

SONARGAON UNIVERSITY



Internship Report

On

SME Loans and Financial Analysis on IDLC Finance Limited

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Program: BBA

Major: Finance

Semester: Fall 2021

Submitted To:

Department of Business

Administration

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1215

Internship Report
On
SME Loans and Financial Analysis on IDLC
Finance Limited

Prepared for:

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Major: Finance
Semester: Fall - 2021

Submitted for the partial fulfillment of the degree of Bachelor of Business Administration

Letter of Transmittal

January 8, 2022
Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Internship Report.

Dear Sir,

It is my great pleasure to submit you my internship report on “**SME Loans and Financial Analysis on IDLC Finance Limited**”. I have tried my best to explain my learning and experiences that I gathered from my internship program briefly in this report. I have collected what I believe to be most important information to make my report as specific & coherent as possible. I enjoy the challenge of preparing the report as it has provided me with an opportunity to increase my understanding about the overall banking activities. I have put my best efforts in completing the report with all information that I have collected during my stay in IDLC Finance Ltd.

Therefore, I will be highly grateful if you accept the report. Your support in this regard will be highly appreciated.

Sincerely yours,

.....
Imtiaz khan
ID: BBA1703012038
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I, Md. Shahbub Alam, Lecturer, Faculty of Business Administration, Sonargaon University (SU) hereby certify that the report work entitled as “**SME Loans and Financial Analysis on IDLC Finance Limited**”.has been prepared by imtiaz khan ID: BBA1703012038, Department of Business Administration, Sonargaon University (SU) and submitted as a requirement for the partial fulfillment for the degree of Bachelor of Business Administration with major in FINANCE. To the best of my knowledge, the above-mentioned work has been conducted by the student himself. Any option and/or suggestion made in this study are entirely that of the author of this thesis paper. The report is an original work and prepared as a partial requirement of the degree Bachelor of Business Administration.

.....

Md. Shahbub Alam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Student's Declaration

This is imtiaz khan, a student of Bachelor of Business Administration, ID: ID: BBA1703012038 from Sonargaon University (SU) would like to solemnly declaration here that this report on **SME Loans and Financial Analysis on IDLC Finance Limited** has been authentically prepared by me under supervisor of Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University.

I didn't breach any copyright act internationally. I am further declaring that I did not submit this report anywhere for awarding any degree, diploma, or certificate.

Sincerely yours,

.....
Imtiaz khan
ID: BBA1703012038
Major: Finance
Semester: Fall - 2021
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

First of all, I would like to express my deep gratitude to the almighty Allah for His infinite grace that allowed me to complete this internship work. A lot of effort and study has been involved in this internship work.

I would like to express my sincere gratitude to my supervisor Md. Shahbub Alam, Lecturer, Department of Business Administration Sonargaon University (SU). Without whom I would not be able to complete my work. I would like to thank her for kind concern, valuable time, advice and constant guideline throughout the internship period and making of the report. I would also like to thank Md. Rasel Hawlader, Lecturer of Business Administration, Sonargaon University, for his endless support as my Mentor. This report has really helped me to acquire knowledge about the overall banking activities. The knowledge will help me further in my future corporate life as well as in my higher studies. This report has also helped me to work on a theoretical perspective field.

I would like to express my foremost gratitude to IDLC finance Limited's employees and executives who helped me and gave me their valuable time, providing me with the most relevant information on the basis of which I have prepared this report. Special Thanks to **Mohammed Areful Islam**, Senior Manager & Senior Regional Credit Manager, Credit Risk Management. who helped me to assign on all the desks of the three departments in the branch. Moreover, I would like to thank all the other officers for helping and guiding me and for being nice and kind to me.

Finally, a silent stream of gratitude is for my family and friends, whose supports are always with me in the windy world.

Thanks to all from the core of my heart.

.....
Imtiaz khan
ID: BBA1703012038
Major: Finance
Semester: Fall - 2021
Department of Business Administration
Sonargaon University (SU)

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION TO THE REPORT

The contribution of the SME sector to the growth of our economy is considerable. The role of the small and medium-sized enterprise (SME) can be found in many places. It is quickly expanding. Different services are provided by state banks, commercial banks, and non-banks to assist the SME sector. As a result, IDLC Finance Ltd is a non-banking financial institution in Bangladesh. They began their company as a leasing company in 1985. They are now the largest and the market leader in this industry. IDLC is diverse in terms of services and products available. They've expanded into the consumer, small business, retail, corporate, and capital markets. IDLC has three divisions.

IDLC finance ltd Is the organization on which i conducted my internship. By doing so I learned about the various SME loans. I researched on credit risk management and SME loan facilities. I used a lot of useful knowledge that I gathered from my everyday intensive research on the company to write the report. In this research, I've mostly focused on SME loans, the differences between various loans, and a performance comparison between IDLC Finance Limited and LankaBangla Finance Limited. I prepared the report using a blend of practical and theoretical experience.

Under the SME there are mainly four types of loan:

- Small Business
- Supplier Business
- Medium Business
- Deposits.

1.2 STATEMENT OF THE REPORT

To know about the different types of loan of SME. And financial performance between IDLC and LankaBangla Finance LTD.

1.3 OBJECTIVES OF THE REPORT

The objectives can be shown as:

✓ Broad objective

To get overall idea about the loans of SME of IDLC finance. Find the differences and specifications And to know about the financial performance of IDLC Finance

✓ Specific objective

- ✓ To know about the activities of SME division.
- ✓ To know the process and policy of the department.
- ✓ To know about the process of loan sanction.
- ✓ To know about the requirements of different loans.
- ✓ To know about the loan evaluation policy.
- ✓ To know about the formalities of disbursement.
- ✓ To know about the different ratio analysis and financial performance.

1.4 METHODOLOGY OF THE STUDY

It is one of the important parts to prepare a successful report. I have used both primary and secondary data to make the report enrich and informative. By utilizing and analyzing the data I have provided the report.

✓ **Primary Data:**

I have collected the primary information directly from the company with the help of my supervisor. I talked with customers to know about the detail about the services of the IDLC finance. I also collected data from the appraisal report of different loans.

✓ **Secondary Data:**

From different sources I have collected secondary data. The sources are:

1. The website of IDLC Finance Limited and LankaBangla Finance Limited.
2. Annual reports of IDLC finance limited (year-2017)
3. Annual reports of LankaBangla Finance Limited (year-2017)
4. Different articles, books, journals and newspapers.

1.5 LIMITATIONS

- ✓ Restriction of some confidential information.
- ✓ Non-Banking institutions are very busy. And couldn't find enough time for discussion.
- ✓ Unavailability of appropriate journals.
- ✓ The SME is huge; 3 months is not enough to get a good knowledge about all thing

CHAPTER 2

THE COMPANY

2.1 IDLC FINANCE LTD

In 1985 Industrial Development Leasing Company (IDLC) of Bangladesh Limited started their journey. Now they are the largest Non-Banking Financial Institution (NBFI) of Bangladesh. They started their business with a single product „lease financing“ with 5 employees. After 37 years now IDLC Finance is the largest multi-product Non-Banking Financial Institution in Bangladesh with 38 branches and over 1,400 employees. IDLC offers a wide range of loans, deposits and capital market products and services to the Corporate, Consumer and SME client segments. IDLC operates in the Capital Markets through its three wholly owned subsidiaries- IDLC Investments Ltd, IDLC Securities Ltd and IDLC Asset Management Ltd. They have diversified, strong and smooth establishment in **Corporate, SME, Retail and Capital Market segments**. They are the company of 3 fully owned subsidiaries within their group. IDLC has strong footing & presence over the 24 cities. They are serving almost fifty thousand customers overall the country with 38 branches and booths where 1400 dedicated employees are working for them. Their purpose is to finance people for the betterment of the customers and to chase their dreams. IDLC provides wide variety of services and products in the form of Small & Medium Enterprise Finance (SME), Corporate Finance, Lease Finance, Term Finance, Retail Finance, Structured Finance, Supplier and Distribute finance, Term Deposit Schemes, and Corporate Advisory Services“. With three subsidiaries they are also serving merchant banking, asset management service and stock broker service. The company is maintaining their standard and ethics strongly to hold their leading position.

2.2 HISTORY OF IDLC

In 1985, IDLC began as a leasing company. The company was founded on the initiative of the International Finance Corporation. IDLC was founded by a group of domestic and international businesses. The International Finance Corporation (IFC), the Aga Khan Fund for Economic Development, the German Investment and Development Company, Bookman Bank, the Korea Development Financing Corporation (KDLC), SadharanBima Corporation, and The City Bank Limited, Bangladesh Limited collaborated on the project

IDLC AT A GLANCE



38 BRANCHES ACROSS THE COUNTRY



WIDE RANGE OF FINANCIAL
PRODUCTS AND SERVICES



CAPITAL MARKET INVESTMENT
PRODUCTS AND SERVICES THROUGH
SUBSIDIARIES



MORE THAN 1400 EMPLOYEES

2.3 NON-BANK FINANCIAL INSTITUTION

A Non-banking financial institution provides certain types of banking services, but do not hold a banking license. They do not take any kind of deposit from the public. This institution can offer many banking services such as loans and credit facilities, retirement planning, merchant banking, money markets and etc. This kind of organizations is enrolled under the Companies Act, 1956 and bargains in the matter of credits and advances, interests in securities, shares, debentures, stock and other attractive securities Viz. To do stores activation, long haul credit, makes business, improvement of money related market; these institutions can assume an extraordinary part.

2.4 MISSION

The mission of IDLC is to be the most-preferred destination for investment knowledge, investment products and investment return in Bangladesh for both individuals and institutions

2.5 VISION

IDLC wants to be Bangladesh's no. 1 asset management company in terms of investors' trust and Asset Under Management.

