

Report On
The Sustainable Growth of IPDC Finance Limited in the NBF
Industry of Bangladesh.

By

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An internship report submitted to BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School
BRAC University
April 2020

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Declaration

I hereby declare that:

1. This internship report is the original work done by me during my internship at IDPC Finance Limited for the partial fulfillment of my degree at BRAC University.
2. The content of the report is based on my own research and analysis, and all the sources used have been properly cited and acknowledged.
3. The opinions expressed in the report are solely mine and do not reflect the views of the organization.
4. I have abided by the ethical standards and guidelines of the organization during my internship.
5. I acknowledge and appreciate the support and guidance provided to me by my academic supervisor, internship supervisor, and the staff at the organization.

Student's Full Name & Signature:

Nahid Arfan

Student ID: 16104020

Supervisor's Full Name & Signature:

Dr. Sang Hoon Lee

Professor and Dean, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Sang Hoon Lee

Professor and Dean,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on, "The Sustainable Growth of IPDC Finance Limited in the NBFi Industry of Bangladesh"

Dear Sir,

I am pleased to submit my internship report as a necessary component of my Bachelor of Business Administration degree at BRAC University. The report titled "The Sustainable Growth of IPDC Finance Limited in the NBFi Industry of Bangladesh," provides a thorough overview of my internship program at IPDC Finance Limited, highlighting the tasks I performed and the learning outcomes I gained.

Throughout my internship program, I engaged in various tasks associated with credit risk management, data entry, document organization, and financial analysis. In addition, I supported financial analysts in numerous tasks such as cross-checking financial data, sorting and organizing data, and other ad-hoc duties assigned by my internship supervisor.

I would like to take this opportunity to express my deep gratitude to my internship supervisor, Imran Khan, for providing me with the chance to work with IPDC Finance Limited and for mentoring me throughout the internship program. Furthermore, I appreciate my university supervisor, Dr. Sang Hoon Lee, for his unwavering support and guidance throughout my internship.

My hope is that this report will offer valuable insights into my internship program at IPDC Finance Limited.

Sincerely yours,

Nahid Arfan

16104020

BRAC Business School

BRAC University

April 26 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between IPDC Finance Limited and Nahid Arfan, the undersigned student at Brac University, to prevent the unauthorized disclosure of confidential and professional information.

Acknowledgement

I would like to express my heartfelt gratitude to Dr. Sang Hoon Lee, Professor, and Dean of BRAC Business School, for his invaluable guidance, encouragement, and support throughout my academic journey.

I am also grateful to Imran Khan, Assistant General Manager at IPDC Finance Limited, for providing me with the opportunity to undertake an internship in their esteemed organization.

Furthermore, I would like to thank the entire CRM department at IPDC Finance Limited for their warm welcome, patience, and assistance during my internship. I have gained valuable insights into the workings of the department and the financial industry, which will undoubtedly prove useful in my future endeavors.

Once again, I extend my sincere appreciation to all those who have contributed to my professional growth and development.

Executive Summary

IPDC Finance Limited is the first NBFi in Bangladesh to operate since 1981. Throughout the development of the NBFi Industry, many other significant peers of IPDC were included in the industry. With a large market of customers and top-performing peers, my key focus was to determine how the performance of IPDC finance limited has been affected by the changing market scenario in recent times.

After conducting the literature review, I observed that the NBFi industry is growing in the financial sector and that the top three NBFis hold more than 60% of the market share. This has prompted me to look at IPDC Finance Limited's financial performance from 2016 to 2020. From the literature review, I have concluded two hypotheses for my study. Firstly, IPDC Finance Limited has shown a sustainable growth pattern in recent years. Secondly, IPDC Finance Limited is performing better than other NBFis in the industry.

To conduct my research, I have taken data from the cash flow statement, income statement, and balance sheet of the IPDC Finance Limited annual reports. In addition, I have conducted an analysis of profitability ratios, liquidity and solvency ratios, efficiency ratios, leverage ratios, and market value ratios. I have also undertaken Market Value Added (MVA) and Economic Value Added (EVA) valuations. This analysis clearly depicts the sustenance of the financial performance of IPDC Finance Limited in our chosen timeline. Furthermore, I have compared the balance sheet's vital financial metrics among the Country's top five NBFis, including IDLC Finance Limited, DBH, Lanka Bangla Finance Limited, United Finance, and my chosen Company, IPDC Finance Limited. From the 3-year comparative analysis of the financial metrics and based on the evidence provided in the balance sheet items, I can conclude that IPDC Finance Limited is performing relatively better than other competitors.

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Chapter 1

Overview of Internship

1.1 Student Information

Name: Nahid Arfan

ID: 16104020

Program: Bachelor of Business Administration

Major/Specialization: Finance

1.2 Internship Information

1.2.1 Company Information

Internship Period: February 9, 2020, to May 9, 2020

Company Name: IPDC Finance Limited

Department: Credit Risk Management (CRM)

Address: Hosna Centre, 106 Gulshan Avenue, Dhaka 1212

1.2.2 Internship Company Supervisor Information

Name: Imran Khan

Designation: Assistant General Manager

1.2.3 Job Scope

My responsibilities as an intern were as follows:

- I was assigned to an ongoing project which started with the rebranding initiative in 2019. One of its main objectives is to merge the credit risk management database and Bank Ultimus database into one unified platform and then integrate it with its newly acquired state-of-the-art core banking software, Temenos T24 software, which will significantly reduce their overhead time and stop duplicate data entries and increase efficiency.
- Scanning, organizing, and printing essential documents related to the credit risk management department.
- Manual data entry of credit proposals, then transferring them to their digital database.
- NID verification and downloading CIB reports of potential clients.
- Helping financial analysts in various tasks like cross-checking financial data, sort and organize data.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

I was able to be a part of their rebranding initiative. The project I was assigned to is a five-year-long MIS project which started in 2019. My job was to help with the digitization process of all the past documents. During my tenure, I inserted more than 2000 documents into their database and data entry recent documents on an as-needed basis. Then at the end of my internship, I was able to train and pass on the work to the next batch of interns who joined after me.

1.3.2 Benefits to the Student

Throughout my internship, I gained a great deal of knowledge and experience. During my internship period, I gained a significant amount of work experience, which was quite different from the academic environment I was used to. I was able to better understand how financial institutions operate. It allowed me to experience first-hand how NBFIs work and gain a deeper understanding of what I learned from my university courses. Furthermore, the internship experience allowed me to put myself in that situation and prepared me for the challenging corporate environment. The training I received in the MIS department and the nature of my work gave me access to a wide range of software, and it helped me become more proficient in using these apps. And learn how to engage and deal with challenging situations professionally.

1.3.3 Problems Faced during the internship period.

Although I consider my time as an intern at IPDC Finance Limited to have been a wonderful experience, I did face several challenges and hardships during my tenure there.

As interns, we had minimal access to their database and internal software; therefore, it reduced my exposure to the amount of experience I could attain and learn more about financial institutions. However, the documents we had access to be very informative when interpreted correctly, like the credit proposals gave a lot of information about their clients. I was able to see what accounting practices these clients follow and what factors IPDC finance limited considers when accessing risk.

Another problem was the backlog of data that was not properly documented, which made the process more time-consuming. However, the MIS department and we interns

were tasked to solve it, so I believe over time, this problem will automatically resolve itself and make the overall data entry system more efficient.

From a broader perspective, these were not that big of an issue as my colleagues at IPDC Finance Limited were amiable and helpful and genuinely cared about my academic experience and well-being, thus making my internship a fantastic experience.

1.3.4 Recommendation

It's difficult to give IPDC Finance Limited any suggestions because I couldn't have asked for a more fantastic experience than what they've offered. Still, there are a couple of tips I'd want to make that may require some oversight.

They should Attempt to raise the office's sitting capacity: Interns' lack of sitting capacity has a negative impact on the quality of their work because they are required to shift their work station frequently. It can be remedied by providing interns with a specific workstation to cope easily with the workload.

