Price earnings ratio

The P/E ratio measures the relationship between a company's stock price and its earnings per share of stock issued. P/E ratio can be used to find out whether the stock you are looking to purchase is overvalued or undervalued. The P/E ratio shows what the market is willing to pay today for a stock based on its past or future earnings. According to sources Financial Institutions P/E ratio average was 14.66 in year 2019. In 2019 IDLC PE ratio was 10.07. According to these financial ratios IDLC Finance Limited's valuation is way below the market valuation of its sector. The (current) company valuation of IDLC Finance Limited is therefore way below its valuation average over the last five years.

CHAPTER-4

(COMPARISON OF IDLC WITH OTHER NON-BANK)



4.1 Highlights of the performance of Different Non-Banking Financial Institutions (IDLC, IPDC, Union Capital LTD, ILFSL)

IDLC Finance Limited.			
Financial ratios	2018	2017	2016
Debt Equity ratio	7.00	6.59	7.87
Return on Equity	15.91%	18.07%	19.91%
Return on Asset	2.12	2.60	2.33
Net Asset value per share	36.17	33.14	23.70
Earnings per share	5.76	6.13	5.49
Price earnings ratio	12.11	13.91	8.05
Current ratio	1.12	1.18	1.17
Total Asset turnover ratio	1.81	1.92	2.18
Return on Investment	2.66	2.31	2.38
Financial expense coverage ratio(times)	1.45×	1.76×	1.66×

Figure 4.1.1: Table of IDLC Financial ratio

International Leasing and Financial Service Limited(ILFSL)			
Financial ratios	2018	2017	2016
Debt Equity Ratio	9.97	10.69	9.43
Return on Equity	4.06%	17.19%	6.06%
Return on Asset	0.31%	1.65%	1.84
Net Asset value per share	13.36	14.36	12.31
Earnings per share	0.53	2.06	0.67
Dividend payout ratio	0.97	0.83	0.89
Current ratio	1.06	1.11	1.25
Return on Investment	3.55	3.28	7.67
Price earnings ratio	21.22	20.74	17.81
Financial expense coverage ratio	1.18	1.21	1.24

Figure 4.1.2: Table of International Leasing and Financial Service Limited (ILFSL)

IPDC Finance Limited			
Financial ratios	2018	2017	2016
Debt Equity Ratio	1.6	1.4	0.4
Return on Equity	13.1%	11.4%	11.5%
Return on Asset	1.0%	1.11%	2.0%
Net Asset value per share	17.2	14.3	12.7
Earnings per share	2.06	1.54	1.39
Price earnings ratio	18.5	32.6	30.7
Current ratio	1.0	1.0	1.0
Total Asset turnover ratio	3.93	2.43	1.81
Return on Investment	2.78	3.55	2.03
Financial expense coverage ratio	1.41	1.52	1.70

Figure 4.1.3: Table of IPDC Finance Limited Financial ratios

Union Capital Limited			
Financial ratios	2018	2017	2016
Debt Equity Ratio	1.05	1.44	1.09
Return on Equity	9.01	8.6	11.1
Return on Asset	0.38	0.73	0.95
Net Asset value per share	16.67	16.95	17.29
Earnings per share	1.48	1.44	1.84
Price earnings ratio	22.06	17.69	14.20
Current ratio	1.04	1.10	1.09
Total Asset turnover ratio	4.83	5.14	5.58
Return on Investment	2.05	2.28	2.66
Financial expense coverage ratio(times)	1.41	1.51	1.70

Figure 4.1.4: Table of Union Capital Limited Financial ratios

4.2 Cross-sectional ratio Analysis (IDLC vs. ILFSL vs. IPDC vs. Union capital LTD)

4.2.1 Debt to Equity Ratio

Company name	Debt to Equity Ratio (times)		
	2018	2017	2016
IDLC finance limited	7.00×	6.59×	7.87×
ILFSL	9.97×	10.69×	9.43×
IPDC	1.6×	1.4×	0.4×
Union capital limited	1.05×	1.44×	1.09×