2.6 VALUES OF IDLC

IDLC always try to provide the best to the customers. Maintain equality & focus on their customer services is the most valuable thing for IDLC. Their values are:

- ✓ Integrity.
- ✓ Customer Focus.
- ✓ Equal Opportunity.
- ✓ Trust and Respect.
- ✓ Passion.
- ✓ Simplicity.
- ✓ Eco-Friendly.

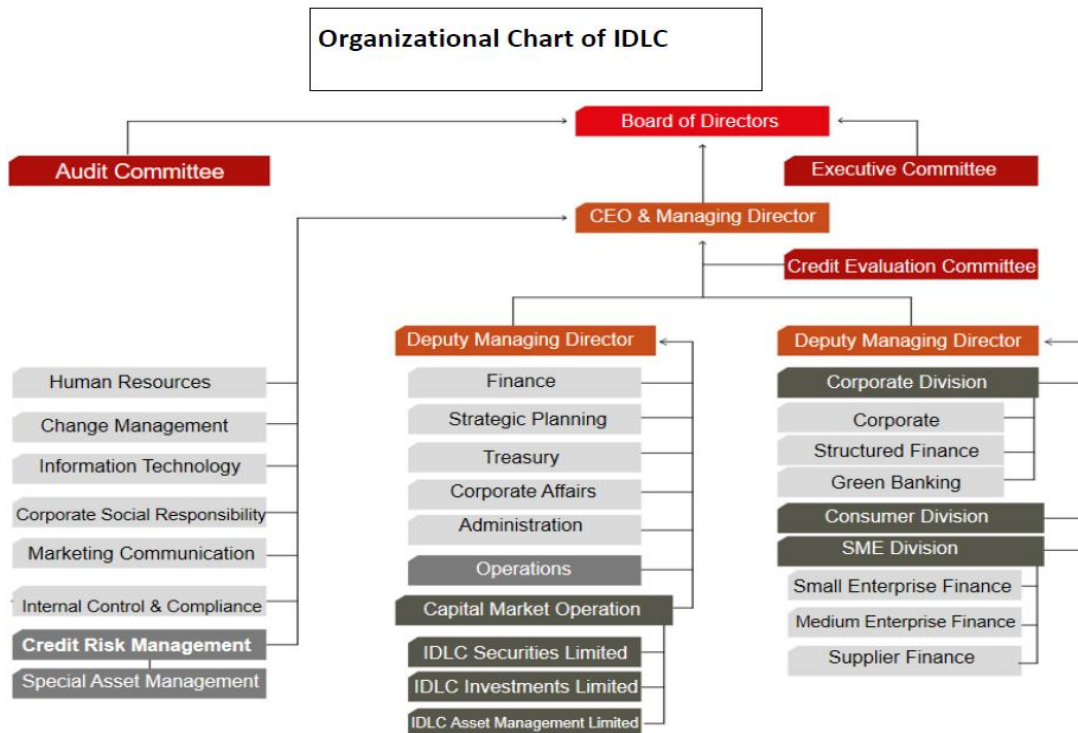
2.7 STRATEGIC OBJECTIVES OF IDLC

- Grow and develop our talent pool
- Optimise distribution points
- Fully leverage the core banking platform
- Grow sales and service capabilities in the consumer division.
- Sustainably grow SME portfolio
- Consolidate capital market operations and enhance capabilities
- Focus on top-tier clients in the corporate segment
- Embrace internationally accepted corporate governance and sustainable business practices.

2.8 BUSINESS ORIENTATION

- ✓ **Profitable:** IDLC try to maintain a sustainable profit growth.
- ✓ **Growth-oriented:** According to the present market condition IDLC try to have some long-term approaches.
- ✓ **Low risk:** Their credit quality control the NPL. They are achieving continuous results by managing treasury conservatively.
- ✓ **Cash generative:** As they have strong cash flows so they can make a good balance in reinvestment and dividend pay-outs.
- ✓ **Aligned interests:** IDLC try to maintain their standard of values and ethics. And confirm the code of conducts in every year.

- ✓ **Return on capital:** To get the highest return IDLC allocate their capital to business & market. And maintain their strategy.



2.9 CODE OF CONDUCT & ETHICAL GUIDELINE OF IDLC

IDLC's employees must follow the code of conducts strictly. The COC'S are:

- ✓ Employees need to do their work with integrity dignity & competence. They also need to follow ethical manner when they deal with customers, colleagues or public.
- ✓ They need to have knowledge to perform with applicable rules and laws.
- ✓ Employees need to encourage others to have professional knowledge& ethical manner. And behave like that to other employees or people.
- ✓ Try to maintain improves & do competition with other business.
- ✓ All the conflicts of interest have to be disclosed.
- ✓ To do professional judgement independently always uses reasonable care.
- ✓ Not to prevent others for performing their professional obligations.
- ✓ According the policy of IDLC employees need to deliver professional services
- ✓ Keep privacy to the confidential information of customers from others.

- ✓ Not to engage with any kind of dishonesty, deceit, fraudulent activity or misrepresentation of information.

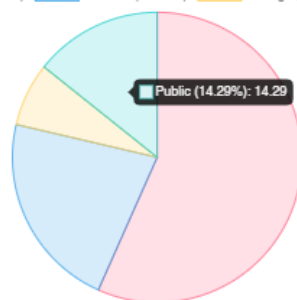
IDLC employees have to maintain these ethics.

2.10 SHAREHOLDING COMPOSITION OF IDLC AS OF NOVEMBER 30, 2021

IDLC FINANCE LIMITED			
SHAREHOLDING COMPOSITION			
As of November 30, 2021			
SL.NO.	NAME OF SHAREHOLDERS	NO.OF SHARES	AS A % OF TOTAL
1	Sponsors/Directors:		
	The City Bank Limited and its subsidiaries:	91,886,102	23.21
	The City Bank Limited	35,632,095	9.00
	City Bank Capital Resources Limited	39,194,429	9.90
	City Brokerage Limited	17,059,578	4.31
	Transcom Group:	52,786,821	13.33
	Eskayef Pharmaceuticals Limited	31,672,265	8.00
	Transcraft Limited	15,888,634	4.01
	Bangladesh Lamps Limited	5,225,922	1.32
	Sadharan Bima Corporation	30,163,868	7.62
	Reliance Insurance Limited	27,713,230	7.00
	Mercantile Bank Limited and its subsidiary:	21,774,680	5.50
	Mercantile Bank Limited	13,856,614	3.50
	Mercantile Bank Securities Limited	7,918,066	2.00

	Sub-Total	224,324,701	56.66
2	GENERAL		
	Institutions:		
	Investment Corporation of Bangladesh (ICB)	29,762,395	7.52
	Bangladesh Fund	4,900,000	1.24
	Delta Life Insurance Co. Ltd.	5,116,758	1.29
	Marina Apparels Limited	3,959,031	1.00
	Other Institutions	43,266,068	10.93
	Sub-Total	87,004,252	21.98
	Individuals:		
	General Public (Individuals)	56,564,874	14.29
	Sub-Total	56,564,874	14.29
	Foreign:		
	Institutions & Individuals	28,009,492	7.07
	Sub-Total	28,009,492	7.07
	Total	395,903,319	100.00

■ Sponsor/Director (56.66%)
 ■ Institute (21.98%)
 ■ Foreign (7.07%)
 ■ Public (14.29%)



2.11 SUBSIDIARIES OF IDLC

IDLC has **Three** subsidiaries.

IDLC Investments Limited:



financing happiness

IDLC Investments Limited is a completely merchant bank. They provide different types of services. They assist their clients in IPO process for the company. Different types of portfolio management for clients. Their various services:

- ✓ PORTFOLIO MANAGEMENT
- ✓ Easy Invest
- ✓ MAXCAP
- ✓ Profit – Loss Sharing Scheme
- ✓ Capital Protected Scheme
- ✓ Portfolio Advisory Service
- ✓ Cap Invest; etc.

IDLC Securities Limited:

To ensure the long term investment IDLC securities is here to help their clients. They prefer the clients' interest first & try to serve knowledgeable brokerage service. Their services:

- ✓ Brokerage.
- ✓ Investment Option
- ✓ Value Added Services.
- ✓ Trading Tools
- ✓ Clients Segments

IDLC Asset Management Limited:

IDLC Asset Management Limited provides, Mutual Fund" services to their customers. Their Products:

- ✓ IDLC Growth Fund
- ✓ IDLC Balanced Fund

2.12 CORPORATE SOCIAL RESPONSIBILITY

IDLC always concern about their CSR activities. For the development of long-term value (value of stakeholder, community & environment) IDLC is always committed for that.

