



INTERNSHIP REPORT ON IDLC FINANCE LIMITED

Topic: A DESCRIPTIVE ANALYSIS OF THE CONSUMER DIVISION AND
THE FILE INDEX PROJECT OF IDLC

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Letter of Transmittal

Date: May 26, 2016

Ms. Asphia Habib

Lecturer

Faculty of BRAC Business School,

BRAC University

Subject: Submission of Internship Report on “A Descriptive Analysis of the Consumer Division and The File Index Project of IDLC”

Dear Madam,

With due respect I would like to say that it was a privilege and great pleasure for me to submit my internship report titled “A Descriptive Analysis of the Consumer Division and The File Index Project of IDLC” which has been prepared as a part of my BBA program requirement.

During the preparation of the report, I have tried my level best to make it rich covering the all concerning matters. I believe the report will at least give you a brief picture about the topic which will also showcase that I have acquired the valuable experiences through this internship under your astute supervision.

Thank you for encouraging me for working on this interesting topic. Kindly accept my report and oblige thereby.

Sincerely yours,

Md. Touhidul Bari Evan

ID: 12104118

BRAC Business School,

BRAC University

Acknowledgement

Firstly, I want to thank Almighty Allah for everything. With the help of Almighty and parents' blessings finally I have successfully completed my three months long internship at IDLC Finance Limited. And now the final report of the internship has been prepared as a part of BUS400 course.

I must remember to say my gratitude to the honorable faculty member Ms. Asphia Habib, lecturer, BRAC Business School for her endless support, inspiration and guidance during this internship. This report has been prepared and presented to her for the assessment and final evaluation of this course.

I must not forget to mention my appreciation to Ms. Saima Islam, Manager-In Charge, CAD-CD, IDLC Finance Limited under whose supervision I went through my internship. Moreover, my thanks go to Mr. Riaz Uddin, Assistant Officer, CAD-CD and Mr. Allen Anjan Baroi, Senior Officer, CAD-CD of IDLC Finance Limited for their kind support and most importantly for providing the learning opportunity for me during the internship tenure. At the same time, I would like to thank my other colleagues of IDLC who provided me with enormous insights and helped me to learn the situation of the real business world.

Last but not the least, I am grateful to BRAC University which is the reason I am standing here on the precipice of earning my bachelor degree successfully.

Executive Summary

This report is prepared with a view to showcase a descriptive analysis of the Consumer Division of IDLC finance limited and The File Index project to its readers. In the industry of Financial institutions of Bangladesh IDLC is one of the pioneers and leaders of the term as well as having one of the best portfolios in the country. A detail history of IDLC group with its various concerns has been comprised in the report along with some discussion of their business perspectives. The Consumer Division started as one of the preliminary divisions of IDLC which became one of the forefronts for the institution with its one brunches, departments and skilled and talented employees. I got an opportunity to work in the Operations department of the Consumer division as an intern for three months. My core responsibilities were aiding my supervisors in any way possible, learn the trade and coordinate the file index project. As a part of the internship I am assigned to prepare a report which will reflect what I have learned from my work there. At first this reports contain a complete overhaul about IDLC and its various divisions and departments. Then it further delves into various analysis both which has been shown both descriptively and figuratively. Moreover, it also gives a picture what had done during the three months long internship at IDLC and how my work benefitted not only the firm but also myself. Finally, with a proper recommendation which can further enhance the capabilities of IDLC to an unprecedented level has also been documented. Despite having challenges I tried to produce this report with as much information as possible with the amount of resources I had.

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1.1 Origin of the Report

I have been indulged to work on this project which has been designated by my course mentor Asphia Habib (Bus 400). My report is based on the Consumer Division of IDLC finance limited. I have basically included the overview of the company, the marketing scenario analysis, which are Consumer buying process, SWOT, Competitive analysis, market completion analysis, consumer behavior analysis, another important area includes segmentation, targeting, positioning, product strategy, and channel strategy. This report also encompasses how the file index project which I personally worked at a very close proximity and was my major job responsibility within the organization and how it was able to better facilitate not only my department but the whole division as a whole.

1.2 Introduction

In the course of the past 30 years the IDLC group has become the biggest multi-product multi segment Non-banking financial institution in Bangladesh and one of the blue chip companies on local stock markets. The single product leasing which started in 1986 with five staff members has today evolved into a multi-product \$750 million business which has diversified into the corporate, SME, Consumer and Capital market segments. IDLC is today represented by 31 branches and booths in 15 cities with over 1,200 staff.

This report has been prepared as a requirement for the completion of the BBA program under School of Business, BRAC University. I have prepared the report based on my three months long internship program in IDLC Finance Limited. While preparing this report I have used some practical information which I have gathered more or less from my day to day works in the company. In my report I have focused mainly on the analysis of activities, performance and major business affairs of the company. Since I was placed in the Operations Department of Consumer

Division of IDLC for my internship, this report has encompassed a brief rundown on various functions and operations of the department. During my internship I got myself oriented with various issues and aspects of Customer service and Customer Relationship management as well.

Under the Consumer Division IDLC deals with mainly two products. One is asset and another is liability. There are number of products in the head of asset, such as **home loan, car loan, personal loan, education loan, travel loan, marriage loan, consumer loan, doctor loan, home equity loan** etc. The products IDLC offers to client under consumer division, play an important role for the development of the country as well as the economy.

1.3 Objective of the report

Broad Objective:

To get an overall idea about the functions & operations of the Consumer Division of IDLC Finance Limited.

Specific Objectives:

- a. To know the overall activities of the Consumer Division.
- b. To know how to open a deposit account and maintained it.
- c. To know the whole operation process of Consumer Division.
- d. To know the decision making process of the division.
- e. To know the present situation and growth of the division.
- f. To know the home loan procedure.
- g. To know the car loan procedure.
- h. To know the personal loan procedure.
- i. To know the credit evaluation policy.

- j. To know the disbursement formality.
- k. To get an in-depth view of the file indexing system

1.4 Limitations of the Report

Although I have tried my best to prepare this report with maximum possible effort and dedication there still exists some limitations of this report. They are as follows:

- The prime limitation was time constraint. I have learned a lot of things during my internship. However, it was not enough for me to learn and develop knowledge about all the activities and operations of the department. Hence I was unable to conduct more in- depth and detail oriented analysis and include that in my report.
- Every organization maintains its own secrecy that is not revealed to external world. IDLC Finance Limited was no exception to this. Some of my colleagues did not disclose enough information for the sake of confidentiality of the organization. In a few other cases, I was not allowed to share some sensitive and confidential information of my department due to business secrecy.

1.5 Methodology

I have followed two kinds of methodology for the arrangement of the report. The two ways in which I have collected information:

- **Primary Data:**

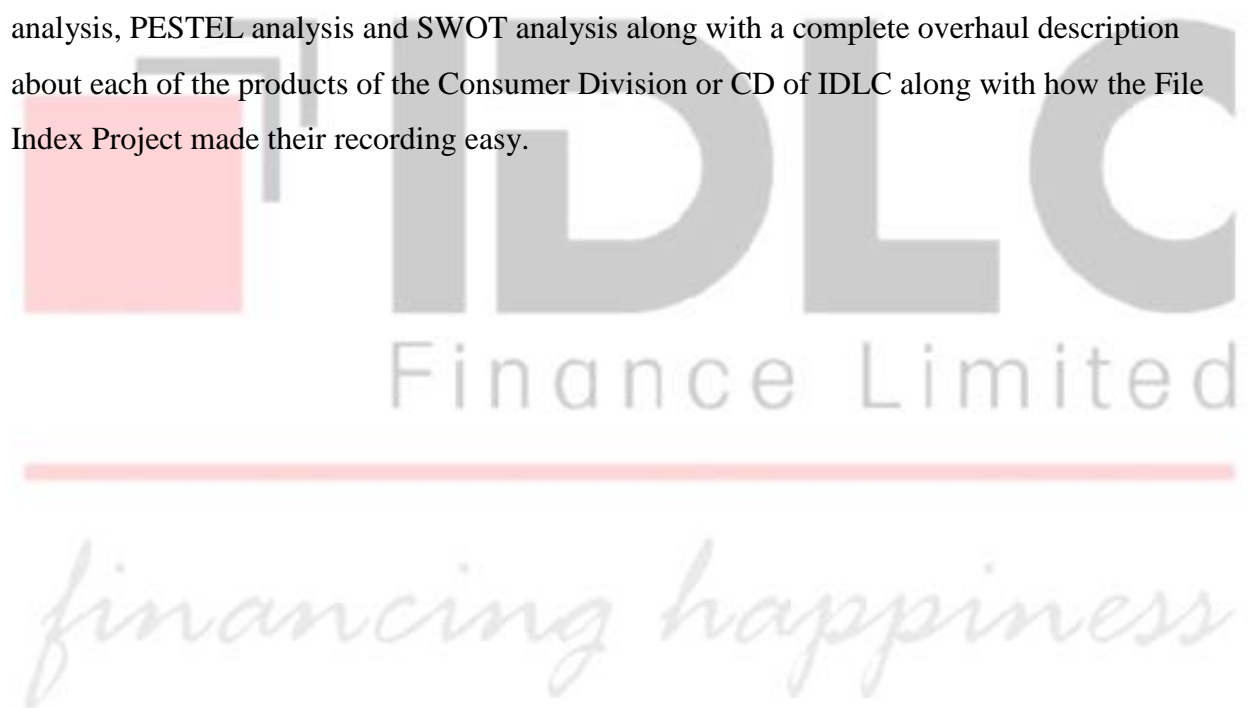
I have collected this data with the help of a company supervisor, talk directly with the consumers also discuss with national sales team and consumer division, technical team and MEF.

- **Secondary Data:**

My secondary method of data collected from different sources. Those are:

1. Going through the websites.
2. Annual reports of IDLC finance limited.

I will also include various figures which will properly showcase the various aspects which encompasses the Consumer Division and how it functions along with some analysis represented through some charts acquired through some calculations done with the help of tools like Microsoft Excel. The financial representation will include correlation and a complete statistical analysis of the firm, including its operational performance, it's financial performance, ratio analysis, PESTEL analysis and SWOT analysis along with a complete overhaul description about each of the products of the Consumer Division or CD of IDLC along with how the File Index Project made their recording easy.





Company Overview

2.1 Company Overview:

Historical Background:

IDLC Finance Limited, the first leasing company of Bangladesh, was established in 1985. Its birth was actually a collaborative effort between several local and multinational financial institutions e.g. International Finance Corporation (IFC), German Investment and Development Company (DEG), Kookmin Bank, Korea Development Financing Corporation, The Aga Khan Fund for Economic Development, The City Bank Limited, IPDC of Bangladesh Limited, Sadharan Bima Corporation. With the evolution of this company the initial foreign shareholding of 49% was gradually being withdrawn. The local sponsors were taking the shareholding positions of the company and finally in 2009 there was no foreign shareholding of the company.

About the company:

IDLC Finance Limited started its journey, in 1985, as the first leasing company of the country with multinational collaboration and the lead sponsorship of the International Finance Corporation (IFC) of the World Bank Group. Technical assistance was provided by Korean Development Leasing Corporation (KDLC), the largest leasing company of the Republic of South Korea.

IDLC which has now emerged as Bangladesh's leading multi-products financial institution, has amongst its external share-holders, international development agencies such as Aga Khan Fund for Economic Development (AKFED) and German Investment and Development Company (DEG) besides the IFC. The other foreign sponsors including Kookmin Bank of the Republic of Korea in addition to KDLC and all these institutions together hold 47.3%% of the company's shares.

Five Bangladeshi financial institutions- The City Bank Ltd, Sadharan Bima Corporation, Mercantile Bank Ltd, Eskayef Bangladesh Ltd, Reliance insurance Ltd and the general public hold the remaining 52.7%. IDLC is the listed member of Dhaka Stock Exchange.

The unique institutional shareholding structure comprising mostly of financial institutions helps the company to constantly develop through sharing of experience and professional approach at the highest policy making level.

IDLC offers a diverse array of financial services and solutions to institutional and individual clients to meet their diverse and unique requirements. The product offerings include Lease Finance, Term Finance, real estate Finance, Short term Finance, Corporate Finance, Merchant Banking, term Deposit Schemes, Debentures, and Corporate Advisory Services.

The vision of IDLC Finance Limited is to become the best performing and most innovative financial solutions provider in the country. To achieving this vision and goal it is important to taking due care of all of our constituents, particularly the shareholders, customers and workforces.

The corporate philosophy is discharge their functions with proper accountability for actions and results and blind themselves to the highest ethical standards.

Vision:

We will be the best financial brand in our country.

Mission:

We will focus on quality growth, superior customer experience and sustainable business practices.

Strategic Objectives:

- ❑ Grow and develop our talent pool
- ❑ Fully leverage the new core banking platform
- ❑ Optimize distribution point
- ❑ Grow and diversify funding sources
- ❑ Grow sales and service capabilities in the Consumer Division
- ❑ Aggressively grow the SME portfolio
- ❑ Focus on top-tier clients in the Corporate segment
- ❑ Consolidate capital market operations and enhance capabilities

- Embrace internationally-accepted corporate governance and sustainable business practices

Core Values:

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

2.2 Business Overview:

The company accomplishes its diverse business through its four arms – SME, Consumer, Corporate and Capital Markets.

I. SME

This division is dedicated to provide specialist lending to small and medium-sized businesses across a broad range of industries including steel, cement, light engineering, plastics and textiles, among others, geographically spread across Bangladesh. This division provides a broad range of services e.g. term loans, working capital loans and lease financing to satisfy diversified customer requirements. Moreover, this division customizes their services if necessary. The division also supports and encourages women entrepreneurship by providing them loans at attractive covenants.

	2015	2014
Portfolio Size (In Taka)	18,334 million	17,905 million
Disbursements (In Taka)	13,392 million	12,053 million
Income from Operations (In Taka)	1,535 million	1,224 million
Client Base	8,240	7,619

II. Consumer

The Consumer division is focused in offering retail financial services. Its financial products encompass Home Loan, Car Loan, and a small portion of Personal Loan and Loans against Deposits. This division is currently enjoying highest market shares and growth rates within the Home Loan industry of Bangladesh. This arm of the company is also actively engaged in mobilizing deposits through multiple retail savings products with varying interest rates and maturities.

	2015	2014
Portfolio Size (In Taka)	18,950 million	17,519 million
Disbursements (In Taka)	10,258 million	8,587 million
Income from Operations (In Taka)	1,275 million	975 million
Client Base	13,757	13,757
Total Deposit Base (In Taka)	38,164 million	35,241 million
Total Deposit Customer Base	5,985	6,355

III. Corporate

The principal function of the Corporate Division is to provide quality service to financial institutions across the country in financial matters. Amongst its diversified array of services lease financing, term loans and financing options for capital expenditure etc. are mentionable. In addition to these this division of the company also offers Structured Finance (SF) solutions which include corporate bond issuance and debt syndication.

	2015	2014
Portfolio Size (In Taka)	8,645 million	9,595 million
Disbursements (In Taka)	4,850 million	5,421 million
Income from Operations (In Taka)	415 million	385 million
Client Base	238	244

IV. Capital Markets

IDLC Finance Ltd. accomplishes its capital market operations through two of its wholly-owned subsidiaries – IDLC Securities Ltd. and IDLC Investments Ltd. These two subsidiaries provide all sorts of trading services to their customers. Their robust trading facilities enable them to offer best execution experience to their broad and diversified client base. Underwriting, primary issuance and merchant banking are its other major services. The division has recently initiated Discretionary Portfolio Management services. They are paying extra attention to grow this portfolio especially with their Consumer Division via inter-divisional synergistic opportunities.