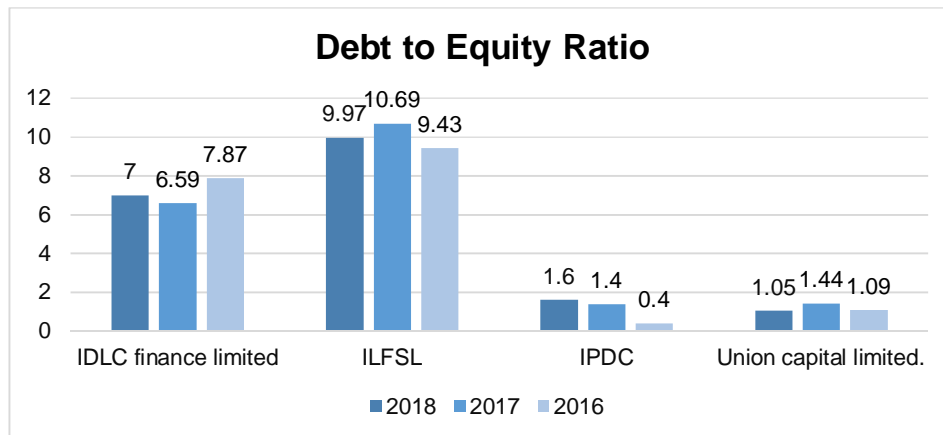


Figure 4.2.1.1: Graph of Debt to equity ratio

A debt equity ratio of 1 means that investors and creditors equally contribute to the assets of the business. A debt to equity ratio of IDLC 6.59 means a company uses 6.59 BDT in debt for every 1tk of equity. A more financially stable company usually has lower debt to equity ratio. Debt according to equity of union capital limited is quite low than other non-banks. The assets of the company are funded much by investors to creditors in the union capital limited. IPDC, IDLC had five times, then its equity in 2018. Compare with other non-bank IDLC D/E ratio is only lower than IPDC D/E ratio.

4.2.2 Return on Equity

Company name	Return on Equity		
	2018	2017	2016
IDLC finance limited	15.91%	18.07%	19.91%
ILFSL	4.06%	17.19%	6.06%
IPDC	13.1%	11.4%	11.5%
Union capital limited	9.01%	8.6%	11.1%

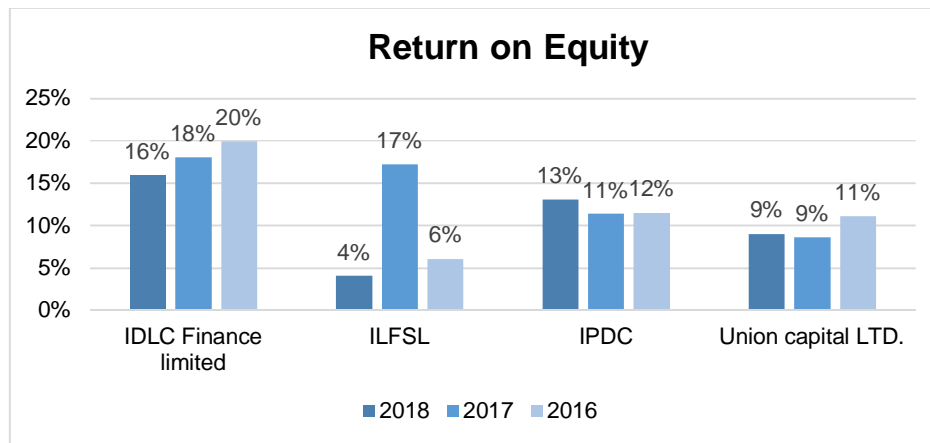


Figure 4.2.2.1: Graph of Return on equity

Investors can consider an ROE near the long-term average of the S&P 500 (14%) as an acceptable ratio and anything less than 10% as poor. Considering these things, we can see that IDLC is doing well over the year than the other non-banking financial institutions. IDLC had achieved higher ROE in 2017 which was 18.07%. In 2017 ILFSL ROE is only 4.06%. If we look at the graph we can see that in these three years IDLC had higher ROE than other NBFIs that are mentioned.

4.2.3 Return on Asset

Company name	Return on Asset (%)		
	2018	2017	2016
IDLC finance limited	2.12	2.60	2.33

ILFSL	0.31	1.65	1.84
IPDC	1.0	1.11	2.0
Union capital limited	0.38	0.73	0.95

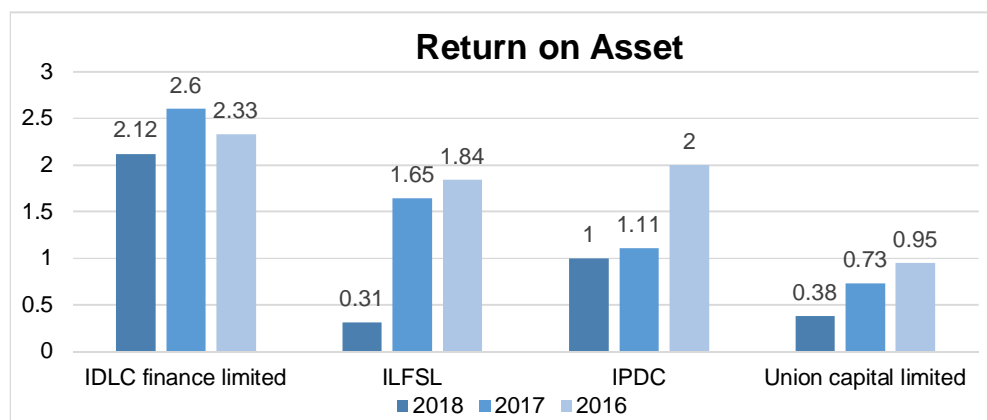


Figure 4.2.3.1: Graph of Return on asset

The ROA figure provide investors an idea of how effective the company is in converting the money it invests into net income. The higher the ROA number, the better, because the company is earning more money on less investment. On an average IDLC return on total asset is higher compare to IPDC, ILFSL and Union capital limited. IDLC had better ROA in 2018 than IPDC, Union capital limited & ILFSL. In 2018, from every 100 BDT worth of total assets IDLC has generated 2.12 BDT net profit. Where other earn equal to 1 or below than 1 BDT.