In 2021 they took different initiatives:

- ✓ IDLC & ProthomAlo Trust Continues Scholarship for 10 More Students of Asian University For Women
- ✓ IDLC Finance Limited & UNICEF Pledges to Improve Maternal, Neonatal Health and Nutrition of Seven Tea Gardens in Sylhet
- ✓ IDLC Provides Emergency Food Support to 9000 Low Income and Ultra Poor Families Impacted by Corona Virus across the Country

IDLC'S significant CSR's are **'Khushir Kheya'** **'Oditiya'** **'Ortho Ortho'**

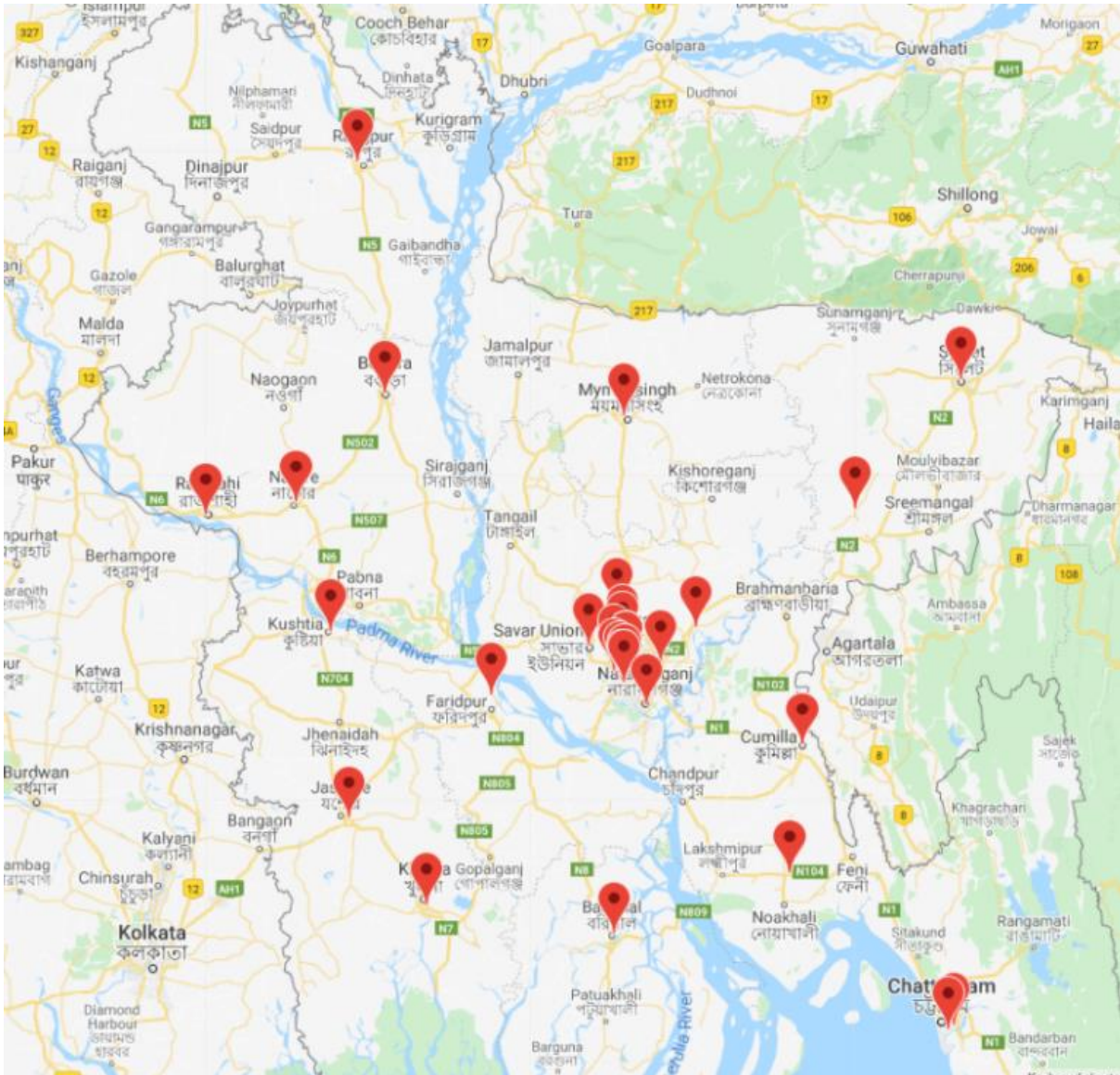
Some key moments:



2.13 LOCATION OF HEAD OFFICE AND DIFFERENT BRANCHES OF IDLC

✓ **CORPORATE HEAD OFFICE**

Bay's Galleria (1st Floor), 57 Gulshan Avenue, Dhaka 1212 National Emergency
Service: 999, Health Call Center: 16263 and 333
Telephone: 16409 +880 (2) 883 4377, 883 5887;
Email: contactcenter@idlc.com



CHAPTER 3

PRODUCT/SERVICES OF IDLC

3.1 PRODUCT & SERVICES OF IDLC FINANCE LTD

IDLC Finance has different type of products & services for their long-term growth, which ensure the customers' demands. In this competitive business environment, they try to serve their best to ensure the customer as well as their employee's benefit. IDLC has different products and services like „Corporate division, Consumer Division, SME Division and the Capital Market“. In Corporate Division IDLC have Corporate Finance (Lease Financing, Term Loan Financing, Working Capital Financing, Project Financing and Specialized Products), Structured Finance (Fund-raising, Securitization of Assets Advisory Services, and FAQ) and Fees and Charges

3.2 CONSUMER

They have different types of consumer services:

✓ IDLC DEPOSITS:

Deposit means sum of money paid into a bank or financial institution to get benefits in future. IDLC provides these faculties & ensure that the customer will obtain guaranteed income after the maturity period. After the certain period customers will be benefited by interest. IDLC Finance has achieved the highest safety & security credit rating „AAA“ (Triple A), which says that the company has strong capacity to meet financial commitments with minimal credit risk.

✓ REGULAR TERM DEPOSIT:

There are various Regular Term Deposits IDLC serves by this people can get guaranteed income and they can use it for any personal or business need. For the financial future plan these deposits are best suited to fulfil it. There are suitable deposit tenures IDLC has designed for the betterment of consumers.

THREE types of Term Deposits are-

- ✓ 3-15 months term deposit.
- ✓ 500days term deposit.
- ✓ 2-5-year term deposit.

✓ MONTHLY EARNER DEPOSIT:

For a regular source of monthly income this deposit would be the best one. It's a good financial solution for individual. This deposit is safe & secure.

This product is suitable for:

- ✓ Retired persons
- ✓ Homemakers
- ✓ Others

People can prefer any tenures from 1-5 years.

✓ QUARTERLY EARNER DEPOSIT:

For the secure source of quarterly income this is the best possible deposits. From this deposit people can earn competitive as well as fixed return after 3 months. People can select any of the tenure from 1 to 5 years.

✓ DOUBLE MONEY DEPOSIT:

In this deposit scheme people can double up their amount of money they invest. This is one of the popular deposit schemes. People can invest their idle money in this deposit. For the long-term future goal, it would be the correct choice.

✓ TRIPLE MONEY DEPOSIT:

For any big & long-term plan without hesitation people can take Triple Money Deposit scheme.

KEY FEATURE AND BENEFITS OF IDLC DEPOSITS:

- Flexibility of tenors.
- For the Consecutive, "AAA" credit rating deposits have highest safety.
- Monthly/ quarterly interest is automatically transferred to the customer's bank account.
- Competitive interest rate.
- No fees for account maintenance.
- Secured loan facility within shortest possible time.
- Online branch.

- Dedicated relationship manager for customers.
- ✓ Auto renewal facility.

MINIMUM DEPOSIT AMOUNT:

- ✓ For 3-5 months (Regular Term Deposit product) = BDT 10,000
- ✓ For all other deposits = BDT 50,000
- ✓

PAYMENT MODE:

- ✓ Account payee cheque or pay order in favour of IDLC Finance Limited.

Saving Facilities:

- ✓ From deposits customers are benefited by interest. Various saving facilities are:

DEPOSIT RATES

Product	Term	Interest Rates for Individual Clients & Other*	Interest Rates for Institutional Clients
Regular Term Deposit	3-6 months	5.75%	4.75%
	7-12 months	5.75%	5.00%
	13-23 months	5.75%	5.25%
	2 years	5.75%	5.50%
	3 years and above	5.75%	5.75%
100 Days Term Deposit	100 Days	5.75%	4.75%
500 Days Term Deposit	500 Days	5.75%	5.25%
Monthly Earner Deposit	1 Year	5.75%	5.00%
	2 Years	5.75%	5.50%
	3 Years and Above	5.75%	5.75%
Quarterly Earner Deposit	1 Year	5.75%	5.00%
	2 Years	5.75%	5.00%
	3 Years and Above	5.75%	5.75%
Double Money Deposit	9 Years 7 Months	7.50%	7.50%

** Includes Individuals, Provident Funds & Other Relevant Retirement Funds*

For individual accounts, Female clients (If the account is opened singly) will avail 0.10% higher interest rate on Regular Term Deposits, Regular Earner Products & Interest First Deposit.

Senior Citizen (Age 59 and above) will avail 0.10% higher interest rate on Regular Term Deposits, Regular Earner Products & Interest First Deposit

Effective Date: Aug 18, 2021

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

✓ IDLC HOME LOAN

Having an own home is a dream for many people. IDLC finance makes this easy for the people. After giving appropriate information, within a short time anyone can get loan amount. By giving long term periodic payment system it will be convenient for the people to pay back the loan amount. There are different types loan IDLC is providing to the customers. Interest is varied in different categories of loan.

PROCEDURE FOR THIS LOAN

IDLC will use the home/ apartment or the asset as the mortgage against this loan.

✓ APARTMENT PURCHASE LOAN

For the safety of family & children IDLC bring this APARTMENT PURCHASE LOAN. Customer can easily purchase an **Apartment**.

✓ FEATURE

- ✓ Through EMI Customer can repay the loan.
- ✓ Interest rate is flexible & it depends on loan amount.
- ✓ Interest can be fixed or variable.
- ✓ There is no hidden charge.

✓ TERMS

- ✓ **Applicants:** Professional, Job Holder, Self-Employer.
- ✓ **Location:** Near to the IDLC branch/ booth

Interest Rate	Maximum Term	Maximum Age
Fixed	25 years	65 years
Variable	20 years	65 years

✓ HOME EQUITY LOAN

It's a special loan for renovation of old home. For designing, decorating, expansion of home this loan is perfect solution for any individual. It is very easy to get the loan.

PRODUCT FEATURES:

- ✓ Term: 15 to 20 Years.
- ✓ Through EMI Customer can repay the loan.
- ✓ Interest can be fixed or variable.
- ✓ Disbursement/ Loan amount: Its up to 75% of the building value (Including Registration).

