Thesis Report

On

Financial Performance Analysis of Finance Company: A Case study on "IDLC Finance Ltd"

Submitted to:

Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfilment of the degree of
Executive Master of Business Administration

Submitted by:

S.M. Hazarat Hossain
ID: EMBA 2301028001
Program: Executive Master of Business Administration (EMBA)
Major: Finance
Semester: Spring-2024
Department of Business Administration
Faculty of Business
Sonargaon University



Department of Business Administration
Sonargaon University
147/1, Green Road, Panthapath, Dhaka

Date of Submission: May 05, 2024

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Submitted to:

Md Shahbub Alam
Lecturer
Department of Business Administration
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Letter of Transmittal

May 05, 2024

Md. Shahbub Alam
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University

Subject: Submission of Thesis report.

Dear Sir,
It is my great pleasure to submit my thesis report of **"Financial Performance Analysis of Finance Company: A Case study on "IDLC Finance Ltd."** which was assigned me as a part of my Executive Master of Business Administration (EMBA) Program. Here is my overview on the focused activities of the IDLC Finance Ltd. I have tried myself to explain my learning experience briefly through my report.

I appreciate that, the approach really contributes in giving my course learning shape on me. The entire report is based on my practical experience in the IDLC Finance Ltd. I have put my best effort in completing the report with all the information that I have collected during my stay at IDLC Finance Ltd.

I have great hope that the report will meet your expectation and help you to get a clear idea about the subject.

Sincerest gratitude for your illuminating guidance.

Sincerely yours,

.....
S.M. Hazarat Hossain
ID: EMBA 2301028001
Program: Executive Master of Business Administration (EMBA)
Major: Finance
Semester: Spring-2024
Department of Business Administration
Faculty of Business
Sonargaon University

Declaration of the Student

I do hereby earnestly declare that the work presented in this thesis report **"Financial Performance Analysis of Finance Company: A Case study on "IDLC Finance Ltd."** has been carried out by me and has not been previously submitted to any university/ college/ organization for an academic qualification/certificate/ degree.

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 development against any loss or damage arising from breach of the foregoing obligations.

.....

S.M. Hazarat Hossain
ID: EMBA 2301028001
Program: Executive Master of Business Administration (EMBA)
Major: Finance
Semester: Spring-2024
Department of Business Administration
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Sonargaon University

Certificate of Supervisor

This is to certify that the dissertation on **"Financial Performance Analysis of IDLC Finance Ltd"** is done by **S.M. Hazarat Hossain,** Student ID: EMBA 2301028001, Executive Master of Business Administration, Major in Finance, as a partial fulfillment of requirement for the degree of (EMBA Programme). The Thesis Report has been carried out under my guidance and is a record of the sincere work carried out successfully.

.....

Md. Shahbub Alam
Lecturer
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Executive Summary

Financial performance evaluation is an important measure of the health and stability of a financial institution. It analyzes various financial statements, ratios and indicators to assess a company's past performance and future prospects. Literature review summarizes the basic concepts and principles of financial performance analysis and IDLC Finance Ltd's core concepts and principles.

Financial statements are the primary sources of information for evaluating the financial performance of a company. The three main financial statements are balance sheet, income statement and cash flow statement (Palepu, 2010). This information provides insight into the company's financial condition, profitability, cash flow and liquidity management. IDLC Finance Ltd. For me, analyzing this information will help assess the company's financial health, capital structure and ability to manage cash flow for profitability.

Ratio analysis is a powerful tool for evaluating a company's financials by comparing key financial ratios (Brealey et al., 2018). Commonly used financial ratios include returns (such as return on assets and return on investment), liquidity ratios (current ratios, ratios of disposal). speed of execution), leverage ratio (cost and liquidity ratio), and efficiency (asset turnover). , income adjustment) (Brigham & Houston, 2012). IDLC Finance Ltd. By calculating and analyzing these ratios for is, we can identify trends, compare a firm's performance to industry peers, and assess its financial strengths and weaknesses.

Various financial performance measurement models have been developed to assess a company's overall financial health and performance. The balanced scorecard, for example, considers not only financial metrics but also non-financial factors such as customer satisfaction, internal processes, and learning and growth (Kaplan and Norton, 1992). Applying these models to IDLC Finance Ltd. will provide a holistic view of the company's performance and help identify areas that require strategic attention.

Financial performance analysis also involves evaluating a company's risk profile and risk management practices (Shim and Siegel, 2013). For IDLC Finance Ltd., this includes assessing credit risk, market risk, liquidity risk, and operational risk. By analyzing the company's risk management strategies, capital adequacy, and exposure to various types of risks, we can evaluate its ability to navigate through economic cycles and maintain financial stability.

This literature review sets the foundation for the financial performance analysis of IDLC Finance Ltd. by summarizing key concepts, theories, and methodologies relevant to the study. The subsequent chapters will delve into the detailed analysis, findings, and implications of the research, providing valuable insights into the financial health and prospects of one of Bangladesh's leading financial institutions.

Acknowledgement

First of all, I extend my profound gratitude to the Almighty Allah, the omnipresent and omnipotent,who helped me accomplish this task on time. I feel satisfied and glad that I have completed this study within specific duration. This Thesis Report might never have been completed without the necessary practical knowledge, assistance of many books, articles, websites, and primary data. It enhanced my knowledge on employee job satisfaction. Thanks to all those persons, who have assisted me, providing me co-operation, books and articles, I would like to express my special gratitude to my supervisor **Shahbub Alam, Lecturer** Department of Business Administration, Faculty of Business, Sonargaon University(SU), Dhaka, Bangladesh for his motivating inspiration, kind direction, valuable suggestions & advices during my internship period and to prepare this report.

I would like to thank Mr. Md. Aminul Islam (SEO), Mr. Md. Mahmudur Rahman (BDO), for their help and direction for helping me finish my thesis paper. Lastly, I might want to thank to Md. Jahidul Islam (BDO) for providing information about IDLC. Without your support it can't be possible.

Author

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Abbreviation

ATM	: Automated teller machine
BAB	: Bangladesh Association of Banks
BIBM	: Bangladesh Institute of Bank Management
CEO	: Chief Executive Officer
DIIT	: Daffodil Institute of IT
IDLC	: Industrial Development Leasing Company of Bangladesh Limited
EPS	: Earnings per share
GPM	: Gross Profit Margin
ID	: Independent Director
EMBA	: Executive Masters of Business Administration
MD	: Managing Director
SO	: Senior officer
NIM	: Net interest margin
ROA	: Return on Assets
ROE	: Return on Equity

Chapter 1

Introduction

1.1 Origin of the Report

This report has been prepared to satisfy the prerequisites for fulfillment of the Executive Masters of Business Administration (EMBA) Program of Sonargaon University (SU). This thesis paper gives me an adequate experience to analyze the activities of IDLC Finance Ltd. I hope the report will give a clear idea and understanding about the activities and role of IDLC as leading a non-banking financial institution.

1.2 Objectives of the report:

- To present an overview of IDLC.
- To apprise the financial analysis of IDLC.
- To apprise the financial performance of IDLC
- To understand the problems of IDLC.
- To give basic solutions to the problems of IDLC. .

1.3 Scope of study

This report covers a brief overview of IDLC and description about and on their major activities. This report also highlights the financial performance of IDLC over the past five years. The financial time period or duration that has been analyzed for this study is from the year 2019 to the year 2023.

Finally, efforts were given to identify the factors that led to the successes or failures experienced by IDLC, in the non-banking industry. Some suggestions to management have also been provided in this regard.

1.4 Methodology of study

The nature of this study is exploratory. The financial performance's analysis of IDLC has been done this study. Ratio analysis was predominantly used. Regarding the completion of this report the secondary data was invariably used. The secondary sources include-

- Annual Reports of IDLC over the past 5 years.
- For the industry average, financial information of 23 companies has been used and the data were collected from the main companies.

No survey was conducted for this report. I have gone through various secondary sources in order to gather data that are related to the basics of accounting exercises and also related to the problems of the accounting exercises.

1.5 Limitations of the Study:

I have found some limitations throughout the process of preparing this report. The limitations are given below-

- Some information needed to develop this report is highly privileged but IDLC Finance Ltd. did not allow full disclosure of these data.
- Though, there are convenient ways to get to know about the products of IDLC Finance Ltd. There are minute or very few written documents available for the operating procedures.
- There are some departments at IDLC Finance Ltd., which are regarded as intellectual assets of the organization. In those departments, proper entrance to get data about their principal activities or how they work could not be managed.
- Limited time is another barrier to preparing a quality report.
- Secret report is another barrier to preparing a quality report.

1.6 Literature Review:

Financial performance evaluation is an important measure of the health and stability of a financial institution. It analyzes various financial statements, ratios and indicators to assess a company's past performance and future prospects. Literature review summarizes the basic concepts and principles of financial performance analysis and IDLC Finance Ltd's core concepts and principles.

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Chapter 2

An Overview of IDLC Finance Limited

2.1 Company Overview

One of the biggest non-Banking financial organizations in Bangladesh is IDLC. It is composed of three fully owned subsidiaries.

IDLC competently serves over fifty thousand customers through 41 major touch points throughout 24 cities of the country. Every day, more than 1,300 people put their countless efforts together in Corporate Finance, SME Finance, and Consumer Finance and Capital Market segments of the Bank. IDLC has yet, till date, been a story of success and growth built on the trust and respect of their dependent customers, since 1985.

With IDLC, isolation has never been the keen achievement goal - rather it aims for inclusive growth as it has made its platform in the lives of the people with whom it has been privileged to come across and provide for.

IDLC has been serving customers with its products & services; it has also been through the initiatives taken to solve a few of their problems. This philosophy has actively prompted IDLC to launch the 'IDLC Khushir Kheya'; it is a volunteering platform encompassing areas such as education, fitness, environment and populations projects where volunteers from all over Bangladesh are welcome to willingly contribute with us in the process of building a happier tomorrow, which took place last year.

2.2 Subsidiaries

2.2.1 IDLC Investments 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.

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).

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 hers, which currently consist of Mutual Funds proposed to several individuals and institutions.

2.3 IDLC Philosophies – The Backbone of the Enterprise

2.3.1 Vision

Become the best financial brand in the country.

2.3.2 Mission

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

2.3.3 Strategic Objective

- Grow and develop its talent pool.
- Fully leverage the core banking platform.
- Optimize distribution points.
- Grow and diversify funding sources.
- Grow sales and service capabilities in the consumer division.
- Sustainably grow SME portfolio.
- Focus on top-level customers in the corporate section.
- Consolidate capital market activities and improve capacities.
- Embrace globally acknowledged corporate administration and maintainable business rehearses.

2.3.4 Core Values

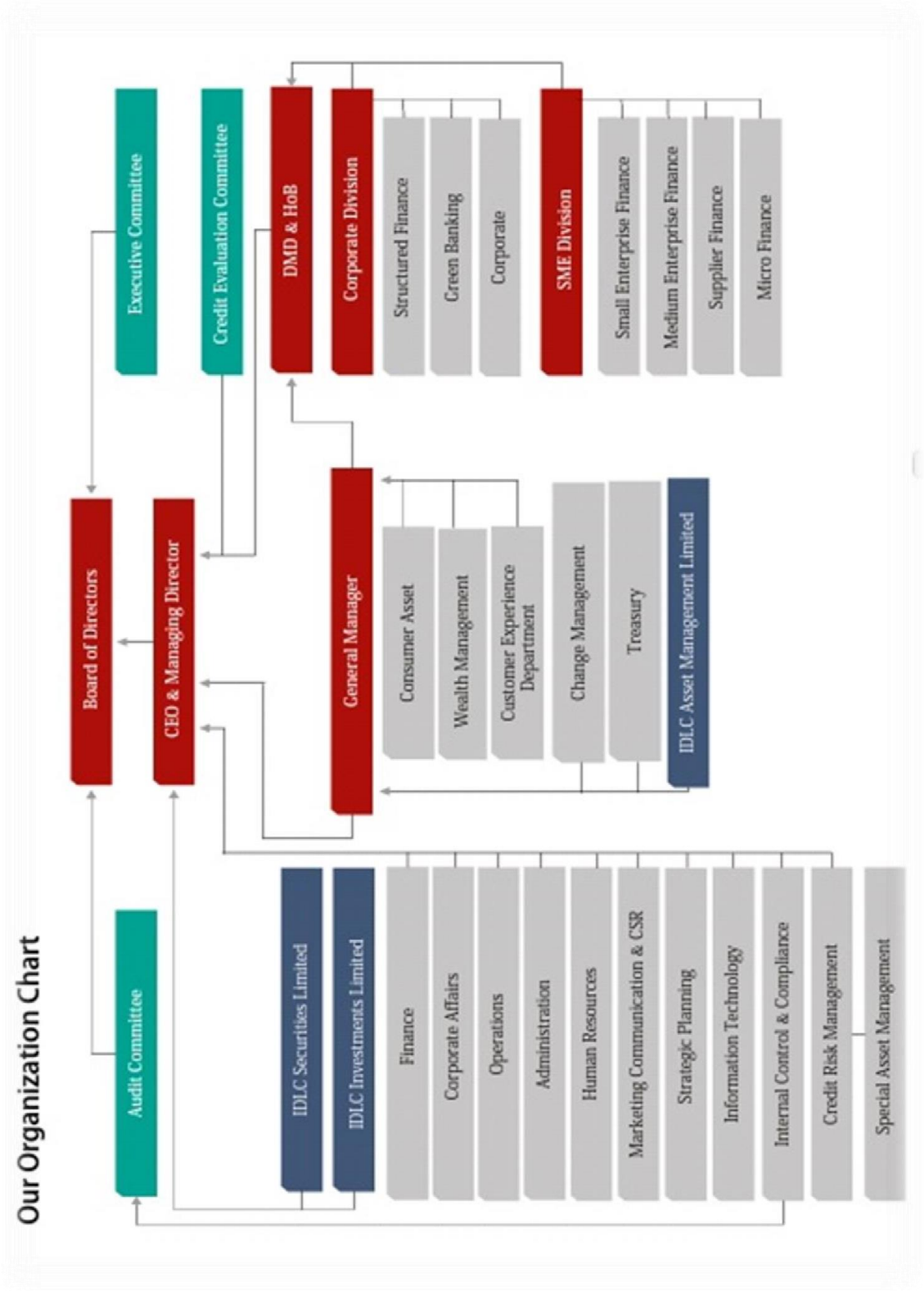
- Integrity
- Customer Focus
- Trust and Respect
- Equal Opportunity
- Eco-accommodating
- Passion Simplicity

2.3.5 Code of Conduct and Ethical Guidelines

- Act with trustworthiness, capability, poise and in a moral way when managing clients, prospects, associates, offices and general society.
- Act and urge others to act in an expert and moral way that will think about emphatically IDLC workers, their calling and on IDLC on the loose.
- Strive to keep up and enhance the ability of all in the business.
- Use sensible care and exercise free proficient judgment.
- Not limit others from playing out their expert commitments.