4.2.4 Net asset value per share

Company name	Net asset value per share		
	2018	2017	2016
IDLC finance limited	36.17	33.14	23.70
ILFSL	13.36	14.36	12.31
IPDC	17.2	14.3	12.7
Union capital limited	16.67	16.95	17.29

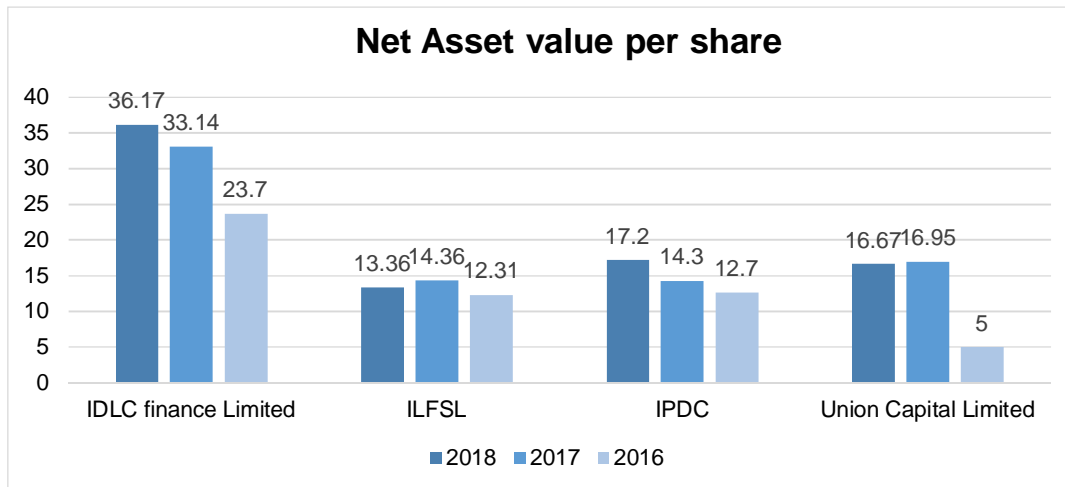


Figure 4.2.4.1: Graph of Net asset value per share

It is often the case that NAV is close to or equal to the book value of a business. Companies considered to have high growth prospects are traditionally valued more than NAV might suggest. Considering this in 2018 IDLC book value was 36.17 which is equal to its NAV. IPDC also had equal NAV and book value which is 17.2. But in 2016 IPDC Book value was 18.32 but its NAV was 12.7. Comparing this things IDLC have more high growth perspective than IPDC in near future. If we look at the graph we can clearly notice that IDLC NAV per share is higher than the mention company in the market.

4.2.5 Earning Per Share

Company name	Earnings per share		
	2018	2017	2016
IDLC finance limited	5.76	6.13	5.49
ILFSL	0.53	2.06	0.67
IPDC	2.06	1.54	1.39
Union capital limited	1.48	1.44	1.84