An internship orientation program would aid freshly hired interns to settle into the organization much easier and help interns quickly understand how the organization operates and get accustomed to the new business environment.

Chapter 2

Organization Analysis

2.1 Introduction

This chapter provides an overall outlook of the corporation, its business practices, accounting practices, and financial performance review.

2.1.1 Objective

The objective of this chapter is to do a strategic analysis of IPDC Finance Limited. It will provide a clear view of how the organization is performing and what policies and practices these Financial Institutions follow. Lastly, it will help determine how it is becoming an integral part of Bangladesh's economy.

2.1.2 Methodology

For this organization analysis, both primary and secondary data were used. For primary data, I used information from my colleagues in my department from them. I got to learn about how the organization operates. For secondary data, I used various business articles, the 2020 annual Report of IPDC Finance Limited from the year 2020, and key highlights from their official website.

2.1.3 Scope of the Study

During my internship period, I read through the documents and manuals of different departments to get a thorough understanding of their procedures, policies, and services they offer. When some data was not accessible, I had to rely on verbal conversations with my colleagues to get the information.

2.1.4 Limitations of the Study

Since I was an Intern, I had limited access to the various departments' information. I was also limited in my ability to learn about the distinctive business procedures that IPDC Finance Limited uses to maintain its top position in the industry, mainly due to its company policy. Another limitation was that three months is not that big of a time frame to grasp all the inner workings of how a department works, and due to the pandemic and lockdown, I was able to work about two months instead of three months, so that did have an impact on the amount of information and practical experience I could attain.

2.1.5 Significance

This study will provide readers with a clear picture of how IPDC Finance Limited maintains its position as one of the top NBFIs in the nation. As an industry pioneer, this study will provide insight into their successful business strategy, which will serve as a guideline for other Financial Institutions to follow. This overview will also serve as a foundation for this report since it will offer a comprehensive insight into how NBFIS affects Bangladesh's overall economy.

2.2 Overview of the Company

2.2.1 About the Organization

IPDC Finance Limited, previously known as the 'Industrial Promotion and Development Company of Bangladesh,' is the first Private Financial Institution in Bangladesh established in 1981. Its roster of distinguished shareholders includes International Finance Corporation (IFC), USA, German Investment and Development Company (DEG), Germany, The Aga Khan Fund for Economic Development (AKFED), Switzerland, the Commonwealth Development Corporation (CDC), the UK and the Government of Bangladesh. On February 7, 1995, Bangladesh Bank granted IPDC a financial institution license under the Financial Institutions Act 1993. IPDC Finance Limited employs 844 people across 12 locations and has a loan portfolio of 62 billion BDT and a deposit portfolio of 51.8 billion BDT as of June 2021. IPDC has also participated in a number of groundbreaking initiatives in Bangladesh, several of which were the first of their type. As a result, IPDC has among the strongest and most varied corporate clientele among the financial institutions currently in Bangladesh. These milestone investments are as follows IDLC Finance Limited (First Leasing Company), Fantasy Kingdom (First Theme Park), Holcim (First Preference Share Investment), Summit (First Independent Power Producer), DBH (First Housing Finance Company), Apollo Hospitals Dhaka (First International Standard Private Hospital), Westin Hotel and Resorts (First Private Sector 5 Star Hotel), National Housing (Second Housing Finance Company), Ekushey TV (First Private Sector TV Channel), and Scholastica (First Institutional Investment in Private Sector Education). (*IPDC at a glance 2021*)

2.2.2 Vision

To become the most passionate financial brand in the Country, focusing on youth, women, and underserved areas. (*Mission, Vision & Values 2021*)

2.2.3 Mission

To enable our customers and communities to rise unbound, live up to their fullest potential by extending innovative financial solutions in a friendly, timely, transparent, and cost-effective manner. (*Mission, Vision & Values 2021*)

2.2.4 Core Values

IPDC Finance Limited adheres to these three core values, which in turn allows them to create extraordinary customer experiences they are the following. (*Mission, Vision & Values 2021*)

- Serving customers with passion and honesty.
- Going beyond the normal call of duty.
- Relentlessly pursuing innovation.

2.2.5 Strategic Objectives

IPDC Finance Limited, as one of the Country's financial industry leaders, has set the following strategic goals to strengthen its market position:

- **Affordable Home Loans:** Housing has become a key issue in a quickly growing city like Dhaka, as housing development and accompanying infrastructure struggles to keep up with the increasing population. Most industry rivals target middle and higher middle-class clients in Bangladesh's top two cities, so IPDC Finance Limited intends to take Advantage of this chance to provide an Affordable Housing Loan outside these large cities.

- **Women Entrepreneurship Development:** Women's literacy rates have risen dramatically in recent years, reaching 70.09 percent in 2017 compared to 46.74 percent in 2011. This population category is increasing as a large market with few competitors serving it, thus providing IPDC Finance Limited with an opportunity to grow in this industry.
- **Creating New Entrepreneurs:** IPDC noticed a boom in interest in new business among the younger generation. However, due to a lack of business experience and the skills or knowledge required to commercialize their ideas. These budding entrepreneurs do not have access to capital. As a result, IPDC acts as a catalyst for new entrepreneurs by cooperating with the right market players, who can then be catered to with the right resources, such as supply chain finance and venture capital.
- **Consumer White Goods Finance:** Young people are predicted to make up the majority of our future workforce, and they will be the primary consumers of consumer durables. Thus making Consumer convenience goods have a very high commercial potential. So IPDC Finance Limited intends to serve this market by offering finance solutions via a digital platform.
- **Focus on Creating a Positive Impact:** IPDC Finance Limited believes that the Company's long-term success is dependent on the well-being of the nation. So in their journey of becoming the Country's No. 1 financial institution in terms of Profit and balance sheet size, they also want to ensure that every activity and product of IPDC has a beneficial impact on the Country's socio-economic environment. (*IPDC Annual Report 2020*)

2.2.6 Current Shareholding Structure of IPDC Finance Limited

BRAC: 25%, Government of Bangladesh (GOB): 21.88%, Ayesha Abed Foundation: 10%, Bluechip Securities Limited: 8.04%, RSA Capital Limited: 5%, and the remaining 30.08% is owned by the General Shareholders. (*IPDC Annual Report 2020*)

2.2.7 Products and Services provided by IPDC

IPDC is a non-banking financial company that provides loans and savings to corporate, small businesses, and individual clients. IPDC provides simple, customizable solutions with the quickest turnaround time. IPDC Finance Limited's commercial activities are organized into three operating divisions: Corporate, Retail, and SME. Loan Programs and Deposit Products are the two primary kinds of products supplied by these departments. (*IPDC Annual Report 2020*)

Loan Programs:

1 Retail Finance:

- **Home Loans:** It offers a variety of home loan alternatives to satisfy the demand that is at the top of every client's wish list, which is to own a home. With that goal in mind, IPDC has introduced the 'Affordable Home Loan,' a new and affordable home loan option for individuals living outside of Dhaka.
- **Auto Loans:** The auto loan section specializes in offering both the general people and institutions with automobile financing products and solutions.
- **Personal Loans:** The personal loan department provides loans to meet various clients' individual demands and criteria. IPDC now offers a personal loan called 'Consumer White Goods Finance' for the purchase of household appliances, furnishings, renovation, and even holiday trips.

2 Small and Medium Enterprises (SMEs):

- **Term Loans:** This product provides capital to small and medium-sized businesses, which they use to pay operating expenses, including balancing production lines, modernizing manufacturing processes, and expanding production capacity or space.
- **Factoring:** IPDC provides factoring funding to businesses so they can get cash fast on their receivables in exchange, thus clearing the first party of debt for less than the entire amount owed, allowing them to continue trading.
- **Short-Term Financing:** IPDC provides working capital financing to assist businesses to meet their day-to-day financial needs.
- **Work Order Finance:** IPDC provides work order financing in order to complete a work order on schedule and overcome a cash deficit.
- **Joyee:** Provide women entrepreneurs loans at a flat 8% anytime.
- **Lease Finance:** IPDC offers lease finance to small and medium-sized businesses leasing a wide range of big industrial machinery and equipment and many more.