IDLC Securities Ltd.		
	2015	2014
Income for Operations (In Taka)	226 million	176 million
Profit After Tax (In Taka)	56 million	39 million
IDLC Investments Ltd.		
	2015	2014
Income for Operations (In Taka)	82 million	79 million
Profit After Tax (In Taka)	61 million	53 million

2.3 Organogram of IDLC

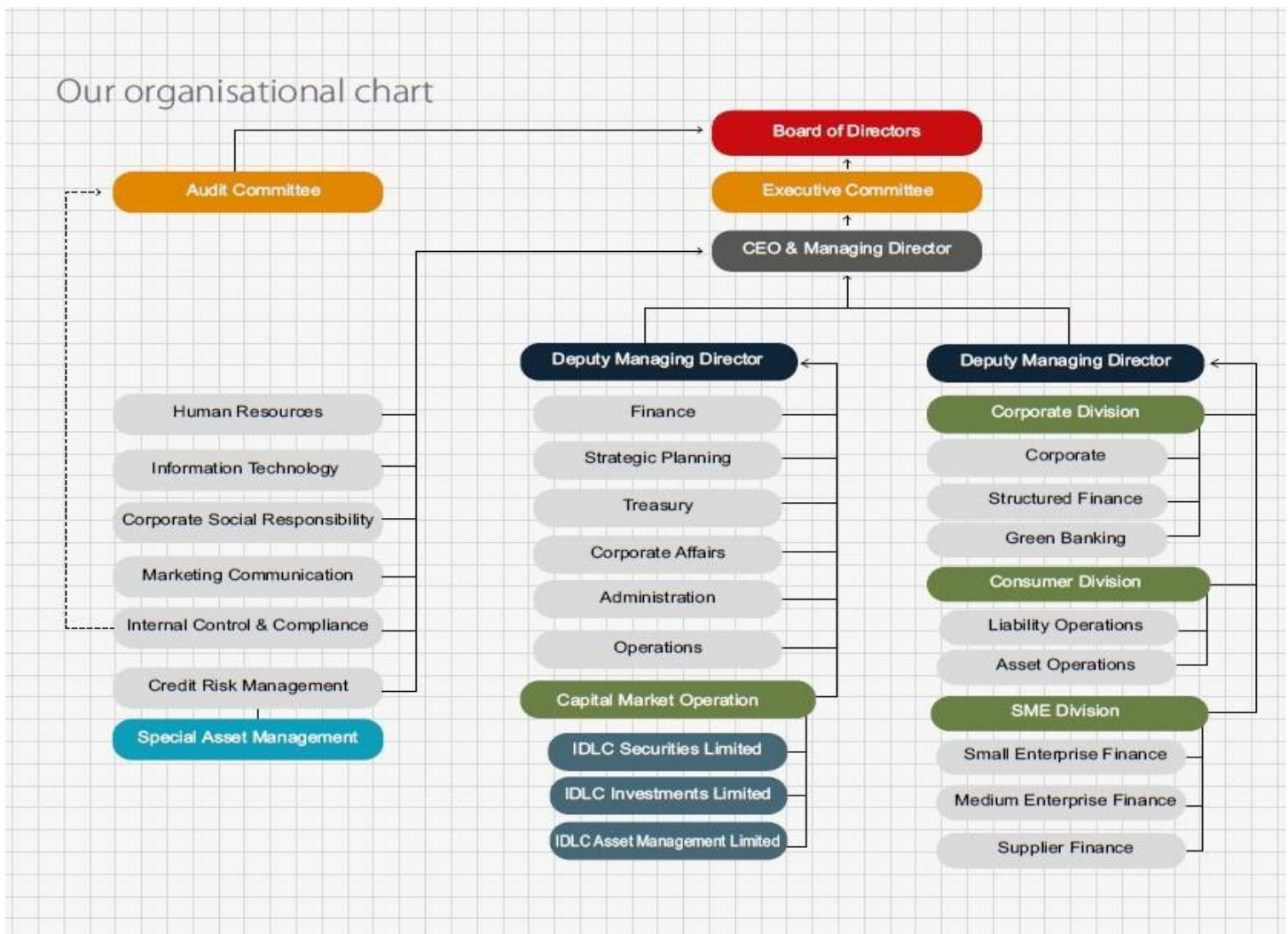


Figure 1: IDLC Finance Limited Organogram

The Board of Directors of IDLC shaped two sub-panels of the Board: Executive Committee and Audit Committee. The matter identified with conventional business operations of the Company and the matters that the Board of Directors every now and then, approves are vested on Executive Committee. The Audit Committee is engaged, in addition to other things, to look at any matter identifying with the money related issues of the Company and to survey all review and assessment programs, interior control frameworks and techniques, bookkeeping strategies

and adherence to compliance requirements, etc.

Organogram of IDLC Securities Limited:

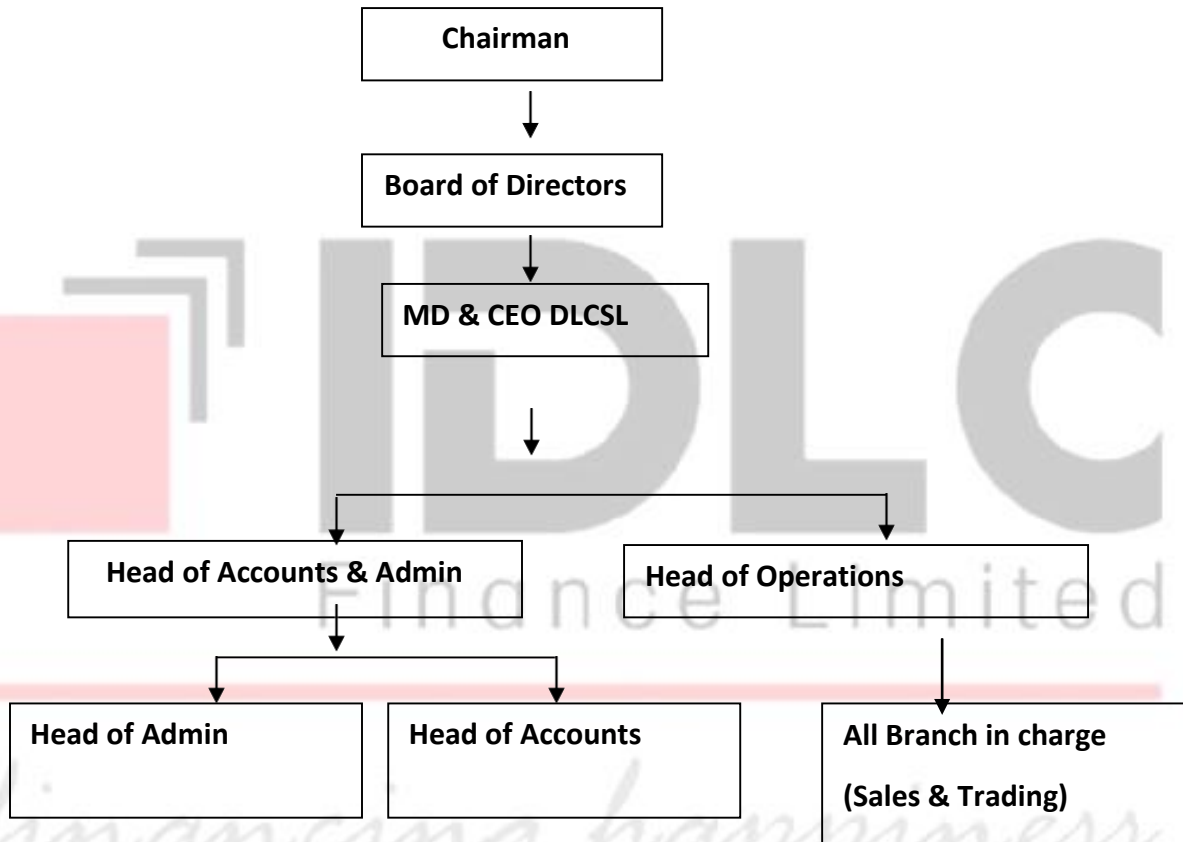


Figure 2: IDLC Securities limited Organogram

IDLC securities are a completely owned subsidiary of IDLC Finance Limited. The administration board of trustees is verging on same as IDLC. MD is capable to keep up every one of the exercises through the hierarchy of leadership in Head of Admin and Head of operations. Here head of operations primarily manages deals and exchanging related exercises. Each Branch predominantly runs the deals and exchanging office. They additionally get backing of Merchant Bank division in their Branch.

Organogram of IDLC Investment Limited:

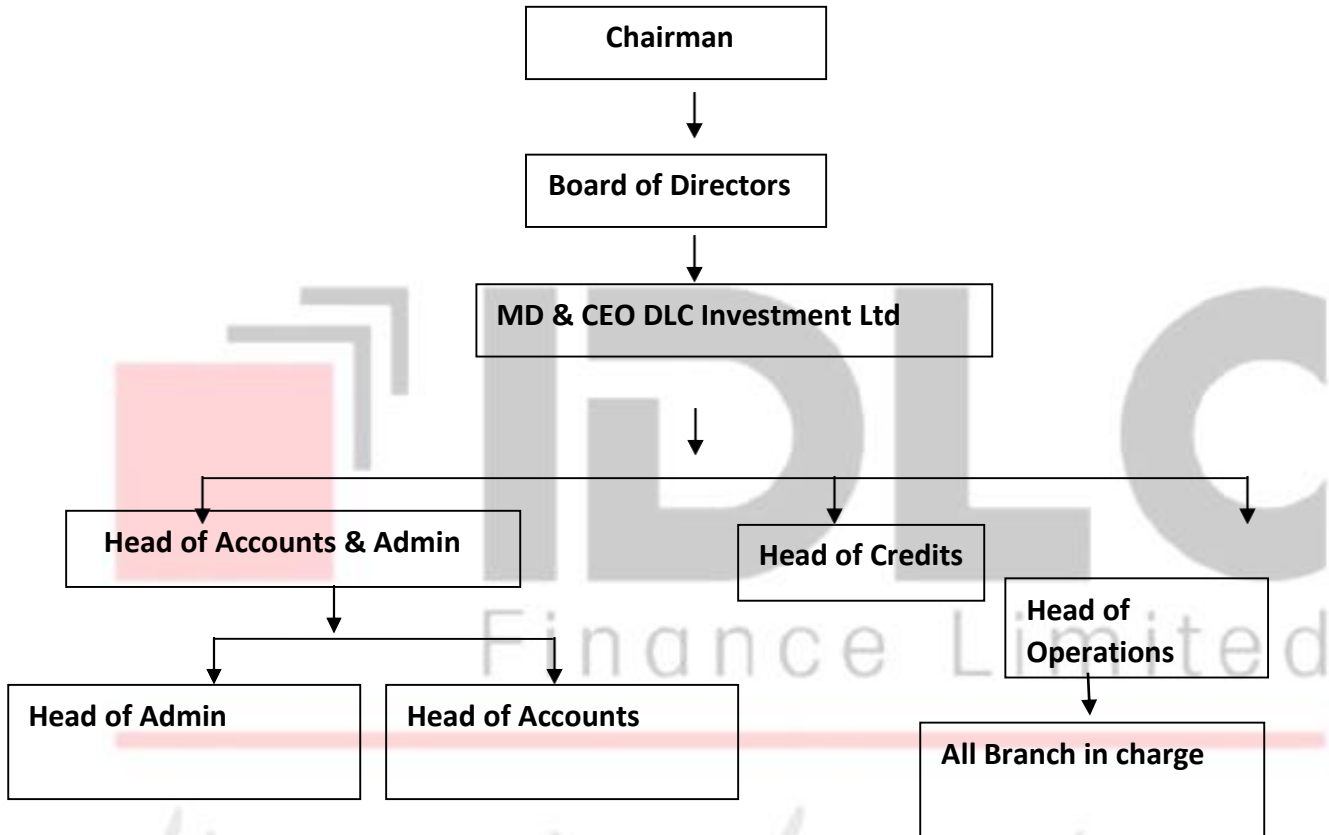


Figure 3: IDLC Investment Ltd Organogram

The Credit Advisory group is enabled, in addition to other things, to break down the business sector chance and favor the edge advance for the financial specialist. Head of Accounts and Administrator are essentially in charge of the financial related exchange and controlling administration. Head of operation controls the record opening and record looks after exercises.

2.4 Shareholding Structure:

The shareholders of IDLC Finance Ltd. can be divided into two broad categories – Sponsors/ Directors and General Investors. General Investors can be subdivided into two different categories – Institutional Investors and Individual Investors.

Our shareholding composition

As on December 31, 2015

Sl.No	Name of Shareholders	Number of Shares	% of shares
1	Sponsors/Directors:		
	The City Bank Limited (CBL)	60,854,056	24.21
	Transcom Group	33,515,443	13.33
	Eskayef Bangladesh Limited	20,109,375	8.00
	Transcraft Limited	10,088,022	4.01
	Bangladesh Lamps Limited	3,318,046	1.32
	Sadharan Bima Corporation (SBC)	19,151,663	7.62
	Mercantile Bank Limited	18,852,538	7.50
	Reliance Insurance Co. Limited	17,595,702	7.00
	Sub-Total	149,969,402	59.66
2	General		
	Institutions other than Sponsors/Directors:		
	Bangladesh Fund	8,040,750	3.20
	ICB	5,813,612	2.31
	LR Global	2,873,900	1.14
	Other Institutions/Corporates	34,291,599	9.4
	Subtotal	51,019,861	16.05
	Individuals:		
	General Public (Individuals)	50,377,924	23.50
	Sub total	50,377,924	23.50
	Total Holdings	251,367,187	100

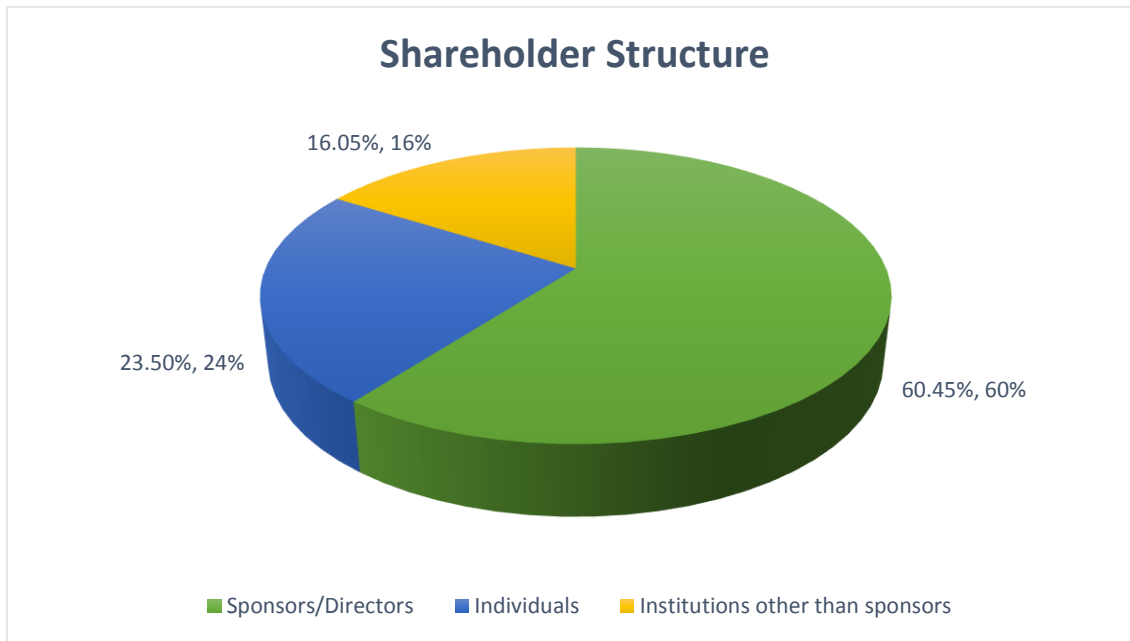


Figure 4: Shareholding Composition Percentage

Finance Limited

financing happiness



Activities of the Company

3.1 Overall Activities of Consumer Division:

Consumer Division operates its operation through various departments.

A. Sales & Marketing Department:

Sales & Marketing department is very important for any organization. This department makes sales budget and takes promotional campaign to achieve its goal. Deposit, Home loan, Car loan & Personal loan are main products of Sales & Marketing department. According to market situation this department takes various strategies to achieve its sales budget. The core objective of this department is to achieve its assign sales target.