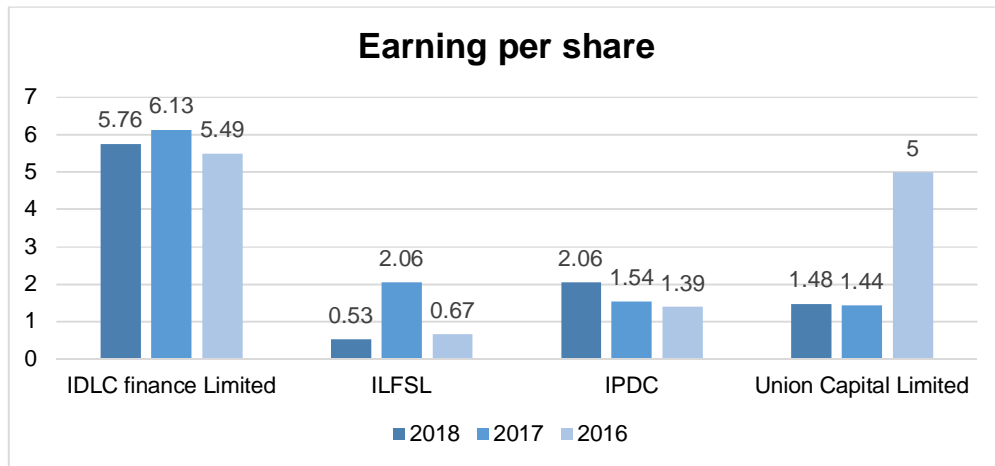


Figure 4.2.5.1: Graph of Earning per share

The data shows very much fluctuation of EPS of every company except IDLC. In year of 2017, the common shareholders of IDLC have earned 6.13 taka on every share they held. EPS has increased in 2017 from previous years. IDLC also has higher EPS than IPDC, IFFSL & union capital limited in 2017. In 2018 ILFSL earn only 0.53 taka per share where IDLC EPS is 5.76 and it almost ten times higher than ILFSL earning per share. So, from investor sides, IDLC will get higher priority over others non-banking financial institutions.

4.2.6 Price Earnings Ratio

Company name	Price Earnings Ratio		
	2018	2017	2016
IDLC finance limited	12.11	13.91	8.05
ILFSL	21.22	20.74	17.81
IPDC	18.5	32.6	30.7
Union capital limited	22.06	17.69	14.20

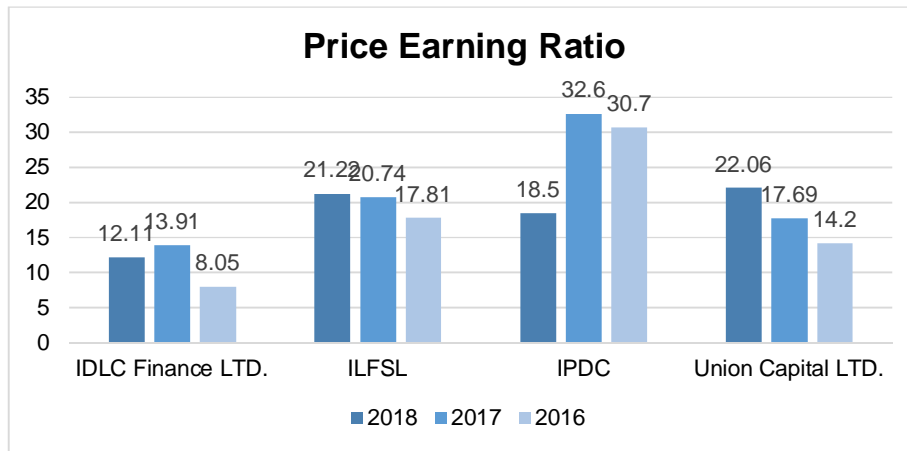


Figure 4.2.6.1: Graph of Price earnings ratio

In 2018, the common shareholders of IDLC were willing to pay 12.11 taka for every taka of reported earnings. P/E ratio has improved from last years, previous year in 2017 P/E was higher. Shareholders were to pay 13.12 taka for every taka reported earnings. Base on the information it is noticeable that in 2018 union capital limited had the highest P/E ratio than other non-banking financial institution. But, on an average IPDC has better P/E ratio than IDLC ILFSL and union capital company. Comparing with others non-bank that mention above IDLC has the lower P/E ratio than other financial companies.

4.2.7 Current Ratio

Company name	Current Ratio		
	2018	2017	2016
IDLC finance limited	1.12	1.18	1.17
ILFSL	1.06	1.11	1.25
IPDC	1.0	1.0	1.0
Union capital limited	1.04	1.10	1.09

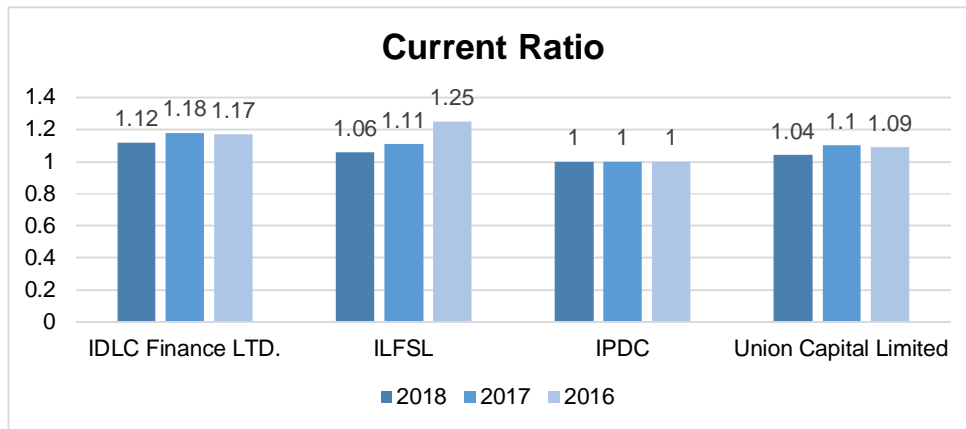


Figure 4.2.7.1: Graph of Current ratio

A ratio of 1-to-1 or better indicates a company has enough current assets to cover its short-term liabilities without selling fixed assets. Considering this on an average IDLC and ILFSL is doing well than others because they have more current assets to cover short term liabilities. On an average IDLC, ILFSL and union capital these companies maintain a good current ratio than IPDC. And IPDC maintain 1:1 ratio over years which is lower than other companies.