3 Corporate Finance:

- **Project and Syndication Financing:** IPDC offers syndication services, establishing consortiums with banks and financial organizations to generate financing for large-scale projects.
- **Term Loans:** Term loans are designed specifically for long-term company needs. These are often given to fulfill the clients' capital and operating expenditure requirements, such as balancing production lines, modernizing manufacturing processes, and expanding production capacity or space.

- **Lease Finance:** IPDC offers lease finance to large corporations leasing them a wide range of big industrial machinery and equipment and many more.
- **Short-Term Financing:** IPDC provides working capital financing to assist businesses in meeting their day-to-day financial needs.
- **Investments in Preference and Common Shares:** If companies are raising funds, IPDC will subscribe to their preference shares or purchase common stock on their behalf, assisting them in meeting their funding needs.

Deposit Products:

- **Deposit Premium Scheme:** Every month, a set amount is deposited and capitalized yearly. After the period ends, the entire amount can be withdrawn.
- **Millionaire Deposit Scheme:** This is a monthly scheme with a variable long-term duration and a BDT 1 million maturity value.
- **Multiplex Deposit Scheme:** The industry's most flexible deposit scheme, allowing clients to deposit any amount of money at any time at a set rate. The minimum time frame of this service is two years.

Deposit Schemes:

- **Annual Profit Scheme:** A predetermined sum of BDT 10,000 must be placed in this scheme, with annual interest payments.
- **Cumulative Profit Scheme:** A deposit of at least BDT 10,000 is required, then interest is paid at the scheme's maturity.
- **Fixed Deposit General:** A fixed sum of at least BDT 10,000 must be placed, with a fixed term of three months, then interest is paid at maturity.

- **Monthly Profit Scheme:** A predetermined sum of BDT 50,000 must be placed, with a fixed term of three months, and interest is paid monthly.
- **Double Money Deposit Scheme:** A fixed sum of BDT 50,000 is required then the amount deposited is doubled after a specified length of time.
- **Quarterly Profit Schemes:** A predetermined sum of BDT 50,000 must be put in a scheme with a minimum term of one year, and interest is paid quarterly. (*IPDC Annual Report 2020*)

2.3 Management Practices

These are the methods and innovations that managers utilize to improve the efficiency of the organization. One of the most important aspects of an organization is the ability to achieve its objectives and goals with the help of its well-organized management. IPDC Finance Limited addresses it by hiring a varied management and HR team that works tirelessly to help the firm achieve its objectives. Its whole workforce is split in a way that achieves a balance between performance and creativity. Also, the Company's leaders are always looking for practical solutions to the Country's unpredictable market issues and to meet the ever-changing market demands.

2.3.1 Key Management Teams

IPDC Finance Limited has a multitude of essential teams which strive to serve the organization's goals and values are as follows.

- **MANCOM:** The most elevated of all Management Teams comprises the Chairman of IPDC, CEO and MD of IPDC Finance Limited, Department Heads, Independent Directors, and Nominated Directors of the partner organizations.

- **IT Steering Committee:** This advisory group comprises the CEO of IPDC Finance Limited and other top administrative faculty who figures the IT procedure of the organization.
- **Practical Finance Committee:** This advisory group gives important management to the Sustainable Finance Unit of the organization.
- **Hazard Management Forum:** This supervisory crew comprises the top employees of the different divisions and top faculty alongside the CEO and CFO, who plan the strategies to follow in hazardous conditions.
- **ALCO:** Known as the Asset-Liability Committee, evaluates the full-scale monetary circumstance of the organization and sets the organization strategies in a similar manner.
- **Public Integrity Strategy Committee:** This panel comprises the top administrative faculty from HR and Internal Audit and Compliance, which advances mindfulness regarding trustworthiness, straightforwardness, and availability of data.
- **MCC:** Known as Management Credit Committee comprising the CEO of IPDC Finance Limited, Head of Business Finance, and other administrative faculty who give credit endorsement inside administration limit. All loans proposal have to go through this department before being disbursed. (*IPDC Annual Report 2020*)

2.3.2 Human Resources Management Strategy

IPDC Finance Limited's primary focus is on retail and SME loans, which necessitates a big team to create these portfolios. And to grow the sales force and develop long-term organizational skills, they hire both outsourced and permanent workers. Every employee also participates in a well-defined and systematic training and development program to ensure that they stay competent, skilled, and relevant to the Company's present and future demands.

2.3.3 Approach Used to Optimize Human Resources

- Improving employee diversity to foster innovation and creativity.
- Nurture a culture of continuous learning through job rotation and training.
- Instill organizational values through team building.
- Focus on talent sourcing and succession planning to ensure sustainability. (*IPDC Annual Report 2020*)