SOME TERMS:

- ✓ **Age:** 25 to 60 years. (For the professional it can be vary)
- ✓ **Earnings:** Employee or Businessman
- ✓ **Location:** Near to the IDLC branch/ booth

✓ HOME LOAN SHIELD

It is the complete protection of the loan through insurance. If the loan holder faces any obstacle to repay the loan amount, then the insurance company will cover some portion of the loan. To protect the family burden this loan is introduced. If the holder can't pay the loan for any reason. The insurance company will provide it.

SOME TERMS:

- 1 Loan Coverage: 50% to 100% coverage of total loan. But this is based on the loan holder age, loan term, outstanding of principle amount.
- 2 Term: Same as term of home loan.
- 3 Premium is single & low.
- 4 It provides medical examination from any hospital (Free of cost)

NOMINEE CLAIM TO INSURED AMOUNT:

- 1 Within 7 days the nominees have to claim & explain
- 2 Have to show the appropriate information regarding the event
- 3 Help the insurance company if they do any investigation.
- 4 Loan holder has to show relevant evidence to claim the insured amount.

✓ CONSTRUCTION LOAN

To build own property this is the preferred option for customers. It's a dream for any people to build his/ her own property or office. For any new or existing projects this loan is suitable to get money easily from IDLC.

PRODUCT FEATURES:

- a. **Loan Amount:** It is up to 85% of the total building value (Registration is included).
- a. **Term:** Up to 20 Years. It depends on project.
 - i. **Mortgage:** It may the property itself, any asset or security (equivalent).
 - a. Through EMI Customer can repay the loan.
- 1 Early prepayment option whether it's full or part.
- 1 Any technical advice is available.

How To Use: For New residential buildings or existing residential buildings construction.

SOME TERMS:

- 2 Age: 25 to 60 years
- 3 Applicants: Professional, Service Holder, Self-Employed / Business person or Landlord.
- 4 Location: Near to IDLC branch or booth.

✓ **REGISTRA LOAN:**

After having any property it's a must to do registration of the property. To secure the property registration some time it is very costly to do this. For the easy registration IDLC is proving the best solution to the people. Home owner doesn't need to bear the burden of the registration.

PRODUCT FEATURES:

1. **Term:** Up to 10 Year.
2. Loan will be provided up to 15% of total property cost.
3. Through EMI Customer can repay the loan
4. Age: 25 to 60 Years.

✓ **LAND PURCHASE LOAN:**

This loan will give an opportunity to buy a land.

CONDITIONS:

- a. The land will be treated as the mortgage against loan.
- b. Age: 20 to 65 years.

PRODUCT FEATURES:

- a. Loan can be taken up to the 75% of the value of the land
- b. The value use for the land must be present value.
- c. Loan term is up to 12 years.
- d. Mortgage is required for the loan.
- e. Through EMI Customer can repay the loan.

✓ IDLC CAR LOAN

To have an own car is very safety and convenient for any family. As the cost is very high, it's difficult to have an own car. IDLC is giving the opportunity to grab an own car with easy condition. Different types of loans are:

✓ PRODUCT FEATURES:

- ✓ Loan Tenure: Maximum 6 years
- ✓ Loan Amount: Financing up to 85% of the vehicle price including registration costs
- ✓ Fastest Turn Around Time in the industry
- ✓ Special arrangements with renowned vehicle dealers
- ✓ Full / partial early payment option of the loan amount before the expiry
- ✓ Technical advisory service through vehicle diagnostic report.

✓ Eligibility of the car loan:

These criteria should be matched to get the loan. Criteria are some for these car loans.

- a. Regular income from a sustainable & valid source of employment or business.
- b. Just 12 months of work experience [for service holders] or 3 yrs of business experiences [for self-employed].
- c. Age of the main income earner should be within 65 years at the end of proposed loan tenure.
- d. Manufacturing year / Model of the vehicle should not be more than 5 yrs old.

How to avail this loan

You can avail this facility to purchase brand new or reconditioned noncommercial private vehicles such as Sedan car, SUV, Jeep, Microbus etc. for personal or family use.

✓ IDLC PERSONAL LOAN

For any personal purpose people can get loan from IDLC. Like for business, education etc. The list is given below

✓ Feature

- ✓ Minimum loan amount Taka 1 lac
- ✓ Loan Term: Maximum loan tenure 5 years
- ✓ Fastest Turn Around Time in the industry
- ✓ Competitive interest rates
- ✓ Full/partial early payment option of the loan amount before expiry

✓ Eligibility

- ✓ Age should be between 20 to 60 years
- ✓ Employment record of a minimum of 2 years with your current employer.

✓ How to avail this loan

- ✓ **Purchase of consumer durables**
- ✓ **Home improvement / renovation**
- ✓ **Meeting financial liabilities**
- ✓ **Marriage of self or dependents**
- ✓ **Education**
- ✓ **Domestic or foreign travel**
- ✓ **Medical treatment for self/family members**
- ✓ **Other needs**

✓ Required Documents

- ✓ E-TIN
- ✓ NID
- ✓ BANK STATEMENT OF SALARY

CHAPTER 4

SME FINANCE

4.1 WHAT IS SME FINANCING?

The full form of SME is Small and medium-sized enterprise. These businesses are defined by certain number of employees working in the organization. To fund and develop these organizations the SME Financing is invented. For the development of the overall economy small and medium enterprises have curtail contribution. They are playing important role for growing the economy, creating jobs and social attachment. SME is also contributing in different industrial sectors. By the contribution of SME, enterprises are investing a large amount of capital in financial market. Deferent banks & financial institution are now focusing on the sector. And they are actively concentrating.

4.2 SME DEFINITION IN BANGLADESH:

Types of Industry		Replacement Cost (Excluding Land and Factory building cost)	Number of employees
Small Industry	Manufacturing	BDT 7.5 million to 150 million	31 to 120
	Service	BDT 1 million to 20 million	16 to 50
Medium Industry	Manufacturing	BDT 150 million to 500 million	121 to 300 But for labour/ RMG industries, it is not more than 1000
	Service	BDT 20 million to 300 million	51 to 120

Source: National Industrial Policy 2016

4.3 SME IN BANGLADESH

SME (Small and Medium Enterprise) have a significant role in Bangladesh. For the development of economy& industrialization these types of organizations are working relentlessly. They are also creating new employment opportunity. By the SMEs the countries poverty is also decreasing and increasing the income of rural people. Though SMEs sectors

need less energy supply, not many infrastructure facilities but they are contributing more in the society. The environment risk is also lower.

There is no official data on the number of CMSMEs in Bangladesh. The last time a survey was carried out was back in 2013, when the total number of SMEs -- without including the cottage and micro enterprises, of which there are hundreds and thousands -- was 79 lakh.

Without up-to-date data, forming any policy is akin to driving with one's eyes closed. Which, perhaps, explains why there is so much debate on the utility of the Tk 20,000 crore stimulus package announced by the government for the sector that contributed at least 25 percent to Bangladesh's GDP and generated as much as 90 percent of the private sector jobs in normal times.

- ✓ SME is contributing **25 percent** of **Total GDP**.
- ✓ By the initiative of government, there are **9 national fairs** have held by the SME foundation since 2007.
- ✓ Products worth **TK. 100 million** were sold and orders amounting to **TK. 170 million** were received during the Ninth Edition of the Eight-Day SME fair
- ✓ According t SME foundation, the previous ‘**SME fair 2020**’ sold products worth **TK. 49.4 million** and received orders amounting to **TK. 63.7 million** while the SME fair in 2019 sold products worth **TK.57 million** and got orders amounting to **TK.95 million**.
- ✓ According to 2013 survey around **79 lakh SMEs** are operating business all across Bangladesh
- ✓ SME sectors employs about **24 million people**, of which **23%** engaged in manufacturing SMEs.
- ✓ About **99 percent** of Bangladeshi formal business enterprises are SMEs (ADB Institute, 2016). They constitute about **75 percent** of non-agricultural employment and contribute about **25 percent** to the national GDP.

Different private banks and financial institutions are contributing to develop SME sectors. Financial institution like IDLC, IPDC, Lanka Bangla, United Finance etc. Private Banks like IFIC bank, BRAC bank, Pubali bank, Dhaka Bank, Standard Chartered bank, Islami Bank

Bangladesh etc. Many government banks are also providing these facilities. Like Janata Bank is promoting SMEs by funded a good amount of money. Their projects are:

1. Small enterprise development projects.
2. Investment facility for small enterprises.

5.26 Size and Growth Rate of Manufacturing Sector (At constant prices of 1995-96)

Type of Industry	(Taka in crore)							
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13(P)
Small & Cottage	13551.5 (9.2)	14865.1 (9.7)	15920.0 (7.1)	17018.9 (6.90)	18340.9 (7.77)	19411.9 (5.84)	20664.7 (6.45)	22061.9 (6.76)
Medium-Large	33268.2 (11.4)	36507.1 (9.7)	39157.2 (7.3)	41735.0 (6.58)	44229.8 (5.98)	49069.9 (10.94)	54232.3 (10.52)	59830.6 (10.32)
Total	46819.7 (10.8)	51372.2 (9.7)	55077.2 (7.2)	58753.9 (6.68)	62570.7 (6.5)	68481.8 (9.45)	74897.0 (9.37)	81892.5 (9.34)

Note: Growth rate is shown in parenthesis
Source: Bangladesh Bureau of Statistics

Growth in manufacturing sectors of Bangladesh:
(In crore TK)

5.27 Quantum Index of Production for Medium and Large Scale Manufacturing Industries by Year (2005-06=100)

Industry	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2019-20
Medium to Large Scale Industries	157.89	174.92	195.19	213.22	236.11	267.88	297.89	342.47	398.35