4.2.8 Asset Management Efficiency

Company name	Asset Management Efficiency		
	2018	2017	2016
IDLC finance limited	15.31%	14.71%	11.92%
ILFSL	6.75%	5.28%	4.21%
IPDC	12.79%	10.40%	7.35%
Union capital limited	15.98%	13.33%	12.92%

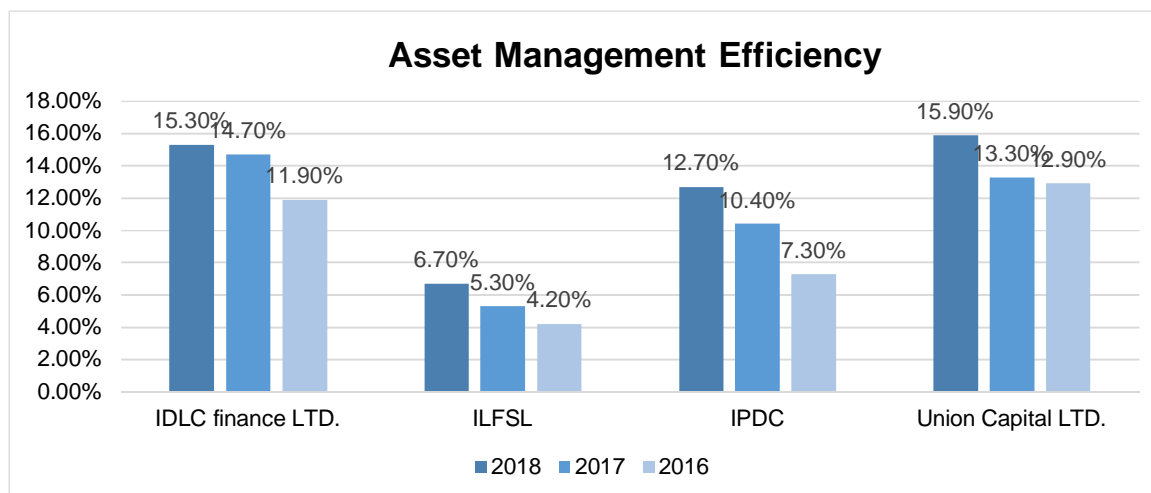


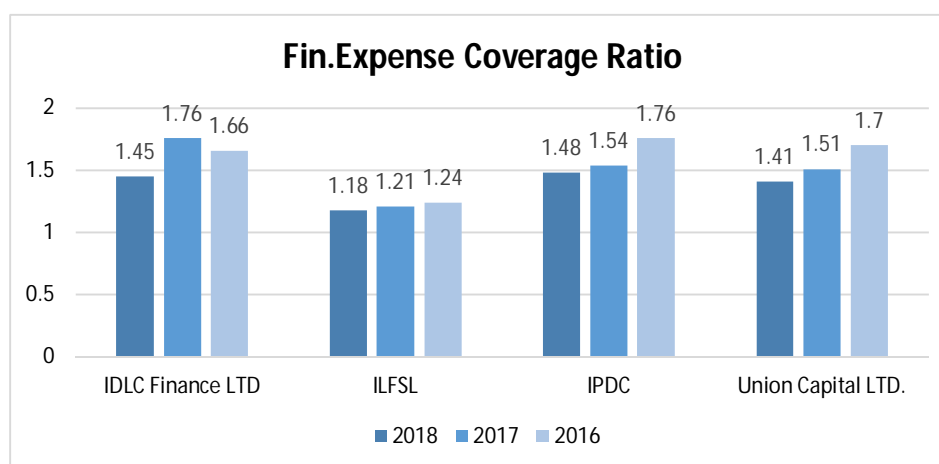
Figure 4.2.8.1: Graph of Asset management efficiency

Union capital limited was efficient in managing its resources efficiently for generating operating revenues especially in 2018, they doing well from previous year. In 2018 all of the four non-banking financial institution doing well than their previous year.

4.2.9 Financial Expense Coverage Ratio

Company name	Fin. Expense Coverage Ratio(times)		
	2018	2017	2016
IDLC finance limited	1.45	1.76	1.66
ILFSL	1.18	1.21	1.24
IPDC	1.48	1.54	1.76
Union capital limited	1.41	1.51	1.70

Figure 4.2.9.1: Graph of Fin. Expense coverage ratio



It represents how many times the company can pay its obligations using its earnings. From the collected information of these companies, on an average financial expense coverage ratio of IDLC is 1.62, ILFSL is 1.21, IPDC 1.31, and Union capital limited 1.54. From this point of view, we can say that Union capital limited expense coverage ratio is higher than others. Here based on IDLC performance compare to others also good.