2.3.4 Organogram of the Organization

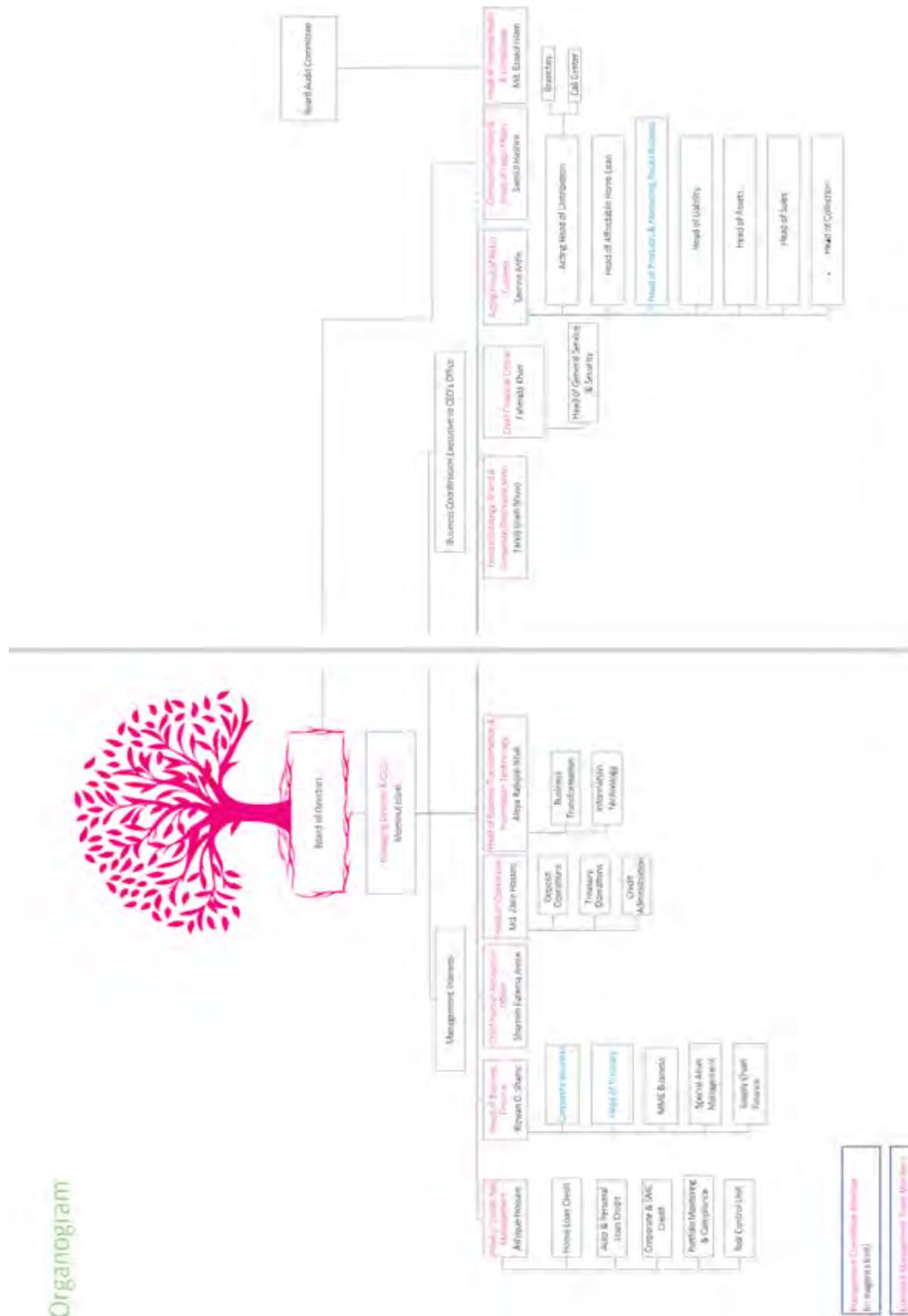


Figure 1: Company Organogram of IPDC Finance Limited

Source: Annual Report 2020

Figure 1 Company Organogram of IPDC Finance Limited

2.3.5 Human Resource Practices and Value Proposition

Being the Country's first financial institution (since 1981), IPDC was also a forerunner in instilling excellent human resource methods when managing its employees. IPDC has modified its business strategy to be the most passionate financial brand, as well as its strategic Approach to managing human resources allowed them to become a great employer over the years. With time, they have changed their human resource strategy and will maintain to do so in order to recruit and retain the finest people available in the market. Their goal is to ensure a pleasant work atmosphere where workers operate to the best of their abilities without any unnecessary monitoring. They promote equitable employment opportunities and a diverse workforce, with a specific emphasis on women's empowerment. Also, their value offerings are one-of-a-kind and set them apart from the competition as an employer. Their aim is to establish an environment where employees feel at ease and take all the necessary steps to keep their staff motivated. Furthermore, they value employee needs in order to ensure that the company objectives are met by providing an exceptional client experience. Lastly, they are constantly working to improve their value propositions to maintain their position as one of the finest employers in Bangladesh. (*IPDC Annual Report 2020*)



Figure 2 Value Proposition of the HR Department

Source: Annual Report 2020

2.4 Marketing Practices

IPDC Finance Limited has used its diverse marketing team to uphold its position as one of the Country's most well-known and trustworthy financial institutions. With due research, the entire marketing team is always on the go to offer answers to the organization's essential marketing requirements, with a preference for contemporary marketing methods. IPDC made headlines when it became the first financial institution in history to undergo such a massive rebranding, changing its name to IPDC Finance Limited from Industrial Promotion and Development Company of Bangladesh Limited. IPDC refocused its efforts on youth, women, and disadvantaged communities after rebranding. As a result, they have acquired various achievements and awards over the years. They became the first financial institution to receive the SUPERBRAND award. In 2020 they received multiple awards like the ADFIAP and BSCEA awards.

IPDC Finance Limited hosted multiple marketing campaigns and promotions every year in 2020. They were as follows:



Particulars	Number
Press Release	42
Feature Articles	5
Interview	1
Press Conference Arrangements	2
Media Visits	3
Events	7 Signature events
PR Value	274,616,000
Interview	129,180,878

Figure 3 Public Presence in 2020

Source: Annual Report 2020

Digital Presence in 2020	
Particulars	Number
Official Page Followers	356,540
Engagement	35,161,897
Reach	29,272,806
Impression	129,180,878

Figure 4 Digital Presence in 2020

Source: Annual Report 2020

2.5 Financial Performance and Accounting Practices

This subchapter includes the overall financial performance of IPDC Finance Limited from 2016 to 2020. It further analyses the Company's established accounting practices in its daily operations.

2.5.1 Financial Performance

In the financial performance of IPDC Finance Limited, I have analyzed two important financial statements: the Profit and Loss Account and the Balance sheet. I have tried to analyze how the Company's financial performance has been reflected in these two financial statements from 2016 to 2020. I looked at whether there is a reflection of the Company's growth in these two accounts. Furthermore, I compiled a Du Pont analysis to look at important financial metrics of the Company, which will give us an overall outlook on how the Company is performing. I have also shown the year-to-year growth in all accounts.

Profit and Loss Account

Particulars	2016	%	2017	%	2018	%	2019	%	2020	%
<i>Interest income</i>	1,482.40	84.20%	2,991.10	101.80%	5,080.00	69.80%	6,715.90	32.20%	6,902.30	2.80%
<i>Interest expenses</i>	844.2	126.10%	1,918.50	127.20%	3,381.70	76.30%	4,773.20	41.10%	4,885.30	2.30%
<i>Net interest income</i>	638.1	47.90%	1,072.60	68.10%	1,698.30	58.30%	1,942.80	14.40%	2,017.00	3.80%
<i>Investment income</i>	47.2	-14.80%	65.5	38.60%	63.3	-3.20%	115.2	81.80%	638.7	454.60%
<i>Commission, exchange and brokerage</i>	36.2	377.50%	82.2	127.10%	89.2	8.60%	78.2	-12.30%	108.4	38.50%
<i>Other operating income</i>	119.8	-17.60%	25.3	-78.90%	23.6	-6.60%	29.6	25.00%	65.7	122.30%
<i>Operating income</i>	841.4	31.50%	1,245.50	48.00%	1,874.50	50.50%	2,165.70	15.50%	2,829.80	30.70%
<i>Operating expenses</i>	339.8	75.00%	572.8	68.60%	751.6	31.20%	981.3	30.60%	1,150.20	17.20%
<i>Operating Profit</i>	501.6	12.50%	672.7	34.10%	1,122.90	66.90%	1,184.40	5.50%	1,679.60	41.80%
<i>Provision for loans and advances</i>	29.6	-82.00%	158.3	435.30%	263.4	66.40%	152.1	-42.20%	478.1	214.30%
<i>Provision/reversal for diminution in value of investments</i>	4	-106.40%	0.7	-83.50%	-1	-257.20%	10.1	-1068.30%	0	-99.80%
<i>Other provision</i>	-	0.00%	-	0.00%	-	0.00%	28.5	100.00%	-	-100.00%
<i>Total provisions</i>	33.6	-66.90%	159	372.90%	262.3	65.00%	190.8	-27.30%	478.2	150.70%
<i>Profit before tax</i>	468	36.00%	513.7	9.80%	860.6	67.50%	993.6	15.50%	1,201.40	20.90%
<i>Provision for taxation</i>	164.9	58.60%	178.3	8.10%	410.6	130.20%	431.1	5.00%	495.9	15.00%
<i>Net Profit after tax</i>	303.1	26.20%	335.4	10.70%	450	34.20%	562.5	25.00%	705.6	25.40%

Table 2. 1 Profit and Loss Account

Source: Annual Report 2020

In the Profit and Loss account, I have seen positive year-to-year growth in the net income after tax. The growth remained almost constant except for the year 2017. The maximum growth of these five years was 34.20%, which marks the Company's best-performing year.

