

Report On
Comprehensive Analysis of IDLC Securities Limited (IDLC SL)
during COVID-19

By
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An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelors of Business Administration

Brac Business School
Brac University
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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Riyashad Ahmed
Assistant Professor of Finance &
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Subject: Submission of internship report

Dear Sir / Madam,

This is my pleasure to display my entry level position provide details regarding Recruitment and Selection Procedure of IDLC Securities Limited, which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Tasnova Islam Auroi
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Date: January 14, 2021

Non-Disclosure Agreement

I am Tasnova Islam Aurovi of Bachelor of Business Administration (BBA), ID No: 16304035 declare that the Internship report entitled “Comprehensive Analysis of IDLC Securities Limited during COVID-19.” is an original work done by me under the guidance of Mr. Riyashad Ahmed, Assistant Professor, BRAC Business School, BRAC University this project work is submitted in the indulgence of the requirements for the Internship Program. This report has not been submitted to any other university or Institute for any other award of any degree.

Tasnova Islam Aurovi

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BRAC Business School

BBA Program

Acknowledgement

I would like to convey my utmost gratitude to the Almighty Allah for giving me the strength and knowledge to successfully complete this report within the required time. Moreover, the success of project depends largely on the encouragement and guidelines of all those who gave me the possibility to complete this report. This is to acknowledge to all those people without whom this report could not have come to reality.

Firstly, I would like to express my deepest gratitude to my internship supervisor, Riyashad Ahmed, whose enormous help, motivation, suggestions and encouragement helped me to coordinate this report. With the proper guidance this project comes to reality.

Moreover, my heartiest gratitude goes to some officials of IDLC Securities Limited for their unthinkable effort and support. The journey becomes so untroubled because of my on-site supervisor, Farzana Ferdausi, Senior Associate of Operations team. She made my journey as trouble-free as possible. Special thanks goes to A H M Nazmul Hasan, Head of Operations, S. M. Galibur Rahman, Research Analyst, Md. Roenakul Haque, Associate, Md. Sazzad Hossain, Senior Executive Officer, Farzana Akter Nipa, Junior Associate, and my on-site supervisor for overwhelming and endless co-operation to make this experience helpful for being careful to do future work.

Furthermore, I convey my full gratitude to my family and friends who gave their valuable time, caring guidance and responses to make a better report with their ideas and contents.

Thanking you

Tasnova Islam Auroi – 16304035

Executive Summary

General purpose of doing this paper is to represent the current situation of economic growth in Bangladesh with Non-banking Financial Institution (NBFI) sector along with a detailed view of IDLC Securities Limited (IDLC SL). To be specific, with the help of NPAT and some ratio analysis tool, I will show a comparison of IDLC SL financial performance between pre and post COVID-19 situation. In this there is a finding part for reasons of recovering the pandemic situation. Also, the report gives a clear idea for what operational reasons the financial imbalance occurred. Additionally, a basic comparison is given between IDLC SL and LankaBangla Securities for a better view of position in IDLC SL Financial phase.

Keywords: IDLC Securities Limited; Recovery; Ratios; Non-Banking Financial Institution; Economy of Bangladesh; Internship Report.

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List of Acronyms

IDLC	Industrial Development Leasing Company
IDLCSL	Industrial Development Leasing Company Securities Limited
ROA	Return on Asset
ROE	Return on Equity
NPAT	Net Profit after Tax
EPS	Earnings Per Share
OMU	Order Management Unit
TAT	Turnaround Time
NBFI	Non-Banking Financial Institution
RM	Relation Manager
IPO	Initial Public Offering
CAGR	Compound Annual Growth Rate

Glossary

Internship Report	An extended internship report that is part of the final exam process for a graduate degree. The document may also be classified as a project or collection of extended essays.
NBFI	A non-bank financial institution that operates by providing financial services to individuals and firms.
Brokerage house	Brokerage house refers to a firm that charges a commission for facilitating a variety of financial and investment services.

Chapter 1

Overview of Internship

1.1 Student information

This is Tasnova Islam Auroi, from BBS department. I started my undergraduate program from summer'16 and my student ID of university is 16304035.

I am an undergraduate of Business Administration at BRAC University majoring in Finance and Computer Information Management (CIM). My passion for exploring new software and quantitative skills brought me to these sectors and to settle down my career in these fields.

1.2 Internship Information:

1.2.1 Period, Company Name, Department/Division, and Address:

Due to complete the undergrad program, every student of BBS has to go through internship to get a real corporate life experience. Fortunately, I got selected for IDLC Securities Limited, the renowned NBFIs in Bangladesh, to do my internship with the duration of 3 months. I was allocated in the operations department of the company. The company is located at DR Tower (4th Floor), 65/2/2 Bir Protik Gazi Golam Dastagir Road, Purana Paltan, Dhaka 1000, Bangladesh.

1.2.2 Internship Company Supervisor's Information:

I was assigned to do my internship under Ms. Farzana Ferdousi, Senior Associate of Service Delivery under Operations department. From her, I got to know about the whole operation's team very well and the tasks assigned to all the co-workers. Also, I got a clear vision of i-trade from her which is impossible to understand if she did not explain it.

1.2.3 Job Scope – Job Description/Duties/Responsibilities:

As an intern at IDLC Securities Limited I was appointed to Operations team. Apart from operations work, I had to handle IPO of Robi Axiata, Energypac and Mir Akhter Hossain LTD. as a client support member. Overall, specific assigned tasks in my internship are given below:

- In the meantime, of IPO, had to manage cash, cheque and other funds of clients.
- Posting of cash, cheque and funds on their official excel file.
- Dealt with tax certificate issues and portfolio management of clients.
- Managing files of pre, during and post BO account opening forms.
- Back log files entry.
- Scanning of signs and pictures for BO account and sending them at the required place.
- Management of all other important document (such as BO forms, cash inventory) for year-end audit.

1.3 Internship Outcomes

1.3.1 Student contribution towards the company

Throughout the whole internship period I had to conduct

- ✚ Maintaining an excellent working environment
- ✚ Helping back office by clearing huge backlog documents
- ✚ Following the organizational culture through and through
- ✚ Assisting supervisor and other employees whenever needed
- ✚ Helping clients to answer their queries
- ✚ Providing important documents to clients

1.3.2 Benefits to the student

I have certainly learned a lot by working in one of the most reputable NBFIs in Bangladesh.

Here, I am mentioning few of the benefits that I received below:

- ✚ This experience will certainly help me to take on challenges for my upcoming job
- ✚ Better performance under huge pressure
- ✚ Better understanding of the Dhaka Stock Exchange
- ✚ Better understanding of portfolio of the clients
- ✚ Excellent corporate culture helped me in being punctual and detail-oriented
- ✚ Better at decision making

1.3.3 Difficulties Faced During Internship Period

The work load was relatively high, most importantly, the same work created a monotonous mind set up and made the tasks harder. For not getting the chance of working in rotation, I could not talk to most of the officials, as a result, it got tough to adapt the new culture and the environment. Moreover, the long commute time from office to home was too high which created a bad impact on health.

1.3.4 Recommendations to the Company for Future Interns

IDLC Securities Limited is one of the top most brokerage houses in Bangladesh. The work environment undoubtedly relaxing place to work in. This creates a great picture of corporate world in my mind. In spite of the best qualities, there are some observations for future interns those are as given,

- ✓ They should recruit more interns in the same department to mitigate the pressure on a single person.
- ✓ Sensitive software like, Bluechip should not be given for fill out clients form to unexperienced hands.

Rotation to every departments of the organization could be more beneficial for the intern to gain more knowledge about the organization and its operations. This will create more exposure to interns and remove monotonous attitude towards work.