Source: Bangladesh Bureau of Statistics

Role of SMEs in Different Aspects of Bangladesh

Summary

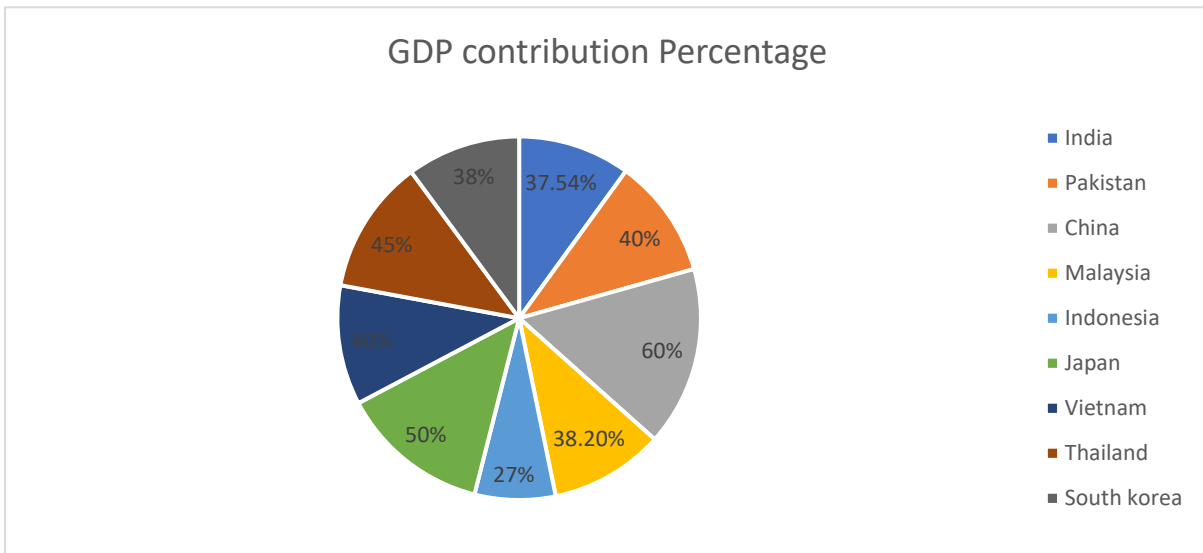
Type	Establishments				Total Persons Engaged (TPE)			
	Total	%	Urban	Rural	Total	%	Male	Female
Cottage	6842884	87.52	1730150	5112734	13168327	53.75	11759565	1408762
Micro	104007	1.33	41112	62895	558870	2.28	435043	123827
Small	859318	10.99	450601	408717	6600685	26.94	5844088	756597
Medium	7106	0.09	4141	2965	706112	2.88	538526	167586
Large	5250	0.07	3542	1708	3466856	14.15	1871910	1594946
Total	7818565	100	2229546	5589019	24500850	100	20449132	4051718

Source: Economic Census-2013, Bangladesh Bureau of Statistics(BBS)

Powered by: SME Foundation

Overall, the SME is contributing a lot in Bangladesh. Creating employments, producing machines, parts of machines; these all are saving a large amount of foreign currency. For the development of our country, we should emphasize on SMEs sectors to increase foreign trade as well as industry base. SMEs are producing different incentive goods like, toys, small tools, consumer products, paper items for local market. This sector is creating opportunities for investment. If the industries are developed then the investment opportunities will increase. IN Export sector SMEs has obtained momentum in last couple of years.

Not only Bangladesh, if we see the Asia’s different countries, we will have a clear idea about the contributions of SMEs:



Percentage of SME contribution to GDP In Asian Countries:

SMEs contribute **25%** to our (Bangladesh) GDP but have the potential to contribute more.

4.4 SME FINANCING BY IDLC

Financing procedure/policies:

- ✓ Approval authority:

There are some authorities who can approve the loan. Loan Approval varies from authority to authority. Board of Director has the highest authority to approve loan. IDLC's Authorities are:

Authorities	Amount	Clients
Board of Directors	Exposure more than BDT 250 million	New & Existing Clients
Executive Committee	Exposure more than BDT 50 million to 250 million	New & Existing Clients
CEO & Managing Directors	Up to 50 million	New clients
	Up to 70 million	Existing Clients

✓ Loan criteria for clients:

These are the criteria for the IDLC's clients. These criteria must be ensured by the clients to get loan from IDLC.

- ✓ Client has to be in reputed business arena.
- ✓ Client has diversified business.
- ✓ Client should be treated as good borrower by sanctioning authority.

✓ Other issues:

- ✓ If there is 3rd party mortgage, Personal guarantor of owner is necessary.
- ✓ Personal guarantors have to be supported by Personal Net Worth (PNW). And it should be up to date.
- ✓ If it is cash security, cash must be collected before disbursement of loan.
- ✓ In case of security mortgage should be taken.

✓ Security coverage:

For any secured loan securities is must. From loan-to-loan securities vary. Loan amount is also dependent on the security mortgage. IDLC takes different securities for their secured loan. These are:

Collateral	Security coverage
Land	80% of Market value
Building	50% of market value
Share	50% market value or face value; which is lower.
Vehicle	Within down value
cash security on FDR	100%

✓ Credit evaluation committee rights:

- a. Approve the appraisal reports as per the term & conditions. If the approval authority is not CEO, then with recommendations the appraisal handover to the next approved authorities.
- b. Request for additional information.
- c. Request for evidence regarding the information.
- d. suggest to change or increase the security.
- e. Change the loan amount.
- f. Suggest the equity participations of clients.
- g. Suggest to provide additional guarantors.
- h. Decline a financial proposal by its risk management.

4.5 OFFICIAL RANKING IN SME:

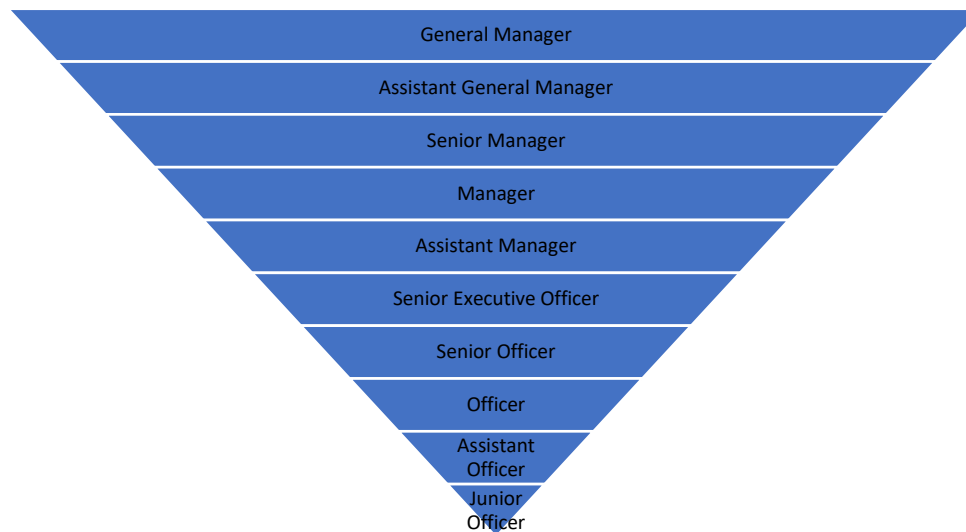


Figure 15: Official ranking in SME

Source: Internal Data Source

4.6 SME PRODUCTS OF IDLC

In its growing market SMEs have great influence in overall economy. For this different Banks & Financial Institutions are providing various loans to small and medium enterprises. IDLC is one of them. For the SMEs loan IDLC treated as the best option for taking the service. Now they are market leader in this sector. The loan is made for service, manufacturing & for small companies.

Why IDLC are in leading position:

1. Their TAT (Turnaround Time) is very lower. It says that they can disburse their loan within 7 days.
2. A dedicated relationship manager for customers.

Most Banks & Financial Institutions take time to disburse the loan.

SME LOAN FEATURES

- a. Loan Tenure: Up to 13 months to 60 months

- b. Loan Limit: Up to BDT 5 crore.
- c. Loan without any collateral for up to BDT 35 lacs
- d. Convenient repayment options consisting of Equal monthly installments and/or customized repayment schedules

ELIGIBILITY

- I. Your business should be a going concern with a minimum operational experience of 2 years.
- II. Your age should be between 20 to 60 years.
- III. You should have a valid trade license from the concerned issuing authority.

REQUIRED DOCUMENTS

- ✓ Trade license of the Business (for last 1 year)
- ✓ Tin Number.
- ✓ Business details.
- ✓ Financial report (Annual report of the company)
- ✓ Bank transaction (for last 1 year)
- ✓ Assets legal information
- ✓ Guarantors' information for secured loan.
- ✓ National ID card, Photo (passport size)

a. IDLC Purnota Loan:

IDLC Purnota loan is invented specially for the women entrepreneurs to finance them. For small or medium businesses this loan is preferable. **Loan Amount:**

- ✓ Minimum = BDT 3 lac
- ✓ Maximum = BDT 25 lac (For unsecured loan)

Features:

- ✓ **Tenure:** 13 months to 60 months
- ✓ Based on business cash flow, flexible repayment is considered.

- ✓ At 9% interest scheme loans can be provided up to BDT 50 lac by the reference of Bangladesh bank

Eligibility:

- ✓ **Age:** minimum 20 & maximum 60 years.
- ✓ Minimum one year business experience.

Coverage:

- ✓ BDT 1 lac to 10 lac

Various benefits of IDLC Purnota:

IDLC Purnota clients will get different non-financial helps for the growth of the client's business. These are:

✓ Business Facilitation service:

To get regulatory license & documents IDLC helps to collect those. They are provided many guide lines to get the documents as early as possible without any problem. There are different types of documents are need like; TIN Certification, Trade license, Environmental certification, Import Realization certificate (IRC), BSTI certificate etc.

✓ Purnota Helpline:

To get information & guidance for any topic Purnota Helpline will provide the service. There are different types of information that client need like; business loan, Purnota loan, Training schedules, banking systems, bookkeeping and accounts, deposit related information, loan information etc.