Balance Sheet

<i>Particulars</i>	2016	%	2017	%	2018	%	2019	%	2020	%
<i>Cash</i>	226.4	175.40%	376.8	66.50%	487.5	29.40%	902.4	85.10 %	615.6	-31.80%
<i>Balance with other banks and financial institutions</i>	1,632.40	53.60%	2,903.30	77.90%	3,271.90	12.70%	8,875.00	171.2 0%	14,058.00	58.40%
<i>Money at call and short notice</i>	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<i>Investments</i>	565.7	202.50%	662.7	17.10%	868.8	31.10%	1,570.80	80.80 %	5,143.60	227.40%
<i>Loans, advances and leases</i>	19,480.60	203.60%	34,467.00	76.90%	44,325.30	28.60%	50,725.80	14.40 %	53,609.70	5.70%
<i>Fixed assets including land, building, furniture and fixture</i>	233.6	12.80%	267	14.30%	545.1	104.10%	787.6	44.50 %	776.6	-1.40%
<i>Other assets</i>	434.5	78.50%	608.3	40.00%	1,008.90	65.90%	1,536.80	52.30 %	1,762.30	14.70%
<i>Non-financial institutional assets</i>	3.8	0.00%	3.8	0.00%	3.8	0.00%	3.8	0.00%	3.8	0.00%
<i>Total assets</i>	22,576.90	175.30%	39,288.90	74.00%	50,511.20	28.60%	64,402.10	27.50 %	75,969.40	18.00%
<i>Borrowings from other banks, financial institutions and agents</i>	1,141.40	4117.50%	4,214.10	269.20%	5,916.90	40.40%	7,038.00	18.90 %	10,946.50	55.50%
<i>Deposits and other accounts</i>	17,179.20	262.10%	29,746.90	73.20%	37,066.10	24.60%	46,361.40	25.10 %	52,456.30	13.10%
<i>Other liabilities</i>	1,481.20	55.00%	2,217.50	49.70%	3,776.30	70.30%	5,426.80	43.70 %	6,503.20	19.80%
<i>Total liabilities</i>	19,801.80	245.70%	36,178.40	82.70%	46,759.30	29.20%	58,826.10	25.80 %	69,906.00	18.80%
<i>Shareholders' Equity</i>	2,775.10	12.10%	3,110.50	12.10%	3,751.90	20.60%	5,576.00	48.60 %	6,063.40	8.70%
<i>Total liabilities and shareholders' Equity</i>	22,576.90	175.30%	39,288.90	74.00%	50,511.20	28.60%	64,402.10	27.50 %	75,969.40	18.00%

Table 2. 2 Balance Sheet

Source: Annual Report 202

In the asset section, the investment account showed significant growth in 2016 and 2020, which were 202.50% and 227.40%, which is ultimately reflected in the overall asset section as the Company saw substantial year-to-year percentage growth in 2016, 175.30%. Comparatively, the Liabilities and shareholder's Equity also increased, keeping up with the Company's assets.

Du-Pont Summary

<i>Particulars</i>	<i>Description</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
<i>Net Interest Income</i>	<i>% of Avg Assets</i>	4.10%	3.50%	3.80%	3.40%	2.90%
<i>Non-Interest Income</i>	<i>% of Avg Assets</i>	1.30%	0.60%	0.40%	0.40%	1.20%
<i>Operating Income</i>	<i>% of Avg Assets</i>	5.50%	4.00%	4.20%	3.80%	4.00%
<i>Operating Expenses</i>	<i>% of Avg Assets</i>	2.20%	1.90%	1.70%	1.70%	1.60%
<i>Cost/income</i>	<i>% of Operating Income</i>	40.40%	46.00%	40.10%	45.30%	40.60%
<i>Operating Profit</i>	<i>% of Avg Assets</i>	3.30%	2.20%	2.50%	2.10%	2.40%
<i>Provisions</i>	<i>% of Avg Assets</i>	0.20%	0.50%	0.60%	0.30%	0.70%
<i>Profit before Tax</i>	<i>% of Avg Assets</i>	3.00%	1.70%	1.90%	1.70%	1.70%
<i>Tax Rate</i>	<i>% of PBT</i>	35.20%	34.70%	47.70%	43.40%	41.30%
<i>Return on Assets</i>	<i>Return on Avg. Assets</i>	2.00%	1.10%	1.00%	1.00%	1.00%
<i>Return on Equity</i>	<i>Return on Avg. Equity</i>	11.50%	11.40%	13.10%	12.10%	12.10%
<i>Assets/Equity</i>	<i>Avg. Assets/Avg. Equity</i>	5.9	10.5	13.1	12.3	12.1

Table 2. 3 Du-Pont Summary

Source: Annual Report 2020

According to IPDC's Du Pont analysis, even though the Net Profit after Tax of IPDC climbed by 25.4% in 2020, the Net Profit Margin of IPDC decreased slightly by 1% in 2020 compared to the Net Profit Margin of 2019, primarily because of an additional general provision of 1% that was wisely preserved. Asset Turnover increased from 3.8% to 4.0% in 2020 due to investment income, primarily capital gains from

government securities. The main factor contributing to the slight decrease in the Equity Multiplier from 12.3 times in 2019 to 12.1 times in 2020 was the rise in average Equity due to the issue of Right Shares in 2019.

2.5.2 Accounting Practices

IPDC Finance Limited strongly adheres to all the rules set by the International Financial Reporting Standards (IFRSs). It dictates how accounting standards are applied and reported. To ensure the financial data is not tampered with, they follow a strict reviewing policy. At first, these statements are analyzed by the Chief Financial Officer (CFO), then it goes through the compliance department and the internal audit team then; after a final check by the Audit committee then, they go to the board of directors for final approval.

2.6 Operations Management and Information System Practices

IPDC Finance Limited has become an industry pioneer in terms of IT infrastructure and operation management. They are leading the way in digital transformation with initiatives like replacing its central banking system (CBS) with cutting-edge technology like T24 by Temenos. This Comprehensive Banking system has helped them to continuously improve, adapt and customize the core banking platform to suit its operational needs better and maintain an international standard.

IPDC Finance Limited also created an interactive digital platform for Supply Chain Financing called Orjon, which replaces the conventional and traditional method of SCF. Orjon is a complete Supply Chain Financing solution for MSMEs and Corporations that includes Factoring, Work orders, Distributor Financing and Reverse Factoring. Orjon, being the first of its type in Bangladesh, seeks to build a comprehensive supply chain financing ecosystem utilizing IBM Blockchain technology, which is known for its

unparalleled security, efficiency, and transparency, as it is a decentralized process. This platform went live in December 2019. It connects companies, SMEs, and IPDC in a single transaction chain, allowing MSMEs to access simple, collateral-free financing and businesses to improve their supply chain management. (*IPDC Annual Report 2020*)

IPDC is developing multiple platforms to serve a wide range of clients, and these are as follows:

IPDC EZ- Consumer White Goods Platform: IPDC has introduced this platform to finance purchasing consumer white goods utilizing cutting-edge digital payment methods. They plan to create a Smartphone-App based one-stop solution for simple EMI collection without a credit card, as well as E-commerce and E-wallet capabilities to make it easier for consumers to buy and pay.

CRM-LOS: IPDC has made a thorough initiative to streamline the new loan procedure and Customer service to be more customer-friendly and have an end-to-end smooth loan origination system. This system was developed as part of IPDC's business transformation journey and is now fully operational, with the potential to interact with a variety of different systems.

Retailer Financing Platform: As part of its rebranding strategy, IPDC has launched the first-ever ecosystem in Bangladesh to help merchants get financing in a simple, low-cost, collateral-free, and structured way. This platform will encourage shops to expand more quicker, resulting in more jobs and benefiting the Country's overall economy. This platform will prioritize merchants who do not have simple access to credit or cannot expand their businesses due to the lack of funds. This initiative will bring together the Company's major corporate distributors and retailers on a single platform

to better finance retailers and MSEs, thus lowering operating costs for all parties while also expediting operations in a more secure manner.

2.7 Industry and Competitive Analysis

Over the years, the NBFi industry has grown exponentially, mainly due to its excellent management systems, outstanding performance, and unique Advantage in the financial sector. So to better understand this industry, I have conducted the following analysis.

2.7.1 Porter Five Forces Analysis

- **Bargaining Power of Supplier:** It is high as institutional investors have multiple options to invest in. They can choose from many Banks, and NBFi and IPDC, in some cases, have to rely on other financial institutions to gather funds when they require funds at short notice.
- **Threat of new entrants:** Low as the cost of entry is really high, and the industry is concentrated. The top NBFis have the largest market share, so new entrants cannot easily compete.
- **Bargaining Power of Buyers:** Medium; there are many rivals like 28 NBFis and 50+ Banks, but IPDC has an excellent reputation and brand perception, and it is one of the top three NBFis in Bangladesh in terms of assets and Profit, thus giving them access to gather funds at lower costs and maintain their bargaining power.
- **Rivalry among existing competitors:** High; there are 34 direct rivals and 50+ banks, thus increasing competition and forcing them to be as competitive as possible to attract clients.
- **Threat of substitutions:** Low as these financial products that IPDC provides are irreplaceable and widely accepted, and these services cannot be easily

replicated; however, there is one similar product in the market, which is Peer to Peer loans which is not that big of an issue as it only a small group of people, and it is not feasible on a large scale.