Chapter 2

Organization Part

2.1 Introduction

2.1.1 Objective of the report

- The main objective of the report is to show a complete analysis of the IDLC SL operations and its financial performance during pre- and post-pandemic.
- To show a comparative performance analysis between IDLC and Lanka Bangla.
- To give a glimpse idea on how IDLC SL faced adverse situation.

2.1.2 Methodology

To complete this report, I have used 2 types of methodology to gather information. They are-

- Primary: This includes the following-
 - Interviewed filed supervisor and other senior executives and officers.
 - My observation from working there also helped me to collect primary information.
- Secondary: This includes the following-
 - From the organization's website
 - From various annual reports and publications

2.1.3 Limitations

They are as follows-

- Time span was another constraint for me as 3 months of internship was not enough to gather intensive knowledge about their operations.
- Lastly, due to confidentiality of the organization, the employees did not disclose enough information of their operations.

- Bluechip software should be operated by experts as this software is very sensitive to handle. Moreover, the process of correcting any error in this software is very lengthy and time consuming.

2.2 Overview of the company

IDLC Securities Limited (IDLC SL) is one of the top most brokerage houses in Bangladesh which was established in 2006 of September. This organization serves more its brokerage services to more than 15,834 retail, local and foreign institutional investors through both Dhaka and Chittagong stock exchanges. Also, it provides its services to the customers like enlisted merchant banks with ensuring high quality of compliance and corporate ethics. Additionally, this company has Order Management Unit (OMU) for online trading system which is reliable and was instigated in 2010.

Moreover, IDLC SL has three key strengths to be successful which are:

- Maintaining confidentiality of clients' assets
- Assigned dedicated relationship managers (RM) for all the investors
- Having adequate sell-side research team.

2.3 Management Practices

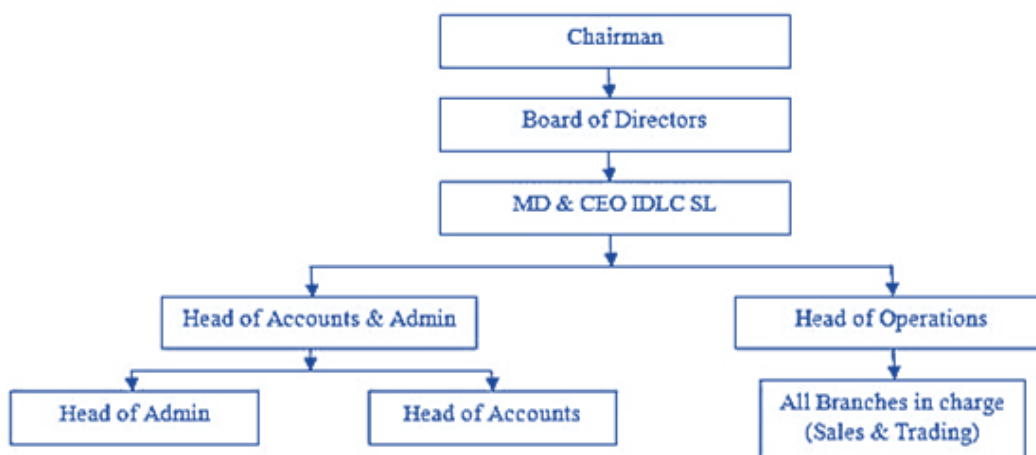


Figure 1: Organogram of IDLC Securities Limited

The organogram is shown above, mainly the whole management team works accordingly. Every official is liable to be transparent to their immediate high management officials. If the transparency fades away, the high officials have right to take necessary actions against any wrong doings. However, this transparency is a reason of officials' proper communication and a very good bonding. Moreover, the management team sets its realistic goals, strategic planning, benchmark, forecast and perform as a strong team, not as a different individual. Proper utilization of management is one of the reasons of the organization's success of IDLC SL which is much appreciating. (Limited, IDLC Finance, 2015).

2.4 Marketing Practices

The company uses several ways to promote its products. Details are given below:

- **Group marketing channel:** In this section of marketing, they use the traditional way of promoting such as digital and printing media to spread their products. However, this type is rarely used.
- **IDLC SL sales team:** Undertaking promotional activities with sales team is very common in this country, these days. IDLC SL also uses this promotional activity to reach out its customer as much as possible.
- **Research team to cover local and foreign institution:** To increase brand awareness, this company invests a big portion on research team to grab its customers. In this field, research team goes for roadshows and reverse roadshows to reach their clients out. At this portion, research team uses strategies to go in person in different institutions which is roadshow campaign, for increasing awareness of their brand, IDLC SL. Moreover, to outreach their foreign customers, the team takes the reverse roadshow projects which means the team conducts online meetings to take on foreigners' eyes.

These are the basic marketing practices which take place in IDLC SL.

2.5 Accounting Practices

In IDLC SL, all the accounting practices are based on IFRS. IFRS stands for International Financial Reporting Standards. Basically, all the accounting events are reported in the firm using IFRS.

Accounting practice through IFRS is given below:

- Statement of Financial Position – More commonly referred to as a balance sheet, IFRS details the different components and how it should be reported.
- Statement of Comprehensive Income – This is presented as a single statement or a profit and loss statement and a statement of other income.
- Statement of Changes in Equity – Sometimes referred to as a statement of retained earnings, this should document your business's change in profits over the course of a given financial period.
- Statement of Cash Flow – This document should provide a summary of your business's financial transactions over the given period, separating your cash flow into Financing, Operations, and Investing.

This is how the whole accounting part is being covered using IFRS.

2.6 Operations Management & Information System Practices

IDLCSL follows a basic flowchart to accomplish any task. The flowchart and description are given below:

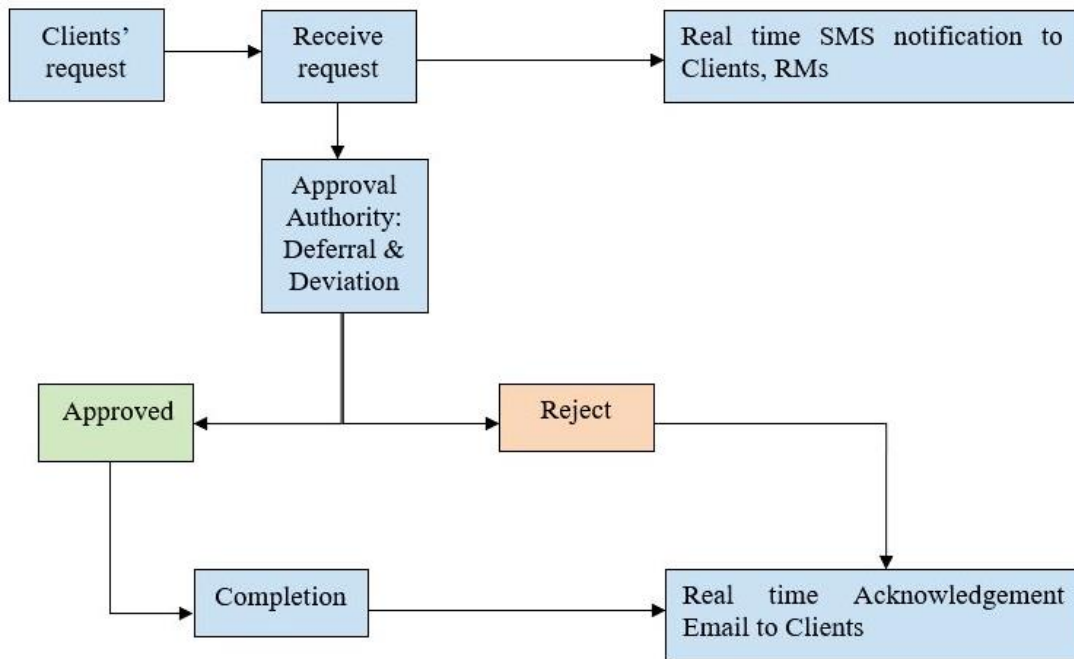


Figure 2: Flowchart of Operations of IDLC SL

In this company funds Deposit instrument types are, (1) Cheque/Other bank EFT OR (2) Cash/Same bank EFT/Bills pay/Digital Financial Services/Pay Order/Demand Draft. As the figure shown above, instruments will be received through web or branch counter. After that, Client Support (CS) will verify the instruments and depositing entity. If the deposit request comes through registered client, input in the system will be given. If instruments are 'Third Party cheque' or borne by authorized persons, due-diligence will be done and will go for approval. When it gets approval, deposit will be input, and notification will be sent to clients. Otherwise, rejection notice will be sent to clients. Deposit receipt will be printed after input.