✓ Purnota Training Centre:

There are 2 trainings in Purnota training centre. One is Capacity & skill development; another is Management & vocational training. There are other trainings: Ex- Working capital management, book keeping, production management etc.

✓ Purnota Insurance:

To prevent the losses in business Purnota Insurance provide insurance. Losses that are connected to individual or family business will be mitigated by the insurance. Different risks are accidental death, Injury, physical injuries.

✓ Punta Club:

In this club the women entrepreneurs talk to each other and discuss about skills, experiences and skills. From this club a network creates among all of them.

b. IDLC ABASHAN Loan:

To utilize the unused property, land or buildings for industrial areas workers; this is possibly the best opportunity. By taking the IDLC Abashan loan anyone can take the opportunity. This loan is also created for the small businesses. The places that already have permanent structure or construct for commercial rent. It is also called mess rent. Normally these places are near by the EPZs or industrial areas.

Loan amount:

- ✓ Up to 2 crores.
- ✓ Without any collateral: BDT 15 lacs.

Features:

- ✓ This service is fast and has quality service.
- ✓ Repayment system: Equal Monthly instalments (EMI).
- ✓ If applicants have another loan from other institution, they can also get the loan.

Eligibility:

- ✓ Minimum 1 year business experience is mandatory for the entrepreneurs.
- ✓ Business must be running and at least 1 year operating experience.

c. COMMERCIAL VEHICLE FINANCING:

For the business purpose we need vehicles. To meet the expectation and fast the business process the Commercial Vehicle Financing have designed to help the business.

People can take this loan for:

- ✓ Procurement of passenger vehicles and
- ✓ Transportation vehicles for the business.

Features:

- ✓ Loan limit: up to 80 percent price of the transport / vehicle.
- ✓ Tenure: Maximum 5 years

Eligibility:

- ✓ The business must be running and also have 2 years of business experience.
- ✓ Age: Minimum 20 years to 60 years.

d. REVOLVING SHORT TERM LOAN (RSTL):

To meet daily small term demands of business. The appropriate loan. It is also called working capital loan. The main feature of this loan is, it can be sanctioned one or multiple dropdowns. But the payback system is according to business cash cycle.

Features:

- ✓ Loan limit: up to taka 1 crore.
- ✓ Tenure: up to 1 year.
- ✓ Based on business cash flow the flexible payment system maintained.
- ✓ Based on the needs IDLC fixed the disbursement methods.
- ✓ Drawdown's is unlimited within the full contract period

Eligibility:

- ✓ Clients must have 3 years of business experiences
- ✓ Age: 30 – 60 years.

e. PARTIALLY SECURED LOAN:

To meet the business demand of fixed asset & working capital.

Features:

- ✓ Loan limit: up to 1 crore.
- ✓ Tenure: 13 – 60 months.
- ✓ Based on business cash flow the flexible payment system maintained.

Eligibility: Eligibility:

- ✓ Clients must have 2 years of business experiences
- ✓ Age: 20 – 60 years.

f. IDLC STARTUP LOAN:

To start a new business with new idea. IDLC is always ready to help these entrepreneurs. Today's risk is tomorrow's gain. To cheese the ambitions entrepreneurs, need capital in an easiest way. IDLC would be the best option.

Purpose:

- ✓ To finance the new business
- ✓ To accelerate the new business.

Features:

- ✓ Loan limit: up to 25 lacs.
- ✓ Tenure: up to 5 years.
- ✓ Grace period: 3 - 6 months
- ✓ Repayment procedure: Structure or EMI method.

- ✓ Fast loan processing.
- ✓ To ensure fast processing IDLC have committed service team.

Eligibility:

- ✓ Experience: Less than 3 years.
- ✓ Age: 18 – 45 years.
- ✓ No previous experience in ownership business.
- ✓ No previous borrowing.

g. IDLC UDBHABON:

With the tagline of „Finance your digital dream“ IDLC finance come up with IDLC UDBHABON. Here they provide loan to ICT dreamers to speed up their business in association with Basis.

Features:

- ✓ Loan amount: Minimum taka 5 lacs.
- ✓ Unsecured: up to taka 25 lacs.
- ✓ Partially secured: up to taka 1 crore.
- ✓ Tenure: 13 to 60 months.
- ✓ Repayment system: EMI
- ✓ Basis members will get special benefits.

Eligibility:

- ✓ Age: 20 years to 60 years.
- ✓ years of running business operations.

h. Lease Loans:

Lease Financing:

- ✓ To purchase the new machine this loan is appropriate. The security is backed by the new asset.
- ✓ Up to 100 costs IDLC provides extended financial facility.
- ✓ Finance Term: 2 - 5 years.
- ✓ In the whole period the ownership remains to IDLC, after the end of the period it will be transferred to their client.

Sale & Lease Back:

- ✓ It offers financing against the existing/ current asset. Like office equipment, commercial equipment, vehicle etc.
- ✓ In the whole period the ownership remains to IDLC, after the end of the period it will be transferred to their client.
- ✓ Finance Term: 2 - 5 years.
- ✓ Payment Method: EMI.

4.7 LOAN PROCESS

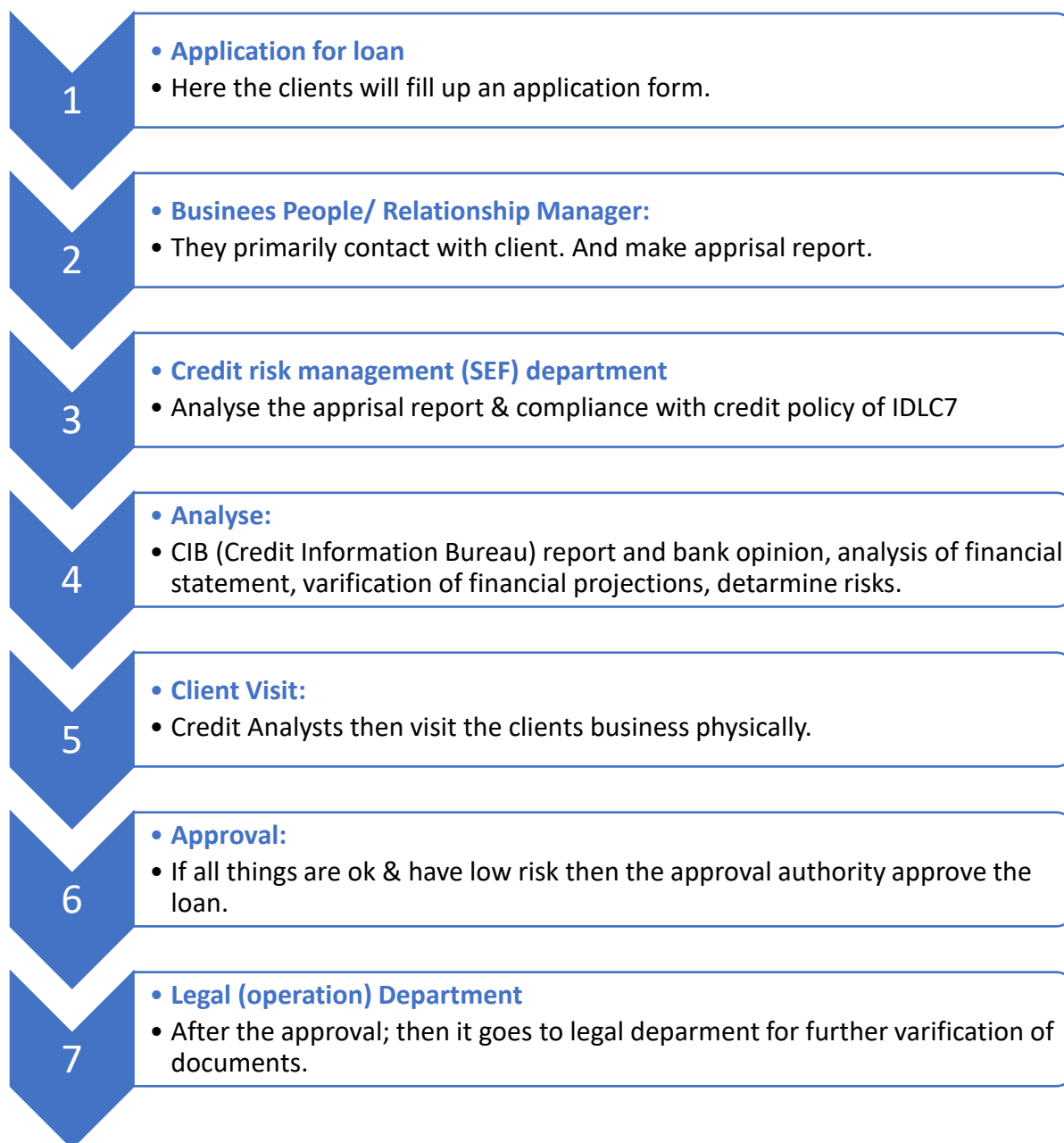


Figure 16: Loan process chard of IDLC

Source: Internal data source (Credit Policy)

CHAPTER 5

COMPARATIVE ANALYSIS

5. RATIO ANALYSIS

Here I Have compared three leading NBFIs IDLC, LankaBangla & IPDC finance ratio. I collected five years (2017 to 2021) financial statement of the three companies. I tried to find out the which companies was better in those years.