2.7.2 SWOT analysis

Strength:

- Good Reputation and Public Perception
- Distinctive Shareholding structure that gives it an advantage
- Diverse and Innovative Product line
- State of the art Risk management framework
- Cutting-edge IT infrastructure

Opportunities:

- Regulatory Advantage in retail lending
- Growing middle-class economy and demand
- Partnership with BRAC
- Utilize its unique position with its diverse shareholders

Weakness:

- High cost of funds
- Need to increase Brand Awareness in Retail and SME sector
- Barriers in developing its Distribution Network

Threat:

- High competition in Corporate Department, mainly from banks
- Restrictions on low-cost deposits imposed by the government

2.8 Summary and Conclusion

The main objective of this chapter is to understand better what IPDC Finance Limited embodies and see how they are performing in this modern era. With its many Firsts in its arsenal, they have become a beacon of innovation and diversity. Their continuous push towards innovation and efficiency has led them to become one of the finance industry's market leaders, which can be seen from their attractive financial performance. So to conclude, I believe IPDC Finance Limited has become a source of inspiration to the financial industry, and new financial institutions have much to learn.

2.9 Recommendation

From my previous analysis, I have come up with a few recommendations that will help IPDC Finance Limited further improve. Firstly they should expand and open more branches in remote areas. This will help them satisfy the growing needs of the emerging middle-income class, thus giving them a competitive advantage over others. They should further optimize their data entry system, which can be time-consuming, and create a portable data entry system that will help the RMs to easily access the database while doing their regular inspection. Lastly, they should deploy their upcoming financial platform as soon as possible, which will be critical when appealing to the new generation of customers and remain competitive in this ever-changing market.

Chapter 3

Project Part

3.1 Introduction

In this chapter, I conducted a thorough financial analysis of IPDC Finance Limited and a comparative outlook in the NCFI Industry.

3.1.1 Literature Review

This report aims to use quantitative data to determine the growth of IPDC Finance Limited in the NCFI industry from 2016 to 2020. Moreover, it tries to identify the performance of IPDC Finance Limited compared to other significant NCFIs in the economy. According to the report of The Business Standard in 2021, IPDC had the most sustainable business growth from 2015 to 2020. Even during the pandemic, IPDC Finance Limited has shown resilience and obtained sustainable growth during the global pandemic. Therefore, it justifies that IPDC Finance Limited is a significant player in the NCFI industry in Bangladesh (Alo, 2021).

Hossain and Hossain (2013) researched what factors affect and, in turn, determine the cost of funds of non-banking financial institutions. They classified the NCFIs into three categories based on how long they operated in the Bangladesh market. They found that financial institutions established before 1990 had the lowest cost of funds. Interestingly, they were also the largest in Equity and total assets, correlating with the idea that established firms have credibility, a good reputation, and better public perception. Further analysis determined that an institution's age and profitability directly influence the cost of funds for NCFIs. This supports why IPDC finance limited is growing steadily, as it is the first NCFI in Bangladesh. Established in 1981, they were also the

first to launch the first Asset-backed Security in Bangladesh; in November 2004, it was BDT 359 million worth of zero-coupon bond (Siddiquee et al., 2006).

Islam and Osman (2011) studied the relationship between per capita real GDP and NBFIs with data from 1974 to 2004 in Malaysia. They found that they have a long-running stable and positive association with each other. A similar study was done from a Bangladesh perspective as well data from 2000 to 2010 was used for this study, and the results were similar. NBFIs positively affected the GDP of Bangladesh. It is mainly due to their diverse roster of financial products and the ability to serve the economic sectors that Banks cannot serve as it is not feasible for them. This, combined with the growing number of NBFIs being established over time, shows the increasing popularity and market dominance of NBFIs in the Bangladesh Financial industry (Gupta et al., 2013).

Uddin & Gupta (2012), Repon & Islam (2016), and Sharmin & Arman (2020) studied the competition and market concentration of the banking sector of Bangladesh. They used overall combined sample data from 1997- 2019. They used the Herfindahl–Hirschman Index (HHI) and the entropy concentration index to determine the degree of competition and market trend of NBFIS in Bangladesh. Their results showed that market concentration decreases over time as new NBFIs are established due to their increasing popularity. However, the HHI score still indicates that the market has monopolistic tendencies, and it is further supported by the fact that the top three NBFIS in Bangladesh captures 60% of the market share.

Banerjee et al. (2020) studied the development and growth of the financial industry of Bangladesh over time and related it to how it affected the economic growth of Bangladesh. Their paper also included an analysis of the NBFIS sector, and the results

were that they have a more significant impact on the economic development of Bangladesh.

Further evidence was found from research by Alif (2021); he used data from 22 NBFIs from 2014 to 2018 to portray what trends these NBFIs follow. Overall, most of these NBFIs showed a positive trend and showed signs of growth, of which the top NBFIs enjoyed the bulk of the benefits and growth.

Based on the evidence provided in the literature, I can determine two hypotheses for this study

H1: IPDC shows sustainable economic growth in its business operation from 2016 to 2020.

H2: IPDC Finance Limited performs better than other major NBFIs in Bangladesh.

3.1.2 Objective

The objective of this chapter is to look at the market performance of IPDC Finance Limited in both an individual and comparative manner. I looked at IPDC Finance Limited's growth and depicted a three-year comparative image of the Company relative to the other top NBFIs in the industry. This chapter aims to achieve this objective by using critical financial metrics, such as various ratio analyses, to determine whether the hypotheses I have drawn from the overall literature review have been upheld by the Company or not. This chapter will provide a comprehensive outlook of the Company.

3.1.3 Significance

IPDC Finance Limited is the Country's oldest Non-Banking Financial Institution and is considered an essential player in the NBFIs industry. When I look at the overall financial performance of IPDC Finance Limited, it not only gives an outlook on the Company but also reflects on how the overall industry is performing. In this chapter, I have provided a comparative analysis of IPDC Finance Limited and tried to understand whether the Company is performing better financially than its other counterparts. If IPDC Finance Limited performs better in one financial metric than the other companies, other NBFIs can look at the operational model of IPDC Finance Limited to see how they can replicate the performance. So, this chapter can also prove as a guideline for improvement for other NBFIs.

3.2 Methodology

From the literature review, two hypotheses can be constructed. Firstly, IPDC Finance Limited has a sustainable growth from 2016 to 2020. The second hypothesis is that IPDC Finance Limited shows better financial performance than its industrial counterparts. I have conducted a thorough financial analysis to verify whether the two hypotheses align with the Company's overall performance.

I have taken the profitability ratios for my financial analysis to understand how the Company's profitability is affected over our determined period. Next, I looked at the liquidity and solvency ratios that will give an overall outlook of the cash flows in the Company. Third, I looked at the efficiency and leverage ratios to see how the Company's debt position has changed. Lastly, to determine the Company's market outlook, I have considered the market value ratios of IPDC Finance Limited.

Furthermore, I have also taken another two important financial valuation metrics. One is Economic Value Added (EVA) and Market Value Added. They will show how the Company has progressed economically and regarding market expectations.