However, in the information practices phase, the company has three layers of information dissemination to be maintained. Those are (1) Top Layer, (2) Mid Layer and (3) Executive Layer. From the top most layer the recipient is Top Management and the type of information are DSS and ESS and from this top management the information is flowed to the mid layer which is mid Management who processes MIS to carry forward to the next stage. Lastly the Executive Management

Layer comes where the information is held as KWS. These layers have their frequency for information dissemination which are, annually, semi-annually, quarterly, monthly, fortnightly, weekly, daily and hourly. These disseminations of information are used to get client's profile, trading data and transaction (such as deposits, withdrawal, account information update) data.

2.7 Competitive Analysis

Industry and competitive analysis using SWOT (Strength, Weakness, Opportunity, Threat) Analytical tool is given below:

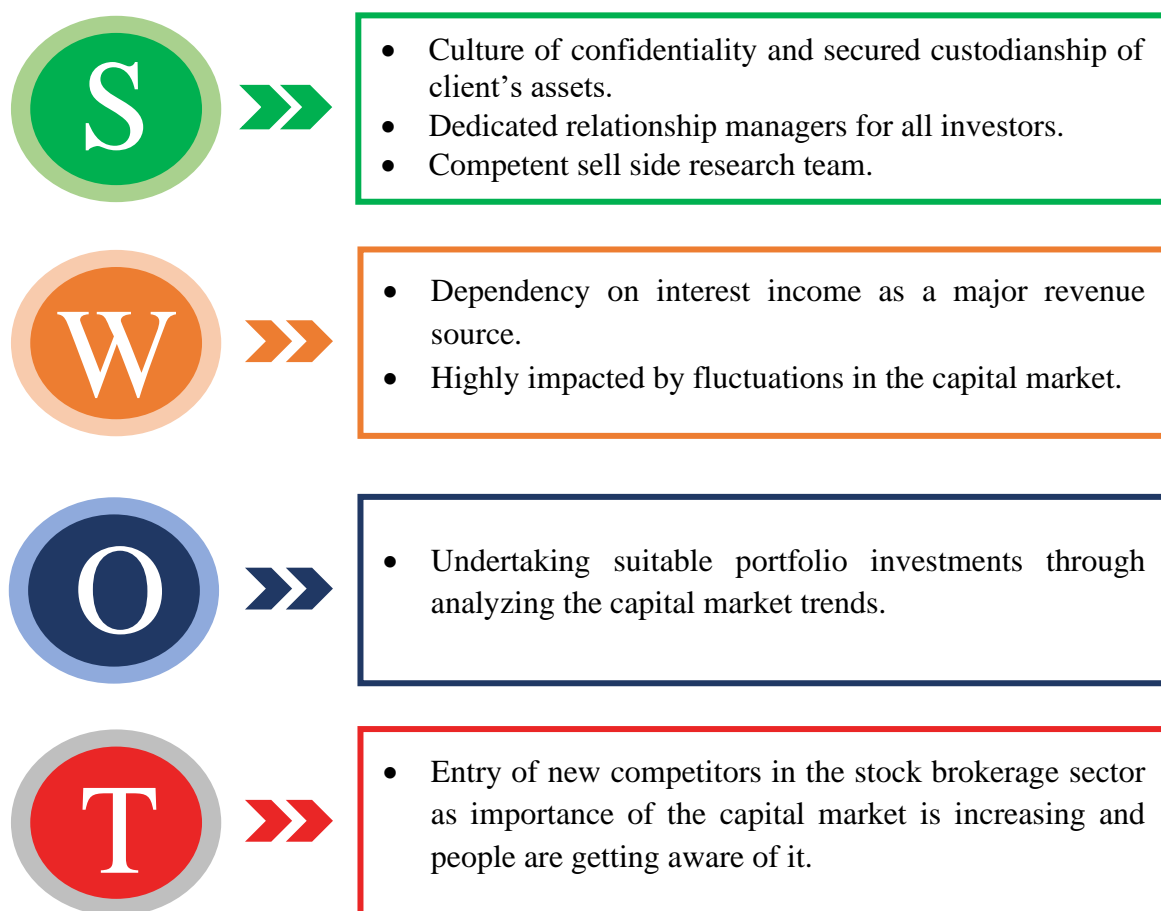


Figure 3: SWOT Analysis of IDLC Securities Limited

Culture of confidentiality and secured custodianship of client's assets with no doubt a strength of IDLC Securities Limited which is towering of its success. Besides, dedicated relationship managers for all

investors and competent sell side research team are the biggest strength resources for whom it became easier for the firm to sustain and overcome the pandemic situation.

However, its dependency on interest income should be kept in check. IDLC SL has been trying to limit the impact of this situation on the company through improved efficiency in the short-run and enhancing product offerings in the long-run.

Besides, they can establish themselves as the best alternative to the clients. Due to its competent market research team, the company can look for better portfolio investments which can be a massive opportunity for them.

In any industry, there is a threat of new entries. IDLC SL has to remain wary of this threat. To remain in the client's top of mind, they have to provide the best services deserving of the recognition.

2.8 Recommendations

- IDLC Securities Limited, being a subsidiary of IDLC Finance Limited, boasts a well-established brand recognition through the name of its parent concern. However, IDLC SL as a separate brand lacks the brand awareness like IDLC Finance Limited. Proper promotional activities will help the brand to gain the brand awareness in the potential clients' minds. Unless the company may fall behind in the pandemic situation.
- Personnel should be hired for printing ledgers, portfolios, and tax certificates in the client support department. Otherwise, problem arises to solve important tasks such as handling client query, client deposit, and withdrawal posting.
- Sub-teams should be introduced in every team under each division for proper working balance.

Chapter 3

Project Part: Comprehensive Analysis of IDLC Securities Limited during COVID-19

3.1 Introduction

The project is solely done and a requirement to finish my B.B.A program of BRAC University. For this reason, I joined IDLCSL back in 2020, 1st of November as an intern and with the help and direction of my supervisor I have prepared this report. This report is basically about the consequences of financial and operational effect due to pre- and post-pandemic situation of IDLCSL and also a kin comparison between its biggest rival, LankaBangla Securities Limited. Also, there is a glance of the economic growth of Bangladesh in the pandemic outline. Lastly, there are some reasons given for what reasons all the financial imbalanced and market boom occur.