5.1 PROFITABILITY RATION:

a. Return on Asset:

ROA	2017	2018	2019	2020	2021
IDLC	2.60%	2.12%	1.50%	2.08%	1.24%
LANKABANGLA	2.58%	.51%	.59%	1.06%	1.39%
IPDC	1.1%	1%	1%	1%	1.1%

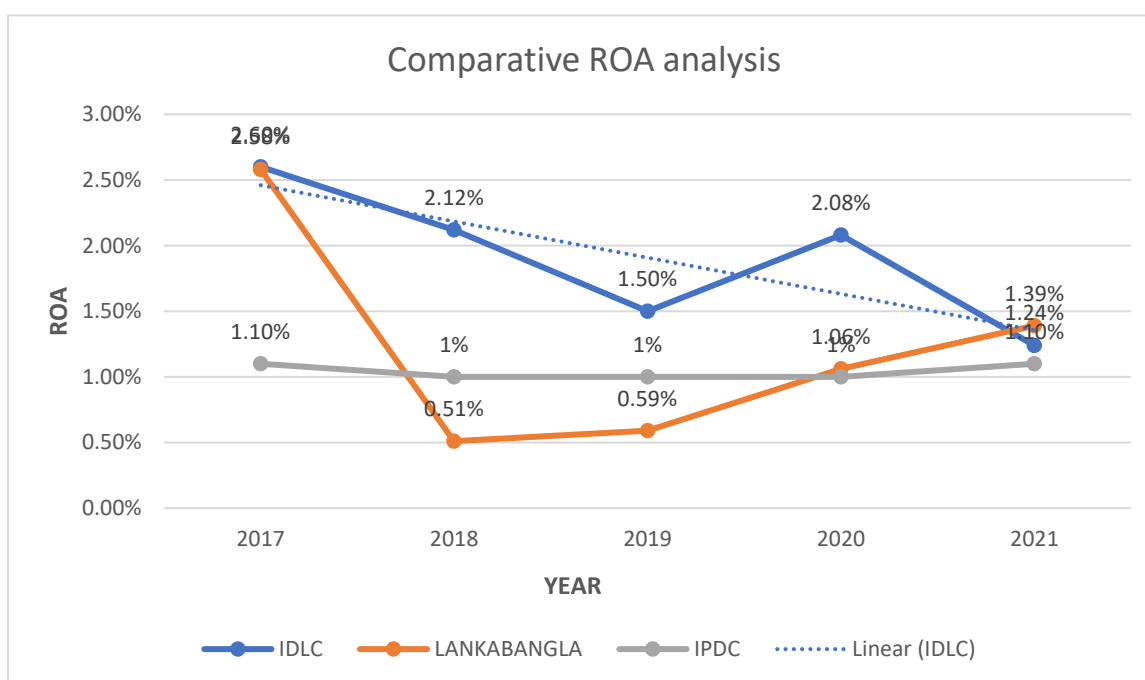


Table: ROA

Figure 17: ROA

Formula: Return on Asset: $\text{Net Income} / \text{Average Total Assets}$
 Net Income: $\text{Total Revenues} - \text{Total Expenses} = \text{Net Income}$

Average Total Assets: **Average total assets = (total assets for current year) + (total assets for previous year) / 2**

Interpretation:

ROA actually shows, by utilizing the total asset how much net income financial institution can generate. In 2021 IDLC had 1.24% ROA. It means that they are getting 1.24 Tk by utilizing its asset 100 tk. Where Lankabangla and IPDC ROA were 1.39% & 1.1% respectively. In 2021 Lanka Bangla was in better position than the IDLC and IPDC. But by the time IDLC was doing better and better. In 2017, 2018, 2019 and 2020 all these years IDLC had good ROA. The reason behind that IDLC has balanced operating income & operating expenses. So, the net income after tax is high. That’s why IDLC is in better position.

b. Return on Equity

ROE	2017	2018	2019	2020	2021
IDLC	21.15%	16.6%	12.29%	17.37%	10.11%
LankaBangla	25.6%	4.9%	5.2%	10%	13.4%
IPDC	11.5%	11.4%	13.1%	12.1%	13.6%

Table: Return on Equity

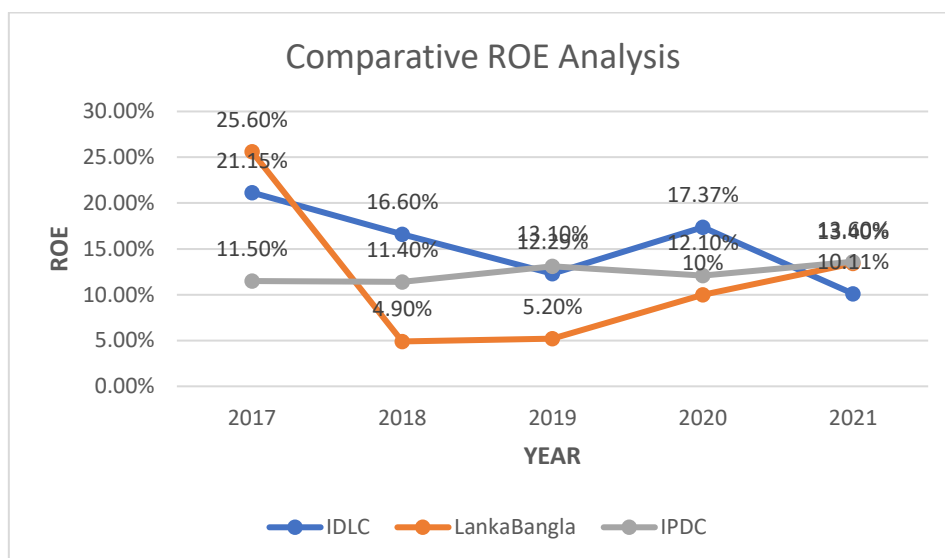


Figure 18: ROE

Formula: Return on Equity: **Net Income/Shareholder’s Equity**

Net income: **Total Revenues – Total Expenses = Net Income**

Shareholders' Equity: **Total Assets – Total Liabilities**

Interpretation:

ROE actually shows, by utilizing the total shareholders' equity how much net income financial institution can generate. Less than 20% ROE is considered as low ROE. In 2021, the ROE of IDLC was 10.11%, It means that they are getting 10.11 Tk by utilizing 100 shareholders' equity. Here we are seeing that Lankabangla is in fluctuation position. Though in 2021 IDLC, Lankabangla and IPDC all were in almost similar position. As we can see from the chart above, IDLC's ROE decreased compared to previous year where as LankaBangla and IPDC's ROE is somewhat consistent and as a matter of fact increased slight a bit compared to previous year. IDLC needs to take some drastic measure to turn around their ROE.

c. Net Interest Margin

NIM (Net Interest Margin)	2017	2018	2019	2020	2021
IDLC	7.7%	7.19%	3.9%	5.2%	2.05% (as of sept2021)
LankaBangla	3.6%	3.7%	3.5%	2.2%	1.27% (as of sept 2021)
IPDC	4.3%	5.12%	4.6%	3.3%	2.7% (as of sept 2021)

Table: Net interest margin

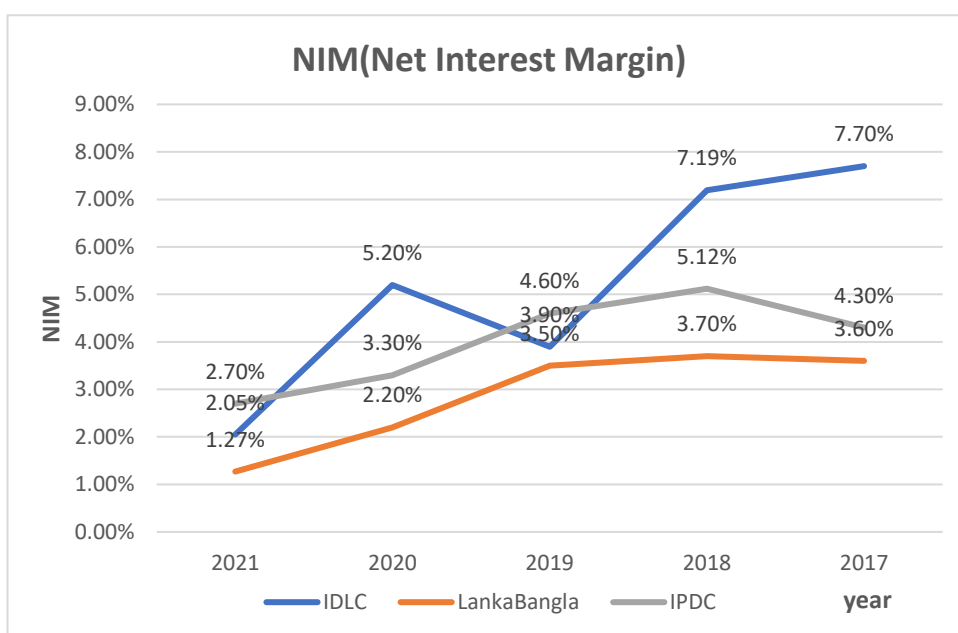


Figure 19: Net interest Margin

Formula: Net Interest Margin = (Interest Received-Interest paid)/ Average invested Assets

Average invested assets = (total asset of current year + total asset of previous year)/2

Interpretation :

NIM actually shows, by the investment operations how much money company is generating. It shows as % (percentage) of total amount of investment assets. In 2020 IDLC had 5.2% NIM. It means by investing 100 Tk. earning asset IDLC was getting 5.2 Tk. In this NIM ratio shows mostly IDLC has always been performing better than the Lankabangla Finance and IPDC altogether. Lankabangla had 2.2% where IPDC had 3.3%. But LankaBangla NIM low all the time. In 2020 LankaBangla was very low but IPDC in 2019 performed better than both IDLC and LankaBangla. But it performed better than LankaBangla all the time in last 5 years. .By seeing the graph we can see the position of IDLC leading the first spot for most of the years in last 5 years. The reason behind that IDLC is investing in profitable sectors than lankabangla. That’s why the figure shows that in NIM ratio IDLC is better than the lankabangla.