- Maintain learning of and agree to every material law, standards and controls Disclose all irreconcilable circumstances.
- Deliver proficient administrations as per IDLC strategies and pertinent specialized and expert measures.
- Respect the classification and protection of clients, individuals and others with whom they work together.
- Not take part in any expert direct including deceitfulness, extortion duplicity or deception or confer any demonstration that considers unfavorably genuineness, dependability or expert fitness.

2.4 organogram

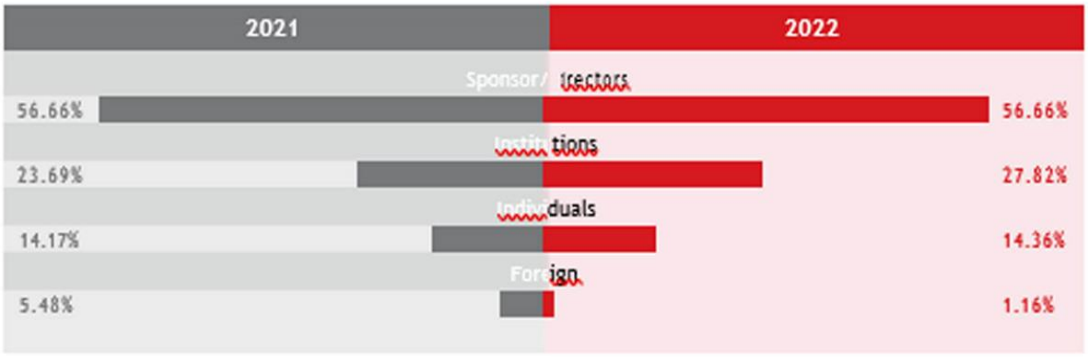


2.5 Shareholder Structure

IDLC SHAREHOLDING STRUCTURE

As on December 31, 2022

SL.NO.	NAME OF SHAREHOLDERS	NO OF SHARES	AS A % OF TOTAL
1	Sponsors/Directors:		
	The City Bank Limited and its subsidiaries:	96,480,405	23.21
	The City Bank Limited	37,413,699	9.00
	City Bank Capital Resources Limited	41,154,150	9.90
	City Brokerage Limited	17,912,556	4.31
	Transcom Group:	55,426,161	13.33
	Eskayef Pharmaceuticals Limited	33,255,878	8.00
	Transcraft Limited	16,683,065	4.01
	Bangladesh Lamps Limited	5,487,218	1.32
	Sadharan Bima Corporation	31,672,060	7.62
	Reliance Insurance Limited	29,098,891	7.00
	Mercantile Bank Limited and its subsidiary:	22,863,413	5.50
	Mercantile Bank Limited	14,549,444	3.50
	Mercantile Bank Securities Limited	8,313,969	2.00
	Sub-Total	235,540,930	56.66
2	General		
	Institutions:		
	Investment Corporation of Bangladesh (ICB)	34,043,529	8.19
	Bangladesh Fund	5,590,000	1.34
	Delta Life Insurance Co. Ltd.	5,372,595	1.29
	Marina Apparels Limited	4,156,982	1.00
	Other Institutions	66,476,104	15.99
	Sub-Total	115,639,210	27.82
	Individuals:		
	General Public (Individuals)	59,708,617	14.36
	Sub-Total	59,708,617	14.36
	Foreign:		
	Institutions & Individuals	4,809,727	1.16
	Sub-Total	4,809,727	1.16
	Total Holdings	415,698,484	100.00



2.6 Product & Service Basket

2.6.1 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

2.6.2 Corporate Finance

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

2.6.3 Consumer Finance

Loans

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

Deposits

- Flexible Term Deposit Package
- Regular Earner Package

2.6.4 Capital Markets Operations

IDLC Securities Limited

Products

- Cash Account
- Margin Account through IDLC Investments Limited and other enlisted merchant banks Easy IPO
- Premium Brokerage for High Net worth Individuals (HNIs) an institutional and foreign investment 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

Products

- Mutual Funds
- Portfolio Management

Chapter 3

Theoretical Analysis

3.1 Definition and Importance of Performance Evaluation

Performance Evaluation is the procedure of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and profit and loss account.

It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the firm's position and performance. This analysis can be undertaken by management of the firm or by parties outside the namely, owners, creditors and investors. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate.

3.2 Understanding Financial Performance

There are many ways to measure financial performance, but all measures should be taken in aggregate. Line items, such as revenue from operations, operating income, or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

There are many stakeholders in a company, including trade creditors, bondholders, investors, employees and management. Each group has its own interest in tracking the financial performance of a company. Analysts learn about financial performance from data published by the company in form 10K, also known as the annual report. Public companies must publish the SEC required 10K form. The purpose of the report is to provide stakeholders with accurate and reliable financial statements that provide an overview of the company's financial performance.

In addition, company leaders audit and sign these statements and other disclosure documents. In this way, the 10K represents the most comprehensive source of information on financial performance made available to investors annually. Included in the 10K are three financial statements: the balance sheet, the income statement, and the cash flow statement.

3.2.1 Balance Sheet

The balance sheet is a snapshot of the financial balances of an organization. It provides an overview of how well the company manages its assets and liabilities. Analysts can find information about long-term vs. short-term debt on the balance sheet. They can also find information about what kind of assets the company owns and what percentage of assets are financed with liabilities vs. stockholders' equity.

3.2.2 Income Statement

The income statement provides a summary of operations for the entire year. The income statement starts with sales or revenues and ends with net income. Also referred to as the profit and loss statement, the income statement provides the gross profit margin, the cost of goods sold, operating profit margin, and net profit margin. It also provides an overview of the number of shares outstanding, as well as a comparison against performance the prior year.

3.2.3 Cash Flow Statement

The cash flow statement is a combination of both the income statement and the balance sheet. For some analysts, the cash flow statement is the most important financial statement because it provides reconciliation between net income and cash flow. This is where analysts see how much the company spent on stock repurchases, dividends and capital expenditures. It also provides the sources and uses of cash flow from operations, investing and financing.

3.3 Ratio Analysis

Ratio analysis is extremely main matter of financial performance analysis of a company. This tool used to behavior a quantitative analysis of financial information in a company’s financial statement.

3.3.1 Types of financial ratios

3.3.1.1 Liquidity

3.3.1.2 Profitability

3.3.1.3 Activity

3.3.1.4 Leverage

3.3.2 Liquidity Ratio

Liquidity ratio events the short term ability of a company to pay its maturing obligations and to meet unforeseen needs for cash. Liquidity ratio shows the current asset to current debt ratio. The ratios are used to determine the institutions short term debt paying ability. These ratios are generally used by short–term creditors like and suppliers. Under liquidity ratio management uses those kinds of ratios, they are as follows:

- Cash Ratio
- Current Ratio
- Net Working Capital
- Quick Ratio
- Working Capital Ratio

3.3.3 Profitability Ratio

Profitability is concerned with how effectively an organization has used its available resources. Profitability ratios are normally presented as a percentage and in general, the higher the profitability percentage, the better is the organization's performance. Profitability ratios measure management overall effectiveness as shown by the return generated on sales and investments.

- Gross Margin
- Operating Margin
- Net Margin
- Free Cash Flow Margin
- Return on Assets
- Return on Equity

3.3.4 Activity Ratio

Activity ratios refer to the type of financial ratios the company uses to determine the efficiency with which it can use its different operating assets in its balance sheet and converts them into sales or cash.

Activity ratios help evaluate a business's operating efficiency by analyzing fixed assets, inventories and accounts receivables. It expresses a business's financial health and indicates the utilization of the balance sheet components.

- Sales to Inventory
- Sales to Working Capital
- Sales to Current Assets
- Sales to Fixed Assets
- Sales to Total Assets

3.3.5 Leverage Ratio

Leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations. The leverage ratio category is important because companies rely on a mixture of equity and debt to finance their operations, and knowing the amount of debt held by a company is useful in evaluating whether it can pay off its debts as they come due.

- Debt Ratio
- Long Term Debt to Equity
- Debt to Equity Ratio
- Time Intern Earned Ratio

Chapter 4

Financial Analysis of IDLC

4.1 Financial Highlights (IDLC Finance Limited and its subsidiaries)

In

BDT Million

Particulars	2019	2020	2021	2022	2023	Growth in (%)
Financial Performance						
Lease and Term loans disburse	17,473	22,140	29,807	35,511	35,437	19.14%
Housing finance disbursement	5,896	5,954	5,646	7,893	6532	39.80%
Short term finance (portfolio)	735	1,079	1,079	778	367	-8.01%
Lease Finance (portfolio	6,282	6,016	4,950	4,629	3786	-6.49%
Real estate finance assets (portfolio)	4,822	17,206	18,108	21,462	15468	18.52%
Total assets	57,160	71,769	76,505	92,611	90621	21.05%
Long term liabilities	50,471	63,591	67,446	80,540	87541	19.41%
Term deposit balance	35,241	46,174	47,564	60,538	75602	27.28%
Net current asset	,778	5,924	5,031	6,580	6983	30.80%
Operational Performance						
Operational income	3,326	3,961	4,433	4,801	5640	8.31%
Operational expenses	1,237	1,394	1,679	1,934	2168	15.23%
Financial expenses	4,530	4,827	4,625	4,902	5981	6.00%
Profit before tax	2,029	2,276	2,581	2,639	2982	2.25%
Net profit after tax	1,154	1,244	1,496	1,582	1468	5.72%
Financial Ratios						
Debt equity ratio (Times)	9.04	9.65	9.06	7.76	8.9	(1.30)
Average effective tax rate (%)	43.15	45.34	42.02	40.05	39.05	(1.97)
Financial expenses coverage ratio (Times)	1.45	1.47	1.56	1.54	1.38	(0.02)
Current ratio (Times)	1.13:1	1.22:1	1.17:1	1.18:1	1.29:3	0.01
Return on total assets (%)	2.18	1.93	2.02	1.87	1.82	(0.15)
Non-performing loan ratio (%)	2.02	3.06	2.95	2.77	2.98	(0.18)
Return on shareholders' equity (%)	22.37	20.01	20.87	17.41	19.56	(3.46)
Earnings per share* (BDT)	3.56	3.84	4.62	4.26	3.64	(0.36)
Dividend per share (BDT)	3.50	2.50	3.00	3.00	1.5	-

Dividend yield (%)	4.77	4.69	3.93	5.26	3.52	(1.75)
Dividend payout ratio (%)	92.98	76.27	50.52	75.59	71.50	(4.09)
Shareholders' equity	4,621	5,694	6,737	7,605	10,569	38.98%
Net interest income as a percentage (%) of working funds	6.13	6.78	6.44	6.14	5.77	(0.36)
Operating Profit as percentage (%) of working fund	4.46	4.97	5.18	5.79	4.35	(0.44)

*****Earning per share is required to be calculated based on adjustment factor, as there was issuance of right shares during the year.

4.2 Horizontal Analysis (IDLC)

4.2.1. Horizontal Analysis of Balance Sheet (IDLC)

Particular	2023	2022	2021	2020	2019
Cash	147.23%	131.12%	119.80%	98.09%	100%
In hand	127.91%	124.92%	121.59%	114.98%	100%
Balance with Bangladesh Bank and its agent	147.24%	131.12%	119.80%	98.10%	100%
Balance with other banks and financial institutions	191.69%	145.92%	176.38%	102.03%	100%
Inside Bangladesh	191.69%	145.92%	176.38%	102.03%	100%
Outside Bangladesh	0.00%	0.00%	0.00%	0.00%	100%
Money at call and short notice	0.00%	0.00%	0.00%	0.00%	100%
Investments	1007.27%	552.83%	431.31%	335.14%	100%
Government	0.00%	0.00%	0.00%	0.00%	100%
Others	1007.27%	552.83%	393.17%	297.00%	100%
Loans and advances	174.64%	151.97%	134.86%	114.97%	100%
Loans, cash credit, overdraft etc.	174.64%	151.97%	134.86%	114.97%	100%
Bills purchased and discounted	0.00%	0.00%	0.00%	0.00%	100%
Fixed assets including land, building, furniture	167.49%	165.34%	135.73%	97.84%	100%
Other assets	194.47%	164.09%	190.67%	190.28%	100%
Non-banking assets	0.00%	0.00%	0.00%	0.00%	100%
Total Assets	189.74%	157.27%	145.62%	116.85%	100%
LIABILITIES AND CAPITAL					
Liabilities					

Borrowings from other banks, financial institutions	129.14%	142.33%	119.91%	104.19%	100%
Deposits and other accounts	205.69%	163.39%	157.76%	121.23%	100%
Current accounts and other accounts etc.	0.00%	0.00%	0.00%	0.00%	100%
Bills payable	0.00%	0.00%	0.00%	0.00%	100%
Savings bank deposits	0.00%	0.00%	0.00%	0.00%	100%
Term deposits	205.94%	163.35%	158.41%	121.25%	100%
Bearer certificate of deposits	0.00%	0.00%	0.00%	0.00%	100%
Other deposits	199.26%	164.60%	141.15%	120.58%	100%
Other liabilities	158.59%	140.21%	122.92%	109.16%	100%
Total Liabilities	184.37%	156.15%	145.67%	116.27%	100%

Paid-up capital	**234.37%**	**156.25%**	**156.25%**	**125.00%**	**100%**
Share premium	33616.00%	100%	100%	100%	100%
Statutory reserves	209.16%	177.62%	147.79%	123.00%	100%
General reserves	123.27%	123.27%	123.27%	123.27%	100%
Dividend equalization reserves	0.00%	0.00%	0.00%	0.00%	100%
Retained earnings	234.03%	190.12%	144.99%	118.18%	100%
Total equity attributable to equity holders of com.	234.91%	166.66%	145.19%	121.73%	100%
Non-controlling interest	161.87%	128.64%	116.77%	105.39%	100%
Total liabilities and Shareholders' equity	189.74%	157.27%	145.62%	116.85%	100%
Capital / Shareholders' equity					