3.2 Methodology

To prepare my Internship Report I have collected data from primary and secondary sources. These two types are given below:

1. Primary Sources

- By conducting discussion sessions with Head of MIS of Operations team
- Gained knowledge through firsthand work experience
- Through attending several corporate meetings

2. Secondary Sources

- Collecting data from several websites, online articles, news and journal
- Through online most recent annual reports of 2019

3.3 Findings and Analysis

3.3.1 Economic Growth of Post COVID-19 in Bangladesh

Before jumping into further discussion on IDLC Securities Limited analysis, at first, let's take a look at pre- and post-lockdown scenario of Bangladesh economy.

During lockdown, Bangladesh has faced enormous loss in every industry like other developed countries. Mostly the garment export shrunk to a massive loss during pandemic state. Where the largest income source is exporting Garment products in Bangladesh, last year this sector falls apart due to lockdown. In an article it is showed that where the Garments brings the lion share of export incomes, it got dropped a 6.9% from the last year (Ovi, 5 January, 2021). Furthermore, In December, shipment ranked \$3.3 billion which is 6.1% lower than the previous year (Ovi, 5 January, 2021). In an interview, Rubana Huq, President of the Bangladesh Garment Manufacturers and Exporters Association, stated that this year, 2020, was catastrophic year for the import-export industry (Ovi, 5 January, 2021). Moreover, in 2019, NBFIs sector was a horrific year and 2020 assumption was to get an even worse situation which is mentioned in a journal (Uddin, June 29, 2020).

On the other hand, after semi-annual of 2020, lockdown phase, the country has overcome and gets a massive turnaround in its economic growth. Even in capital market, the whole scenario changed mainly because of lowering the interest or deposit rate coming from banking sectors. In a recent article it has been showed that the Dhaka Stock Exchange (DSEX) has created a benchmark index of 21.3% which is the highest rate among Asian bourses (Mahmud, January 3rd, 2021). Also, Bangladesh's GDP is growing these days. Showing reasons for increasing level of GDP, Chairman of BRAC Bank stated, growing rate of exports, remuneration performance and elasticity in private sector have healed the economy and the country's growth despite facing COVID-19 (Ethiraj, October 22, 2020).

This is a glimpse scenario of today's growing economy in Bangladesh.

3.3.2 Circumstances of IDLC SL in Pre- and Post-Pandemic Phase

Financial Evaluation of IDLC SL of Pre-and Post-Pandemic

Before pandemic the situation of IDLC Securities Limited of Operations is surely different from these during pandemic days. How and for what reasons the financial position differs from these COVID-19 days to pre COVID-19 days will be covered in this section. Moreover, this company's biggest rival is Lanka Bangla Before jumping into further discussion, it is needed to know about the CAGR of NPAT and ratios like, Gross Profitability Margin and Stock Market Ratio for having a clear vision of financial position.

Net Profit after Tax Comparison

(BDT in mn)

Table 1: Net Profit after Tax (NPAT) comparison

Year/ December 30	2017	2018	2019	2020		
				1 st quarter	2 nd quarter	3 rd quarter
Net Profit after Tax (NPAT)	379	366	99	-53	-130	49

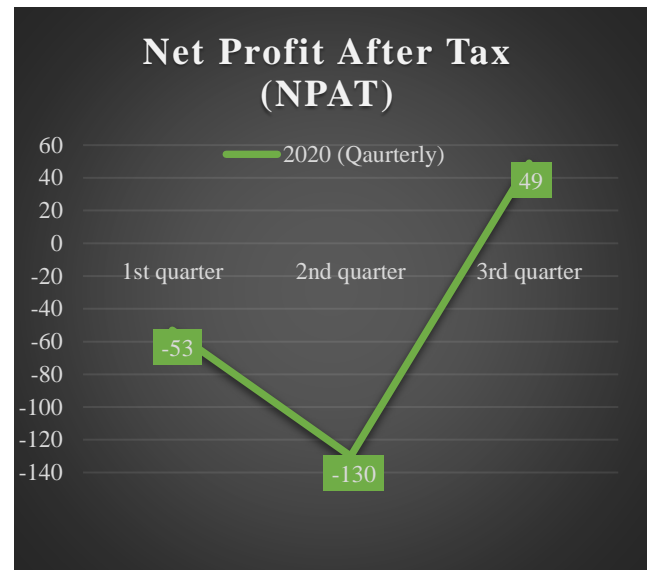
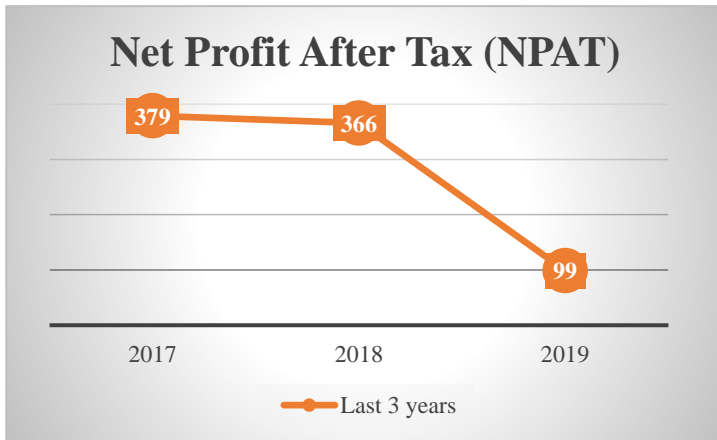


Figure 4: NPAT Evaluation of Pre- and Post-Pandemic of IDLC SL

Interpretation: From the graph, on IDLC SL, given above is clearly indicating a great loss which is around BDT 130million up to second half of 2020. Just before the COVID-19 took a huge shape in Bangladesh, the NPAT of IDLC SL was not going through a BDT 130 million of loss.

However, past 3 years the organization does not have any negative figure in its NPAT, though the NPAT declined in recent year of 2019 but had not any loss in its graph like it went through in pandemic phase. On the other hand, in a serious note, it cannot be ignored that how quickly the organization overcomes the pandemic loss in 3rd quarter.

Ratio Analysis

Return on Asset (ROA) Analysis

$$\text{Return on Asset (ROA)} = \frac{\text{Net Profit After Tax}}{\text{Total Asset}} \times 100$$

Table 2: Return on Asset (ROA) of last 3 years and 2020

Year/ December 30	2017	2018	2019	2020		
				1 st quarter	2 nd quarter	3 rd quarter
Return on Asset (ROA)	14.79%	8.06%	2.08%	1%	1%	3%

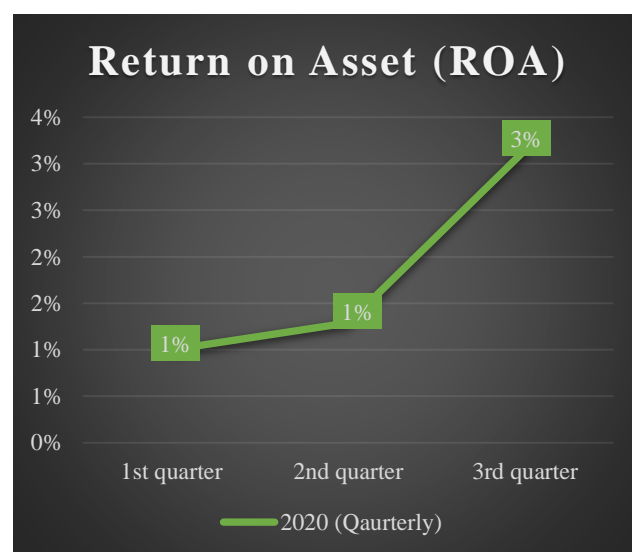
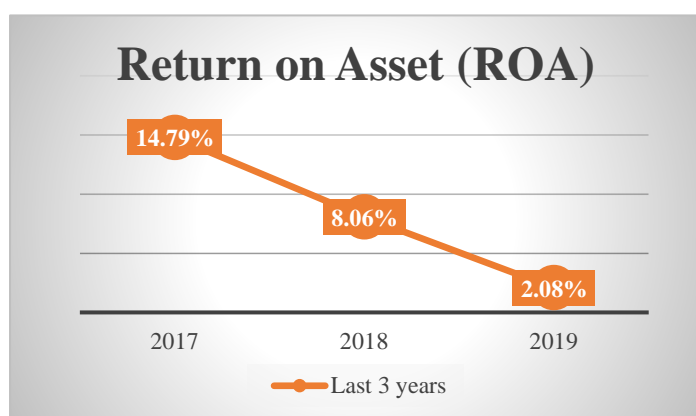


Figure 5: ROA of Pre- and Post-Pandemic of IDLC SL

Interpretation: Every 100 Tk worth of total assets generated 2.08 Tk of Net Profit after Tax in 2019. This ratio is declined from 2018 and 2017. Also, the pandemic situation makes return

on total asset worse which is declined to 1 Tk only. Though the ratio gets back to a better position in 3rd quarter which is a significant place to notice.