The formulas that I have used to conduct our analysis are mentioned below:

Profitability Ratios:

$$\text{Return on Assets (ROA)}: \frac{\text{Net Income}}{\text{Total Assets}}$$

$$\text{Return on Assets (ROA)}: \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

$$\text{Operating Profit Margin}: \frac{\text{Operating Income}}{\text{Revenue}}$$

$$\text{Net Interest Margin} : \frac{\text{Net Interest Income} - \text{Net Interest Expense}}{\text{Average Earning Assets}}$$

Liquidity and Solvency Ratios:

$$\text{Current Ratio}: \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Debt Equity Ratio}: \frac{\text{Total Debt}}{\text{Shareholder's Equity}}$$

$$\text{Interest Coverage Ratio (Times)}: \frac{\text{EBIT}}{\text{Interest Expense}}$$

$$\text{Capital Adequacy Ratio (CAR)}: \frac{\text{Eligible Capital}}{\text{Risk Weighted Assets}}$$

Efficiency Ratios:

$$\text{Efficiency Ratio}: \frac{\text{Non Interest Expenses}}{\text{Net Revenue}}$$

Leverage Ratios:

$$\text{Leverage Ratio: } \frac{\textit{Tier 1 capital}}{\textit{Total asset}}$$

Market Value Ratios:

$$\text{Earnings per Share (EPS): } \frac{\textit{Net Income} - \textit{Preferred Dividends}}{\textit{Weighted average Number of shares Outstanding}}$$

$$\text{Price Earnings Ratio (Times) : } \frac{\textit{Price Per Share}}{\textit{Earnings Per Share}}$$

$$\text{Dividend Per Share (DPS): } \frac{\textit{Total Dividends Paid}}{\textit{Number of Shares}}$$

$$\text{Dividend yield: } \frac{\textit{DPS}}{\textit{Price Per Share}}$$

$$\text{Dividend Cover (EPS/DPS): } \frac{\textit{Earnings per Share (EPS)}}{\textit{Dividend Per Share (DPS)}}$$

According to our literature review, IPDC Finance Limited is one of the top 3 NBFIs in the Country. To depict a comparative image of IPDC Finance Limited, I took four other key companies in the NBFi industry in Bangladesh: IDLC Finance Limited, Lanka Bangla Finance Limited, DBH, and United Finance Limited. I have looked at some of the critical items of their financial statements, such as Loans and Advances, Deposits, Revenue, Operating Profit, Net Profit, and Net Cash Inflow. I have conducted a year-on-year growth calculation to see the growth in these financial metrics over a period of three years from 2018 to 2020.

3.3 Findings and Analysis

In this chapter, I present a comprehensive financial analysis that has been conducted.

The research includes a ratio analysis, EVA and MVA valuations, and a comparative financial analysis of IPDC Finance Limited with other competitors in the NBFi industry.

Details	2016	2017	2018	2019	2020
Profitability Ratios:					
Return on Assets (ROA)	2.00%	1.10%	1.00%	1.00%	1.00%
Return on Equity (ROE)	12.1%	12.1%	13.1%	11.4%	11.5%
Operating Profit Margin	33.8%	22.5%	22.1%	17.6%	24.3%
Net Interest Margin	4.5%	3.7%	4.0%	3.6%	3.2%
Liquidity and Solvency Ratios:					
Current Ratio	1.0	1.0	1.0	1.0	1.0
Debt Equity Ratio	0.4	1.4	1.6	1.3	1.8
Interest Coverage Ratio (Times)	14.90	4.40	3.80	3.20	4.00
Capital Adequacy Ratio (CAR)	22.09%	15.14%	14.01%	19.30%	18.51%
Efficiency Ratios:					
Efficiency Ratio	42.07%	52.71%	46.63%	48.98%	48.91%
Leverage Ratio:					
Leverage Ratio	11.70%	7.60%	6.80%	8.20%	7.40%
Market Value Ratios:					
Earnings per Share (EPS)	1.07	1.18	1.59	1.72	1.90
Price Earnings Ratio (Times)	39.90	42.30	24.00	14.80	14.50
Dividend Per Share (DPS)	2.00	2.00	1.50	1.50	1.20
Dividend yield	4.70%	4.00%	3.90%	5.90%	4.30%
Dividend Cover (EPS/DPS)	0.50	0.60	1.10	1.10	1.60

Table 3. 1 Ratio analysis

3.3.1 Profitability Ratios

When determining the return on asset ratio, I can see that it was 2% in 2016, and for the remainder of the year, it was 1%. Return on Equity was within the range of 11.5% to 13%. The operating profit margin in 2016 was 33.8%. For the remainder of the year, it was within the range of 20% to 25%, except for 2019, where it dipped below 20%. The net interest margin showed a similar picture as well, where the range of the ratio was very steady and within 3% to 4.5%

Overall, I could see that the year 2016 was an exceptional year for the Company. It performed exceptionally compared to the other years. However, there is stability in the overall Company, which can be seen in the remaining years, even in 2020, when the Company was hit with covid implications.

3.3.2 Liquidity and solvency ratios

The Company has consistently maintained a current ratio of 1, indicating that it holds an equal amount of current assets compared to current liabilities. However, the debt-to-equity ratio has steadily increased from 0.4 to 1.8 between 2016 and 2020, indicating a significant increase in the Company's debt over the five-year period. In 2016, the interest coverage ratio was an exceptional 14.90, but in the subsequent years, it remained stable within the range of 3 to 4.5, indicating a steady position. The capital adequacy ratio was 22.09% in 2016, but a comparison of 2017 and 2018 with 2019 and 2020 shows an overall increase, where it increased from 15.14% to 18.51%.

Their interest coverage ratio has increased over the past year, thus showing that they can pay interest when needed, and their change in CAR ratio is not that significant. It correlates with the overall global pandemic situation.

3.3.3 Efficiency Ratio

In this period, the efficiency ratio remained less than 50% for most of the years except for 2017. It means the Company retained more than half of its revenue for most of the year.

3.3.4 Leverage Ratio

The leverage ratio in 5 years has decreased steadily from 11.70% to 7.4%. It shows that the Company does not rely heavily on debt as a source of funds, indicating that it has a diverse source of funds. Their Decrerishng provides an understanding that the Company can pay off its short and long-term debt on time

3.3.5 Market Value Ratios

Earnings per share have increased over the course of five years from 1.07 in 2016 to 1.90 in 2020. On the other hand price to earnings ratio has decreased significantly. It was 39.0 in 2016 and 14.50 in 2020. It shows the investors are being compensated more than for what they are investing. The dividend per share remains within the range of 1.2 to 2, which can be seen as a stable financial metric. Furthermore, even the dividend yield has remained steady, as well as it was within the range of 4% to 6%.

The market value ratios do not show significant variations over the years, thus indicating they are growing at a steady and stable rate.

3.3.6 EVA analysis

It is a metric that evaluates a company's economic progress over time. It is an excellent indicator of a company's performance. It is calculated by subtracting capital costs from the Company's Net Operating Profit after Tax to get the Company's actual economic performance. The table below shows that IPDC has seen some significant fluctuations over the years, but compared with 2019 data, they have performed exceptionally well. The EVA increased by more than 300%.

Details (BDT in Millions)	2016	2017	2018	2019	2020
Net Operating Profit after Tax	367.8	494.4	710.4	753.2	1186.1
Average Equity	2852.5	3265.6	3964.7	5409.7	6885.7
Cost of equity in Percentatge (%)	8.00%	8.00%	7.45%	10.97%	6.48%
Cost of equity (Average Equity x Cost of Equity %)	228.2	261.3	295.4	593.4	446.2
Economic Value Added	139.6	233.1	415.0	159.8	739.9

Table 3. 2 EVA analysis

3.3.7 MVA analysis

MVA (Market Value Added) is a metric that reflects how the market has assessed the Company's success in terms of share market value. The MVA is the gap between the market value and the book value of the Company's stock. The table below shows that the market perception is growing but not at a steady pace. There were some ups and downs, but in 2020 they were able to increase their Market value.