There are four products under sales & marketing department. They are-

- * Deposit
- * Home loan
- * Car loan
- * Personal loan

B. Liability operation Department

C. Account Department

D. Customer Service Department

E. Credit Evaluation Department

F. Legal & Documentation Department

G. Collection Department

H. IT Department etc. are main part of IDLC Finance.

B. Liability Operation Department:

This department deals with liability products. IDLC offers a number of liability products. They are-

- Cumulative Term Deposit
- Annual Earner Deposit
- Monthly Earner Deposit
- Quarterly Earner Deposit
- Double Money Deposit
- Triple Money Deposit &
- Millionaire Scheme.

This department open various deposit accounts. Provides risk free return to clients. Provides other services like deposit statement, documents related to tax, deposit instrument, cheques etc. The main objective of the department is to collect fund for sustainable availability of liquidity which is the pre-condition to run a financial organization.

C. Account Department:

Keeps record of all financial transactions. Taking cheques from different departments and clear it. This department finally send all information to corporate office for preparation of financial statements.

D. Customer service Department:

Customer service Department provides various services to clients. This department ensure disbursement. Before disbursement CSD informs all term and conditions to the client, collects

relevant fees, takes postdated cheques finally disburse the loan amount through account payee cheque. After disbursement during the whole term of the loan CSD provides all services to the clients (if needed) with great respect.

E. Credit Evaluation Department:

This is the most important department of CD. This department decides whether a client is eligible for the loan or not. But this department also has to think the growth and performance of CD. However, the department follows the credit policy to makes an opinion.

- **Home Loan Credit Policy:**

Classification of clients and prospects has been devised according to nature of cash flow, sustainability of income and financial behavior of clientele. Credit appraisal of each class of clientele calls for different assessment criteria and credit investigation. Our objective is to develop a standard assessment criteria and investigation method to perform due diligence in credit appraisal of each group of clients. The credit guideline and feedback from performance of existing portfolio also help develop and modify credit policies to control inherent credit risk of the portfolio.

3.2 Classification of Clients:

- **Employed:**

Priority clients; renowned multinationals, large local corporate, banks and financial institutions' employees and employees of UN and other multilateral developmental bodies and NGOs.

Employed persons in corporate organization operating at least from the last five years.

Government employees, teachers of universities, colleges and renowned schools.

- **Priority Independent Professionals:**

Physicians, Professional accountants; FCA, FCMA, Engineers consultant, architects, Financial & Economic or Sociological consultants, Marine engineers

- **Other Independent Professional:**

Contractors, Insurance Agents, Renowned lawyers & Journalists, Freelance Creative Artists, Small business-persons (proprietorship or small Pvt. Ltd. Company), Retailers of consumer goods or consumer durables in renowned market, Wholesalers of consumer goods or consumer durables in renowned market, Manufacturer of consumer goods and consumer durables, Supplier / importer of manufacturer’s raw materials and allied products working with large and medium manufacturer.

Specialized service industry, electricians, IT professional, ad agency, education ancillaries, hospital or clinic, etc.

- **Medium & large corporate directors:**

Shareholder Directors of large and medium corporate houses.

- **Others:**

Nonresident Bangladeshi (NRB) service holders

Nonresident Bangladeshi (NRB), business persons

Individual land lord with substantial rental earning

Credit Evaluation:

Credit Evaluation is the final stage of a file closing. Integrated cooperation from all departments is needed to close a file successfully. Verifying all documents, the Credit Evaluation Committee sanctioned loan or reject the file. To close a file successfully every department has to do very hard work. From the very beginning of taking a file we do not make any confirm commitment for loan. Because many things have to consider before sanction the loan.

For home loan the legal department verifies all documents related to land or apartment. Credit officer visit the client or discuss over telephone. After sanction any loan amount the file is then

transfer to the customer service department. There the concern officer informs all terms and conditions of the loan to the client. If all terms and conditions are acceptable to the client, the client signed the sanction letter and paid relevant fees. IDLC Finance correspond all transactions through account payee cheques. So the concern officer collects postdated advance cheques of installments to avoid hassle. Otherwise the client has to come office every month. This is very disturbing for the client.

For car loan no legal verification is needed. All documents like bank statement, salary certificate, photograph of both applicant and co-applicant, photocopy of national ID, TIN, other income supporting documents, price quotation from vendor and relevant other papers are collected by sales and marketing team. Then the file is submitted to the Head of sales & marketing. After verifying the files, he signed and transferred it to the credit department. Car loan is unsecured and expensive for the client. Sometimes due to excess load of installment client's normal life is hampered. So before sanction any car loan the concern credit officer verifies all relevant expenses and sources of income of client family. If the credit officer observes that the client is able to avail the loan, he then transfers the file to the Head of Credit. After scrutinize the file the car loan may sanction. Then the file is transfer to the customer service department. There the concern officer informs all terms and conditions of the loan to the client. If all terms and conditions are acceptable to the client, the client signed the sanction letter and paid relevant fees. IDLC Finance correspond all transactions through account payee cheques. So the concern officer collects postdated advance cheques of installments to avoid hassle.

For personal loan all documents like bank statement, salary certificate, photograph of both applicant and co-applicant, photocopy of national ID, TIN, other income supporting documents and relevant other papers are collected by sales and marketing team. Then the file is submitted to the Head of sales & marketing. After verifying the file, he signed and transferred it to the credit department. Personal loan is much unsecured. Only the salary executive who has salary account is eligible for the loan. Generally, the loan is designed for much secured salary executive. It is

very expensive loan. It charges highest interest rate. If the credit officer observes that the client is able to avail the loan, he then transfers the file to the Head of Credit. After scrutinize the file the personal loan may sanction. Then the file is transfer to the customer service department. There the concern officer informs all terms and conditions of the loan to the client. If all terms and conditions are acceptable to the client, the client signed the sanction letter and paid relevant fees. IDLC Finance correspond all transactions through account payee cheques. So the concern officer collects postdated advance cheques of installments to avoid hassle. Tenure of the loan is maximum five years.

Credit Risk:

Credit risk is the possibility that the borrower or the counter party will fail to meet agreed obligations. Thus managing credit risk with efficient management of a financial institution is the most crucial task. Given the fast changing, dynamics global economy and the increasing pressure of globalization, liberalization, and consolidation it is essential that financial institutions have robust credit risk management policies and procedures that are sensitive and responsive to the changes. At IDLC Finance credit risk may arise in the following forms.

- Default risk
- Exposure risk
- Recovery risk
- Counter party risk
- Related party risk
- Legal risk
- Political risk.

To encounter and mitigate the credit risk the following control measures are in place at IDLC Finance.

- ❑ Multilayer approval process.
- ❑ Policy for maximum sector and group exposure limit
- ❑ Policy for customers’ maximum asset exposure limit
- ❑ Mandatory search for credit report from credit information bureau
- ❑ Looking into payment performance of customer before financing
- ❑ Annual review of clients
- ❑ Adequate insurance coverage for funded asset
- ❑ Vigorous monitoring and follow up by Special Assets Management Team
- ❑ Strong follows up of compliance of credit policies by Operational Risk Management Department.
- ❑ Taking collateral
- ❑ Seeking external legal opinion
- ❑ Maintaining neutrality in politics and following arm’s length approach in related party transactions
- ❑ Regular review of market situation and industry exposure.

The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risks related to lending and recommend and implement appropriate measure to counter associated risks. The CEC critically reviews projects considering the current global financial crisis and its probable effect on the project.

An independent Credit Risk Management Department is in place, at IDLC to scrutinize projects from a risk weighted point of view and assist the management in creating a high quality credit portfolio and maximize returned from risk asset.

Other risks are –

- ❑ Market risk
- ❑ Liquidity risk

- ▣ Operational risk
- ▣ Business Volume Risk

3.5 Assessment of the riskiness of the operation:

IDLC Finance estimate its risk exposure based on its own assessment of the operation as well as the market perception to be as follows:

<u>Types of Risk</u>	<u>Rating</u>
Credit risk	Moderate
Market risk	Moderate
Liquidity risk	Moderate
Operational risk	Low
Business Volume Risk	Low

F. Legal & Documentation Department:

This department checks and verifies all documents related to immovable property. This department is headed by an expert lawyer. Following investigations are done in this department.

1. Receiving files from all branches for legal opinion.
2. Scrutiny & verification of the property documents.
3. Drafting vetting report by legal officer.

4. Sending vetting report to legal manager for checking information and final opinion.
5. Keeping softcopy for common of the employees.
6. Giving input/ posting the vetting into REF software.
7. Arranging for approval after checking by legal manager.
8. Sending files to branches in case of individual files.
9. Keeping project file in the store with index number.
10. Assisting in legal opinion with due diligent and appraisal of projects to manager. (legal)
11. Highlighting the problem and solve the defective legal vetting documentations.
12. Discuss with all branches/ clients/ developers regarding wanting documents & legal issues.
13. Drafting/ preparing Deed/ Agreement/ Deed of mortgage/ POA/ Undertaking for clients as and when require by branches.
14. Finalizing Draft Deed/ Agreement/ Deed of mortgage/ POA/ Undertaking for clients as and when required.
15. Sending Deed/ Agreement/ Deed of mortgage/ POA/ Undertaking to service officer as and when required for clients.
16. Checking DOM & POA.
16. Attending before sub- Registry office for creation of mortgage and registration of POA/ redemption & cancellation of POA as and when required.
17. Visiting developer time to time and collect the property documents of new project launch by developer.
18. Putting file index number & keep file into the cabinet.
19. Maintain office file after finalization of legal opinion.
20. Drafting and finalization of plaint, written statement petition and written objection by manager (Legal) and filing the same before the Artho- Rin-Adalat and other courts as and when required.

21. Filing execution case by the legal manager in the appropriate court.
22. Taking all necessary steps in the suits and cases.
23. Giving legal opinion /advice by the legal manager to deserving staffs of IDLC and branches

G. Collection Department:

Since IDLC Finance provides long term loan hence collection department is engage to due collection. When a client fails to repay his installment, collection department communicate with the client. Remind him and request him to pay his installment to avoid legal action. When the department does not get any positive response from the client, at the final stage it takes legal action.


H. IT Department:

IT department provide all IT support to CD for day to day operation. Formerly it was mentioned that a number of skilled and professional Software Engineers and IT expert are engage for sufficient IT solution.

To make the organization successful above departments provide integrated support and cordial cooperation each other.

3.6 Services:

IDLC Finance Limited provides some unique services. These are below-

- 
- Financial solutions for individual and corporate clients.
 - Arrange developer executive training
 - Appointment of dedicated skilled CRO exclusively for clients dealing.
 - Opportunity for risk free investment as deposit.
 - Provide continuous education and learning training to employee for skill development.
 - Arrange skill development training program especially for women and deprived people as CSR
 - Undertake poverty reduction program as CSR etc.
-

3.7 PESTEL and SWOT ANALYSIS

An Overview of PESTEL analysis:

PEST analysis stands for “Political, Economic, Social and Technological analysis” and describes a framework of macro environmental factors used in environmental scanning. It is a part of the external analysis when doing market research and gives a certain overview of the different macro environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

The PEST factors combined with external micro environmental factors can be classified as opportunities and threats in a SWOT analysis. PEST/ PESTLE alongside SWOT and can be used as a basis for the analysis of business and environmental factors.

It is also referred to as the STEP, STEEP, PESTE, PESTEL, and PESTLE (or Political, Economic, Socio-cultural, Technological, Legal and Environmental). Recently it was even further extended to STEEPLE and STEEPLD, including education and demographics.

PESTEL Analysis:

Political, Economic, Socio-cultural, Technological, Legal and Environmental analysis are very important before measuring any organization’s performance. To evaluate the position of IDLC Finance Limited in the industry, it is essential to know where and in what situation this institution is performing its operations. Following factors are discussed to show their effect on IDLC Finance and on this industry of Bangladesh as a whole.

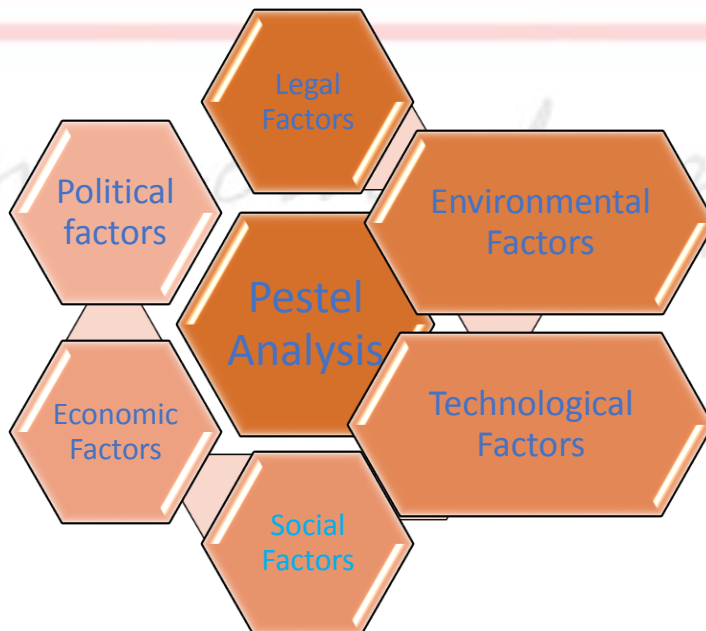


Figure 5: PESTEL Analysis factors

I. Political Factors:

Political factors include areas such as tax policy, employment laws, environmental regulations, trade restrictions, tariffs and political stability. Political environment is always unstable and it always affects every aspect of life of this developing country. Due to political turmoil since October 2006 the financial market behaves inconsistently. During this period whole economy was stagnate. All development & investment activities were stopped. Security market was also unstable. Sometimes the index was significantly go up and afterward it was go down drastically. So people frightened to invest in security market. After 1/11 incident the political scenario changed dramatically.

II. Economic Factors:

Economic factors are economic growth, interest rate, exchange rate, inflation. Economic forces are the factors that affect the consumer buying behavior and spending patterns. Despite political turmoil in Bangladesh it was a record GDP growth rate of 6.7% in fiscal year 2005-2006. At the same time export oriented manufacturing industrial sector rose by 10.47% and the foreign currency reserves achieved a new high of US\$ 3.9 billion at the end of 2006. However due to massive seasonal flood and cyclone SIDR attack, the projected growth for the fiscal year 2006-2007 was decline. In the recent time present political government takes some initiative to attract investors. Foreign currency reserve is now more than 4 billion. Bank interest is decline to 9%. But inflation is still very high. Price of essentials are also increasing day by day; power shortage is our daily affair.

III. Social Factors:

Social factors often look at the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. These are the forces related to society's basic values, perceptions, preferences and behavior. People grow up in the particular

society that shapes their basic belief and behavior pattern. These forces affect the survival and success of every industry of the given society.

IV. Technological Factors:

Technological Factors include ecological and environmental aspects and can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Technological Factors look at elements such as R&D activity, automation, technology incentives and the rate of technological change.

It is a common saying that today's world is a world of technology and only those will survive who can be up to date with the technology. Technological forces can create new advancement, innovative products and market opportunities.

V. Environmental Factors:

There has been increasing global focus on promoting green and environmentally-responsible businesses and sustainable financing. This has shaped up as an outcome of the increasing threat on the environment. Increased regulatory focus on sustainable financing.

Separate refinancing fund earmarked by the central bank for green financing offers a good window of opportunity to strengthen green financing activities. IDLC is committed to sustainable development through the creation of long-term value. Value for our stakeholders, value for the environment and value for the community Our focused green banking unit has been performing admirably since its launch in 2014.

VI. Legal Factors:

Industries are faced with tighter rules and regulations and application of laws are more uniform and stringent, translating into a more level playing field. Increased focus on the application of loan loss provisioning and capital adequacy. Focus on strengthening the foundation of financial institutions through strict implementation of stress testing. IDLC's history of strict legal and regulatory compliance places it in a good position within the financial services industry. Close communication is maintained with regulators and trade bodies. Separate compliance team

ensures compliance across the Group.