Return on Common Equity (ROE)

$$\text{Return on Common Equity (ROE)} = \frac{\text{Net Profit After Tax}}{\text{Total Common Equity}} \times 100$$

Table 3: Return on Equity (ROE) of last 3 years and 2020

Year/ December 30	2017	2018	2019	2020		
				1 st quarter	2 nd quarter	3 rd quarter
Return on common Equity (ROE)	21.4%	11.1%	2.8%	8.30%	10.80%	27.30%

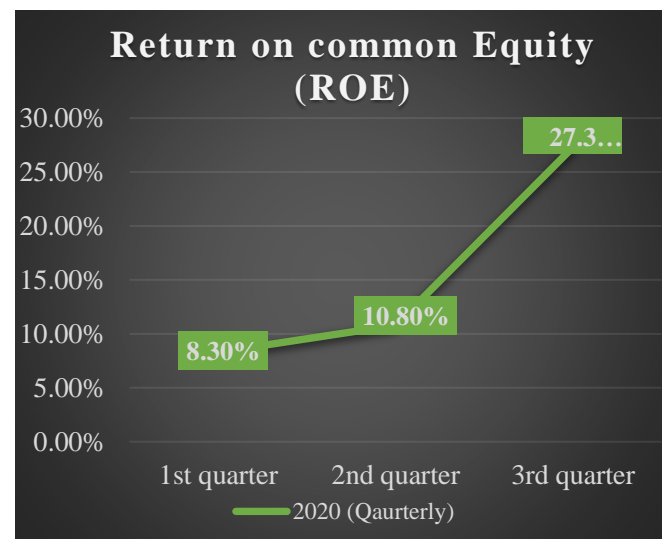
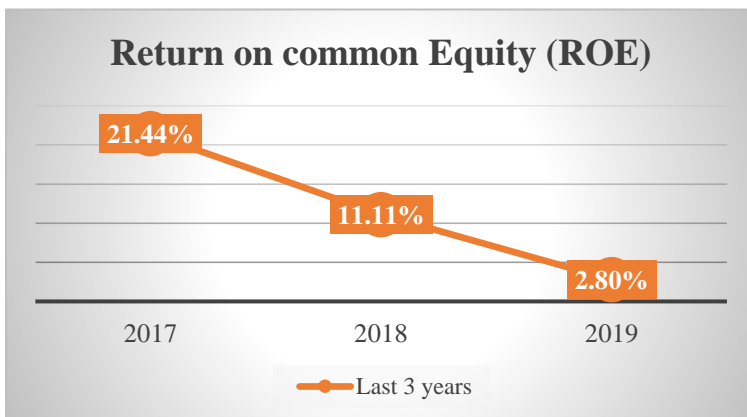


Figure 6: ROE of Pre- and Post-Pandemic of IDLC SL

Interpretation: In 2019, the common shareholders have earned 2.8 Tk for every 100 Tk investments into the corporations. Return on Equity has declined from its previous year, 2018.

However, only this ratio is increasing from its previous year 2019, in pandemic situation. This is because when every income was inactive only income from investment in money market was availed in pandemic situation. This becomes a great deal in the pandemic situation, at least from this investment return on equity develops of IDLCSL.

Earnings per Share (EPS)

$$\text{Earnings per Share (EPS)} = \frac{\text{Net Profit After Tax}}{\text{Total Number of Common Share Outstanding}} \times 100$$

Table 4: Earnings per Share (EPS) of last 3 years and 2020

Year/ December 30	2017	2018	2019	2020		
				1 st quarter	2 nd quarter	3 rd quarter
Earnings Per Share (EPS)	6.13	5.76	4.5	0.78	0.99	2.51
	Tk/share	Tk/share	Tk/share	Tk/share	Tk/share	Tk/share

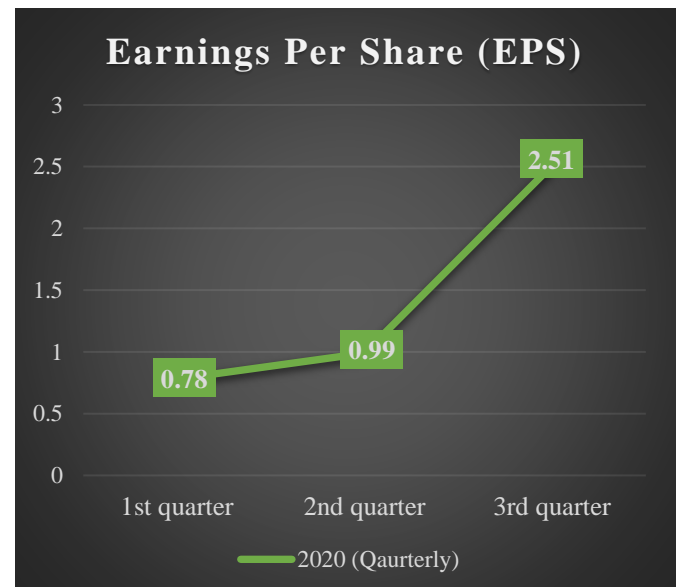
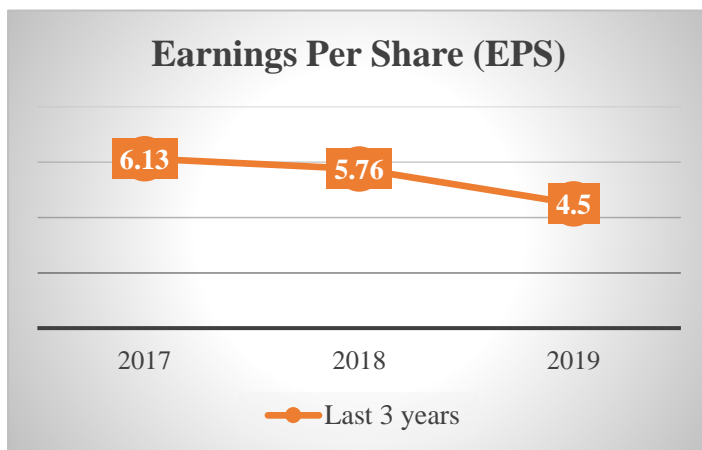


Figure 7: EPS of Pre- and Post-Pandemic of IDLC SL

Interpretation: In 2019, the common shareholder has earned 4.5 Tk per shares. Earnings per share has slightly Declined from the previous year which is not remarkable as well. Adversely, the pandemic situation shows a different outline from the last year's EPS. Where all the other EPS of last 3 years shows a remarkable plot whereas, the 3 quarters are declined a lot and not even close to the previous years. This shows utterly a loss to shareholders and also cause a great fall to IDLCSL.