4.2.2. Horizontal Analysis of Profit and Loss Account (IDLC)

Particulars	2023	2022	2021	2020	2019
Interest income	143.09%	134.51%	132.77%	119.58%	100.00%
Interest on deposits and borrowings etc.	118.38%	111.78%	116.81%	109.80%	100.00%
Net interest income	192.32%	179.79%	164.55%	139.07%	100.00%
Investment income	2024.0%	890.0%	695.7%	91.56%	100.0%
Commission, exchange and brokerage	260.61%	152.31%	123.19%	123.92%	100.0%
Other operating income	131.36%	150.10%	129.27%	106.00%	100.0%
Total operating income	227.43%	187.00%	166.14%	132.46%	100.0%
Salaries and allowances	223.25%	179.90%	155.00%	129.23%	100.0%
Rent, taxes, insurance, electricity etc.	207.92%	203.85%	128.16%	114.95%	100.0%
Legal expenses	317.07%	229.10%	197.46%	105.86%	100.0%
Postage, stamp, telecommunication etc.	116.96%	105.22%	108.51%	105.73%	100.0%
Stationery, printing, advertisements etc.	166.91%	122.80%	102.50%	137.53%	100.0%
Managing Director's salary and benefits	80.06%	68.04%	87.99%	100%	100.0%
Directors' fees	233.73%	191.61%	144.26%	115.94%	100.0%
Auditors' fees	205.15%	148.71%	103.45%	103.45%	100.0%
Charges on loan losses	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation and repair of Company's assets	120.85%	125.13%	111.59%	102.85%	100.0%
Other expenses	158.44%	128.48%	109.77%	98.39%	100.0%
Total operating expenses	187.85%	157.56%	132.52%	117.71%	100.0%
Profit before provision	259.85%	211.1%	193.68%	144.53%	100.0%
Provision for loans and investments					
General provision	-498.6%	-392.2%	-396.2%	-362.8%	100.0%
Specific provision	86.31%	85.00%	139.98%	-28.0%	100.0%
provision for diminution in value of investments	0%	-748.6%	-168.0%	221.0%	100.0%
Other provisions	0.00%	0.00%	0.00%	0.00%	0.00%
Total provision	120.73%	81.22%	161.59%	4.09%	100.0%
Total profit before taxation	280.10%	230.0%	198.35%	165.00%	100.0%
Provision for taxation	218.79%	193.48%	178.32%	143.51%	100.0%
Current tax expense	227.33%	199.32%	183.92%	150.63%	100.0%
Deferred tax income	-71.9%	-5.6%	-12.5%	-99.2%	100.0%

Interpretations:

1. Cash has increased over the duration of 2019 to 2023 except 2019 due to the growth in Cash deposits and other accounts. The causes which provoked this increase in the deposits, were due to:
    - Increase in the balance with other banks
    - Increase in investments with increasing trend
    - Increase in loans and advances with increasing trend
    - Increase in fixed assets from 2019 to 2023
2. The total overall assets of IDLC increased which indicated a positive sign for the company.
3. On the other hand, the interest income also increased during 2019 to 2023
4. Total operating income increased which is composed of the investment incomes, commission income and other operating incomes.
5. On the other hand, the total operating expenses increased which included the Interest expenses, provisions against non-performing loans, bad debts that were written off directly and administrative expenses also increased simultaneously. But the increase in income was more than that of the increase in expenses.
6. Total profit before taxations and net profit after taxations also increased significantly from 2019 to 2023.

4.3 Vertical Analysis (IDLC)

4.3.1 Vertical Analysis of Balance Sheet (IDLC)

Particulars	2023	2022	2021	2020	2019
PROPERTY AND ASSETS					
Cash	1.15%	1.23%	1.21%	1.24%	1.48%
In hand	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank and its agent	1.15%	1.23%	1.21%	1.24%	1.48%
Balance with other banks and financial institutions	14.25%	13.08%	17.08%	12.31%	14.10%
Inside Bangladesh	14.25%	13.08%	17.08%	12.31%	14.10%
Outside Bangladesh	0.00%	0.00%	0.00%	0.00%	0.00%
Money at call and short notice	0.00%	0.00%	0.00%	0.00%	0.00%
Investments	8.28%	5.48%	4.62%	4.47%	1.56%
Government	0.00%	0.00%	0.41%	0.51%	0.00%

Others	8.28%	5.48%	4.21%	3.96%	1.56%
Loans and advances	74.72%	78.45%	75.19%	79.88%	81.19%
Loans, cash credit, overdraft etc.	74.72%	78.45%	75.19%	79.88%	81.19%
Bills purchased and discounted	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed assets including land, building, furniture	0.69%	0.82%	0.73%	0.65%	0.78%
Other assets	0.91%	0.93%	1.17%	1.45%	0.89%
Non-banking assets	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institution	11.91%	15.84%	14.42%	15.61%	17.51%
Deposits and other accounts	64.89%	62.19%	64.85%	62.10%	59.86%
Current accounts and other accounts etc.	0.00%	0.00%	0.00%	0.00%	0.00%
Bills payable	0.00%	0.00%	0.00%	0.00%	0.00%
Savings bank deposits	0.00%	0.00%	0.00%	0.00%	0.00%
Term deposits	62.55%	59.86%	62.69%	59.80%	57.63%
Bearer certificate of deposits	0.00%	0.00%	0.00%	0.00%	0.00%
Other deposits	2.34%	2.33%	2.16%	2.30%	2.23%
Other liabilities	10.03%	10.70%	10.13%	11.21%	12.00%
Total Liabilities	86.83%	88.73%	89.40%	88.92%	89.37%
Capital / Shareholders' equity					
Paid-up capital	3.94%	3.17%	3.42%	3.41%	3.19%
Share premium	1.32%	0.00%	0.01%	0.01%	0.01%
Statutory reserves	2.19%	2.25%	2.02%	2.09%	1.99%
General reserves	1.05%	1.26%	1.36%	1.70%	1.61%
Dividend equalization reserves	0.05%	0.06%	0.06%	0.08%	0.09%
Retained earnings	4.62%	4.53%	3.73%	3.79%	3.75%
Total equity attributable to equity holders of com.	13.17%	11.27%	10.60%	11.08%	10.63%
Non-controlling interest	0.00%	0.00%	0.00%	0.00%	0.00%
Total liabilities and Shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

4.3.2 Vertical Analysis of Profit and Loss Account

Particulars	2023	2022	2021	2020	2019
Interest income	100.00%	100.00%	100.00%	100.00%	100.00%
Interest on deposits and borrowings etc.	-55.08%	-55.33%	-58.58%	-61.13%	-66.58%
Net interest income	44.92%	44.67%	41.42%	38.87%	33.42%
Investment income	12.17%	5.69%	4.51%	0.65%	0.86%
Commission, exchange and brokerage	8.49%	5.28%	4.33%	4.83%	4.66%
Other operating income	5.04%	6.12%	5.34%	4.86%	5.49%
Total operating income	70.62%	61.77%	55.60%	49.22%	44.43%
Salaries and allowances	14.56%	12.48%	10.90%	10.09%	9.33%
Rent, taxes, insurance, electricity etc.	2.48%	2.58%	1.64%	1.64%	1.70%
Legal expenses	0.29%	0.22%	0.20%	0.12%	0.13%
Postage, stamp, telecommunication etc.	0.42%	0.41%	0.42%	0.46%	0.52%
Stationery, printing, advertisements etc.	1.57%	1.23%	1.04%	1.55%	1.35%
Managing Director's salary and benefits	0.12%	0.11%	0.14%	0.18%	0.21%
Directors' fees	0.03%	0.02%	0.02%	0.02%	0.02%
Auditors' fees	0.02%	0.01%	0.01%	0.01%	0.01%
Charges on loan losses	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation and repair of Company's assets	2.17%	2.39%	2.16%	2.21%	2.57%
Other expenses	4.61%	3.98%	3.44%	3.43%	4.17%
Total operating expenses	26.27%	23.43%	19.97%	19.69%	20.01%
Profit before provision	44.36%	38.34%	35.63%	29.52%	24.43%
Provision for loans and investments	0.00%	0.00%	0.00%	0.00%	0.00%
General provision	0.70%	0.58%	0.60%	0.61%	-0.20%
Specific provision	1.92%	2.00%	3.35%	-0.74%	3.17%
provision for diminution in value of investments	0.00%	-0.72%	-0.16%	0.24%	0.13%
Other provisions	0.00%	0.00%	0.00%	0.00%	0.00%
Total provision	2.62%	1.86%	3.78%	0.10%	3.10%
Total profit before taxation	41.74%	36.47%	31.86%	29.42%	21.32%
Provision for taxation	16.13%	15.18%	14.17%	12.66%	10.55%
Current tax expense	16.28%	15.19%	14.20%	12.91%	10.25%

Deferred tax income	-0.15%	-0.01%	-0.03%	-0.25%	0.30%
Net profit after taxation	25.61%	21.30%	17.69%	16.76%	10.77%

Interpretations:

Vertical Analysis of Balance Sheet:

1. The Balance sheet shows that the balance of IDLC had increased during 2019 to 2023, which indicated a positive signal on behalf of the company.
2. The percentage changes in the investments increased from 2019 to 2023.
3. The percentage changes in the loans and advances decreased from 2019 to 2023.
4. The borrowing from other financial institutions decreased from 17.51% to 11.92%, which was beneficial for the performance of the company.

Vertical Analysis of Income Statement:

1. The percentage change in the net interest income increased from 2019 to 2023.
2. The percentage change of the total operating income also increased from 2019 to 2023.
3. The percentage change of the total operating expenses increased but did not have any effect on the net profit because the operating income of IDLC maintains a steady increase every year.

The percentage of total profit before taxation and net profit after taxation increased every year, which is very efficient for IDLC.

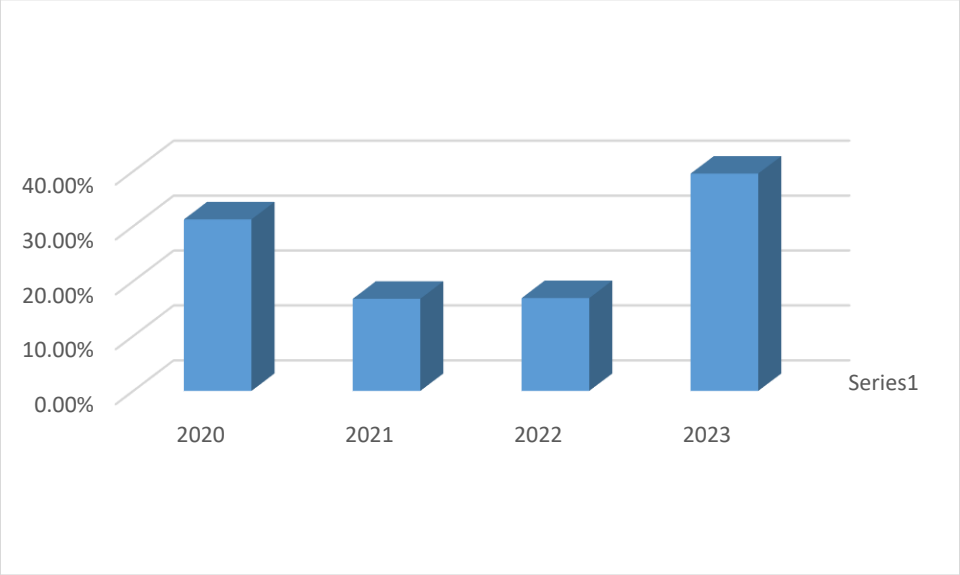
4.4 Growth Analysis

FINANCIAL PERFORMANCE

4.4.1 Total Asset

Year	2019	2020	2021	2022	2023
Total assets (taka in million)	58,927	77,334	90,311	105,587	147,378.00
growth Rate		31.24%	16.78%	16.91%	39.58%

Total Assets

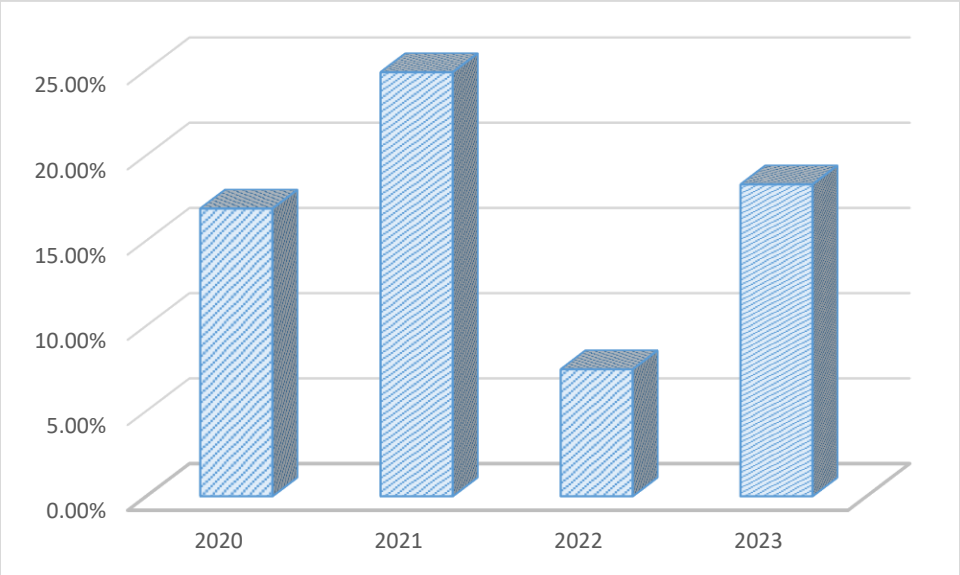


According to the table, it can be seen that in 2019 the amount of total asset was Tk. 50,429 million where as in 2020 it increased to Tk. 58,927 million, which was about 16.85% greater than the previous amount. In the year 2021, it increased by 24.62%. In the year 2021, the amount of the total asset grew at a slower rate; therefore the growth rate of total asset was just a mere 8%. In 2023, the total asset of IDLC grew up by 20.65%, which indicates that IDLC will generate more cash flow in the upcoming future that will yield in boosting the confidence of new investors.