5.2 FINANCIAL LEVERAGE RATION

a. Equity Multiplier:

EM (Equity Multiplier)	2017	2018	2019	2020	2021
IDLC	10.1%	10.2%	9.5%	8.7%	9.7% (as of Sept. 2021)
LankaBangla	10.7%	8.9%	7.9%	7.3%	7.3% (as of sept. 2021)
IPDC	12.6%	13.4%	11.5%	12.5%	13.2% (as of sept. 2021)

Table: Equity Multiplier

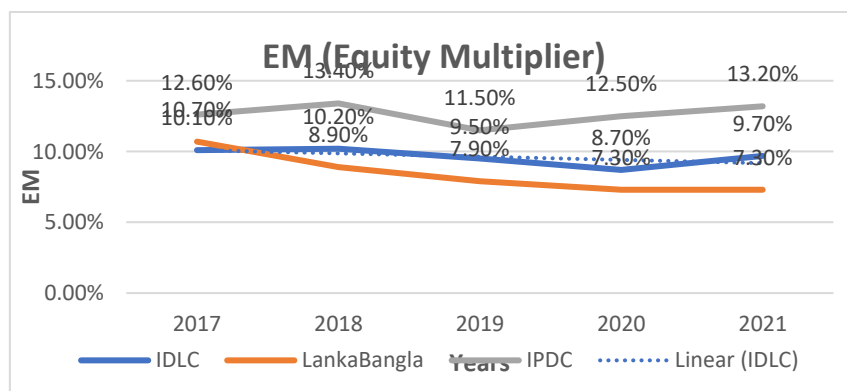


Figure 20: Equity Multiplier

Formula: Equity Multiplier = Total Assets/Total Shareholders' Equity

Interpretation :

The equity multiplier reveals how much of the total assets are financed by shareholders' equity. Essentially, this ratio is a risk indicator used by investors to determine how leveraged the company is. **A lower multiplier is considered more favorable** because such companies are less dependent on debt financing and do not need to use additional cash flows to service debts like highly leveraged firms do. In 2020 the EM of IDLC was 8.7% which is less than compared to 2017 to 2019. It means that IDLC bought asset by taking less loan which is more than equity. So the result is good here. Because that will Decrease the interest burden of IDLC finance Ltd. And the risk is also lower than before. But LankaBangla kept their EM consistently low and the data shows that they are efficiently decreasing their EM ration, which indicates, LankaBangla purchased their asset by their own equity. On the other hand IPDC in 2019 has low EM but their EM skyrocketed by the end of the year 2020. Its means they take loan to buy asset. In 2017 and 2019 they decrease their EM but 2018-2021 isn't has an entirely different scenario. they increased their EM. Its means they take more loan.

b. Loan Ratio:

Loan ratio	2017	2018	2019	2020	2021 (Till sept 2021)
IDLC	74.6%	76.8%	77.8%	72.8%	71.4%
LankaBangla	79.1%	79.0%	76.6%	71.2%	70.3%
IPDC	87.7%	87.7%	78.7%	70.5%	75.5%

Table: Loan ratio

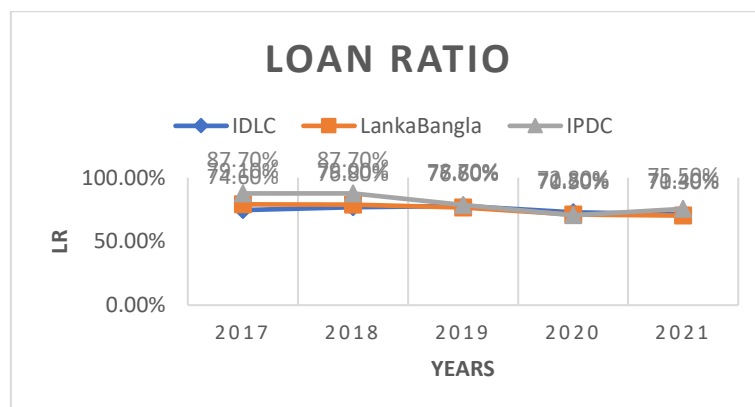


Figure 21: loan ratio

Formula : Loan and Leases/Total Asset

Interpretation:

Loan Ratio actually explains that how much assets are in 3rd party's hand.

In 2020 IDLC's Loan ratio was 72.8%. That shows that, they have 72.8-taka loan out of 100-taka asset. That is not looking good at all. But if we compare this with the data of last couple of years, it was worse. On the other hand, lankabangla and IPDC performed pretty much same as IDLC. Among the three companies IPDC did better in 2020 but overall, this situation is little bit alarming for three of the company.

c. Earning Per Share (EPS)

EPS	2017	2018	2019	2020	2021 (till sept. 2021)
IDLC	4.26	4.22	4.04	5.85	4.02
LankaBangla	2.51	1.33	1.37	1.53	.50
IPDC	1.03	1.38	1.72	1.9	1.70

Table: EPS

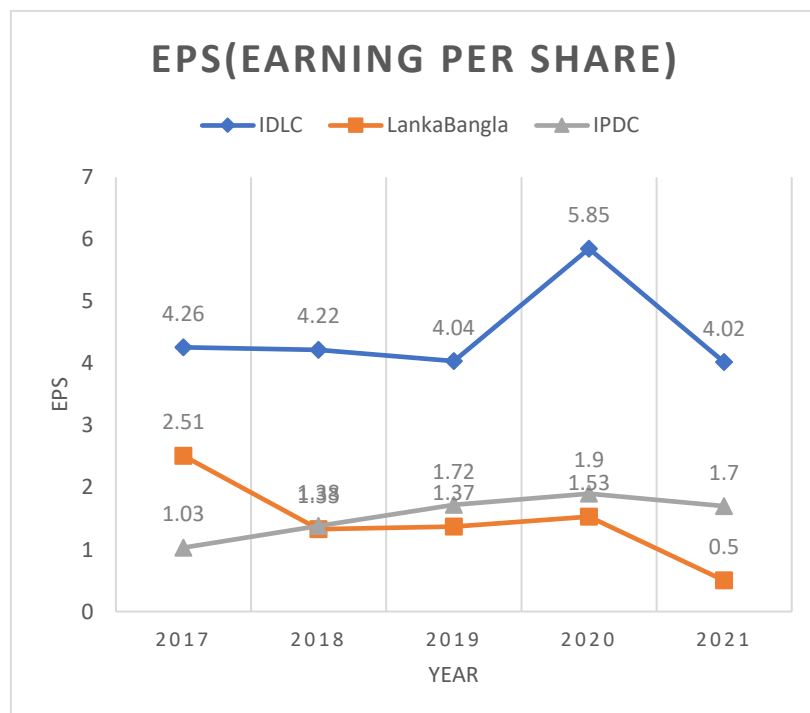


Figure 22: EPS

Implication:

EPS shows that how much profit allocated to each share.

Here we see that IDLC gathered better EPS all the previous years than LankaBangla & IPDC Finance. Though IDLCs EPS fell during 2018 and 2019 but in 2020 their EPS skyrocketed to 5.85. we can see a gradual growth in LankaBnagla's EPS since 2017 but unfortunate for IPDC because their EPS fell during 2018 and 2019 and its still struggling to come back up.

Decrease in EPS means, their **Net Income** decreased during those consecutive years.

CHAPTER 6

RECOMMENDATION & CONCLUSION

6.1 RECOMMENDATION

The relevance of SMEs is increasing by the day. Countries' economies are growing at a faster rate as a result of this sector. According to recent estimates, SMEs account for over 25% of total GDP. It also helps to reduce unemployment by producing new jobs. The SME sector makes a significant contribution. The three businesses, IDLC, IPDC, and LankaBangla, are all very good in the finance industry. However, the ratio suggests that in some situations, IDLC is a little better than IPDC and LankaBangla. So, if IDLC wants to be the best financing firm in the world, it needs to improve in a few areas.

- ✓ IDLC Requires additional market research in order to provide new services or products that meet the needs of clients.
- ✓ IDLC should create a new service or loan program for agricultural financing. Where Lankabangla provides a "Swarnaloi Loan" for agricultural funding.
- ✓ IDLC should hold several seminars or workshops in district or rural areas to provide information about SME loans.
- ✓ It is critical to run some programs in order to deliver clear information regarding the loan criteria. This will help the customer comprehend why they are taking out a loan.
- ✓ They should respond more quickly to the urgent file.
- ✓ There may be a skill development program for interns.
- ✓ Internal database software has a few flaws. They must concentrate on it. As a result, the error problem will be reduced.
- ✓ The demand for SME loans is steadily increasing. They may require new items in the future. It is something that management should be concerned about.
- ✓ In order to maximize their profit, they need be concerned about their running expenses.
- ✓ In 2021, the return on investment (ROI) will be slightly lower. As a result, people should be concerned about this. Profitability will be increased as a result of this.
- ✓ The data entry process should be made more efficient.

- ✓ Loan requisition procedure services must be more adaptable. They will be able to serve more people as a result of this.
- ✓ To mitigate the risk, they should invest in diversified portfolio.
- ✓ When the loan application comes more and more, sometimes it's difficult for the credit analyst to analyse timely. So, the manpower should be increased. Departments need to concern about it.

CONCLUSION

We recognize the huge role and importance of the SME sector in the development of a country's economy. As a result, the need for SME is fast expanding. This sector has the ability to alter the economic flow of a country. Bangladesh offers a plethora of chances for small and medium-sized businesses. People are attempting to start their own businesses due to a lack of employment. It benefits the country as a result of this. Because of the benefits of SME sectors, the unemployment rate decreases.

As the demand for this sector grows, so does the amount of money borrowed for it. Entrepreneurs want funds to establish a business, and banks and non-banks are always willing to assist enthusiastic entrepreneurs. One of the organizations that assists SMEs is IDLC. They offer a variety of services to meet the needs of their customers.

IDLC Finance is currently the biggest provider of financial services in Bangladesh. Their activities and services are quite quick. Their "Turnaround Time" is shorter than that of any other company. They also participate in a variety of CSR initiatives. They are assisting many people in rural and urban areas in the development of society as a result of this. They are the market leader because of this. They should keep moving forward in order to help Bangladesh's SMEs and economy.

CHAPTER 7

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