From the above charts, it is visible that before lockdown all the ratios got decreased from its past years. However, the after-lockdown scenario is totally different from the company's semi-annual period. There are some concise reasons for having this imbalanced financial plot. For pre lockdown state the reasons are different and the recovery state has a different storyline in behind.

Some scrutiny regarding the reasons behind these different plots are briefly discussed below.

Reasons of Financial Disproportion during Lockdown

There are some reasons for having this disproportion in financial part. Reasons of this financial imbalance scenario of IDLC Securities are, omitting of client onboarding, delayed in TAT policy, closure of trading and also a great fall on income sources. Broad discussion is given below,

Omitting of Client Onboarding

Client onboarding simply means getting new clients which is the first step to an organization. Getting new clients or clients onboarding is the most important part for any organization and for a brokerage firm without new clients it is impossible to run the firm.

In the state of pandemic, new clients omitted to show up to capital market. Moreover, when the pandemic got started and lockdown been declared by the Govt. clients onboarding could not take place as well in the brokerage. As a result, the whole process stuck into one place. One

of the biggest operating incomes, for this reason, could not take place and NPAT, Ratios like EPS, P-E get affected through the pandemic condition.

Closure of Different Trading

For a brokerage house, main income comes from trading. In IDLC Securities Limited, they follow two types of culture for trading and those are (a) Physical trading and (b) i-trading. Both types are briefly discussed below:

- a. **Physical Trading:** In this phase of trading, RM (Relationship Managers) conduct the trade for their clients in IDLC SL. In this stage, the whole process being regulated traditionally. Usually, not tech savvy clients still rely on the RMs to purchase or sell their shares. In this pandemic situation, as Govt. declares lockdown for our safety, this physical trading was closed during lockdown period. This causes a huge loss to its NPAT and earnings.

- b. **i-trading:** i-trading or online trading is a new trend of trading. This i-trade is being conducted through a unit called Order Management Unit (OMU). Usually, people who do not rely on the offline trading they take this way of trading. Here, clients can have all the power of doing their own trade, though maximum clients do not trade by their own. However, OMU needs to get administered for starting the process which is only possible by going to the OMU and let the process started. Whereas, in the lockdown the organization was closed, due to the time this OMU was also standstill which affected the whole trading process and creates a huge squander to the financial balance.

As discussed, these types are conducted differently but needed to be present at office. In pandemic both got closed, as a result, the main income of the organization had to put an end and the financial imbalance occurred visibly.

Interruption in TAT

TAT stands for Turnaround Time. IDLC SL has its own TAT policy to be maintained for its operational services. IDLC SL maintains its TAT policy very carefully as all one service depends on the previous service. So, the TAT policy for every service is fixed. However, in the lockdown phase created a totally different background.

Table 5: TAT Policy's Timeline Inspection

Types of Services	Pre-pandemic timeline	Post-pandemic timeline
Account Opening	Fixed	Terminated
Account Closing	Fixed	Terminated
Fund withdrawal	Fixed	Fixed
Fund receive	Fixed	Fixed
Transfer/Transmission (receive & delivery) request	Fixed	Terminated
Information modification	Fixed	Terminated
IPO Application	Fixed	Terminated
OMU registration request	Fixed	Terminated
Demat/Remat request	Fixed	Terminated
Pledge/unpledged request	Fixed	Terminated

Operational services such as, Account opening, closing, fund deposits and withdrawal, transmission receive or delivery, IPO Application, OMU registration and so. These types of

services have fixed timeline to be served. During the pandemic or lockdown phase when everything was closed and work from home got started, only fund deposits, withdrawal and client queries were accepted or solved. All the other services were terminated, unsurprisingly. As a result, the whole process got stopped. This causes a huge interruption to the basic operations in the firm. For this reason, biggest profit which comes from trading, as OMU requested was not availed, was at stake. Operating profits were not availed as well. So, this interruption in TAT policy is one of the biggest reasons for disproportion in financial performance during lockdown.

Fall of Income Sources

Income sources in pre- and post-pandemic situation of IDLC Securities Limited:

Table 6: Availability Status of Income Sources before and after Pandemic

Income Sources	Availability of income	
	Pre-pandemic	Post-pandemic
Brokerage commission	Availed	Not availed
Interest Income (Margin Loan)	Availed	Not availed
Dividend Income	Availed	Not availed
Investment in marketable securities	Availed	Not availed
Investment in Money Market	Availed	Availed
Other Operating Income	Availed	Not availed

The table shown above is given by the Head of MIS of operations team. As shown in the table, six categories of income are being held in IDLC Securities Limited and categories are shown

in the table. As the pandemic got started trading got disrupted which stopped other operations shut as well. Most importantly, the main income of any brokerage houses which is Brokerage commission was not availed at the pandemic situation in IDLC Securities Limited which clearly indicates a huge loss for the brokerage house. Moreover, interest income, dividend income investment in marketable securities and other operating income were not sources of income at that time either. However, only investment in money market was availed during the pandemic. This causes a great fall on Net Profit after Tax and other ratios and creates imbalance on financial position of operations as well.

Reasons for Recovery State of Post Lockdown

Apart from the loss part in the second half of 2020 of IDLC Securities Limited whole ratios get back to a recovery phase. There are some significant reasons for this recovery. Those are as follows,

- **Declining of Deposit Rate:** In this pandemic situation, as mentioned before, Govt. declines the deposit rate. For this reason, investors started looking forward different alternatives to invest in such opportunity where they could get a higher liquidity option. To get a higher liquidity opportunity, investors start investing on capital market. This helps IDLC Securities Limited exceedingly to get that 3rd quarter's successful scenario.
- **Economic Turn Around:** After semi-annual period, economic activities suddenly changed which caused a huge recovery in export and strong inflow settlement boosted investors faith in the capital market. For the economic turn-around the capital market gets its market boom after semi-annual phase of 2020. As a result, IDLC Securities Limited also gets a huge profit and overcome its loss which caused in pre-lockdown state.
- **Investor-friendly Regulation:** During the lockdown, new regulatory commission took a new investor-friendly offer to regain faith of investors in capital market. The regulation

took a fair stand on the favor of the market structure. This causes immense earnings to a brokerage house like, IDLC Securities Limited, after lockdown.

This is how the whole scenario of pre-lockdown phase has turned around from a big loss to an immense success or profit.

Now let's take a look into a comparison between IDLC Securities and its biggest competitor, LankaBangla Securities for having a clear idea on IDLC's performance.