An Overview of SWOT Analysis:

It has always been important for a business to know and understand how it fits in and interacts with the surrounding environment on both an internal (office/factory/work environment) and external view (how the business operates with the outside world).

Researching the environment will benefit the organization and/or management team by putting in a position to develop a strategy for both longer and shorter term.

Analyzing the Business:

The most influential way of doing this is to perform a SWOT analysis of the company. It is a common phase used to abbreviate Strengths, Weaknesses, Opportunities and Threats. Each item is a heading for separate analysis of the business but they can be related as seen below:

Strengths provide an insight to your business **Opportunities**

&

Weaknesses in the business can cause immediate **Threats**

It is important to know that the SWOT analysis is only based upon information that is known by the assessor and is seen as perhaps the more basic approach of analyzing a business position. But SWOT is still a powerful tool when looking for immediate benefits.

Performing SWOT:

Recognizing the strengths and weakness before tackling the opportunities and threats is the best way to analyzing: the more strengths and opportunities the better influences for the success of the company. One needs to be aware that the most important rule is not to leave anything out no

matter how small the issue may be.

There is no fixed way of doing a SWOT analysis, but it should be done in a way that one feels most comfortable with, and more importantly that you understand it. The objective is to be a position where the company can determine a strategy for the future to improve company’s overall performance.

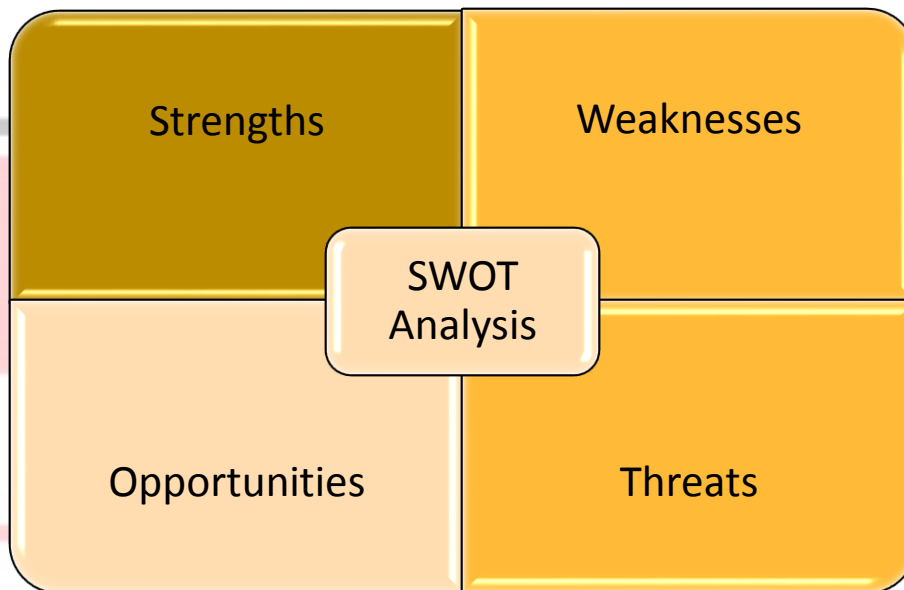


Figure 6: SWOT Analysis factors

I. Strengths:

■ Strong Corporate Identity:

IDLC Finance Limited is a leading financial services provider in Bangladesh. It is the first and number one Non- banking financial institute. IDLC Finance won ICAB award in 2002, 2003, 2005, 2006 and 2007, 2010, 2014 for the best published accounts and reports. IDLC bags SAFA best presented accounts award 2007. IDLC received first ICMAB National best corporate award 2007. IDLC Finance Limited also has received a special award for “for upholding the image of

Bangladesh in International arena” at COMWARD Excellence in Communication 2009 organized by Bangladesh Brand Forum. IDLC Finance is the most active member of DSE. Share price of IDLC Finance Limited is the highest in the market & ESP is excellent. Honesty and integrity is the most important capital of the organization.

■ **Strong Employee Bonding and Belongings:**

IDLC Finance Limited employees are one of the major assets of the company. The employees have an in dominatable passion towards the organization organization and also feel proud and a sense of belongingness towards the company. The strong organizational culture of the company is the main reason behind this strength.

■ **Efficient Performance:**

IDLC Finance Limited provides hassle free customer service to its client comparing to other financial institutions in Bangladesh. In this regards client service is excellent.

■ **Empowered Work Force:**

Human resources of IDLC Finance Limited is extremely well thought and perfectly managed. As from the very first the top management believed in empowered employees, where they refuge to put their fingers in every part of the pie. This empowered environment makes IDLC Finance Limited a better place for employees. The employees are not suffocated with the authority but they are able to grow as the organization matures.

■ **Strict Adherence to Compliance Standard:**

The organization abides by all rules and regulations provided by the regulatory bodies. It has proven reputation in serving customers by maintaining strong compliance practices and presence in the market. This strict adherence to compliance standard is an excellent strength for the organization.

▣ **Modern Equipment & Technology:**

IDLC Finance Limited owns the state of the art information technology in Bangladesh regarding operating financial services. Its ultramodern system starting from terminal PCs to HUB are based on international standards. IT infrastructure is well equipped and managed which is also maintained with high level of professionalism.

▣ **Wholly Owned IT (I, Cons):**

Information Technology is the most important part of an organization. For financial institution its importance is knows no bound. IDLC Finance has it wholly owned subsidiary information technology (I, cons). So IDLC Finance does not depend on other for its IT solution. Highly skilled and professional software engineers are engage to provide 24 hours IT support. All of them are from renowned local and foreign universities. IDLC uses Integrated Software Application Suite (IISAF) software which is different from others.

▣ **Goodwill:**

IDLC Finance Limited has tremendous goodwill in the market. There is no single allegation against its services in the market. Its goodwill may make the company more competitive in the market.

II. Weaknesses:

▣ **More Innovative Service must be offered:**

In order to be more competitive in the market IDLC Finance Limited should come up with more new and attractive packages & services.

▣ **Low paid up capital:**

The paid up capital of the company is relatively low. For widening the operation network and services more capital is required. In the long run this might turn into a negative issue.

▣ **Not offering Islamic banking service:**

IDLC Finance Limited does not offer Islamic banking service. So there is a number of clients are out of coverage. Many people do not take its services due to this limitation.

▣ **Limited number of branches:**

IDLC Finance Limited has only seven branches in the country. As a result a large number of clients are out of its reach. In the competitive market it is a weakness of the company.

▣ **Limited scope of investment:**

As Non-banking financial institution IDLC Finance has not enough scope to invest whatever amount it's want. As a result, sometimes it is suffering from excess liquidity problem, though it shows the financial strength of IDLC Finance but prompt profitable investment is the proficiency of the organization.

III. Opportunities:

▣ **Countrywide network:**

IDLC Finance Limited has a good network of branches in the country though numbers of branches are few. By utilizing the goodwill & widening network IDLC Finance Limited might increase its profitability as well as tapping the market and secured its existence in the long run.

▣ **Huge Market:**

Among the Non-banking financial institutions IDLC Finance Limited has huge potentiality. Elite sector of the people of Bangladesh has very good relation with IDLC Finance Limited. Those who are big in the financial market they are its institutional shareholder. Many MNCs and large group of companies are its corporate clients.

■ **Market Growth:**

The market is growing day by day. By this time real estate market has grown very rapidly. As a result, Project financing market and home loan market has grown a large scale. By means of huge goodwill and market reputation IDLC Finance Limited has a chance to grab the major share of the market.

■ **Little chance of getting information by other organizations:**

The basic assumption of the financial service operation is that people come to the organization and ask for the service that is why IDLC Finance Limited is not that much enthusiastic about letting know their services feature to the competitor. This is an opportunity.

IV. Threats:

■ **New NBFI & Banks:**

New Non-banking financial institutes and private banks possess a serious threat for IDLC Finance Limited. With the new entrance the intensity of competition will rise further and the company will have to develop strategies to compete the threat.

■ **Rivalry of existing competitor:**

A large number of banks and non-banking financial institutions increase rivalry because they are competing in the same market with almost same products. The rivalry intensifies if the companies have same market share, leading to struggle for market leadership. Competition among the existing service providers in the area of commission, interest rate and extending various facilities are also present.

■ **Similar services are offer by other banks & FIs:**

Now day's different private banks are offering the same services with very competitive interest rate. So if all companies fight with same weapon, the natural result is declining profit.

■ **Industrial Downward:**

Bangladesh is economically unstable country. Due to political instability our economy faces a huge challenge. This creates a downward pressure in all sectors business.

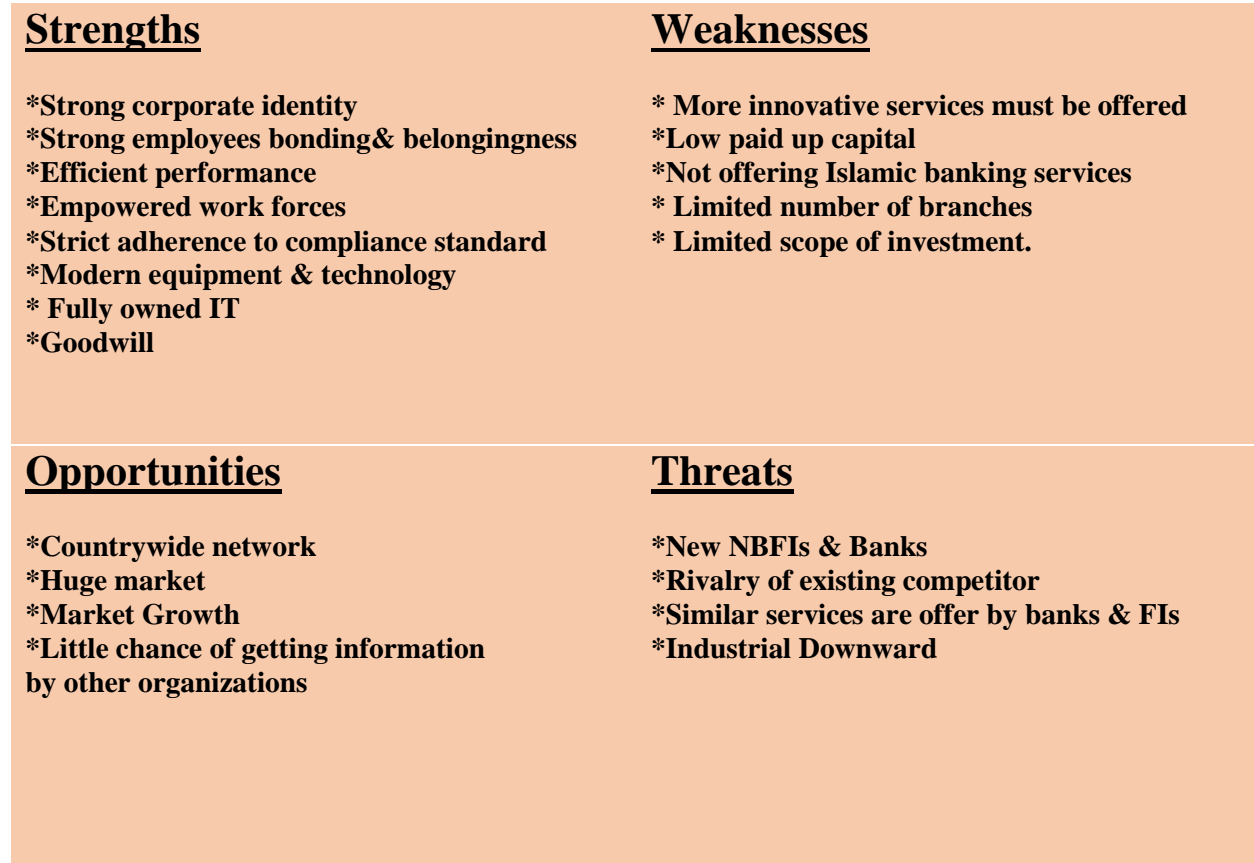


Figure 7: IDLC SWOT module



Operational Performance of IDLC along the years

4.1 Operational Performance:

IDLC has completed probably its most successful year in 2015, despite an initial setback due to political uncertainty and overall economic slowdown, there was a noticeable increase in business conviction among customers during the year.

IDLC’s consolidated operating result during last few years are summarized below-

Taka in million

Particulars	2011	2012	2013	2014	2015	Growth
Financial Performance						
Lease and term loans disbursed	8,517.37	12,304.15	16,895.49	17,473.48	22,140.06	26.71%
Housing finance disbursement	2,585.54	2,735.85	4,421.49	5,895.91	5,954.43	0.99%
Short term finance portfolio	821.09	581.28	603.62	735.40	1,079.41	46.78%
Lease finance assets	4,546.94	5,479.27	6,358.33	6,281.83	6,016.18	-4.23%
Real estate finance assets	6,979.00	8,262.15	11,169.99	14,822.12	17,205.95	16.08%
Total assets	29,518.81	35,748.17	48,534.84	57,159.52	71,768.71	25.56%
Long term liabilities	25,298.91	30,986.62	42,884.40	50,470.64	63,590.66	26.00%
Term deposit balance	16,828.27	22,008.20	29,163.88	35,241.00	46,174.48	31.02%
Net current assets	3,676.20	2,796.51	2,681.76	2,777.57	5,924.28	113.29%
Operational Performance						
Operational income	2,042.68	1,955.48	2,573.22	3,326.18	3,960.85	19.08%
Operational expenses	672.21	822.03	1,021.25	1,236.79	1,393.76	12.69%
Financial expenses	2,359.22	3,087.77	4,127.32	4,530.35	4,827.09	6.55%
Profit before tax	912.63	1,032.57	1,406.12	2,029.13	2,275.52	12.14%
Net profit after tax	804.22	589.20	811.01	1,153.54	1,243.82	7.83%
Financial Ratio						
Debt equity ratio (Times)	8.16	8.38	9.50	9.04	9.65	0.61
Average effective tax rate (%)	41.57	42.94	42.32	43.15	45.34	2.19
Financial expenses coverage ratio (Times)	1.39	1.33	1.34	1.45	1.47	0.02
Current ratio (Times)	1.31:1	1.21:1	1.14:1	1.13:1	1.22:1	0.09
Return on total assets (%)	2.93	1.81	1.92	2.18	1.93	(0.25)
Non performing loan ratio (%)	2.32	2.09	1.63	2.02	3.06	1.04
Return on shareholders’ equity (%)	27.51	16.76	19.24	22.37	20.01	(2.35)
Earnings per share*	3.20	2.34	3.23	4.59	4.95	0.36
Shareholders’ equity	3,220.51	3,809.72	4,620.72	5,693.82	6,736.55	18.31%

* Prior years’ number of shares have been adjusted to reflect Bonus share issued in 2014.

Figure 8: IDLC's Performance

The recent turbulent economic scenario in the world portends a significant slowdown in overall economic activity. Overall investment and industrial activities may be affected by the crisis. Moreover, entering into leasing business by banks in the already crowded market will intensify competition and put pressure on the operations of the company. The company has adopted appropriate strategies for its different businesses, and set clear goals and targets considering the external business environment and realities. The employees are appropriately empowered to take initiatives, make changes and feel motivated to achieve the targets for growth, profits and diversification. Despite all odds, the company will continue to endeavour hard to achieve the business targets as well as realize corporate objectives.

The satisfying results that IDLC has achieved are the result of hard work, diligence, sincerity, devotion to duty, initiative and perseverance in the face of various odds and external challenges.