CHAPTER-5

**(WHY IDLC SERVICES IS MORE SPECIAL THAN
COMMERCIAL BANK, IDLC SECTOR EXPOSER)**



5.1 Specialty of IDLC in compare to commercial Bank

In the Bangladeshi market IDLC finance limited company journey is about 32 years. IT started its journey as a small lease financing company. At first this company finance some machineries and vehicles for industries. The size of the portfolio of this company is also small. However, within 32 years, it has been creating a very well reputation in the financial markets. It has now come as a most reputed financial organization in Bangladesh. IDLC is purely a management driven company. The board here never oppress on its operation because of its best corporate governance.

If we are talk about why people would choose IDLC service facilities rather than the service of Commercial Bank, then there are some reason and activities that makes IDLC finance limited company more special than commercial Bank. Some of the reasons are showing below-

Loan processing: In case of process a loan a Commercial Bank may take two months to sanction that loan. But in this case IDLC take only 7-8 days to sanction that loan. Though IDLC are in a position where cost of fund is higher than the commercial Banks still they are in advance in taking less processing time.

Non-performing Loan: Though the average NPL is 10% but the actual non-performing loan is almost 17%-18% because of bad loans are need to be rescheduled and restructured. Compare to other some commercial Banks IDLC non-performing loan is lower than 2.8%. Interestingly IDLC maintain this same rate in last 32 years. I believe it is an excellent achievement by a non-banking financial organization in the country. And it proves that IDLC always direct the depositor's money in appropriate place

SME financing:

The most important thing is to payout fund in form of SME loans required a well mechanism and a financial company need to create a genuine people and proper system and a well organizational culture. In very beginning SME business is quite difficult for commercial Banks. But in that time IDLC had a positive circumstance because they have focus in mind some special terms. When they found out that competition get increased in large corporate lending area they switch their focus towards SME. When IDLC disburse small and medium size loan in some organization outside of Dhaka city, in that time commercial banks may not think of venturing those path. Though in this period all of the banks and NBFIs are doing SME. So come up with this idea in the beginning that makes IDLC more special.

Innovative: NBFIs always need to come up with some innovative ideas where commercial banks don't need this. IDLC need to adopt blue ocean strategy and it indicates that they need to operate in different areas where everyone usually does not operate. For this reason, they need to always find out innovative financing areas where they have potential growth and not explored by many.

Home loan facilities: As IDLC always come up with new ideas where they saw potential growth. This time also IDLC come up with the home loans facilities because none were pay attention in this area. They provide almost 40% home loan from their loan portfolio. Their home loan process is faster than any other commercial Bank or other financial organization in the market. In the market IDLC have the largest home loan portfolio. Till now they have sanction almost 10,000 cores home loan to their client.

Increased Fund:

In the market NBFI were not take deposit from their client. IDLC is the first NBFL which thought to take deposits from their client to increasing their fund. IDLC customer was Bank. They collect money from bank as deposited and disburse that fund as a loan to their customers.at that time IDLC was like boutique financing company.

At that time others banks also didn't think about this innovative idea and could be operate as a successful bank. But now they prove that their decision was right. IDLC is now a big company because of taking this kind of right decision and operate their company under a well management. Basically in every 2 years IDLC try to come up with some new ideas. They always think about 'what next'. And this is the things that makes IDLC special in compare with commercial Bank.

Inspire of that, we know that IDLC is a non-banking financial company and their cost of fund is higher than the commercial banks. In the commercial banks people deposited money in current account where no interest is paid or in savings account where low interest are paid to their customers. Banks collect large of their funds from this account from so many people. As an NBFL, IDLC don't have this opportunity. For this reason, if the cost of the fund is 5% then IDLC cost of fund is almost 6% to 6.5%. so commercial bank always 1-1.5% ahead of NBFI. Since IDLC is a NBFI, they are in a slightly weaker position than the bank in terms of cost of fund. This is because, in the bank, people deposit money in the current accounts and savings account. Current account is without interest and savings account has low interest rates and banks collect a large part of their fund through those deposits. As an NBFI, they don't have that advantage. So if the cost of fund of the Bank is, say 5%, our cost of fund is 6 to 6.5%. So they are always 1%-1.5% behind the commercial banks. For this reason, NBFIs always need to find out a strategy or to focus on the financial market servicing sector where commercial banks don't [4].