4.4.2 Long Term Liabilities

Year	2019	2020	2021	2022	2023
Long term liabilities (taka in million)	43,951	51,371	64,154	68,931	81,548
growth Rate		16.88%	24.88%	7.45%	18.30%

Long Term Liabilities

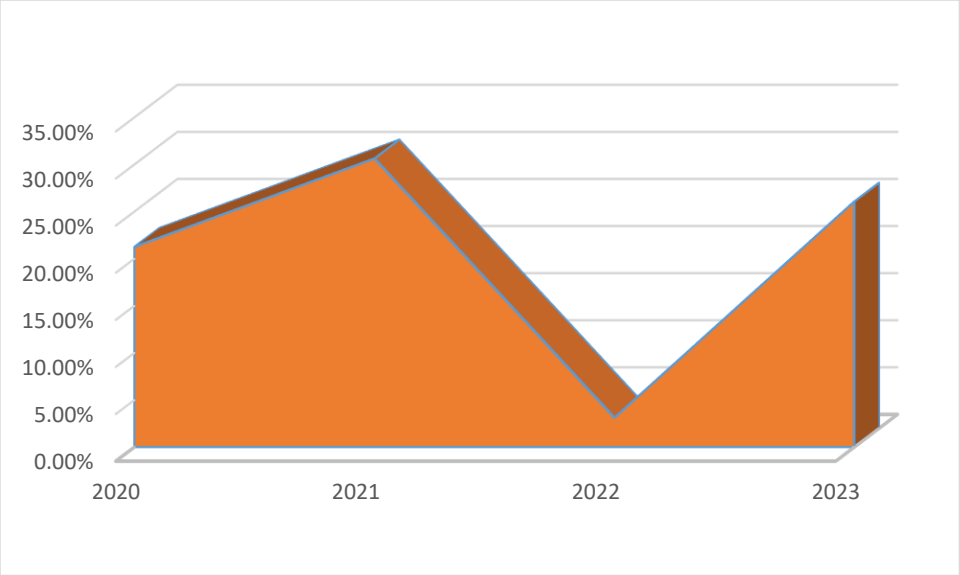


In 2019 the long-term liabilities of IDLC were Tk. 43,951 million. From the year 2019 to 2023 IDLC gradually increased its long-term liabilities. The growth rate of 2020 and 2021 were 16.88% and 24.88%. But in 2022, the amount of long-term liabilities grew at a slower rate therefore the growth rate was just a mere 7.45%. In 2023, IDLC's total long-term liabilities grew up by 18.30% and the amount reached Tk. 81,548 million. This indicated that IDLC might have preferred more debt in their capital structure.

4.4.3 Term Deposit Balance

Year	2019	2020	2021	2022	2023
Term deposit balance (taka in million)	29,064	35,240	46,039	47,475	59,854
growth Rate		21.25%	30.64%	3.12%	26.07%

Term Deposit Balance

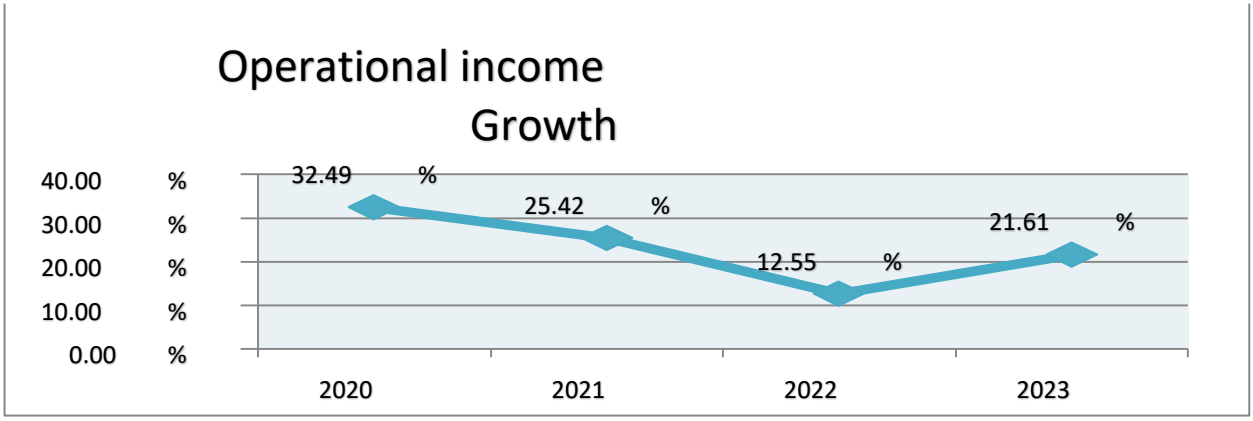


From the table, it is seen that the term deposit balance was Tk. 29,064 million in 2019. The consecutive year, 2020 it had increased by 21.25% and continued to increase up to 2023 on average. In the Year 2021, it increased by 30.64%, but in 2022 it had a downfall by 3.12%. But recovered the downfall by 2022 where it increased by 26.07%. This indicated that IDLC had more money or funds acquainted for new investments.

OPERATIONAL PPERFORMANCE

4.4.4 Operational Income

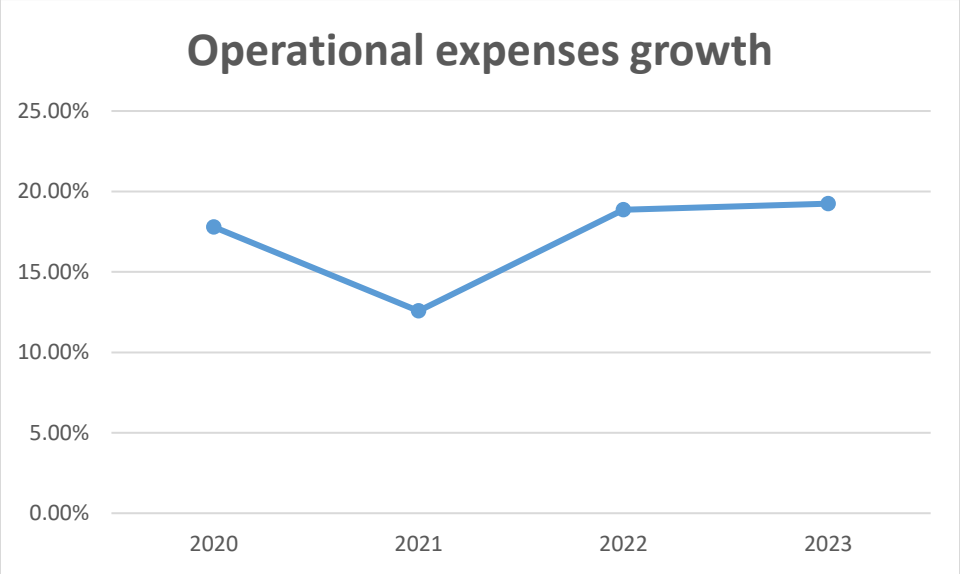
Year	2019	2020	2021	2022	2023
Operational income (taka in million)	2,761	3,658	4,588	5,164	6,280
growth Rate		32.49%	25.42%	12.55%	21.61%



From the table, we see that the operational income of the year 2019 was Tk. 2,761 million. In 2020 the growth rate of the operational income increased by 32.49% and it kept on continuously increasing. In 2021 and 2022 the growth rate grew at a slower pace by decreasing to 25.42% and 12.55%. In 2023 the rate efficiently increased by 21.61%. This indicated that IDLC had a good earning source from their operations.

4.4.5 Operational Expense

Year	2019	2020	2021	2022	2023
Operational expenses (taka in million)	1,243	1,464	1,648	1,959	2,336
growth Rate		17.78%	12.57%	18.87%	19.24%



From the table, we see that the operating expense of IDLC in 2019 was Tk. 1,243 million. In the year 2020 the amount increased to Tk. 1,464 million and the rate increased by 17.78%. From the year 2019 to 2023 the operating expenses increased gradually. In the year of 2021 the amount grew at a slower rate of 12.57%. In the year of 2022 and 2023 the growth rate increased to 18.87% and 19.24%. It is evident from this graph that the operating expenses have shown a persistent increase except the year 2021. This can be considered as unpleasant to IDLC because increasing of the operational expenses implies a reduction in the profitability.

4.4.6 Financial Expense

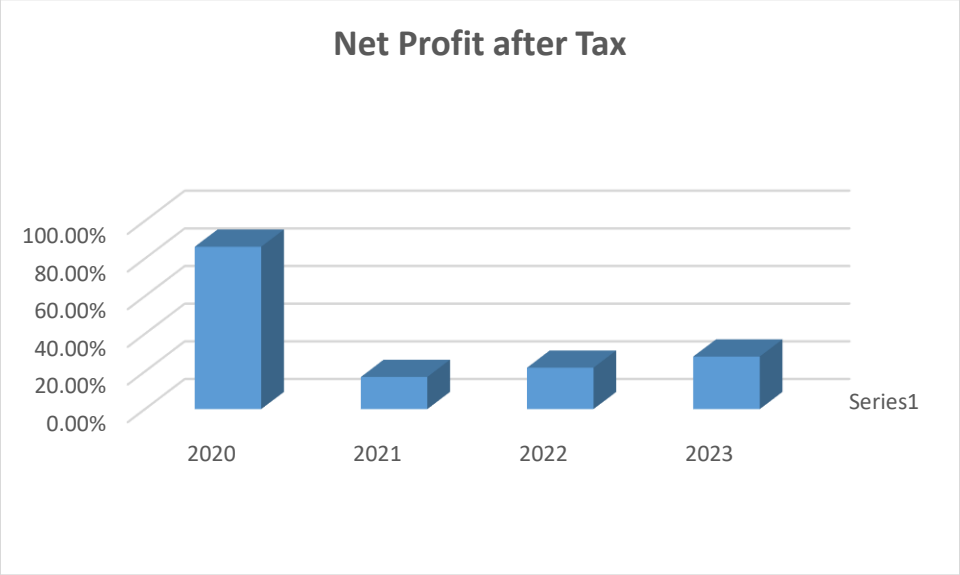
Year	2019	2020	2021	2022	2023
Financial expenses (taka in million)	4,138	4,543	4,833	4,625	4,898
growth Rate		9.79%	6.38%	-4.30%	5.90%



In 2019 the financial expense of IDLC was Tk. 4,138 million. In 2020 it increased to 9.79% in comparison to that of 2019 and continued to increase up to 2023 except for 2022. In the year 2022 it sharply decreased and the growth rate fell to -4.30%. In 2023 IDLC‘s financial expenses grew up by 5.90% and reached to Tk. 4,898 million. Indicating that the financial expenses experienced a continuous downfall. Therefore signifies that the profitability may have been higher.

4.4.7 Net Profit after Tax

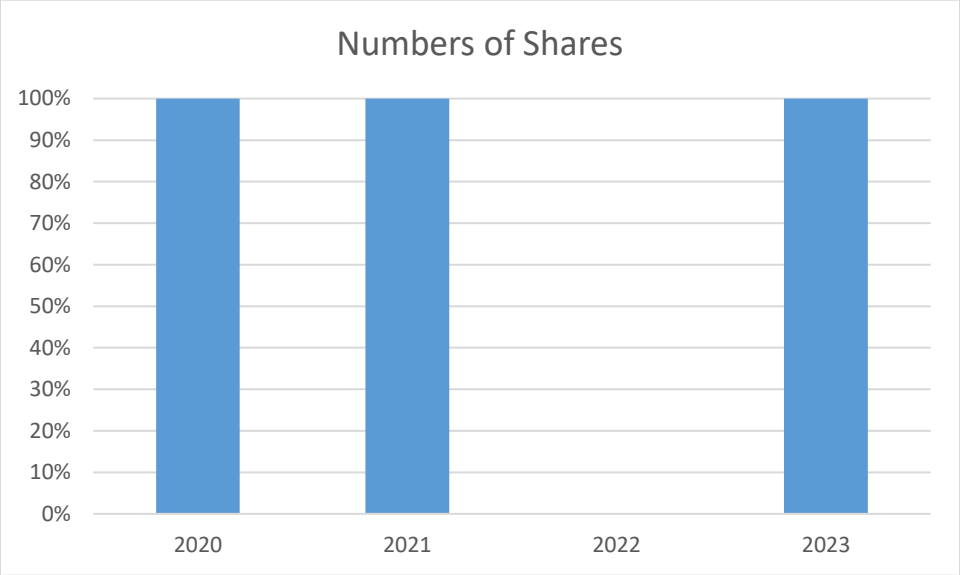
Year	2019	2020	2021	2022	2023
Net profit after tax (taka in million)	669	1,246	1,459	1,780	2,277
growth rate		86.25%	17.09%	22.00%	27.92%



It is seen that the net profit after taxation was Tk. 699 million in 2019. In 2020 it had increased to 86.25%. In 2021 the rate grew at a slower rate of 17.09%, which is significantly lower from 2020. In 2022 the growth rate increased by 22.00%. In 2023 it was 27.92%. Increasing the net profit appeared to have given IDLC a potential form. It imposed a positive overview to investor to invest on IDLC.