3.3.3 Comparison between IDLC and LankaBangla Securities Limited

Financial Comparison between two Market Leaders

Net Profit after Tax (NPAT)

Table 7: Cross-sectional evaluation through NPAT of pre-and post-Pandemic duration

Year	IDLC Securities Limited	LankaBangla Securities
December 30, 2019	99	508
September 30, 2020 (3 rd quarter)	944	277.99

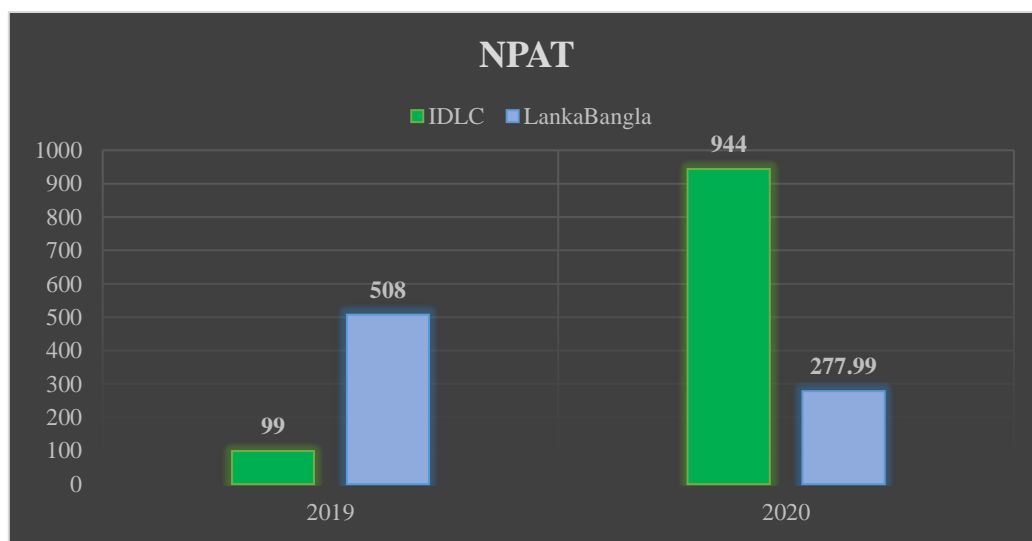


Figure 8: NPAT Comparison in 2019 and COVID-19 period

Before pandemic, back in 2019 the Net Profit after Tax was BDT 99 million of IDLC Securities whereas, LankaBangla had a NPAT of BDT 508 million. However, when LankaBangla could not get back to its profit line, on the other hand, IDLC could make a great profit after pandemic situation even. IDLC From this graph, it is quite clear that IDLC Securities is having lower Net Profit After Tax than its rival LankaBangla Securities Limited in year 2019 but in 3rd quarter of 2020, after pandemic situation IDLC has a great NPAT.

So, this is a clear indication that IDLC Securities is maintaining a very good NPAT in terms both analysis and it needs to maintain this performance of NPAT.

Return on Asset (ROA)

Table 8: Cross-sectional evaluation through ROA of pre-and post-Pandemic duration

Year	IDLC Securities Limited	LankaBangla Securities
December 30, 2019	2.08%	0.59%
September 30, 2020 (3 rd quarter)	3%	0.38%

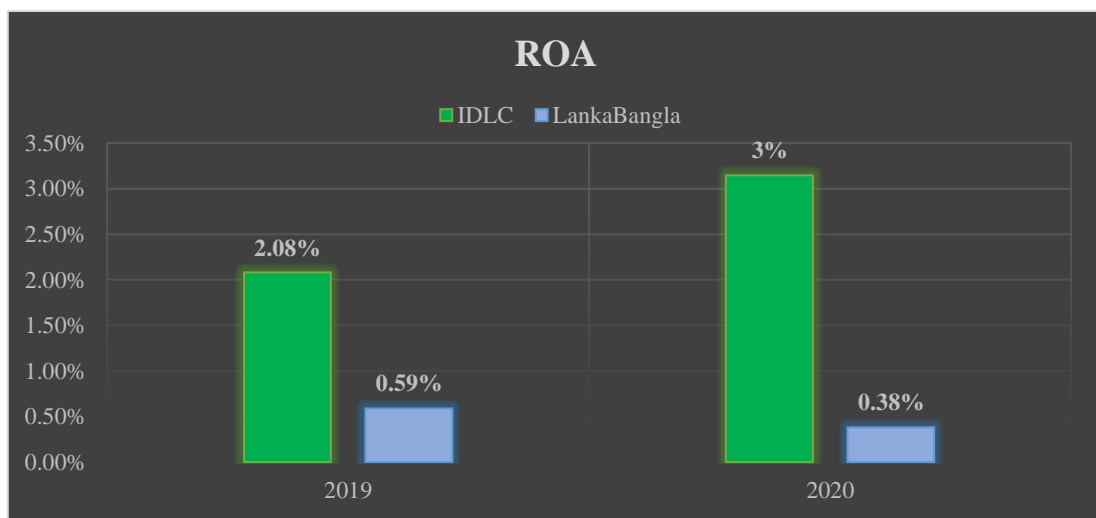


Figure 9: ROA Comparison in 2019 and COVID-19 period

From the graph shown above, it is clear that in 2019, IDLC had the competitive power of ROA and in 2020 it still has the power in hand of IDLC again. IDLC is a better competitor in terms of maintain ROA, which is a very positive sign for a brokerage house. The ratio does not fall due to COVID-19 situation in IDLC, however, interestingly the ratio goes up after the lockdown. On the other hand, LankaBangla is not only having a lower ROA than IDLC but also the ratio decreases after the lockdown situation.

So, in terms of beating LankaBangla with ROA, the power still in the hand of IDLC Securities Limited.

Return on Equity (ROE)

Table 9: Cross-sectional evaluation through ROE of pre-and post-Pandemic duration

Year	IDLC Securities Limited	LankaBangla Securities
December 30, 2019	2.80%	5.27%
September 30, 2020 (3 rd quarter)	27%	2.78%

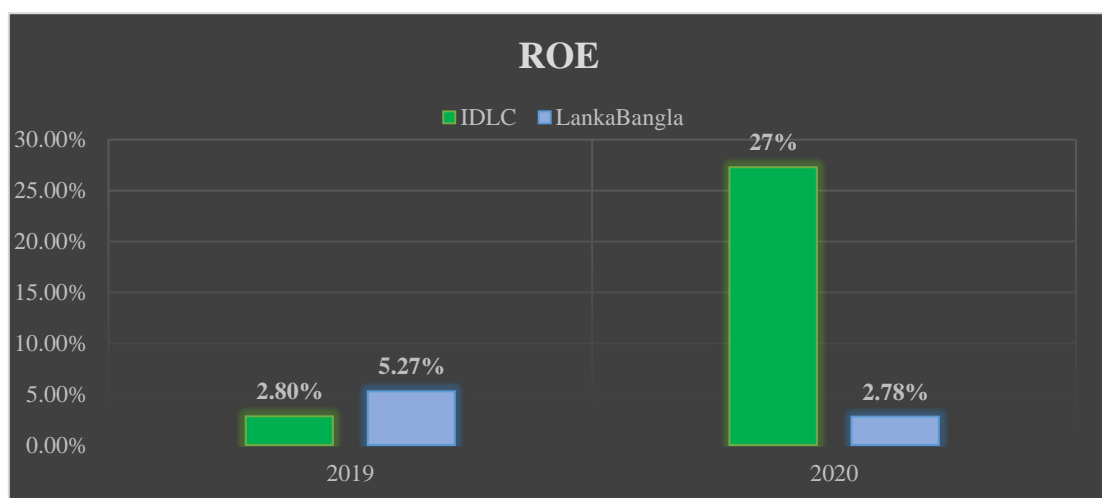


Figure 10: ROE Comparison in 2019 and COVID-19 period

IDLC Securities has tremendously increased its Return on Equity (ROE) from 2019, in 3rd quarter of 2020. When IDLC takes its ROE in a different positive shape, on the other hand, LankaBangla Securities could not make a better ROE than own's ROE from previous year, 2019. In that case, competing with IDLC Securities is a long way off for LankaBangla Securities.

Again, IDLC Securities is the front runner for ROE in the pandemic situation.