Some statements such as IDLC's plans, anticipation, beliefs, expectations etc., are forward looking. These statements involve uncertainties and actual achievement may differ from plan and expectation due to changes in the business environment. Following are some major factors that may affect the business environment:

- ❑ Change in country's general economic condition due to recent global economic meltdown
- ❑ Natural calamities and political disturbances
- ❑ Change in commodities price level
- ❑ Volatility in interest rate in the market
- ❑ Volatility in capital market due to change in overall economic conditions, global developments and speculation
- ❑ Global economic crisis which may affect remittances, export and overseas job markets
- ❑ Changes in Government policies,
- ❑ Increase in corporate income tax rate and VAT



Financial Analysis of IDLC



5.1 Comparative Analysis

The Consumer division, IDLC’s largest unit in retrospect of the customer base and funds under management, increased its loan and deposit portfolio to Taka 20,633.41 million and Taka 46,174 million, respectively, in 2015, registering a respectable 17.78% and 30.64% growth, respectively, over the last year. Aligned with the dynamic business environment, IDLC continued to embrace a shift in focus from rate-sensitive corporate clients to individuals (retail) who are less rate-sensitive, in mobilizing deposits. Backed by the continued structural reforms and continuous training of employees, the division has sustainably generated value to its home and car loan facilities.

Particulars	IDLC Group		
	Actual	Budget	Variances (%)
Net interest income	3,418	4,018	-14.93%
Other operating income	1,170	968	20.80%
Total operating income	4,588	4,986	-7.99%
Total operating expenses	1,648	1,854	-11.11%
Profit before provisions	2,940	3,133	-6.14%
Provision for loans/ investments	312	318	-2.13%
Profit before taxes	2,629	2,814	-6.60%
Provision for taxes	1,169	1,278	-8.50%
Net profit after taxation	1,459	1,536	-5.01%

Figure 9: Comparative analysis between Actual and Budget with Variances

5.2 A Descriptive Statistical analysis

The following is the summary of IDLC’s Financial Performance for year end of 2014 and 2015.

Particulars	2015	2014
Net interest income	3,417.99	2,888.77
Other operating income	1,169.91	768.95
Total operating income	4,587.90	3,657.72
Total operating expenses	1,647.79	1,463.65
Profit before provisions	2,940.11	2,194.07
Provision for loans/ investments *	311.61	7.55
Profit before taxes	2,628.50	2,186.53
Provision for taxes	1,169.28	941.02
Net profit after taxation	1,459.22	1,245.51

Considering the aforementioned data, the following chart shows how much each of Descriptive statistics has enabled changes throughout the year of 2015 and 2014 with the help of Mean, Standard Error, Median, Mode, Standard Deviation, Sample Variance, Kurtosis, Skewness, Range, Minimum, Maximum and Sum.

*Taka in Million

<i>Net interest income</i>		<i>Other operating income</i>	
Mean	3153.38	Mean	969.43
Standard Error	264.61	Standard Error	200.48
Median	3153.38	Median	969.43
Mode		Mode	
Standard Deviation	374.2150507	Standard Deviation	283.521535
Sample Variance	140036.9042	Sample Variance	80384.4608
Kurtosis		Kurtosis	
Skewness		Skewness	
Range	529.22	Range	400.96
Minimum	2888.77	Minimum	768.95
Maximum	3417.99	Maximum	1169.91
Sum	6306.76	Sum	1938.86
Count	2	Count	2

<i>Total operating income</i>		<i>Total operating expenses</i>	
Mean	4122.81	Mean	1555.72
Standard Error	465.09	Standard Error	92.07
Median	4122.81	Median	1555.72
Mode		Mode	
Standard Deviation	657.7365857	Standard Deviation	130.2066427
Sample Variance	432617.4162	Sample Variance	16953.7698
Kurtosis		Kurtosis	
Skewness		Skewness	
Range	930.18	Range	184.14
Minimum	3657.72	Minimum	1463.65
Maximum	4587.9	Maximum	1647.79
Sum	8245.62	Sum	3111.44
Count	2	Count	2

<i>Profit before provisions</i>		<i>Provision for loans/ investments *</i>	
Mean	2567.09	Mean	159.58
Standard Error	373.02	Standard Error	152.03
Median	2567.09	Median	159.58
Mode		Mode	
Standard Deviation	527.529943	Standard Deviation	215.0029
Sample Variance	278287.8408	Sample Variance	46226.24
Kurtosis		Kurtosis	
Skewness		Skewness	
Range	746.04	Range	304.06
Minimum	2194.07	Minimum	7.55
Maximum	2940.11	Maximum	311.61
Sum	5134.18	Sum	319.16
Count	2	Count	2

<i>Profit before taxes</i>		<i>Provision for taxes</i>		<i>Net profit after taxation</i>	
Mean	2407.515	Mean	1055.15	Mean	1352.365
Standard Error	220.985	Standard Error	114.13	Standard Error	106.855
Median	2407.515	Median	1055.15	Median	1352.365
Mode		Mode		Mode	
Standard Deviation	312.52	Standard Deviation	161.4041939	Standard Deviation	151.1158
Sample Variance	97668.74	Sample Variance	26051.3138	Sample Variance	22835.98
Kurtosis		Kurtosis		Kurtosis	
Skewness		Skewness		Skewness	
Range	441.97	Range	228.26	Range	213.71
Minimum	2186.53	Minimum	941.02	Minimum	1245.51
Maximum	2628.5	Maximum	1169.28	Maximum	1459.22
Sum	4815.03	Sum	2110.3	Sum	2704.73
Count	2	Count	2	Count	2

Figure 10: Descriptive Statistical Analysis of IDLC

5.3 Ratio Analysis for IDLC:

Gross and Net Profit Margin:

The gross profit margin measures the percentage of each sales amount remaining after the firm has paid for its goods. The net profit margin measures the percentage of each sales remaining after all costs and expenses including interest and taxes deducted. The higher firms’ net profit margins the better.

Here we see that in 2014 gross profit margin was 39% and 2015 gross profit margin was almost 40%. So we found that compare to 2014 in 2015 gross profit increases because of the firm has slightly generated higher revenue in contrast to the previous year. On the other hand, they expand their business. The net profit before tax was also higher in 2015 compare to 2014.

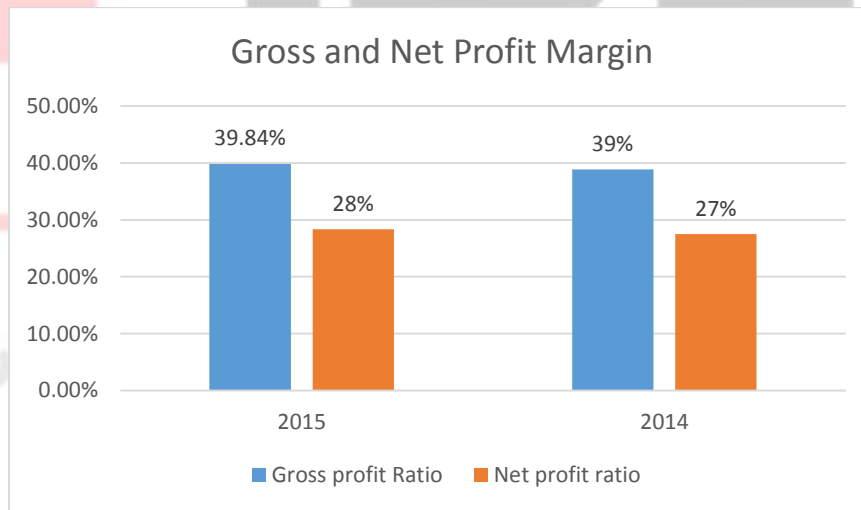


Figure 11: Gross and Net Profit Margin

Return on Total Assets and Equity:

It measures the overall effectiveness of management to generate profit with its assets. Here in 2014 return on total assets was 2% and 2010 return on total asset was still the same at about 2% so they were able to maintain consistency on how much they are generating income on the total assets which is a good sign for the institution.

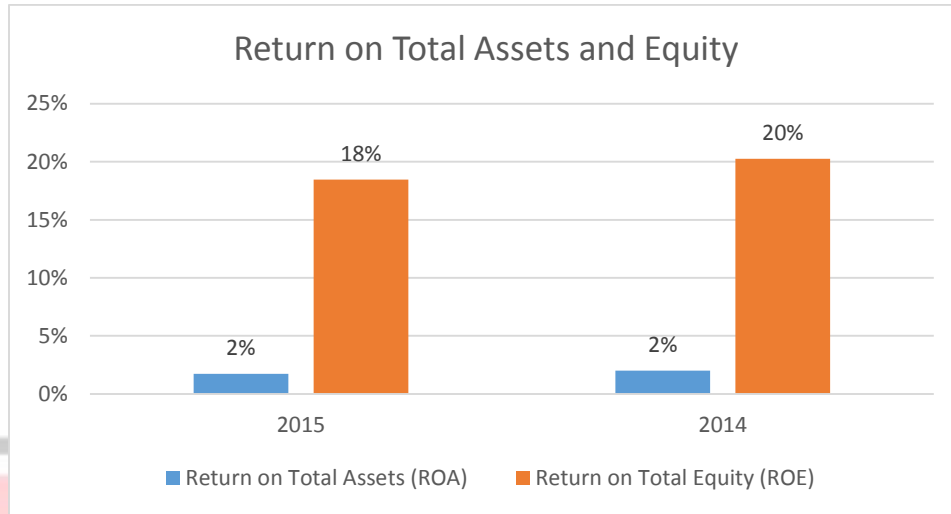


Figure 12: ROA and ROE

Earnings Per Share:

It measures the overall earnings according to per share. It could measure the per share earnings. Here we can see that in 2014 earnings per share (EPS) of IDLC was 4.59 Taka per share where as in 2015 it increased to only 4.95 taka per share. That means from 2014 to 2015 EPS increases by a meagre 7.8%. It is a somewhat good symbol for the company.

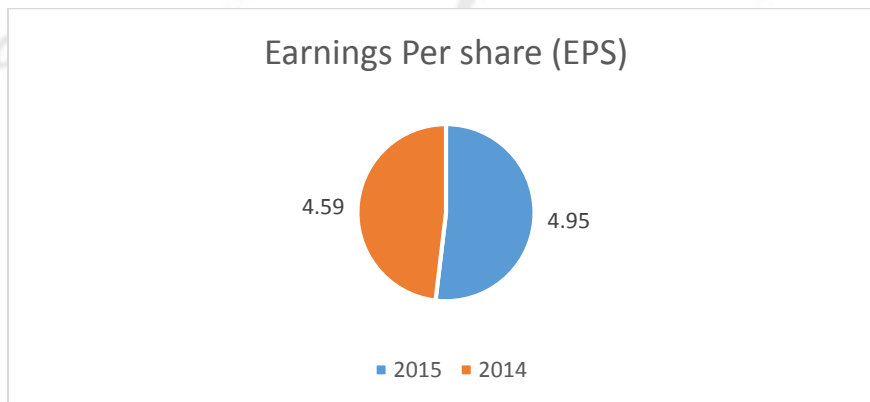


Figure 13: Earning Per Share margin

5.4 Comparison Between IDLC and rival NBFi Lanka Bangla:

As we know IDLC finance limited is renowned as the pioneer of Non-Banking financial institution of Bangladesh. Following their path many other prominent financial institutions came to be feeling the need for having a separate institution for conducting financial analysis, securities and investments. Thus Lanka Bangla Finance limited has also become one of the top most NBFIs in the country and as a result it is inevitable that comparisons can be done between two of the leading financial institutions of the country. As such the following chart shows the principal comparisons and who is currently leading in terms of financial performance and growth.

Particulars	IDLC	Lanka Bangla
Investor		
Last Audited P/ E Ratio (x)	9.62	18.86
Last Audited P/B Ratio (x)	2.15	1.47
Growth		
Annual Operating Profit Growth	44.53%	16.29%
Net Interest Income Growth	39.00%	14.99%
Investment Income Growth	-9.56%	119.51%
Commission Income Growth	23.92%	-16.98%
Operating Income Growth	32.41%	21.99%
Earnings Growth	86.05%	-7.28%
Assets Growth	16.85%	28.93%
Equity Growth	21.73%	-9.86%
Deposits Growth	21.23%	80.46%
Loans Growth	14.97%	37.58%
Liquidity & Leverage		
Loans/Total Deposits	1.29	1.39
Liquid Assets to Total Deposits	0.22	0.06
Cash Flow & Capital Adequacy		
Profitability & Investment Return		
Operating Profit Margin	59.98%	36.08%
Net Profit Margin	34.05%	16.69%
ROA	2.28%	0.94%
ROE	20.95%	6.37%
Expense Ratio	-61.13%	-77.60%

Asset Management & Asset Quality		
Non-Performing Loan (BDT)	0	0
NPL Ratio	0	0
Efficiency & Productivity & Capital Strength		
Expense Ratio	0.61	-0.78
Investment Income to Investment Assets	0.0183	0.0998
Interest Yield	0.14	0.11
Net Spread	0.14	0.11

Figure 14: Comparison between IDLC and Lanka Bangla

As we can see, except for the Investment Income, Assets, Deposits, Loans Growth and the Loan/Total Deposits ratio almost all of the other ratios show that IDLC is currently leading in terms of financial performance and growth. A proper look at the ratio analysis also shows that the ROA and ROE of IDLC is substantially than that of Lanka Bangla which further proves the aforementioned claim.



Products of Consumer Division

financing happiness

As previously mentioned, the Consumer Division of IDLC mainly has 4 types of product which encompasses loan plan for each target client with their distinct needs. The products of the CD are given below:

- * Home loan
- * Car loan
- * Personal loan
- * Deposit LAD (Loan Against Deposit)

6.1 Home loan:

Under this category there are different types of home loans such as Construction loan, Land loan, Apartment loan, Commercial Space loan and Home Equity loans. Each of them is constituted with specific features to fulfill the diversified needs of the clients.

Its total size varies between 80-85% of total Consumer Division loan portfolio.



Figure 15: Home Loan Ad

Key Benefits:

- ❑ Equal treatment of all applications, irrespective of any profession
- ❑ Dedicative and supportive service both before and after the loan disbursement
- ❑ Independence in choosing Fixed or Variable interest rate
- ❑ Sanction of the loan within the least possible time
- ❑ Early pre-payment option, either in part or full, with convenient conditions
- ❑ Income Tax rebate on annual interest payment on loan up to 20 Lacs
- ❑ Option of availing Municipality Holding Tax rebate
- ❑ Competitive interest rate and lower fees

Availability of Home Loan:

- ❑ For purchase of apartment/house/commercial space/approved housing plots
- ❑ For construction of residential/commercial buildings
- ❑ For renovation or extension of residential complex
- ❑ As Home Equity Loan against mortgage of property.

One is eligible for the company's Home Loan facility for the following cases:

- ❑ Applicant of 25 years or above age, but not more than 60 years, except professional
- ❑ Applicant has earning on a regular basis from a sustainable source of employment or business

Factoring Affecting Home Loan:

The amount of Home Loan depends upon the repayment capability of an applicant. For this, a number of factors are taken into consideration. They are as follows:



- Monthly net disposable income of the applicant
- Age and academic qualification of the applicant
- Value of the static property
- Number of family members and dependents
- Monthly expense and other fixed obligations
- Nature of job/business
- Savings habits

Residential Purpose: 70% of the purchase price, including registration cost, or 80% of the construction cost can be offered as Home Loan

Commercial Purpose: 50% of the purchase price, including registration cost can be offered as Home Loan.

Loan Term: Residential Purpose

Category	Max	Maximum
Professional	20	65 years
Businessman	15	60 years
Non Resident	10	60 years
Service Holders	20	60 years

Commercial Purpose: Maximum 7 years for any profession.

Payment Mode:

The entire facility has to be repaid through Equal Monthly Installments (EMI).

6.2 Car Loan:

In this time of rush hour and round- the-clock routine, owning a car has become one of the basic necessities of urban life. It not only ensures personal control but also gives mobility. Thus it improves the quality of one’s life. Because of the flexible terms and conditions of IDLC Car Loan owning a car is no longer a luxury.

Its total size varies between 12-15% of total Consumer Division loan portfolio.

Scope:

IDLC Car Loan is offered to purchase brand new and/or reconditioned vehicles.

Loan Tenure:

The maximum loan tenure is 5 years.



Figure 16: Car Loan Ad

Repayment:

The loan repayment mode for IDLC Car Loan is Equal Monthly Installments (EMI).