Details (BDT in Millions)	2016	2017	2018	2019	2020
Market Value per Share (BDT)	42.7	50.1	38.1	25.6	27.6
Number of Share Outstanding (#)	151500567	181800680	218160816	353420521	371091547
Total Market Capitalization	6469.1	9108.2	8311.9	9047.6	10242.1
Book Value of Outstanding Shares	2775.1	3110.5	3751.9	5576.0	6063.4
Market Value Added	3694.0	5997.7	4560.0	3471.6	4178.7

Table 3. 3 MVA analysis

3.3.8 Comparative Analysis

2018					BDT mn, %
Details (BDT in Millions)	IPDC	IDLC	Lanka Bangla	DBH	United Finance
Loans and Advances	39,763	78,826	62,387	42,712	17,824
Growth (YTD)	15.4%	11.5%	0.8%	1.1%	5.1%
Deposit	33691	73683	54820	44673	16632
Growth (YTD)	13.3%	17.4%	6.1%	8.5%	6.5%
Revenue	1251	3485	2171	1401	801
Growth (YoY)	41.1%	-5.8%	-3.6%	0.3%	12.2%
Operating Profit	713	2121	932	1030	404
Growth (YoY)	52.5%	-6.3%	-15.0%	-1.8%	20.3%
Net Profit	286	1214	319	810	210
Growth (YoY)	30.5%	-6.0%	-58.1%	1.0%	17.2%
Net Cash Inflow	192	7462	-423	2457	-302

Table 3. 4 Comparative Analysis 2018

So for the year 2018, I can see that in all of the essential financial metrics, IPDC Finance Limited showed positive growth, whereas in the case of the other NBFIs, most of them showed negative growth in their financial metrics. For Loans and Advances, IPDC showed the highest positive growth, and for Deposits, it had the second-highest growth. In terms of Revenue, IPDC showed a 41.1% increase, whereas the closest competitor in this financial metric was United Finance which only showed 12.2% growth, and the rest of the competitors showed significant negative growth. IPDC also showed significant growth in their Operating Profit, which was 52.5%, whereas most of the other NBFIs showed negative growth except for United Finance, which had a 20.3% growth. Lastly, the Net Profit of IPDC increased by 30.5%, and its closest competitor for this metric, United Finance, showed a 17.2% Increase in their Net profits. So overall, IPDC performed better than most of its competitors for the year 2018.

2019					BDT mn, %
Details (BDT in Millions)	IPDC	IDLC	Lanka Bangla	DBH	United Finance
Loans and Advances	47,903	85,785	63,838	44,201	15,829
Growth (YTD)	8.1%	4.1%	0.1%	0.8%	-11.8%
Deposit	42563	78811	49534	45309	13773
Growth (YTD)	14.8%	6.8%	-7.3%	4.6%	-9.2%
Revenue	1539	3448	2523	1460	824
Growth (YoY)	23.0%	-1.1%	16.2%	4.2%	4.3%
Operating Profit	846	1959	1153	1059	364
Growth (YoY)	18.8%	-7.6%	23.6%	2.9%	-7.1%
Net Profit	446	1223	464	820	178
Growth (YoY)	55.9%	0.8%	45.6%	1.2%	-15.6%
Net Cash Inflow	3607	4926	-766	2576	-250

Table 3. 5 Comparative Analysis 2019

Then for the year 2019, I can see that IPDC had positive growth in all of the essential metrics, whereas some of the other NBFIs showed negative growth in their financial metrics. For Loans and Advances, IPDC showed an 8.1% growth and IDLC had an 4.1% growth, placing it in the second position for this financial metric. Moreover, IPDC had a 14.8% increase for their Deposit sector, and IDLC had a 6.8% growth, placing it in the second position for this metric. Furthermore, in terms of Revenue, IPDC had the highest growth, which was 23% which was then followed by Lanka Bangla Finance with a 16.2% growth. In the case of Operating profits Lanka Bangla Finance showed a 23.6% increase, and IPDC showed an 18.8% increase putting it in second place for this financial metric. Net Profit has also been a growth prospect for IPDC Finance Limited, which showed a 55% increase, and Lanka Bangla Finance Placed second by showing a growth of 45.6%.

2020					BDT mn, %
Details (BDT in Millions)	IPDC	IDLC	Lanka Bangla	DBH	United Finance
Loans and Advances	51056	85606	54032	42633	14812
Growth (YTD)	0.7%	-6.4%	-10.9%	-4.2%	-1.2%
Deposit	50991	81479	44381	45646	12538
Growth (YTD)	10.0%	2.5%	-5.4%	5.1%	1.6%
Revenue	1987	3517	1823	1528	652
Growth (YoY)	29.1%	3.0%	-26.7%	4.6%	-19.9%
Operating Profit	1157	2043	638	1139	202
Growth (YoY)	37.5%	5.4%	-44.1%	7.6%	-43.4%
Net Profit	503	1515	460	548	94
Growth (YoY)	13.4%	27.9%	1.8%	-33.2%	-45.7%
Net Cash Inflow	1615	9303	1066	1404	-886

Table 3. 6 Comparative Analysis 2020

Then for 2020, I can see from the table that, in all of the essential financial statement metrics, IPDC Finance Limited showed positive growth for 2020. It was not the same for other NBFIs, as they all showed negative growth in their financial metrics. In the case of Loan and Advances, all the other NBFIs show negative growth, whereas IPDC Finance Limited shows a gain of 0.7%. Furthermore, IPDC Finance Limited grew 10% in their Deposit sector. The closest competitor to IPDC Finance Limited was DBH, which showed a 5.1% growth.

Moreover, for Revenue metrics, the Company delivers growth of 29.1% against the 4.6% growth of DBH, which sits in the second position in this financial metric. Operating Profit has been a growth prospect as well for IPDC Finance Limited. It is 37.5% for the Company, whereas most other companies showed significant negative growth. Lastly, the net profit growth for IPDC Finance Limited is 13%. Although IDLC Finance Limited showed greater growth than IPDC, IPDC performed better than them in every other financial metric.

3.4 Summary and Conclusion

According to the findings and analyses section of this chapter, I observe that in every major ratio category, IPDC Finance Limited has shown stability in terms of growth and sustenance. Their financial performance did not differ significantly from the previous year's performance. Instead, they remained in a stable range throughout the five years of our timeline. Hence proving our first hypothesis that IPDC Finance Limited showed positive and sustainable growth from 2016 to 2020.

When I conducted the peer-to-peer comparison between IPDC and other major NBFIs in Bangladesh, I observed that IPDC performs better in every major category, and most importantly, it shows positive outcomes. Whereas the other major NBFIs do not perform at the same consistency, they have also shown negative growth in their year-to-year analysis. Which proves the second hypothesis that IPDC Finance Limited performed better than every other major player in the NBFIs industry of Bangladesh.

Upon further inspection of the financial statements along with a multi-year comparative analysis, multiple factors can be accredited to IPDC Finance Limited's high growth, and they are as follows:

IPDC has been the first to introduce various deposit and lending programs in the NBFIs industry that have led them to success. They recently launched their ORJON program, the first Blockchain-based digital supply chain finance platform in south-east Asia. It primarily caters to SMEs and provides them with all financial solutions. They plan to leverage their platform and upscale it by acting as a marketplace for other banks and NBFIs where the other banks and NBFIs can also provide these services. IPDC also

launched a White Goods Consumer Finance service as well in 2019, which saw great success in its pilot phase and will soon be fully launched in 2021 along with project DANA. DANA is a retail financing solution expected to improve further and increase IPDC's revenue streams.

Another factor for IPDC's greater success relative to other NBFIs is its effective management of funds and better diversification tactics. For example, in 2020, they became stingier and more cautious with risk management due to the upcoming uncertain times of the global pandemic. They decreased their lending and instead opted to invest in government securities, primarily treasury bonds, which amount to 3.5 billion BDT. Since then, It has more than quadrupled its investment income, leading to an increase in revenue even during the pandemic.

This can be further backed by the literature review, which mentions that the top 3 NBFIs in Bangladesh hold more than 60% of the market share and are enjoying most of the benefits and growth. (Uddin et al., 2012), (Sharmin et al., 2020) (Repon et al., 2016) (Alif., 2021).

3.5 Implications

This chapter implies that IPDC Finance Limited has a better operational model than the other NBFIs in Bangladesh because its financial performance is a reflection of its day-to-day operations. Since it is comparatively better performing than other NBFIs in Bangladesh, IPDC's business model can be an ideal business model to replicate for the other stakeholders in the NBFi industry. This chapter focuses on the key financial metrics of the Company, which have enabled it to perform exceptionally in the given five years timeline. So it can be considered as an industry standard, and other Companies should try to replicate the results by adapting the policies and business operational model of IPDC Finance Limited.

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