Earnings per Share (EPS)

Table 10: Cross-sectional evaluation through EPS of pre-and post-Pandemic duration

Year	IDLC Securities Limited	LankaBangla Securities
December 30, 2019	4.5 Tk/share	0.98 Tk/share
September 30, 2020 (3 rd quarter)	2.51 Tk/share	0.52 Tk/share

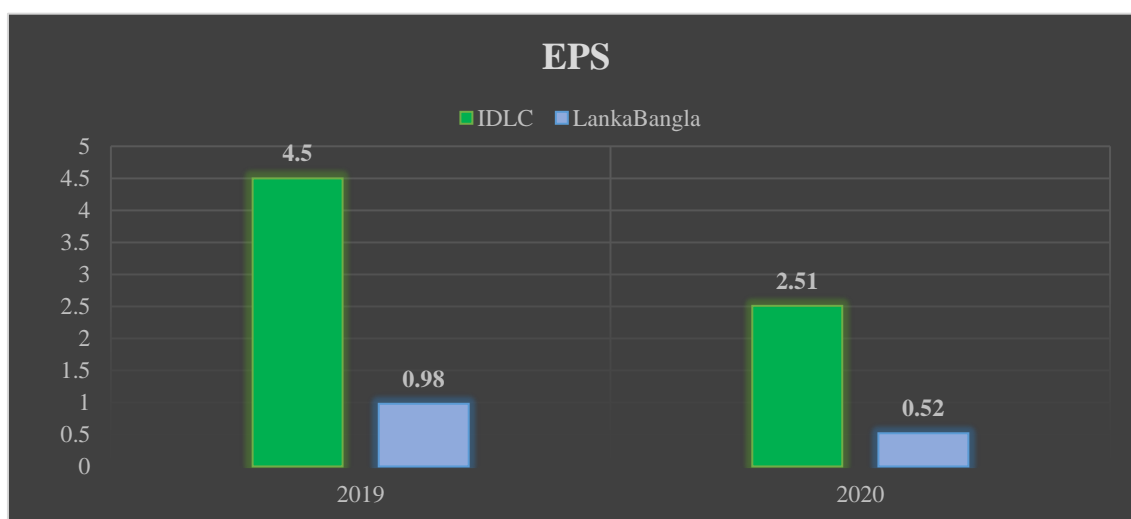


Figure 11: EPS Comparison in 2019 and COVID-19 period

Earnings per share of IDLC Securities though is lower than its previous year, 2019 it still stands out before LankaBangla Securities. Because of the pandemic, unrest situation, IDLC could not avail its earnings from shareholders properly at the 3rd quarter of 2020 but does not fall apart like LankaBangla Securities. Due to pandemic situation, the ratio falls but in terms of competitive advantage, it is on the favor of IDLC Securities.

At the end, it can be estimated that IDLC Securities is performing way better than its rival organization, LankaBangla Securities in terms of all the ratios and NPAT as well.

Reasons behind Being the Leading Brokerage Firm

Mainly there are two basic reasons behind the success of IDLC Securities Limited. Those are given below,

- **Minimization of Costs:** To minimize costs, IDLC SL took some major steps. By reducing operational costs of branches, IDLC SL easily lowers its cost and maximize its profit. The firm closes some of its branches. Also, some branches have been merged with another branch to reduce its operating cost. Mainly the idea is, to reduce its operational cost. Moreover, it lowers its cost by reducing fixed cost such as, rental cost. After lockdown, branches offices also have been shifted to a different place with lower rental cost. Head of Operations of IDLC SL, in this regard, states that most cost comes from this operational and rental cost. When the market starts booming and takes a positive shape after lockdown, these steps have become the best path to succeed with its competitor.
- **Developed HR Compensation Structure:** This developed structure is a real competitive advantage for IDLC SL. By implementing variable wages policy IDLC SL makes sure of maximizing profit. In this part, employer's salary is made variable, not

fixed which is differed on their performance basis. More customer they can get, more salary they will be paid and less customer causes their less paid wages. This policy is implemented after the lockdown period. Because of this policy, every employer becomes busy with attracting more clients to pursue more salary. As a result, after the lockdown, clients line up for opening account which causes a great profit.

By following only these two different strategies, IDLC SL stands out from the crowd of its competitors and make outmost profit than its rivals.

3.4 Conclusion

IDLC Securities Limited though is not an older brokerage house due to its competitors still the firm is competing the whole market like whiz from beginning. From the analysis given above, it is transparent that the firm is always ready to heal it's any adverse position. Also, it wisely tackles the inauspicious situation so quickly. The company seems like always ready to take challenges for any unfavorable circumstances. So, it can be presumed that IDLC Securities Limited does not leave its leading position from the market. It maintains its strong management, operations and forecasting to stand out from others in the market. By availing all the possible opportunities, this organization makes the outmost profit it could even after this huge pandemic situation.

3.5 Recommendation

Despite of being a market leader, there are some remarks for the back office and organization to check over. Those are as follows,

- ❖ The operation team needs much appreciation and motivation from seniors and a monotonous free environment. Unless, work under pressure is so tough to do any task with perfection.
- ❖ To hold out the competitive state in the marketplace, the organization should avail some more packages, for NBFI, given by the Govt. during the pandemic state. Otherwise, the other rivals can take over the leading position so quick and IDLC Securities Limited may lack over from its current foremost position.
- ❖ The organization should give some authority to its other branches for opening account as well and create a balanced pressure on every other branch. This will minimize the huge work load on the Head officials. As a consequence, the intemperate work load may cause immense hamper in quality of their works. Furthermore, this will save time and the huge back log tasks will not be pending.
- ❖ The promotional activity should be more reached than it has now. Whereas, the other rivals are trying their best to reach out targeted customers as far as possible. So, setting up this in mind, the firm should imply stronger marketing strategy.
- ❖ Moreover, a monitor should be assigned to each team to look after the members and record their performances. It will be easier to evaluate every official's activity and performance.

This is how, IDLC Securities Limited can hold its position in the market and sustain the position in the long run, even after the COVID-19 situation.

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Appendix A.

Financial highlights of 2019

Amount in BDT Million	2015	2016	2017	2018	2019
Total turnover of IDLCSL	63,782	82,950	1,74,274	1,25,934	80,529
Total turnover of IDLCSL Growth (%)	8.85%	30.05%	110.09%	-27.74%	-36.05%
Total assets	1,558	2,145	4,136	4,935	4,541
Total assets Growth (%)	10.69%	37.72%	92.81%	19.31%	-7.97%
Total shareholders' equity	1,025	1,129	3,108	3,474	3,572
Total shareholders' equity Growth (%)	10.34%	10.08%	175.38%	11.76%	2.84%
Net brokerage commission income	203	250	480	333	217
Net brokerage income Growth (%)	18.05%	23.06%	92.33%	-30.62%	-34.91%
Net interest income	72	53	82	149	168
Net interest income Growth (%)	-17.07%	-26.04%	54.64%	82.18%	12.34%
Income from share market investment	52	71	256	268	64
Investment income growth (%)	986.28%	36.92%	261.60%	4.76%	-76.08%
Operating expenses	181	187	248	238	233
Operating expenses Growth (%)	16.11%	3.28%	32.40%	-4.00%	-1.76%
Net profit before tax & provision	148	192	576	518	221
Net profit before tax & provision Growth (%)	50.64%	29.98%	200.18%	-10.02%	-57.35%
Net Profit after Tax	96	103	379	366	99
Net Profit after Tax Growth (%)	147.01%	7.60%	267.07%	-3.67%	-73.03%
Return on total assets*	6.48%	5.58%	14.79%	8.06%	2.08%
Return on equity*	9.83%	9.60%	21.44%	11.11%	2.80%

* Time weighted ROA & ROE in 2017

Equity Statistics	2015	2016	2017	2018	2019	5 years CAGR (%)
Number of shares outstanding (No.)	251,367,187	251,367,187	377,050,780	377,050,780	377,050,780	13.40%
Year end market price per share (BDT)	63.60	57.00	85.30	69.70	45.40	-9.48%

Shareholder Returns