4.4.8 Numbers of Shares

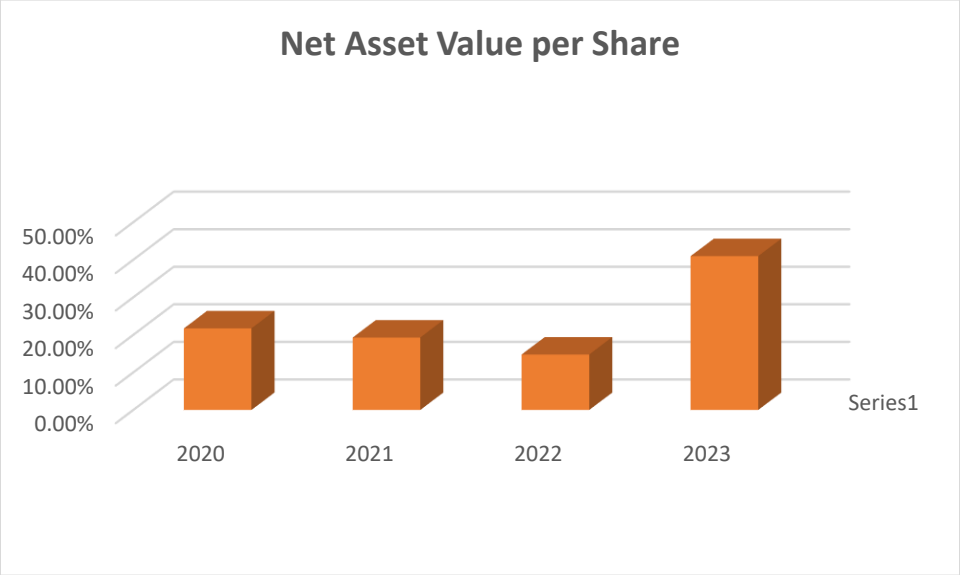
Year	2019	2020	2021	2022	2023
Number of shares	160,875,000	201,093,750	251,367,187	251,367,187	377,050,780
growth Rate		25.00%	25.00%	0.00%	50.00%



In 2019, IDLC's numbers of share peaked at Tk. 160,875,000. In the consecutive year 2020 there was an increase of 25% in comparison to that of 2019. In 2021 it grew up by 25% but in 2022 the number of shares of IDLC was same, so that there was no change in growth rate. In 2023 it grew up by 50% and reached at Tk. 377,050,780. Therefore, the number of shares of IDLC can be assumed to be increasing in the future.

4.4.9 Net Asset Value per Share

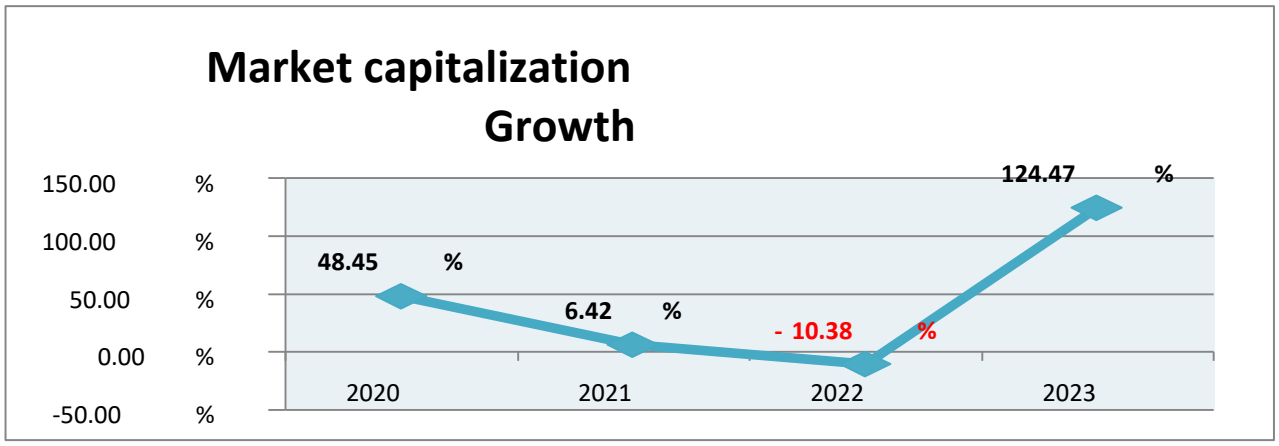
Year	2019	2020	2021	2022	2023
Net asset value per share	14.22	17.31	20.65	23.7	33.41
growth Rate		21.73%	19.30%	14.77%	40.97%



In 2019 IDLC's net asset value per share was 14.22%. In the next year 2020 it grew up by 21.73% from the year 2020. In 2021 the growth rate decreased by 19.30%. In 2022 it grew up at a slower rate of 14.77%. In 2023 the growth rate grew up at an increasing rate of 40.97% and reached to Tk. 33.41. By observing the trend, it indicates that the net asset value of IDLC is slow .The higher the ratio is better for the firm. Increasing trend of net asset value per share indicates that assets of the company will increase day by day. It is a very good signal for its presentation to the market.

4.4.10 Market Capitalization

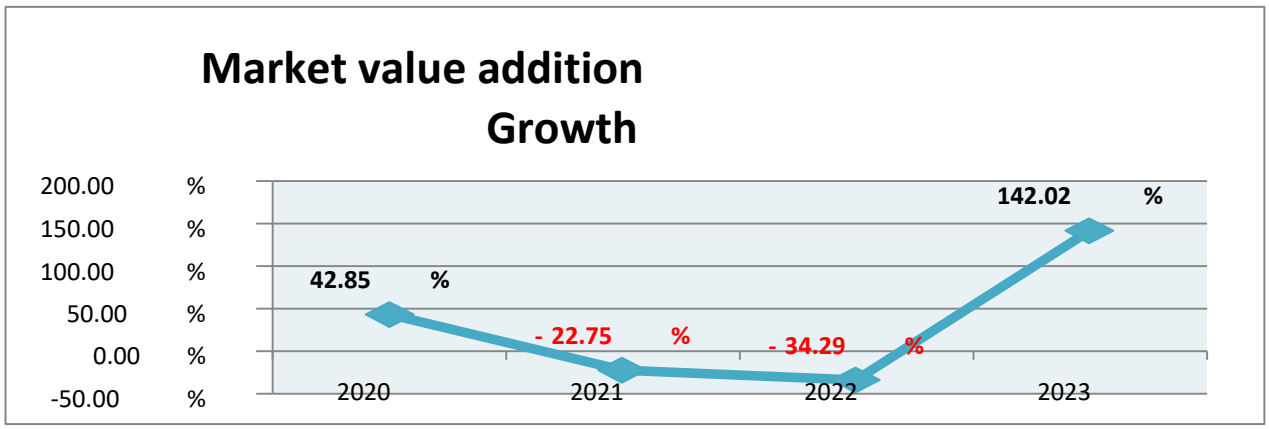
Year	2019	2020	2021	2022	2023
Market capitalization (taka in million)	10,119	15,022	15,987	14,328	32,162
growth rate		48.45%	6.42%	-10.38%	124.47%



From the table it can be seen that in the year 2019 market capitalization was Tk. 10,119 million. In 2020 it increased by 48.45% from the previous year 2019. In 2021 the growth rate decreased to 6.42%. In the year 2022 the growth rate become negative -10.38%. In the Year 2023 the growth rate grew up to 124.47% and reached to Tk. 32,162 million

3.4.11 Market Value Addition

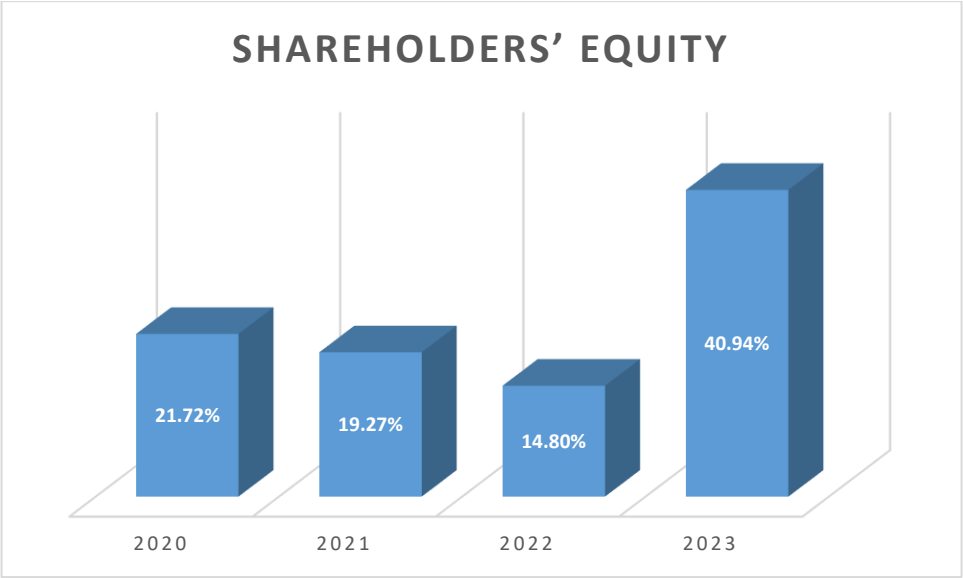
Year	2019	2020	2021	2022	2023
Market value addition (taka in million)	29.57	42.24	32.63	21.44	51.89
growth Rate		42.85%	-22.75%	-34.29%	142.02%



From the table it can be seen that the market value addition in 2019 was Tk. 29.57 million. In 2020 the growth rate increased to 42.85% from the year 2019. In the year 2021 the growth rate become negative that was -22.75%. In the year 2022 the growth rate was also negative that was -34.29%. In 2023 the growth rate grew up at increasing rate of 142.02% and reached to Tk. 51.89 million. It is indicate that IDLC may create substantial wealth for the shareholder in the year of 2023. The higher MVA is better for the company.

4.4.12 Shareholders' Equity

Year	2019	2020	2021	2022	2023
Shareholders' equity (taka in million)	5,363	6,528	7,786	8,938	12,597
growth rate		21.72%	19.27%	14.80%	40.94%



In 2019 IDLC's total shareholders' equity was Tk.5363 million. In the year 2020 it was increased by 21.72% and continues to increasing up to 2023. In 2021 the growth rate increased at a decreasing rate of 19.27%. In 2022 it reduced to 14.80%. But in 2023 the growth rate increased by 40.94%. The increasing trend of shareholders' equity indicates that IDLC is substantially maximizing wealth of its shareholders.

CHAPTER 5

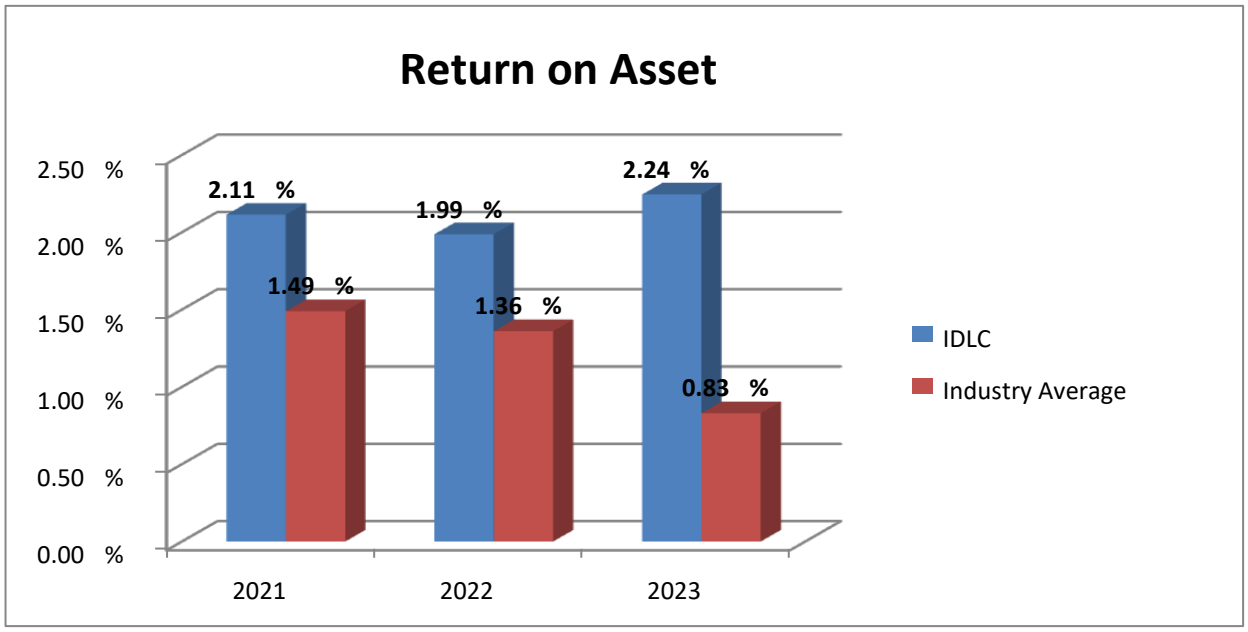
FINANCIAL PERFORMANCE EVALUATION OF IDLC

5.1 Ratio Analysis

PROFITIBILITY RATIOS

5.1.1 Return on Asset: Net income / Total Asset

	2019	2020	2021	Mean
IDLC	2.11%	1.99%	2.24%	2.11%
Industry Average	1.49%	1.36%	0.83%	1.23%

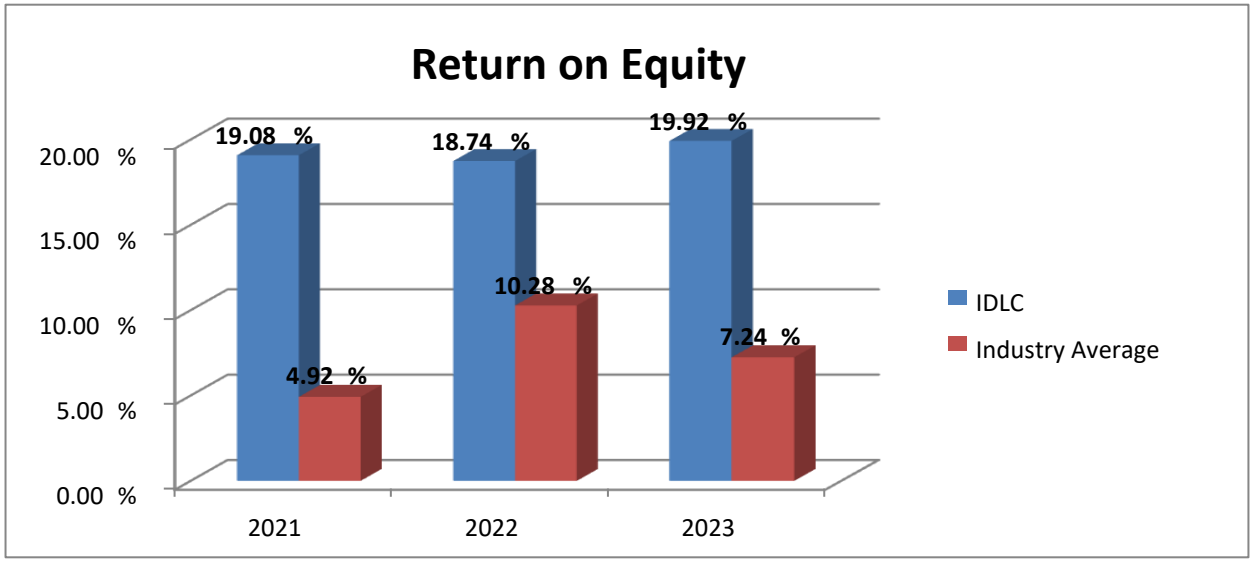


In 2019 the return on asset was 2.11%. In 2020 the rate decreased by 1.99%. In 2021 the rate grew up by 2.24%. In 2020 the industry average was 1.99%. In 2020 and 2021 the rate were decreased by 1.36 and 0.83%.