5.2 Sector wise exposure of IDLC in year 2019

IDLC suspect diversification in respect for product and sectors. They try to lower their credit risk by diversifying its loan exposure to various sector ensuring the central Bank's requirement. Upper limit is set for any sector so that any unfavorable impact on any industry has lower effect on IDLC's total return [4].

5.2.1 Total Gross Credit Risk Exposures

Particulars	Amount (in BDT-crore)	Percentage
Leasing	462.88	6.47%
Long-term finance	3,924.28	54.89%
Real-estate finance	2,146.15	30.02%
Car loan	185.85	2.60%
Personal loan	9.29	0.13%
Short term finance	77.77	1.09%
Loan-against deposit	41.52	0.58%
Margin loan to portfolio investors	206.33	2.89%
Interest receivable	95.78	1.34%
Total	7149.85	100.00%

Figure 5.2.1.1: Table of Total gross credit risk exposures broken down by major types of credit exposure

5.2.2 Industry or Country Type Distribution of Exposures, Broken Down by Major Types of Credit Exposure.

Sector	Amount in BDT(crore)	Percentage
Agriculture	260.62	3.69%
Cement and Allied industry	45.76	0.65%
Electronics and electrical product	81.5	1.15%
Food production and processing industry	209.84	2.97%
Garments	300.13	4.25%
Glass, glass wear and ceramic industry	50.73	0.72%
Housing	2217.96	31.39%
Iron, steel and engineering	260.35	3.68%
Jute and jute products	11.96	0.17%
Leather and leather goods	6.11	0.09%

Paper, printing and packaging	96.89	1.37%
Pharmaceuticals and chemicals	107.52	1.52%
Plastic industry	36.47	0.52%
Power, gas water and sanitary service	39.27	0.56%
Ship manufacturing industry	0.61	0.01%
Telecommunication-and-information technology	133.55	1.89%
Textile	331.44	4.69%
Trade and commerce	1444.21	20.44%
Transport and aviation	147.29	2.08%
Others	1284.37	18.18%
Total	7066.56	100.00%

Figure 5.2.2.1: Table of Industry or country type distribution of exposures, broken down by major types of credit exposure.

Beside these, IDLC group portfolio includes total margin loan to customers by our capital market subsidiaries (IDLC SL and IDLCIL) of amount BDT 206.33 crore but does not include Loan to subsidiaries paid by IDLC Finance Limited of amount BDT 123.03crore which should be deducted from the portfolio. Therefore, the total industry exposure amounts to **BDT 7,149.85 crore** [5].

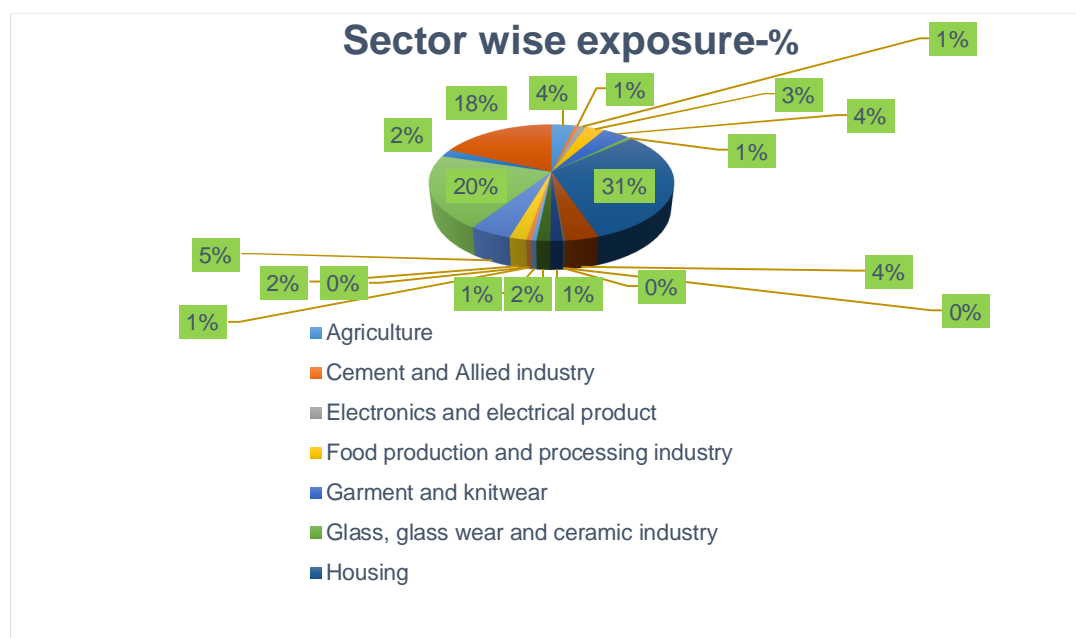


Figure 5.2.2.2: Graph of Sector wise exposure

CHAPTER-6

(FINDINGS, RECOMMENDATION AND CONCLUSION)