Benefits:

- ❑ Maximum possible loan amount
- ❑ Competitive Interest Rates
- ❑ Special discount on vehicle price offered by renowned dealers, under special arrangement with IDLC
- ❑ Partial or full payment options
- ❑ No Personal Guarantee required
- ❑ No hidden charges or fess

Eligibility to avail Car Loan

❑ Following are the eligible segments for availing IDLC Car Loan:

- ❑ Service-holders
- ❑ Professionals
- ❑ Self-employed Persons
- ❑ Business Persons

❑ **Age of the Borrower(s):**

The age of the borrowers can be between 22 years to 60 years. However, the loan must be repaid on or before the age of 60.

❑ **Minimum Monthly Income:**

❑ Service-holders/Professionals: Taka 40,000 (including income of co-applicant, in case of joint application)

❑ Landlord: Taka 50,000

❑ Business Persons:

○ Small and Medium Segment: Taka 50,000

- Corporate Segment: Taka 75,000
- NRB Borrowers:
 - Service-holders: Taka 75,000
 - Business Persons: Taka 100,000
- Minimum Work/Business Experience:
 - Service-holders and Professionals: Minimum 2 years, and at least 6 months with the current employer
 - Business Persons: Minimum 3 years (Corporate Segment) and minimum 5 years (Small and Medium Segment)

6.3 Personal Loan:

Because of the IDLC Personal Loan, people do not have to depend solely on their personal savings to accumulate. Sometimes it becomes hard to meet the ever changing needs with just personal savings. IDLC Finance Ltd. offers Personal Loan to achieve one's aspirations that is suitable for him/her.



Figure 17: Personal Loan Ad

The Consumer Division usually offers this service to its existing customers. The total size of IDLC Personal Loan varies between 2-3% of total Consumer Division loan portfolio.

Benefits:

- ❑ Faster loan approval
- ❑ Competitive interest rates
- ❑ Lowest possible charges
- ❑ Dedicates and supportive service
- ❑ Easily settlement option

Purpose:

- ❑ Purchase of consumer durables
- ❑ Meeting financial liabilities
- ❑ Marriage
- ❑ Education
- ❑ Domestic or foreign travel
- ❑ Medical treatment for self/family members
- ❑ Other needs

Types of Loan:

Two types of loan is offered under the Personal Loan facility – Secured Personal Loan and Unsecured Personal Loan.

- ❑ **Secured Personal Loan:** It is backed by financial or physical asset. They can be:

- Cash security. Can be deposit with IDLC or lien on FDR.
- Assignment of salary.
- Assignment of retirement benefits.
- Any immovable property in Dhaka, Savar, Gazipur, Chittagong, Bogra, Sylhet and Comilla.

- ❑ **Unsecured Personal Loan:** It is not backed by any security or guarantee under specific

conditions of IDLC.

Loan Amount:

As per clients’ requirement the amount of loan ranges from Taka 50,000 to Taka 10, 00,000.

Loan Tenure:

The facility is extended by IDLC from a minimum of 1 year to a maximum of 5 years.

Repayment:

The facility of IDLC Personal Loan can be repaid in the form of Equal Monthly Installments (EMI).

Interest Rates and Fees:

A competitive interest rate is charged by the company against its Personal Loan facility. The two important factors that come into play in setting individual rates are: financial status of the customer and amount of loan.

Prepayment:

The Personal Loan clients of the company get the opportunity of early prepayments subject to condition of payment of minimum charges.

6.4 Deposits

Nowadays deposit or reserve is very much important issue for the national economy of any country. In the recent time we will find that we have enough foreign currency reserve, as a result the borrowing and lending rate is reduced substantially. This is very positive sign of our national economy. It is mentionable that during the very turmoil economic situation of the world, our economy was stable. It was possible due to the advanced alertness of our economists and the deposit habit of our people. Per capita income as well as living expense of our people is less than the people of rice countries. But the most important thing is that people of our country is tried to save from the less income. All products of IDLC cause a very positive impact. Now we shall discuss about various products of **Deposit**.

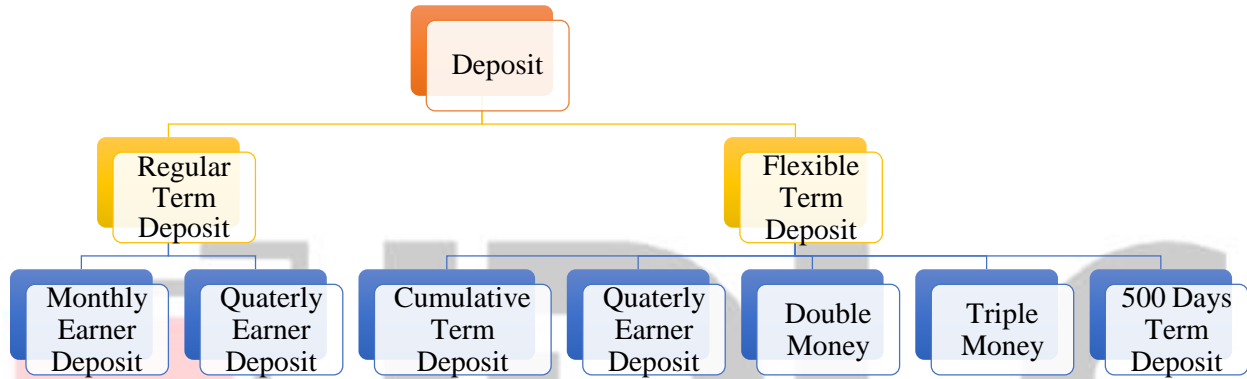


Figure 18: Deposit Types

Cumulative Term Deposit:

Deposit amount will mature to a lump sum amount on completion of the term. Under this scheme, interest will be accumulated and thereby will help to meet substantial future requirements.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Annual Earner Deposit:

Under this scheme client will receive interest every year of his deposit. This annual distribution of his interest will help him to maintain a regular income flow while keeping the deposit amount intact.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Monthly Earner Deposit:

Client will receive a fixed monthly return against his deposit. This is an ideal scheme for senior citizens who wish to keep a hold of their retirement funds and at the same time want to earn interest to meet recurring expenses.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Quarterly Earner Deposit:

Client will receive a fixed quarterly return against his deposit. This is an ideal scheme for senior citizens who wish to keep a hold off their retirement funds and at the same time want to earn interest to meet recurring expenses.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Double Money Deposit:

Under this scheme deposit amount will be double on completion of the term, helping client to meet his substantial future requirement.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Triple Money Deposit:

Under this scheme deposit amount will be triple on completion of the term, helping client to meet his substantial future requirement.

Feature of the deposit:

- *Minimum Amount: BDT 10,000.
- *Minimum Term: 12 Months
- *Interest Rate according to offer during the period.

Millionaire Scheme:

Under this scheme client will be able to deposit on monthly basis and on completion of the term, he will get a substantial amount of return with interest. (BDT 1, 000,000/-)

Feature of the deposit:

- *Minimum Initial amount: nil or BDT 50,000/- or any amount multiple of BDT 50,000/-.
- *Minimum Term: 36 months.
- *Interest Rate according to offer during the period.

Account Opening Procedures:

The procedure starts with dropping the application form along with the cheque and necessary documents to nearest IDLC branch office. The account will be opened as soon the cheque is cleared, and the account certificate will be available within the following day.

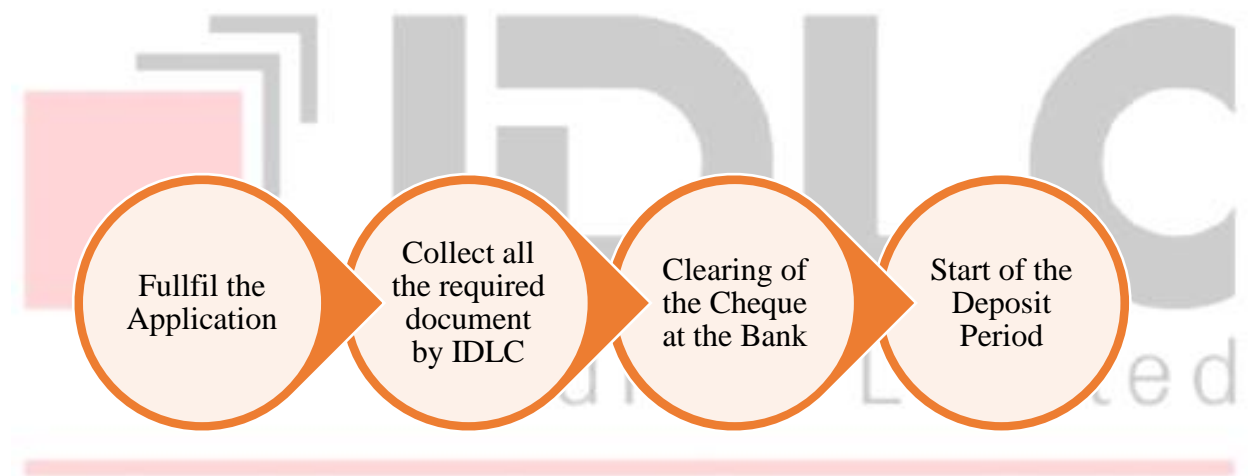


Figure 19: Account opening procedures

Required Documents:

These are the required documents for opening a new Deposit Account at IDLC Finance Limited-

- IDLC Deposit Account Opening Form- dully filled in and signed
- A cheque or pay order in favor of IDLC Finance Limited
- Copy of passport or national ID of the applicant (same required for second applicant in case of joint deposit)
- One recent color photograph of the applicant
- One recent color photograph of nominee, attested by applicant.
- Document related to source of fund.

Deposit Rates:

Flexible Term Deposit Package

IDLC Regular Term Deposits		
Term	Interest Rate	
	Below BDT 5.0 crore	BDT 5.0 crore & above
3 months	11.50%	
4, 5 months	11.75%	
6 to 12 months	12.00%	
13 months	12.00%	
14 months	12.25%	
15 months	12.25%	
2 Years	12.50%	
3, 4 & 5 Years	12.50%	
IDLC 500 Days Term Deposit		
Term	Interest Rate	
	Below BDT 5.0 crore	BDT 5.0 crore & above
500 Days	12.25%	12.25%
IDLC Double Money Deposit		
Term		
5 Years 11 Months		
IDLC Triple Money Deposit		
Term		
9 years 10 months		

Regular Earner Package

IDLC Monthly Earner Deposit		
Term	Individual	Institution
	Interest Amount per Month / Lac	Interest Amount per Month / Lac
1 Year	BDT 950.00	BDT 950.00
2 Years	BDT 950.00	BDT 950.00
3, 4 & 5 Years	BDT 950.00	BDT 950.00

IDLC Quarterly Earner Deposit		
Term	Individual	Institution
	Interest Amount per Quarter / Lac	Interest Amount per Quarter / Lac
1 Year	BDT 2,880.00	BDT 2,880.00
2 Years	BDT 2,880.00	BDT 2,880.00
3, 4 & 5 Years	BDT 2,880.00	BDT 2,880.00

*** Rates Effective from January 07, 2015**

Interest rates are subject to change at any time without notice. Excise Duty and Advance income tax are applicable as per government laws. These rates are not applicable for banks & other financial institutes.

Social Contribution of Deposit:

Social contribution of deposit is knows no bound. Deposit can make man self-reliance. Who has enough deposit, he has sufficient strength. At any rough and tough situation enough deposit can show the right direction. We generally see the family which is financially solvent; is asset for the society. Member of the family has to take the responsibility of other peoples of the community.

Economic Contribution of Deposit:

IDLC deposit scheme is the regular earning source for many families. Monthly Earner Deposit and Quarterly Earner Deposit are regular earning source especially for senior citizens which reduce the pressure on our national economy. Millionaire Scheme provides enough money for any business decision which is directly contribution on the national economy. Moreover IDLC provides enough AIT each year to the national exchequer.

During last fiscal year (July'12 to June'13) there were 7000 clients deposited BDT 12,500,000,000/- in IDLC Finance Ltd. So it is very much easy to understand that what contribution PFD has on the economy.

Findings:

Deposit Scheme of IDLC Finance Limited has strong social and economic contribution.



My Job Responsibilities and The File Index Project

7.1 Internship Experience:

I have completed my internship from IDLC Finance Limited & I am quite privileged to say that I have worked in Dhanmondi Branch. I have gathered lot of practical knowledge about consumer market of Bangladesh, the activities of NBFIs Institutes & their different working procedure step by step. This knowledge will be very beneficial in future life. I have tried my best to know about personal financing also tried to give the best as an intern in IDLC Dhanmondi Branch

In Bangladesh perspective, IDLC mainly performs issue management, underwriting, Portfolio management and corporate advising. As I was in Dhanmondi Branch I had to work under the Credit & Operations Department. I worked with customer management. In this process starting from opening an account, providing daily portfolio to the clients during trading hours or when they needed, providing different suggestions regarding investment etc.

Besides portfolio managements I also had to work with the internal audit team on home loans files, number of the clients of the branch, order book management etc. By working here, I also gathered some knowledge about how an accounts department of any organization operates. Because every day after the trading hour, I had to inform accounts department about the withdrawal request or any deposit of any account holder. Moreover, I was the main coordinator of the file index project. Besides I helped other interns from the marketing department in making presentations for showcasing to our branch manager for future use in proposals to clients.

My Job Description:

My working hours normally started at 10 am in the morning as other office starts and ends at 6 pm. As intern my daily jobs were-

- ❑ Archiving the data contained within each of the four types of loan documents

- ❑ Maintaining a list of the approved documents and keeping it in coherent with the files.

- Maintaining DISR (Daily Inventory System Report).
- Aiding the internal audit team in locating the SRO receipts and make sure that they are placed according to their location while also making a spreadsheet.
- Filling up the client CIB (Credit Administration Bureau) form.
- Conducting check print based on the EMI (Equated Monthly Installment) and the Residual cheques.
- If any documents were missing, then I had to call and inform about the document to the customer & collect the pending documents for the deposit file.
- Aiding other interns from the marketing team in preparation of presentation slides for business proposals to new clients.
- Coordinating the File index project

Performing DISR:

During my internship I had to prepare and maintain DISR (Daily Inventory System Report) on a weekly basis. This is a report that reflects the status and number of files for each credit analyst of the department. The status of the files can be Pending (P), Under Process (UP), in CEC (Credit Evaluation Committee) Proposal, and Rejected (R). This also shows how many of the clients were service holder, businessman and landlord for each Credit Analyst. Another aspect of this sophisticated report is that it shows total number of files sanctioned and rejected and number of Personal Loan, Home Loan and Car Loan files by both NS and BS channel. In each and every case the loan amounts and their total figures are also reflected in the report.