It is calculated for measuring how efficiency IDLC manages its asset. Here mean return on asset of IDLC is higher than industry average. So it clean that it is more efficient to manage the banking asset.

4.1.2 Return on Equity: Net Income / Total Equity

	2021	2022	2023	Mean
IDLC	19.08%	18.74%	19.92%	19.25%
Industry Average	4.92%	10.28%	7.24%	7.48%

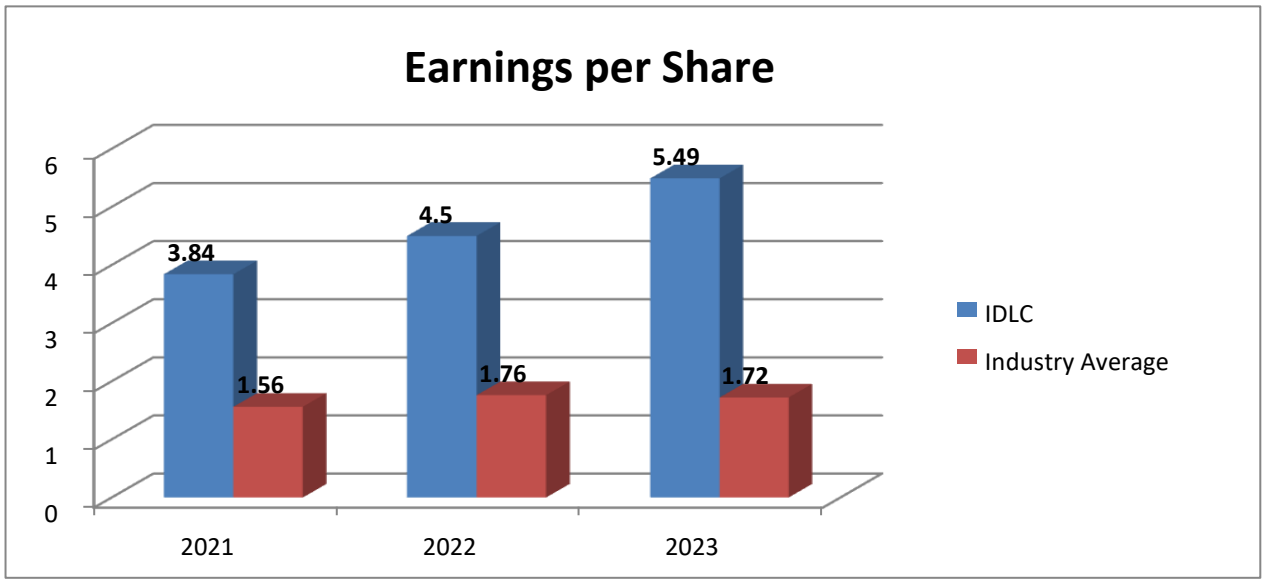


From the table we see that in 2021 Return on equity of IDLC was 19.08%. In 2022 the rate decreased by 19.74%. In the year of 2023 the rate was increased by 19.92%. In 2021 the return on equity of industry average was 4.92%. In 2022 it was increased by 10.28%. In the year of 2023 the decreased by 7.24%.

Compering with the mean of industry average we see that IDLC's Return on Equity is greater than industry average. It is calculated to measure how much return shareholder can get from the IDLC. So it is clean that IDLC is much attractive to its shareholder.

5.1.3 Earning per Share (taka): Net Income / Number of Share

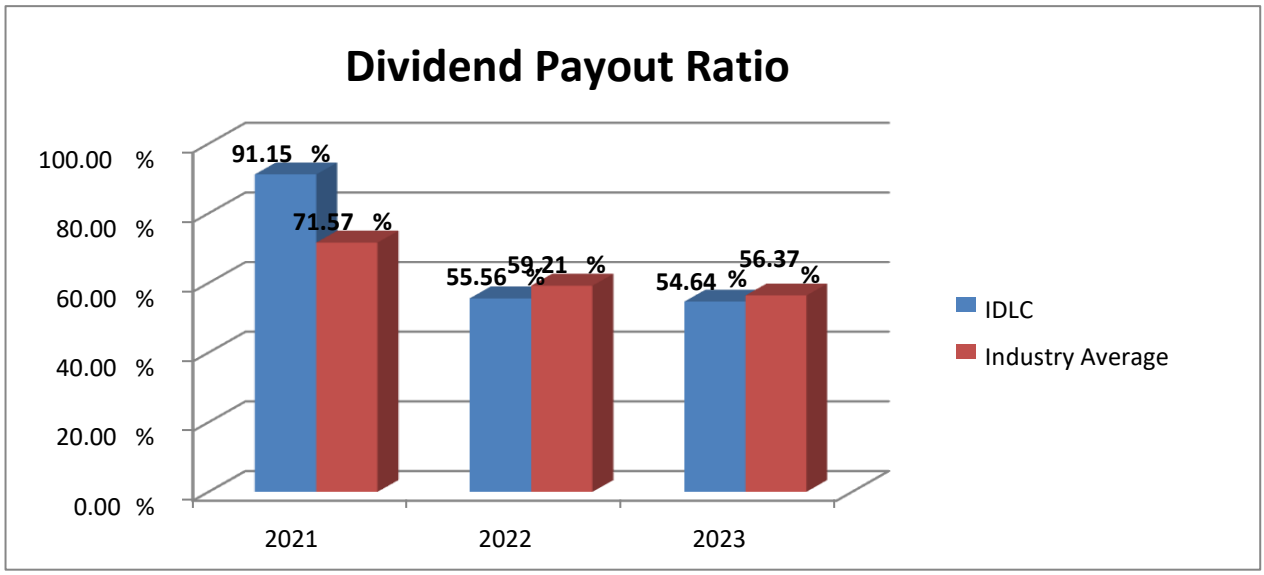
	2021	2022	2023	Mean
IDLC	3.84	4.50	5.49	4.61
Industry Average	1.56	1.76	1.72	1.68



From the table we can see that the Earning per Share of IDLC's in 2021 was 3.84 taka. From 2021 to 2023 the rate was gradually increased. In the year of 2023 the rate was 5.49 taka. It is calculated to find out how much return IDLC can get when a shareholder can purchase single share. Here mean of earning per share of IDLC is greater than industry average. So it is good for IDLC because it knows that high earning per share is good for the organizations.

5.1.4 Dividend payout ratio: Dividend per Share / EPS

	2021	2022	2023	Mean
IDLC	91.15%	55.56%	54.64%	67.17
Industry average	71.57%	59.21%	56.37%	62.38%

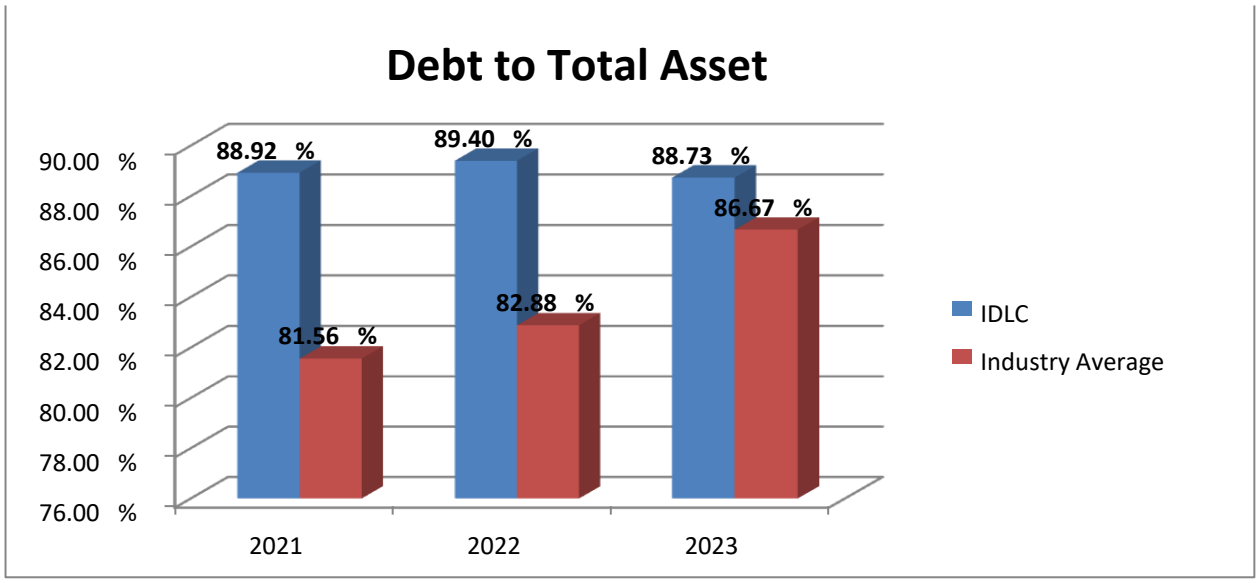


In 2021 the dividend payout ratio of IDLC was 91.15%. In 2022 it was decreased by 55.56%. In the year of 2022 and 2023 the dividend payout ratio was gradually decreased. In 2023 it was 54.64%. In 2021 dividend payout ratio of industry average was 71.57%. From 2021 to 2023 the dividend payout ratio was gradually decreased. In 2023 the rate was 56.37%.

The Mean of Dividend Payout ratio of IDLC is greater than its industry average. The increasing trend of dividend payout ratio indicates that earning is encouraging the dividend payment. So it is clean that it will encourage investors to invest in IDLC.

SOLVENCY RATIO

5.1.5 Debt to Total Asset: Total Liabilities / Total Asset

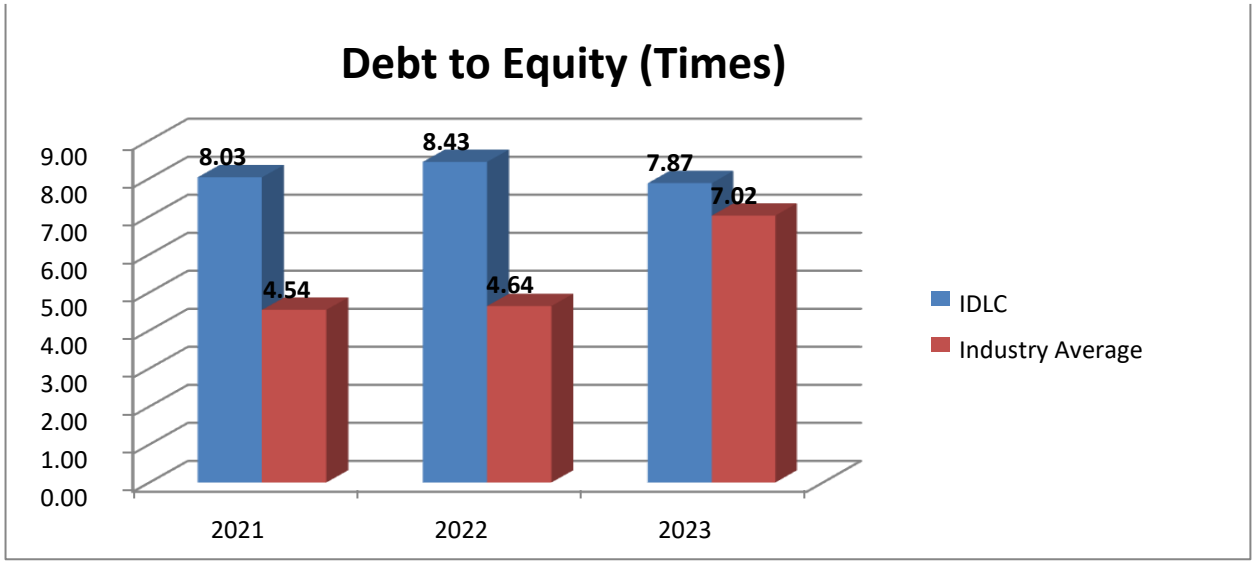


The Debt to Total asset of IDLC in 2021 was 88.92%. In 2022 it was increased by 89.40%. In 2023 the debt to total asset of IDLC's is 88.73%. In 2021 debt to total asset of industry average was 81.56%. From 2021 to 2023 the debt to total asset was gradually increased. In 2023 the rate was 86.67%.

Comparing with the mean of industry average it indicates that debt ratio is greater than industry average. A debt ratio compares a company's total debt to its total assets, which is work to achieve a common plan as to amount of leverage being used by organizations. So it cleans that IDLC highly depend on leverage. Its greater part of asset is claimed by its beneficiaries. So it is risky for IDLC.