6.1 Findings

- The total asset growth rate of IDLC is differ every year. In year 2019 total asset growth rate increased in compare to 2017. Within 5 years the total asset growth rate is 14.9%.
- The long-term liabilities vary during the year of 2015 to 2019. Compare to year 2015 the long term liability increased almost 40%.
- IDLC total deposit growth rate increased from 2015 to 2019 and it indicate that it can attract more new investors.
- Operating income of IDLC increased over years.
- IDLC operating expense and financial expense increasing over years but comparing with operating expense IDLC financial expense is increasing more. This increasing rate is almost 3.78% over 5 years.
- Also comparing with total income growth rate IDLC expense growth rate is high in this 5 years.
- After the subtraction of taxes, net profit of the company continuously increased. And it motivates investors to invest on IDLC.
- The total number of shareholders of the company also increasing over years
- Lease Finance growth rate and current asset growth rate is negative over these 5 years.
- As the total shareholders increase, equity of shareholders also increased but as the income get fall from the last year they had to retain less fund and distribute 80% of their net income to their shareholders to retain the investors and to attract more new investors.
- ROA declined during the period from 2015 to 2019 and in 2019 this return rate is lower than the industry average. So it can be said in 2019 they are not able to managing the firm asset effectively.
- ROE is observing higher than the industry average in year 2015 to 2017. Therefore, IDLC seems much more lucrative to its shareholder. But in 2018 and this rate getting declined because of declining rate of net income.
- EPS of IDLC getting increased during the year 2015 to 2017 but in 2018 to 2019 EPS get declined.
- Dividend payout ratio of IDLC increased repeatedly and this encourage more shareholders to invest in the company.
- IDLC debt to total asset is higher than the industry average. This is not a good sign as IDLC now depends more on leverage.
- IDLC Debt to Equity ratio also differ during the year 2015 to 2019 and this ratio is increasing over years and IDLC using more debt than Equity in 2018 and 2019. The ratio was higher than the industry average. So IDLC became more profitable, as well as becoming riskier and less solvent than the industry average.
- Fin. Expense coverage ratio of IDLC is lower than the industry average from year 2015 to 2017 but in 2019 this ratio getting decline and investors may not seem it as a good signal.
- Capital adequacy ratio of IDLC was less than the industry average. So it was less favorable than other company to the shareholders.

- P/E ratio of IDLC kept on repeatedly falling. So it was riskier and their growth was very poor in year 2019.
- As the loan to deposit ratio is less than the industry averages the profitability of IDLC was also less than their industry in the last year.
- Over year IDLC current ratio decline and it now become lower than the industry average. And it indicates that their liquidity condition is not so good than before.

6.2 Recommendation

- IDLC should need to improve its current Ratio. Because over year this ratio is declining.
- They need to increase their ROA by using their total asset more efficiently by doing this they can increase their net income.
- From 2015 to 2019 IDLC total revenue decline because of increasing total expenses. For this reason, IDLC should maintain their operating and financial expenses more efficiently so that they can maximize their total net income.
- From 2017 to 2019 ROE decreasing rate in 5.61%. To attract more shareholders and maintaining a good will IDLC should increase ROE. IDLC should give more attention on increasing ROE as it is one of the main indicator of company performance.
- IDLC should also be careful about it because it is responsible as the main indicator of company's performance.
- IDLC need to maintain an optimal capital structure where debt and equity will be used in a balance between risk and return where they can ensure optimum return and minimum risk.
- IDLC should need to follow loan to deposit rules given by Bangladesh Banking case of crisis related liquidity.
- The management should focus on increasing their P/E ratio because it is a major exponent of financial institutions performance. Management should give effort to increase net income every year as well as earning availability for Common shareholders by doing this it will increase confidence level of Investors and P/E ratio will increase.
- Over years from 2014 to 2019 their net current asset growth is negative so they should give more concentration for make this growth positive and main a positive liquidity position
- Comparing with others NBFI, IDLC price earnings ratio is quite low. So they should give more concentration on it.

6.1 Conclusion

At last, it can be concluding that IDLC financial company is most reputed non-banking financial company in Bangladesh. In this report, from the year 2015 to 2019 financial performance of IDLC has been examine and evaluated as well as comparison with other some NBFI also shown for a better understanding of IDLC performance in the financial market. After analysis various positive and negative sides of the IDLC finance limited company has come forward. The analysis shows that IDLC finance limited performed poorly in the year 2019 compare to the other years. Some suggestion is given to the management of this company base on the problems that are identified. IDLC can become a most superior and leading financial company in Bangladesh if the management of IDLC finance limited solve this problem more efficiently. By doing this they can also achieve their company vision which is to become the best financial brand in Bangladesh. Besides, they should perform more CSR activities so that it helps them to improve their company reputation as well as to ensure their long-term-sustainability [6].

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