Microsoft Excel - New Pipeline 2015 July																													
Branch wise File Status																													
Branch	Channel	HL					CL					PL					Combo					Total UP & P	Total CEC	Total Sanction	Total Reject	Grand Total	BS Total	NS Total	
		UP & P	CEC	Sanction	Reject	Total	UP & P	CEC	Sanction	Reject	Total	UP & P	CEC	Sanction	Reject	Total	UP & P	CEC	Sanction	Reject	Total	No.	No.	No.	No.	No.	No.	No.	
Dilkusha Cluster	Dilkusha	NS	10	0	0	4	14	10	2	1	2	15	4	1	0	4	9	0	0	0	0	0	24	3	1	10	38	25	38
		BS	16	0	0	1	17	3	0	1	2	6	1	0	0	1	2	0	0	0	0	0	20	0	1	4	25		
	Dhanmondi	NS	11	0	0	2	13	0	0	0	0	0	0	0	0	0	0					11	0	0	2	13	7	13	
		BS	6	0	1	0	7	0	0	0	0	0	0	0	0	0	0					6	0	1	0	7			
	Narayangon	NS	6	0	0	2	8	0	0	0	0	0	2	0	0	0	2					8	0	0	2	10		10	
	Narshindhi	NS	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0					1	0	0	0	1		1	
	Chittagong	NS	5	0	0	3	8	1	0	0	1	2	0	0	0	0	0					6	0	0	4	10		10	
	Khulna	NS	2	0	1	0	3	3	0	0	0	3	0	0	0	0	0					5	0	1	0	6	6	6	
		BS	3	0	0	2	5	1	0	0	0	1	0	0	0	0	0					4	0	0	2	6			
	Jessore	NS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0	0		0	
Rajshahi	NS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0	0		0		
Gulshan Cluster	Gulshan	NS	10	0	0	0	10	6	1	0	0	7	0	0	0	0	0	0	0	0	0	16	1	0	0	17	13	17	
		BS	12	0	0	0	12	0	1	0	0	1	0	0	0	0	0	0	0	0	0	12	1	0	0	13			
	Uttara	NS	6	0	0	1	7	0	0	0	0	0	1	0	0	0	1					7	0	0	1	8	8	8	
		BS	7	1	0	0	8	0	0	0	0	0	0	0	0	0	0					7	1	0	0	8			
	Mirpur	NS	7	1	0	0	8	0	0	0	0	0	0	0	0	0	0					7	1	0	0	8	11	8	
		BS	9	0	0	0	9	1	0	0	0	1	1	0	0	0	1					11	0	0	0	11			
	Savar	NS	4	0	0	0	4	0	0	0	0	0	0	0	0	0	0					4	0	0	0	4	0	4	
		BS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0	0		0	
	Sylhet	BS	7	0	0	0	7	0	0	0	0	0	1	0	0	0	1					8	0	0	0	8	8		
	Bogra	NS	1	0	0	0	1	0	0	0	0	0	0	0	1	0	1					1	0	1	0	2		2	
Rangpur	NS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					0	0	0	0	0		0		
Comilla	NS	8	0	0	0	8	1	0	0	0	1	0	0	0	0	0					9	0	0	0	9		9		
Total			131	2	2	15	150	26	4	2	5	37	10	1	1	5	17	0	0	0	0	167	7	5	25	204	78	126	

Figure 20: DISR Table

Maintaining the Registrar Book:

As an intern I had to maintain a Register Book of the department. All the sanctioned, rejected and backed files were sent to their respective sales channel. Sometimes the RMs used to take the sanctioned files from the department. In a few cases I had to send some files to credit analysts if s/he sits in another branch instead of Dilkusha Branch. In every case I used to make entries of the files for internal record keeping.

Working with the Sales Team:

During my internship, once I got the precious opportunity to work with the Sales Team of the company. I prepared a list of potential clients who can be approached for loan applications. In addition to that, I assisted the RMs in preparing, filing and documenting the loan applications.

Preparing Presentation Slides:

I performed the task of preparing presentation slides during my internship period. The slides were prepared focusing monthly performance of all Credit Analysts of the department.

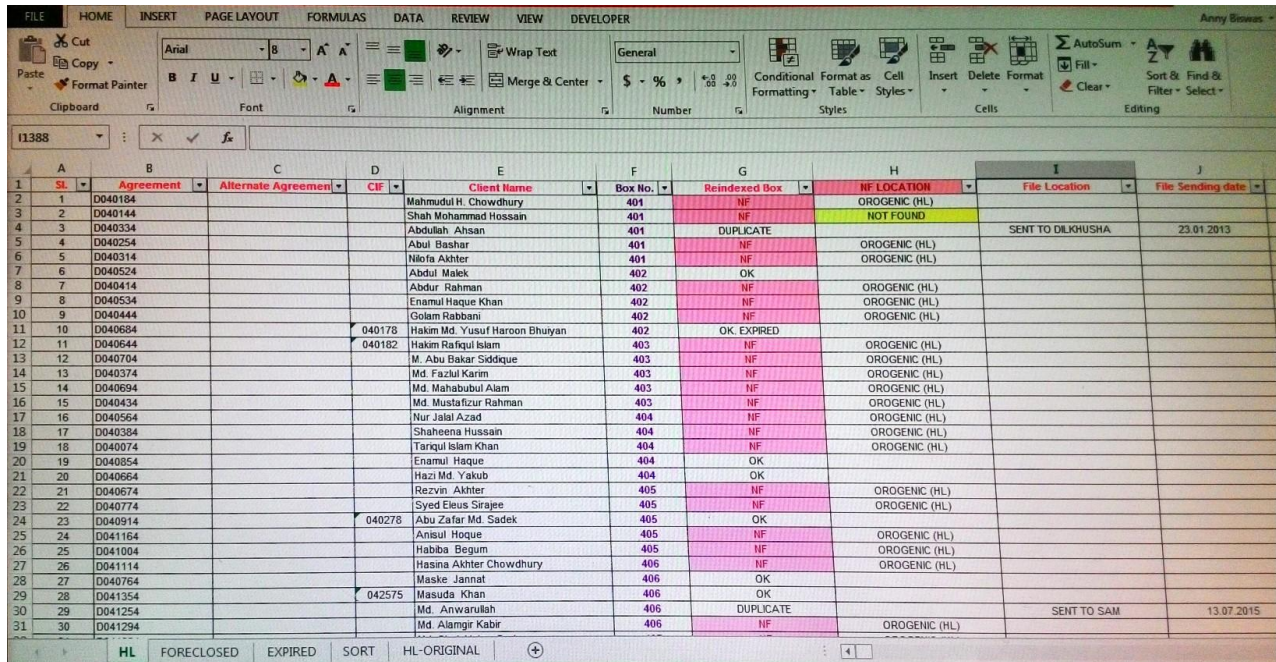
Making Entries in FLEXCUBE:

FLEXCUBE is an Oracle Financial Services Software which is used to authorize CAD for disbursement of loan to the loan applicants by the Credit Analysts of my department. When the Credit Analysts were in too much work pressure I used to make entries in FLEXCUBE on behalf of them.

7.2 The File Index project:

The prime reason for my recruitment as an intern in IDLC finance limited. As per their needs they needed to have a complete index of all the loans files which are kept in documents in their storage which is also called Vault. The expected results from the completion of this projects were that they can quickly find out which files are misplaced and reduce the hassle of looking through the files in the Vault, the number of files in each of the four loan types were big as it is and collectively they were more than 1500-2000 so this project enabled to quickly locate any of the files from the required folder without much hassle, the project also helped in properly labelling the files as per the loan types and a definite serial number which was maintained across all the branches.

The File Index Project was mainly done in two mediums, the first one included indexing all the Home loans, Personal loans and Car Loan files and the second one included indexing the Deposit files.



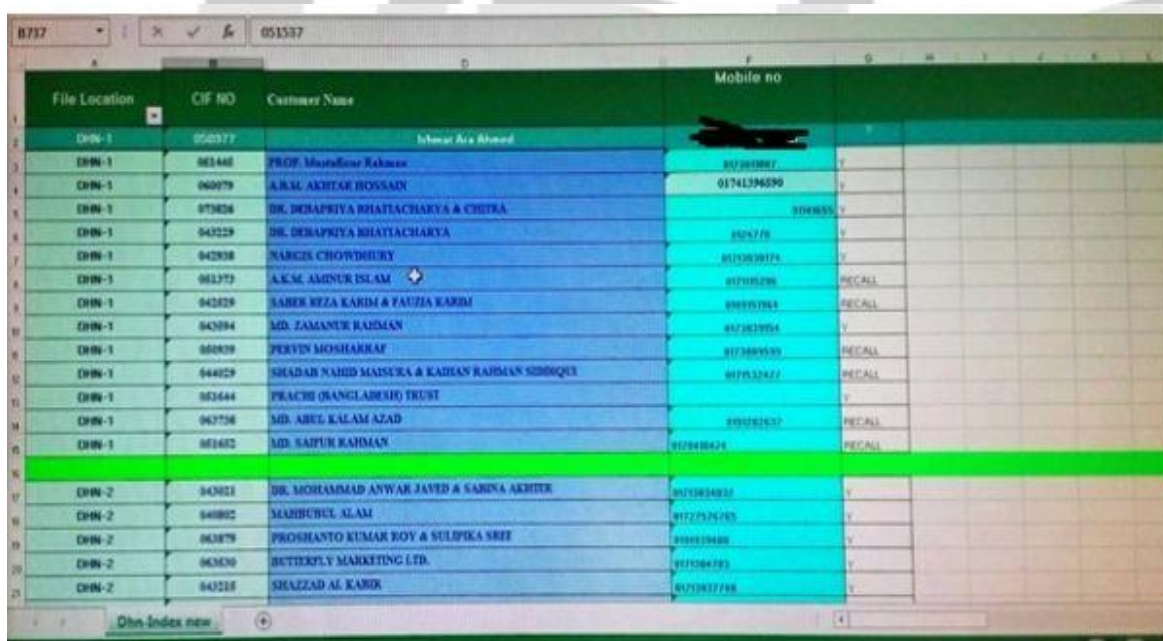
SL	Agreement	Alternate Agreement	CIF	Client Name	Box No.	Reindexed Box	NF LOCATION	File Location	File Sending date
1	D040184			Mahmudul H. Chowdhury	401	NF	OROGENIC (HL)		
2	D040144			Shah Mohammad Hossain	401	NF	OROGENIC (HL)		
3	D040334			Abdullah. Ahsan	401	DUPLICATE	NOT FOUND	SENT TO DILKHUSHA	23.01.2013
4	D040254			Abul Bashar	401	NF	OROGENIC (HL)		
5	D040314			Nilofa Akhter	401	NF	OROGENIC (HL)		
6	D040524			Abdul Malek	402	OK			
7	D040414			Abdur Rahman	402	NF	OROGENIC (HL)		
8	D040534			Enamul Haque Khan	402	NF	OROGENIC (HL)		
9	D040444			Golam Rabbani	402	NF	OROGENIC (HL)		
10	D040684		040178	Hakim Md. Yusuf Haroon Bhuiyan	402	OK, EXPIRED			
11	D040644		040182	Hakim Rafiqul Islam	403	NF	OROGENIC (HL)		
12	D040704			M. Abu Bakar Siddique	403	NF	OROGENIC (HL)		
13	D040374			Md. Fazul Karim	403	NF	OROGENIC (HL)		
14	D040694			Md. Mahabubul Alam	403	NF	OROGENIC (HL)		
15	D040434			Md. Mustafizur Rahman	403	NF	OROGENIC (HL)		
16	D040564			Nur Jalal Azad	404	NF	OROGENIC (HL)		
17	D040384			Shaheena Hussain	404	NF	OROGENIC (HL)		
18	D040074			Tariqul Islam Khan	404	NF	OROGENIC (HL)		
19	D040854			Enamul Haque	404	OK			
20	D040664			Hazi Md. Yakub	404	OK			
21	D040674			Razvin Akhter	405	NF	OROGENIC (HL)		
22	D040774			Syed Etlus Siraje	405	NF	OROGENIC (HL)		
23	D040914		040278	Abu Zafar Md. Sadek	405	OK			
24	D041164			Anisul Hoque	405	NF	OROGENIC (HL)		
25	D041004			Habba Begum	405	NF	OROGENIC (HL)		
26	D041114			Hasina Akhter Chowdhury	406	NF	OROGENIC (HL)		
27	D040764			Maske Jannat	406	OK			
28	D041354		042575	Masuda Khan	406	OK			
29	D041254			Md. Anwarullah	406	DUPLICATE		SENT TO SAM	13.07.2015
30	D041294			Md. Alamgir Kabir	406	NF	OROGENIC (HL)		

Figure 21: A Glimpse of the Home Loan File Index

Indexing of the HL, PL & CL files:

For indexing the three type of loan files, at first I had to follow some steps. Firstly, I had to spend a considerable amount of time in the Vault and manually go through all the files and to see if they contain all the necessary documents as missing any of the documents can be catastrophic since these files will have to be handed over to the clients after they have become foreclosed, or in other terms when the firm and client has come to an end of the contract tenure for the loan then the documents kept on the client become foreclosed and a letter of foreclosure is prepared which the client or his representative or his new financial institution (in case of takeover) has to sign along with the checklist to take his necessary documents. Secondly, I had to go through whether any files were before the start of the project and ask around the office if they are currently using it. Once I have the hard data, I prepare an Excel spreadsheet put each of the clients' name their Agreement number and the Box number where each of the files are located. Thirdly, there was occurrence of various files being not found, so during my initial search I marked the files which were not found and to check whether the files were located in the central

inventory which is also called Orogenic, which holds the record for all the files in all the consumer division, I used Vlookup to match any of the Not found files with the ones in the Orogenic which downsized the number of files to a bare minimum. I also recorded if any files were on movement like some files were transferred to Gulshan, Dilkusha and Khulna. I also made sure with the help of various excel tools to show signs and commands if any file gets misplaced in the future. Finally, then I hyperlinked the file in my supervisor’s PC were he gave me the authority to segment each of the files according to the boxes updated now and label them. The files which were foreclosed and handed over were sent to Recall to keep space in the Vault.



File Location	CIF NO	Customer Name	Mobile no
DHN-1	050377	Ishwar A/s Ahmad	[REDACTED]
DHN-1	061446	PROF. Mustafa/Ra Khatun	027301887
DHN-1	060979	A.B.M. AKHTAR HOSSAIN	01741394090
DHN-1	073026	DR. DERAPRIYA BHATTACHARYA & CHITRA	0194835
DHN-1	043229	DR. DERAPRIYA BHATTACHARYA	0506776
DHN-1	042838	NARGIS CHOWDHURY	0133038123
DHN-1	061372	A.K.M. AMINUR ISLAM	027105286
DHN-1	043029	SABER REZA KARIM & FAUZIA KARIM	030357953
DHN-1	043094	MD. ZAMAMUR RAHMAN	027027954
DHN-1	060839	PERVIN MOHAMMAD	0173089530
DHN-1	044029	SHADAB NAHID MAISERA & KADIAN RAHMAN SIDDIQUI	0179327477
DHN-1	061644	PRACHI (BANGLADESH) TRUST	
DHN-1	043756	MR. ABUL KALAM AZAD	030381637
DHN-1	061602	MR. SAIFUR RAHMAN	017940424
DHN-2	043021	DR. MOHAMMAD ANWAR JAVED & SARINA AKHTER	0273085405
DHN-2	040802	MARBUCEL ALAM	01727579703
DHN-2	063879	PROSHANTO KUMAR ROY & SULPIKA SREE	030325486
DHN-2	063650	BUTTERFLY MARKETING LTD.	017304782
DHN-2	043216	SHAZZAD AL KARIM	0273087758

Figure 22: A Glimpse of Deposits File Index

Indexing of the Deposit files:

Similar to the indexing of the previous three type of loan files the deposit files were also indexed. The differences between the two were that the Deposit files were about only 150 folders with a considerably lesser amount of documents and files. Thus it had always been properly maintained. But some of the things that I needed to monitor was that whether any of the files were send to Recall (offers digital and physical document information management for financial institutions) or each of the clients did have their ETIN or Electronic Tax Identification Number,

since as of the end of 2014 all clients applying for Loan against Deposits must have their valid ETIN registration papers. After properly monitoring these, I then recorded them in the excel spreadsheet with the client name, the file box number and their contact number. Then I marked them Y/N/Recall where “Y” means Yes and “N” means No. Finally, I segmented the index as per the box number and labelled them correctly in the folders in the Vault.

Importance of the file index project in the Consumer division:

As this project was really new in terms of use in Consumer division, so to get an idea whether the project how the other employees feel about the project I conducted a face to face interview with each of majority of 50 members of our branch in CD about whether they think the project actually helped to achieve accelerated work rate, whether there were some errors or is it technologically friendly and easily understandable by all.