5.1.6 Debt to equity Ratio (time): Total Liabilities / Total Equity

	2021	2022	2023	Mean
IDLC	8.03	8.43	7.87	8.11
Industry average	4.54	4.64	7.02	5.4

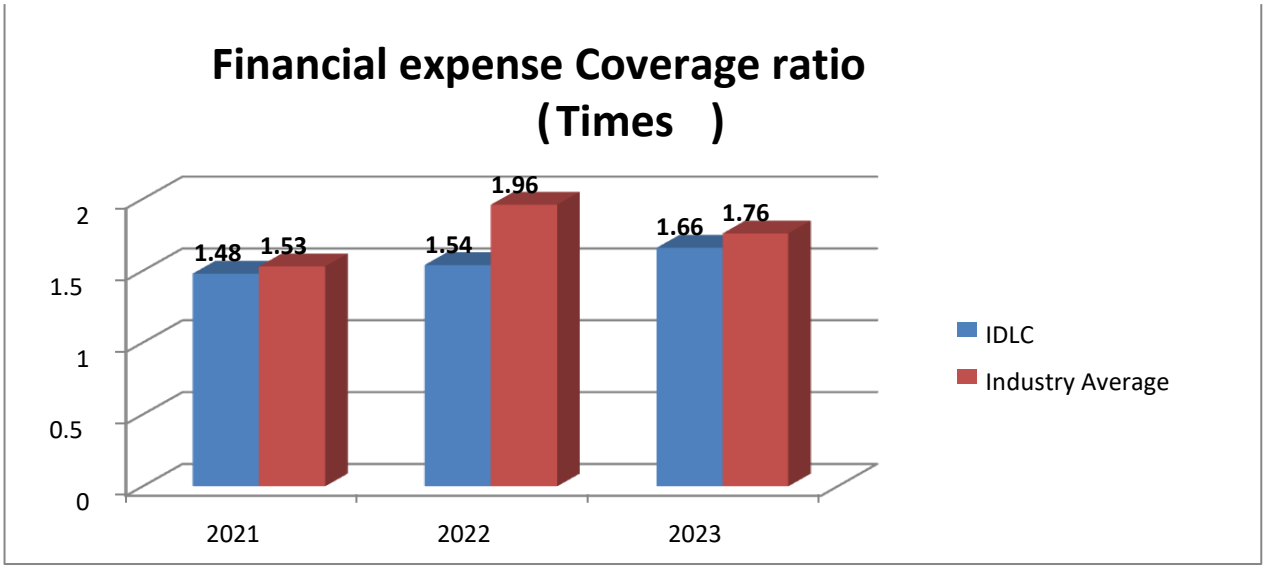


In 2021 IDLC's Debt to equity ratio was 8.03 times. In 2022 it was 8.43 times. In the year 2023 the debt to equity ratio of IDLC is 7.87 times. From the table we see that debt to quity ratio of industry average was 4.54. From 2021 to 2023 the debt to equity ratio was gradually increased. In 2023 the rate was 7.02.

The Mean debt to equity of IDLC 8.11 times is higher than Mean debt to equity of industry average 5.4 times. So it clean that IDLC is more profitable, also more risky and less solvent than industry average.

5.1.7 Financial Expense coverage ratio: EBIT / Interest Expense

	2021	2022	2023	Mean
IDLC	1.48	1.54	1.66	1.56
Industry Average	1.53	1.96	1.76	1.75

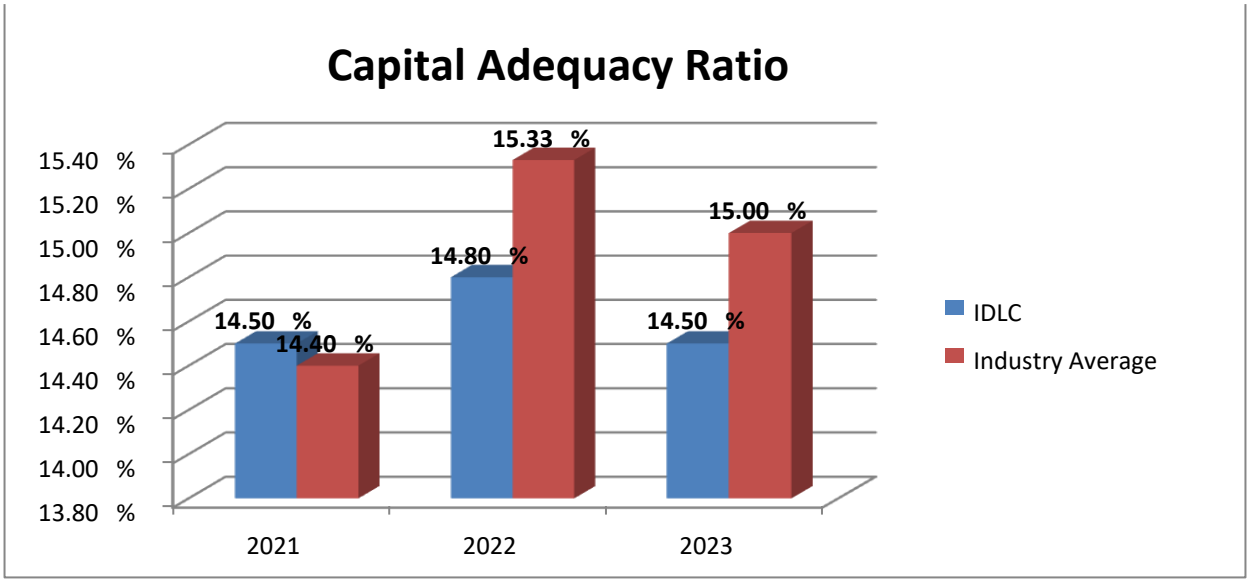


In 2021 the financial expense coverage ratio of IDLC was 1.48 times. From 2021 to 2023 this ratio was continuously increased. In 2023 the financial expense coverage ratio is 1.66 times.

Comparing with the mean of industry average the financial expense coverage ratio of IDLC is lower than industry average. Higher the ratio is good for the company. But here the ratio is lower than industry average. So it clean that IDLC face more credit risk problem than industry.

5.1.8 Capital Adequacy Ratio: (Tier 1 Capital +Tier 2 Capital) / Risk Weighted Asset

	2021	2022	2023	Mean
IDLC	14.50%	14.80%	14.50%	14.6%
Industry Average	14.40%	15.33%	15%	14.91%



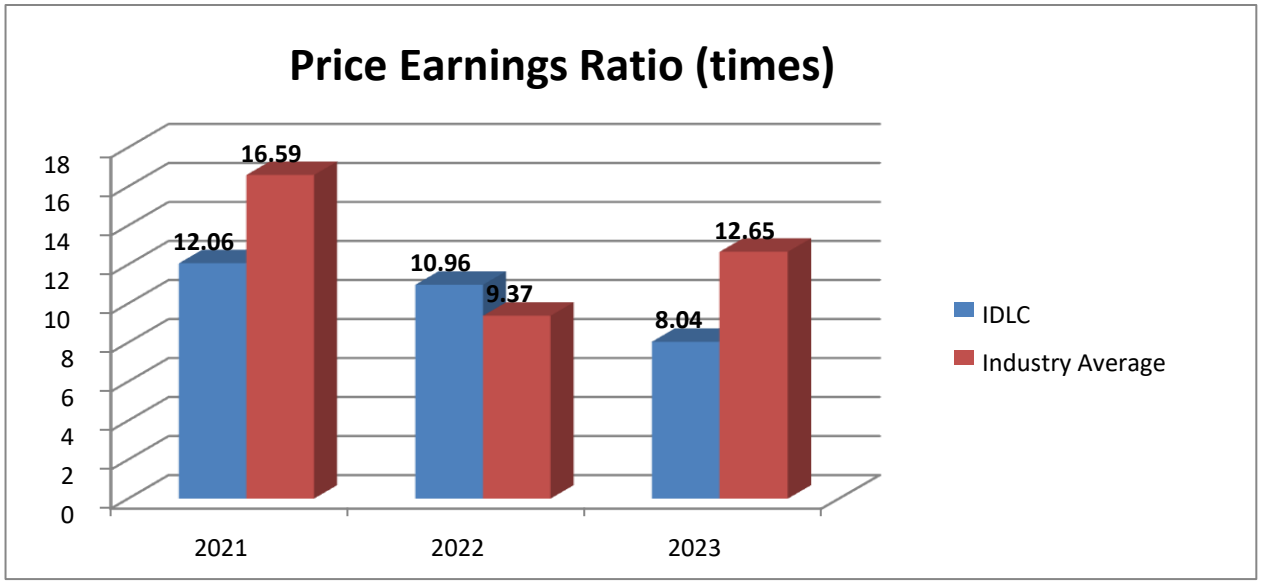
Capital Adequacy Ratio of IDLC in 2021 was 14.50. In 2022 the rate was 14.80%. In 2022 the proportion was diminished by 14.50%. In 2021 capital adequacy ratio of industry average was 14.405. In 2022 it was increased by 15.33%. In 2023 the rate was decreased by 15%.

Comparing with the Mean of industry average we see that capital adequacy of IDLC is lower than industry average. So it cleans that IDLC is less good than industry average. Be that as it may, individually the proportion is over 10% as the requirement of Bangladesh bank that shows IDLC has enough money to support its business.

Market Ratio

5.1.9 P/E Ratio (time): Market Value per Share / EPS

	2021	2022	2023	Mean
IDLC	12.06	10.96	8.04	10.35
Industry Average	16.59	9.37	12.65	12.87



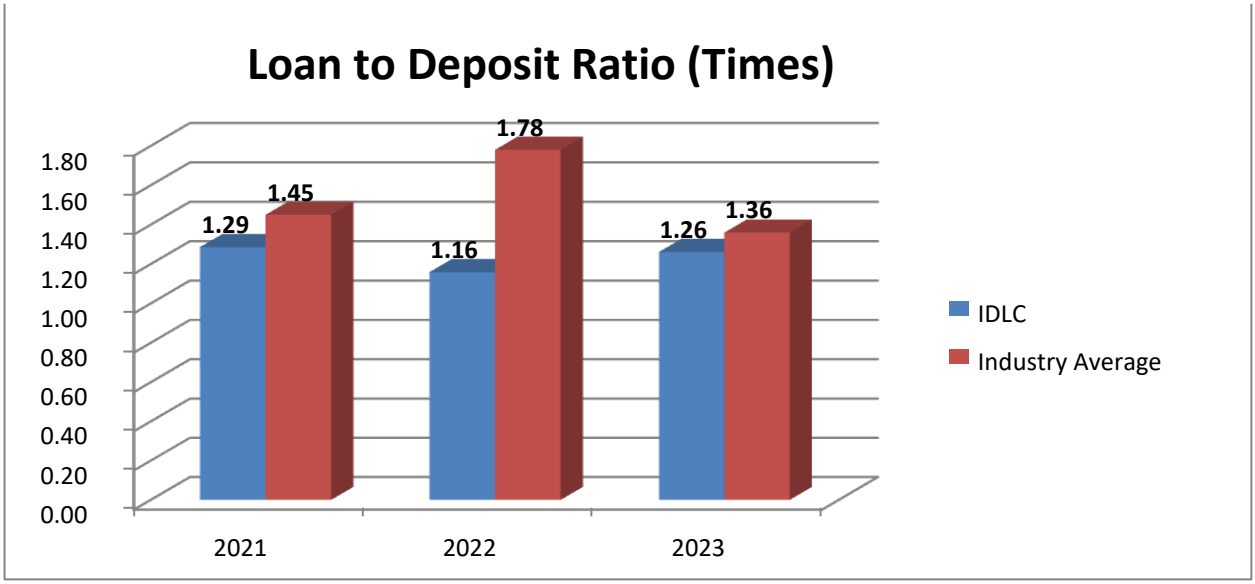
In 2021 the price earnings ratio of IDLC was 12.06 times. From 2021 to 2023 the earning per share of IDLC were decreased continuously. In 2023 it was 8.04 times. In 2021 the price earnings ratio of industry average was 16.59 times. In 2022 it was decreased by 9.37 times. In 2023 it was increased by 12.65 times.

Comparing with the Mean of industry average IDLC's price earnings ratio is lower than its industry average. So it clean that IDLC is regarded more risky and their growth prospect is very poor.

Risk Ratios

5.1.10 Loan to Deposit: Total Loan / Total deposit

	2021	2022	2023	Mean
IDLC	1.29	1.16	1.26	1.24
Industry Average	1.45	1.78	1.36	1.53



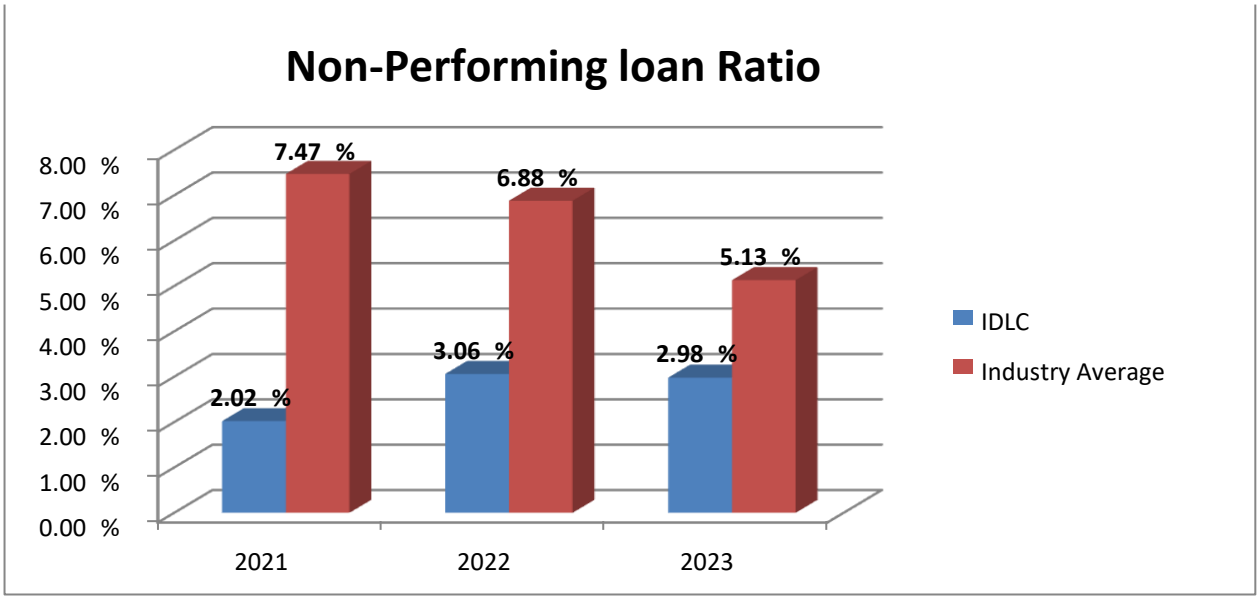
In 2021 the loan to deposit ratio of IDLC was 1.29 times. It implies that total loan was 1.29times of total deposit. In 2022 the rate was 1.16 times. In the year 2023 the ratio grows up at increasing rate of 1.26 times. In 2021 the loan to deposit ratio of industry average was 1.45 times. In 2022 the rate was increased by 1.78 times. In 2023 the rate was decreased by 1.36 times.

Comparing with the Mean of industry average the Mean of IDLC is lower than industry average. The lower the ratio is better for the company. Higher the ratio demonstrates that association has insufficient assets to deal with the unexpected necessities.

Comparing with industry average it gives fewer loans than the others in the industry. As a result its profitability is less than other banks but its liquidity is high.

5.1.11 Non-Performing loan Ratio: NPL/ Total Loan

	2021	2022	2023	Mean
IDLC	2.02%	3.06%	2.98%	2.69%
Industry Average	7.47%	6.88%	5.13%	6.49%



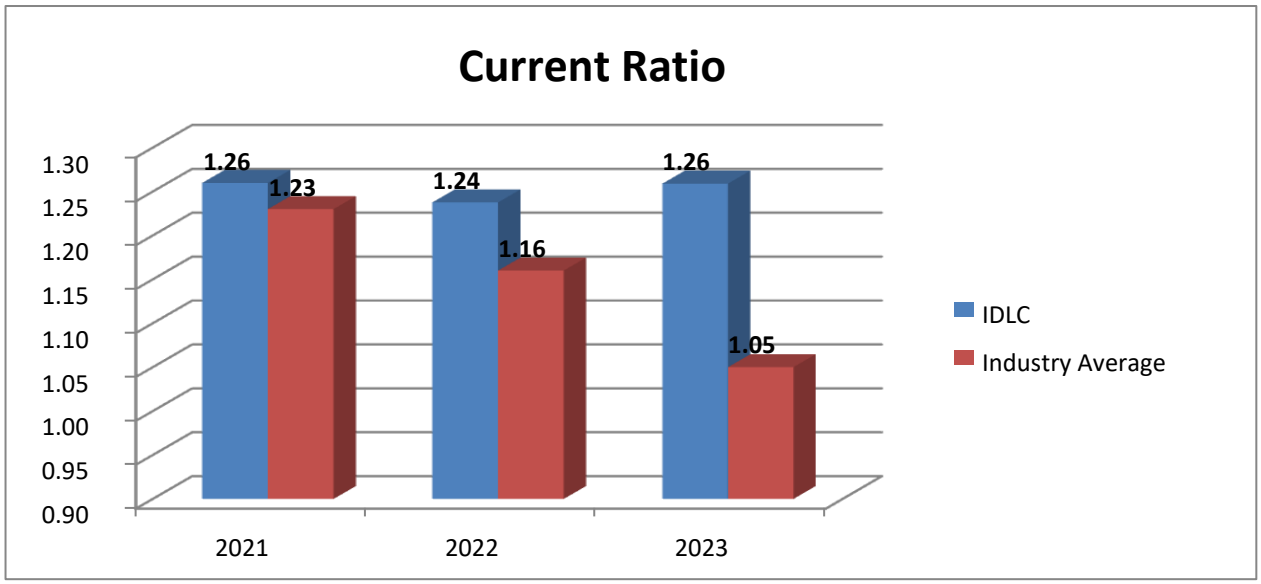
From the table we see that the non- performing ratio of IDLC in 2021 was 2.02%. In 2022 the ratio grew up by 3.06%. In the year 2023 the ratio was declined by 2.98%. In 2021 nonperforming loan of industry average was 7.47%. From the year 2021 to 2023 the rate was gradually decreased. In 2023 the rate was 5.13%.

Comparing with the Mean of industry average we see that non-performing loan ratio of IDLC is lower than industry average. Lower NPL ratio is good for the company. So it cleans that IDLC is less risky and more solvent than industry.

Liquidity Ratio

5.1.12 Current Ratio: Current Asset / Current Liabilities

	2021	2022	2023	Mean
IDLC	1.26	1.24	1.26	1.25
Industry Average	1.23	1.16	1.05	1.15

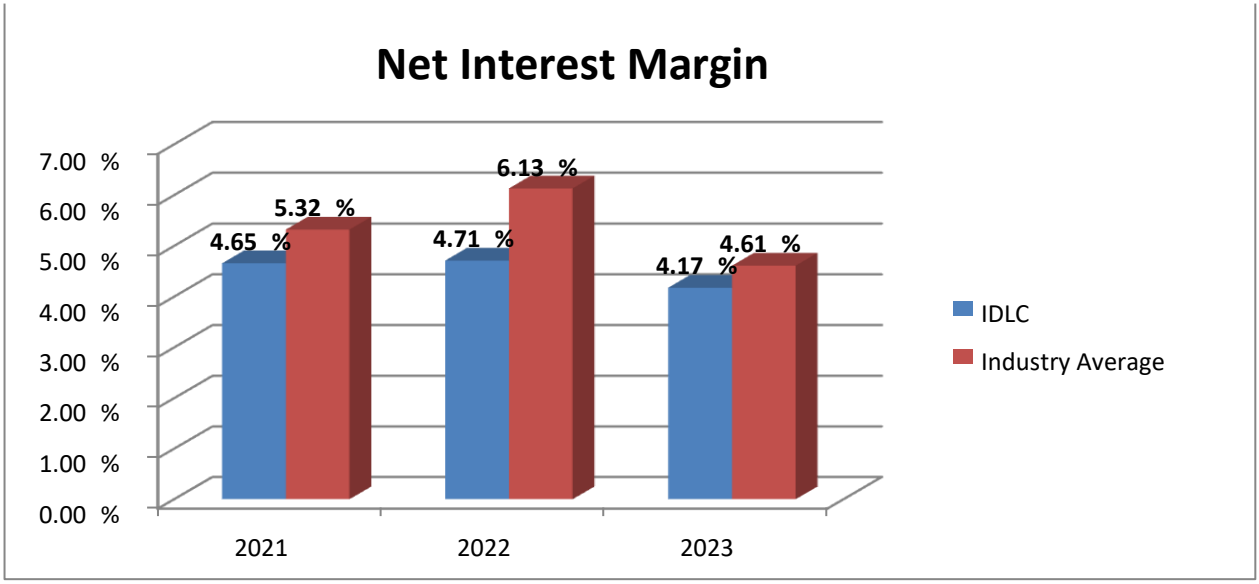


From the table current ratio of IDLC in 2021 was 1.26. In 2022 the ratio was decreased by 1.24. In 2023 the ratio was increased by 1.26. Current ratio of industry average in 2021 was 1.23. In 2022 the ratio was decreased by 1.26. In 2023 the ratio was also decreased by 1.05. Comparing with the Mean of industry average current ratio of IDLC is higher than industry average. So we can clean that liquidity condition of IDLC is good from the other company of the industry.

5.2 Margin

4.2.1 Net Interest Margin

	2021	2022	2023	Mean
IDLC	4.65%	4.71%	4.17%	4.51%
Industry average	5.32%	6.13%	4.61%	5.35%

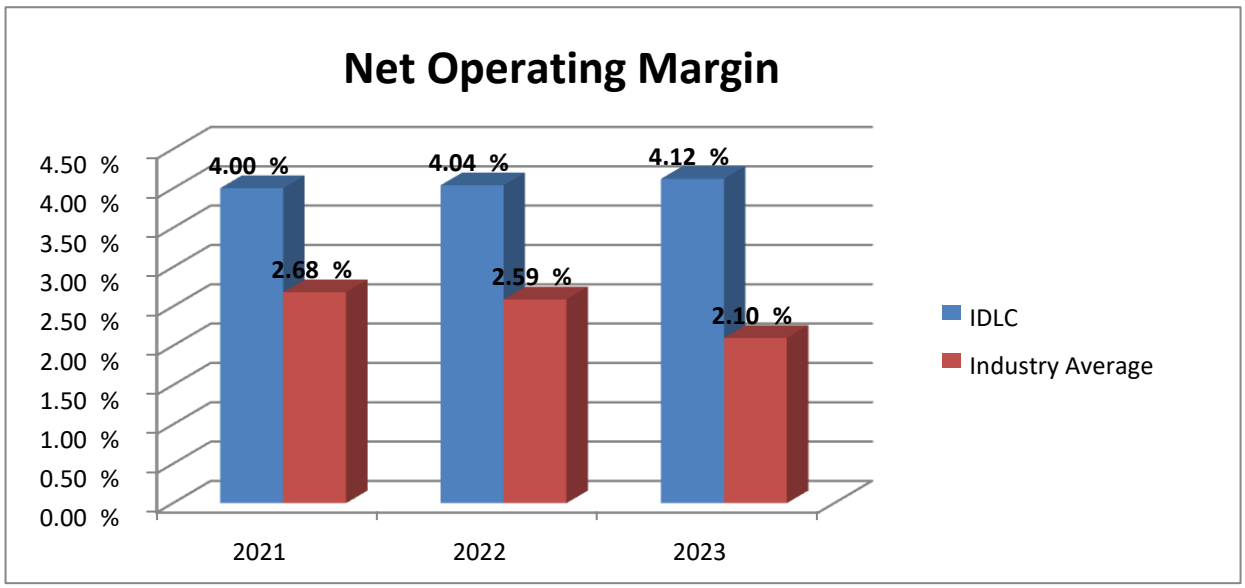


From the table and graph we see that in 2021 IDLC's net interest margin was 4.65%. In 2022 it was 4.71%. In 2023 the ratio increased by 4.17%. Net interest margin is fluctuating every year. Lower ratio is bad for short term. The negative figure of the ratio indicates the company cannot make effective investment decisions. So it cleans that IDLC makes good investment decisions and become profitable.

Comparing with the Mean of industry average we see that net interest margin of IDLC is less than industry average. It is bad for short term. It is good for long term because at the same time the industry average is 6.21%, which is higher than its net interest margin. So everyone avoid the other company and take it.

5.2.2 Net Operating Margin

	2021	2022	2023	Mean
IDLC	4%	4.04%	4.12%	4.05%
Industry Average	2.68%	2.59%	2.1%	2.46%



From the table and graph we see that IDLC's net operating margin in 2021 was 4.00%. From 2021 to 2023 this margin increases continuously. In 2023 it was 4.12%. In 2021 net operating margin of industry average was 2.68%. From 2021 to 2023 this margin of industry average increases continuously. In 2023 it was 4.12%.

The Mean of IDLC is 4.05% and the Mean of industry average is2.46%. It means its net operating margin is higher than industry average. So it cleans that IDLC well in positions because net operating margin always be high for the betterment of the company.

CHAPTER 6

Findings, Recommendations and Conclusions

6.1 Findings

- The total asset growth rate fluctuates every year. In 2023, the rate grew up from that of 2022.
- The long-term liabilities fluctuated during the period of 2019 to 2023. In 2023 the rate has increased than that of 2022.
- In case of term deposited, the growth rate indicates that IDLC has acquainted more currency for its new investments.
- IDLC's operating income increases continuously.
- The operating expense of IDLC increases whereas the financial expense decreases yielding an inversely proportional scenario.
- Even after the deduction of its taxes, IDLC's net profit increases persistently. So, it signals positive signs to the investors, to invest on IDLC.
- The number of shareholders of IDLC increases year by year.
- The net asset value per share increases every year. So it yields a positive sign for the market.
- In case of market capitalization, the growth rate has increased since the previous year.
- The market value addition of IDLC had become negative during the year 2022 to 2023.
- Equity of shareholders increases year by year and IDLC is substantially maximizing the wealth of its shareholders.
- ROA increased during the years 2019 to 2023 and was higher than that of the industry average. So it resulted that managing the banking asset was more effective.
- ROE is considered higher than the industry average. Therefore, IDLC appears much more attractive to its shareholder.
- EPS of IDLC increased during the years 2019 to 2023; resulting it to be beneficial to IDLC.
- Dividend payout ratio of IDLC decreased continuously and was accounted to be lower than that of the industry average. This discourages the investors to invest on IDLC.
- Debt to total asset of IDLC fluctuates every year and the ratio is higher than the industry average. So it is risky for IDLC since it highly depends on leverage.
- Debt to Equity of IDLC also fluctuated during 2019 to 2023 and the ratio was higher than the industry average. So IDLC became more profitable, as well as becoming more risky and less solvent than the industry average.
- Financial expense coverage ratio of IDLC lowered than that of the industry average. So it was a good signal for IDLC.

- 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 continuously decreasing. So it was more risky and their growth prospect was very poor.
- Loan to deposit ratio of IDLC is less than the industry average. So the profitability of IDLC was less than that of the industry but its liquidity was high.
- NPL ratio is lower than the industry average. So it is beneficial for IDLC.
- Current ratio of IDLC is higher than the industry average. So it cleared the liquidity condition of IDLC, which was necessary.
- For net interest margin IDLC made good investment decisions and became profitable.
- Net operating margin of IDLC increased continuously. So it is beneficial in its position in comparison to other companies.

6.2 Recommendation

- IDLC should concentrate on increasing their corporate clients because corporate clients are the main source of earning profit.
- IDLC should control their operating and financial expenses and try to maximize profitability.
- IDLC should improve their market capitalization and market value addition indicators to improve their performance and overcome the concerns of their shareholders.
- IDLC should increase ROA in order to manage the banking assets efficiently.
- To impress shareholders, IDLC should increase ROE. IDLC should also be careful about it because it is responsible as the main indicator of company's performance.
- The bank management should be careful about EPS, as it is a major indicator of the company's performance as well. To increase the EPS management IDLC must concentrate on increasing the profitability of the company.
- IDLC should increase their P/E ratio. If the P/E ratio becomes high it will invariably increase its shareholders confidence level and interest to invest in IDLC.
- IDLC should maintain a capital adequacy ratio for its unexpected possible requirements of funds.
- IDLC should increase their dividend payout ratio. If this increases then it will upgrade the confidence level of shareholders.
- IDLC must follow loan to deposit rules, provided by the Bangladesh Bank. Because of its crisis related to liquidity.
- IDLC always try to keep their NPL and Financial expense coverage lower than that of the industry to earn more profit.

6.3 Conclusions

In conclusion, it can be said that IDLC is one of the most promising financial institutions in Bangladesh. In this report, the overall performance of IDLC during the period 2012 to 2022 has been analyzed and evaluated. By analyzing its overall performance, various positive and negative findings of the firm, have come into light. The analysis shows that IDLC has performed very well over the past years. Some flaws have been identified throughout this study, which had arisen in the financial period and therefore have been provided with many compensatory solutions to help improve their future performance. Besides their core business, they should also try performing more corporate social responsibilities that will provide them with long-term sustainability. IDLC has the potential to become one of the most preferable and leading financial institutions in Bangladesh and will also to be able achieve their vision; to be the best financial brand in Bangladesh.

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