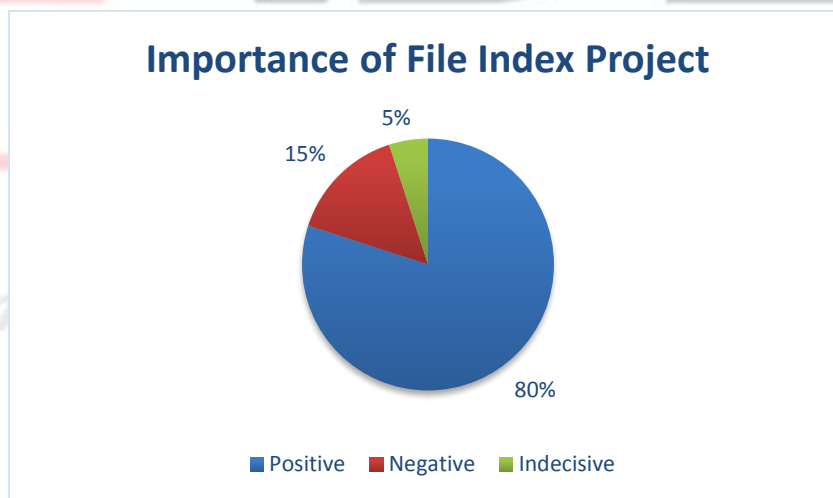


Figure 23: User/Employee Reactions to the Importance of File Index Project

So we can see out of the 50 members in our branch 80% think that the File index project was indeed positive in their work outcomes while 15% feel that the project is too hard to be maintained in the future and needs proper training in maintenance where 5% are still indecisive about future outcome



Findings & Recommendation for Consumer Division of IDLC

Findings & Recommendations for Consumer Division:

In all regards IDLC Finance Limited is an excellent organization in the financial market. It's working environment, corporate governance, practice of the highest level of honesty & integrity, commitment to the client, sharp compliance to the policy has made the organization best in the industries. Though IDLC Finance is the best performer in the industries, as I was part of the organization as an intern I think still there are some scopes to improve some areas.

- IDLC Finance is a performance based organization. So it maintains an absolute democratic working environment. Here every employee is self-reliant and self-motivated. There can be very few people who can capitalize the freedom as weakness. So the authority should take care of them.
- The Consumer Division can make an arrangement of power point presentation for sales team to become worthy human resources for the organization.
- If possible the sales & marketing department can be separate from operational branches to become a strong sales & marketing department.
- Discussion room can be increased to reduce the waiting time of clients,
- There should have an expert leader for sales team except head of sales. The leader should have active role and influence over the team. He should take care who is not performing well. He should find out the problem of non-performer and should provide guideline and advice cordially to improve his performance.
- Any contractual job is some extent vulnerable. A contractual employee always seeks for a better and permanent job. As a result, he cannot give required time and attention. He will suffer from pressure and impatience. Thus if he faces any difficulty he will try to leave the job and switch to another. Ultimately he is wasting his and organization's valuable time. So if there is any scope contractual job can be abolished. If the need may arise, the firm should create new permanent post.

- ❑ There can be frequent skill development programs.
- ❑ Client service can be improved by providing more attention.
- ❑ Credit department can show immediate response for urgent files.
- ❑ As market is very competitive legal and documentation department can take initiative to reduce client’s documentation time to compliance with the policy, otherwise the file may be snatch by competitors.
- ❑ There can be some gift items like pen, key ring etc. which is not expensive but worthy to clients.
- ❑ If possible branches should be increased.
- ❑ If possible personalized service should be provided to the specific clients.
- ❑ People of our country are increasing day by day. Their demand is also increasing. In near future there may require new products or services. The management can think about it.
- ❑ Like any other corporation a cloud drive is used by the company. But sometimes it used to go out of order. This caused hampered in regular works. Therefore, the company should pay some attention in improving this system.
- ❑ In times of heavy inflow of loan applications, the inventory size of each Credit Analysts used to rise drastically. It slows the delivery of service in due time. So the department should think of increasing its size to avoid such situations.



Conclusion



Conclusion:

Being the largest NBFIs of the country IDLC Finance Limited is setting remarkable footprints in the economic development of the country. The company's business is experiencing growth in every year. Among many other factors the increasing loan applications from consumer client segment is also contributing in this growth. Highly skilled, experienced, and competent employees of the Operations and Credit Risk Management Department of Consumer Division ensure quick and proper delivery of services. Due to this the company is competing head to head with both local and multinational banks in this client segment. Simultaneously this department is very strict in complying with the rules and regulations set by Bangladesh Bank. During last fiscal year (July'12 to June'13) there were 7000 clients who deposited BDT 10,500,000,000/- in IDLC Finance Ltd, 1500 clients received BDT 2,000,000,000/- home loan from IDLC Finance Ltd, 230 clients received BDT 250,000,000/- car loan from IDLC Finance Ltd and 220 clients received BDT 200,000,000/- Personal loan from IDLC Finance Ltd. So CD has both the economic & social contribution.

Because of these factors, this department of IDLC is a very good place for a Finance, Accounting & Economics graduate to do his/her intern. One will get precious opportunity to real life issues dealt by a financial institution by doing internship here. Also this provides a very good networking opportunity. Therefore, I suggest fresh graduates to do his/her internship in this department of IDLC Finance Limited.

References:

- Annual Report of IDLC Finance Ltd in 2010-2015
- Web Site: www.idlc.com
- Web site: <http://lankabd.com/dse/stock-market/IDLC/idlc-finance-limited>
- The financial express.
- Working experience.
- Training materials of IDLC Finance.
- Discussion with the head and members of various departments.



Appendix:

Abbreviations:

IDLC	- Industrial Development and Leasing Company
CD	- Consumer Division
DSE	- Dhaka Stock Exchange
CRO	- Customer Relationship Officer
SME	- Small and Medium Enterprises
DP	- Depository participant
CDBL	- Central Depository Bangladesh Limited
IFC	- International Finance Corporation
LEIC	- Local Entrepreneur Investment Centre
EMP	- Environmental Management Plan
CSR	- Corporate Social Responsibility
LTV	- Loan to Value
CEC	- Credit Evaluation Committee
DISR	- Daily Inventory System Report
LAD	- Loan Against Deposit
CPV	- Clients' Personal Verification
CIB	- Credit Information Bureau
MEF	- Medium Enterprise Finance
CAD	- Credit Administration Department
CRM	- Credit Risk Management

Financial Statements of IDLC:

IDLC Finance Limited

Balance Sheet

as at December 31, 2015

Particulars	Note	31.12.2015	31.12.2014
		Taka	Taka
PROPERTY AND ASSETS			
Cash	3	891,769,744	728,813,992
In hand (including foreign currencies)	3.1	266,000	216,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.2	891,503,744	728,597,992
Balance with other banks and financial institutions	4	11,804,324,866	6,846,398,723
Inside Bangladesh	4(a)	11,804,324,866	6,846,398,723
Outside Bangladesh	4(b)	-	-
Money at call and short notice	5	-	-
Investments	6	2,770,947,105	2,112,315,829
Government		300,000,000	300,000,000
Others		2,470,947,105	1,812,315,829
Loans and advances	7	53,857,714,206	45,348,701,212
Loans, cash credit, overdraft etc.		53,857,714,206	45,348,701,212
Bills purchased and discounted		-	-
Fixed assets including land, building, furniture and fixtures	8(c)	502,363,356	343,557,415
Other assets	9	1,941,591,577	1,779,727,856
Non-banking assets		-	-
Total Assets		71,768,710,854	57,159,515,027
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	10,550,165,864	9,136,412,565
Deposits and other accounts	11	47,760,365,293	36,595,819,049
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		46,174,475,236	35,241,001,090
Bearer certificate of deposits		-	-
Other deposits		1,585,890,057	1,354,817,959
Other liabilities	12	6,721,632,975	5,733,463,062
Total liabilities		65,032,164,132	51,465,694,676
Capital/Shareholders' equity			
Paid-up capital	13	2,513,671,870	2,010,937,500
Share premium	14	3,750,000	3,750,000
Statutory reserves	15	1,482,722,671	1,233,958,647
General reserves	16	1,000,000,000	1,000,000,000
Dividend equalisation reserves		46,500,000	46,500,000
Retained earnings		1,689,902,181	1,398,674,204
Total equity		6,736,546,722	5,693,820,351
Total liabilities and Shareholders' equity		71,768,710,854	57,159,515,027

Particulars	Note	31.12.2015	31.12.2014
		Taka	Taka
OFF - BALANCE SHEET ITEMS			
Contingent liabilities	17.1	618,488,520	965,240,778
Acceptances and endorsements		-	-
Letters of guarantee		118,488,520	465,240,778
Irrevocable letters of credit		-	-
Bills for collection		-	-
Indemnity bond		-	-
Corporate guarantee		500,000,000	500,000,000
Other commitments	17.2	607,054,854	699,924,252
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Un-drawn note issuance and revolving underwriting facilities		-	-
Un-drawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans and leases		607,054,854	699,924,252
Total Off-Balance Sheet items including contingent liabilities		1,225,543,374	1,665,165,030
Net Assets Value (NAV) per share		26.80	22.65

The annexed notes 1 to 43 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

This is the balance sheet referred to in our separate report of even date.

Dhaka,
18 February 2016


ACNABIN
Chartered Accountants

Profit and Loss Account

for the year ended December 31, 2015

Particulars	Note	2015	2014
		Taka	Taka
Interest income	19	8,023,764,544	7,179,533,073
Interest on deposits and borrowings etc.	20	(4,827,091,642)	(4,530,353,027)
Net interest income		3,196,672,902	2,849,180,046
Investment income	21	272,881,617	53,935,424
Commission, exchange and brokerage]	22	58,053,730	86,413,793
Other operating income	23	433,242,052	356,650,721
Total operating income		3,960,850,301	3,326,179,984
Salaries and allowances	24	744,116,214	629,691,643
Rent, taxes, insurance, electricity, etc.	25	93,372,106	79,197,000
Legal expenses	26	13,536,662	7,129,630
Postage, stamp, telecommunication, etc.	27	26,929,463	26,215,029
Stationery, printing, advertisements, etc.	28	81,059,637	108,450,028
Managing Director's salary and benefits	29	11,493,667	13,060,000
Directors' fees	30	1,041,900	828,000
Auditors' fees	31	517,500	517,500
Charges on loan losses		-	-
Depreciation and repair of Company's assets	32	155,451,391	139,251,289
Other expenses	33	246,242,398	232,348,909
Total operating expenses		1,393,760,958	1,238,789,028
Profit before provisions		2,567,089,343	2,089,390,956
Provision for loans/investments	12.7(ii)		
General provision		54,798,590	41,984,250
Specific provision		233,264,352	(1,576,823)
Provision for diminution in value of investments		3,407,068	19,852,226
Other provisions		-	-
Total provision		291,570,010	60,259,653
Total profit before taxation		2,275,519,333	2,029,131,303
Provision for taxation			
Current tax	12.2	1,037,681,898	887,830,414
Deferred tax	9.5	(5,982,686)	(12,242,129)
		1,031,699,212	875,598,287
Net profit after taxation		1,243,820,121	1,153,533,016
Appropriations to:			
Statutory reserves		248,764,024	230,707,003
General reserves		-	188,750,000
Dividend etc.		-	-
		248,764,024	419,457,003
Retained surplus		995,056,097	734,076,013
Earnings Per Share (EPS)	36	4.95	4.59

The annexed notes 1 to 43 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

This is the profit & loss account referred to in our separate report of even date.

Dhaka,
18 February 2016


ACNABIN
Chartered Accountants

IDLC Finance Limited

Cash Flow Statement

for the year ended December 31, 2015

Particulars	Note	2015 Taka	2014 Taka
A) Cash flows from operating activities			
Interest received		7,051,307,900	6,619,710,738
Interest paid		(2,206,091,976)	(2,406,254,085)
Dividend received		39,909,767	27,208,743
Fees and commission received		58,053,730	66,413,793
Paid to employees and suppliers		(1,269,312,317)	(1,125,879,478)
Payment of income tax		(717,106,282)	(611,598,018)
Received from other operating activities		654,317,306	378,298,811
Cash generated from operating activities before changes in operating assets and liabilities		3,611,078,128	2,947,900,504
Increase/(decrease) in operating assets and liabilities			
Lease receivable		265,654,756	76,496,366
Long-term finance		(5,278,801,586)	(2,804,999,034)
Real estate finance		(2,383,834,215)	(3,652,126,335)
Car loan		(693,235,866)	(1,017,759,216)
Personal loan		19,086,626	23,654,351
Loan against deposit		(1,389,646)	127,887,279
Loan to subsidiaries		97,310,669	852,300,000
Short term finance		(344,010,256)	(131,782,937)
Investment in marketable securities		10,100,305	(675,095,082)
Other assets		620,799,446	447,826,154
Term and other deposits		11,164,546,244	6,308,379,965
Net drawdown of short term loan		(40,000,000)	(1,170,000,000)
Payable and accrued expenses		(2,516,948,125)	(1,667,950,103)
Inter-company payables		99,999,990	-
Deferred tax liability		(5,687,038)	(10,206,563)
Interest suspense account		181,528,850	43,607,230
		1,195,120,154	(3,249,767,925)
Net cash flow from/(used in) operating activities		4,806,198,282	(301,867,421)
B) Cash flows from investing activities			
Purchase of fixed assets		(294,404,534)	(110,118,507)
Disposal of fixed assets		23,046,548	8,280,729
Investment in non-marketable securities		(668,731,581)	(913,709,884)
Net cash used in investing activities		(940,089,567)	(1,015,547,662)
C) Cash flows from financing activities			
Drawdown of term loans		4,165,756,728	4,047,772,554
Repayment of term loans		(2,712,003,428)	(2,449,252,439)
Dividend paid		(198,980,120)	(79,570,244)
Net cash flow from financing activities		1,254,773,180	1,518,949,871
D) Net increase in cash and cash equivalents (A+ B + C)		5,120,881,895	201,534,788
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		7,575,212,715	7,373,677,927
G) Cash and cash equivalents at end of the year (D+E+F)		12,696,094,610	7,575,212,715
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currencies)	3.1	266,000	216,000
Money at call and short notice	5	-	-
Balance with Bangladesh Bank and its agent bank(s)	3.2	891,503,744	728,597,992
Balance with other banks and financial institutions	4	11,804,324,866	6,846,398,723
		12,696,094,610	7,575,212,715

IDLC Finance Limited

Statement of Changes in Equity

for the year ended December 31, 2015

Particulars	Paid-up capital	Share premium	Statutory reserves	General reserves	Dividend equalisation reserves	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance at January 1, 2015	2,010,937,500	3,750,000	1,233,958,647	1,000,000,000	46,500,000	1,398,674,204	5,693,820,351
Dividend for 2014:							
10% cash dividend	-	-	-	-	-	(201,093,750)	(201,093,750)
25% stock dividend	502,734,370	-	-	-	-	(502,734,370)	-
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	2,513,671,870	3,750,000	1,233,958,647	1,000,000,000	46,500,000	694,846,084	5,492,726,601
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-
Net profit for the year 2015	-	-	-	-	-	1,243,820,121	1,243,820,121
Appropriation to reserves	-	-	248,764,024	-	-	(248,764,024)	-
Balance at December 31, 2015	2,513,671,870	3,750,000	1,482,722,671	1,000,000,000	46,500,000	1,689,902,181	6,736,546,722

financing happiness

Questions which instigated reaction for the face to face survey:

This Questionnaire for the face to face interview is designed to answer questions about how the **File Index Project** undertaken has added to/helped the Consumer Division (CD), Dhanmondi Branch of IDLC Finance Limited.

Option A: Strongly Agree

Option B: Agree

Option C: Neutral

Option D: Disagree

1. File Index has been a vital tool in maintaining the file database
A. B. C. D.
2. Maintenance is time consuming and complex.
A. B. C. D.
3. File Index has made locating the files swift and the process is not tedious.
A. B. C. D.
4. Exact Locations of the files can be found
A. B. C. D.
5. There were some errors in the recording and maintenance of File Index.
A. B. C. D.
6. The File Index System can easily segment different retail product files of CD (Home Loan, Car Loan, Personal Loan and Deposits)
A. B. C. D.
7. In case of HL files, the ones which were foreclosed and the ones still remaining in the Branch or the live files can easily be identified through the file index database.

- A. B. C. D.
8. The File Index system is technology-friendly, accessible to all employees and easy to use
- A. B. C. D.
9. There is scope for further improvement in the File Index Project
- A. B. C. D.
10. The File Index project should be implemented in other branches for better coordination in the division.
- A. B. C. D.

