

A WORKING REPORT ON IDLC FINANCE LIMITED

By

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An Internship Report Presented in Partial Fulfillment
of the Requirements for the Degree Bachelor of Business Administration (BBA)

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Has Been Approved
April, 2011

Mr. Shamil M Al- Islam
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LETTER OF TRANSMITTAL

April 28, 2011

To

Mr. Shamil M Al-Islam

Lecturer of Economics,

Independent University, Bangladesh

Sub: Submission of Internship Working Report.

Dear Sir,

Here is my internship working report on “*IDLC Finance Limited (IDLC)*”. I am submitting this report as the part of my internship (BBA-499A) in “*IDLC Finance Limited (IDLC) & IDLC Securities Limited (IDLC SL)*”. While preparing this report, I tried my level best to follow your instructions and the instructions that have given to me by my organization supervisor.

The entire report is based on my practical experience in the IDLC’s Gulshan Branch. I have tried my level best to provide what I have learned during the internship program at IDLC Finance and IDLC Securities Ltd Gulshan Branch, Dhaka.

I shall be highly encouraged if you are kind enough to receive this report. If you have any further enquiry concerning any additional information I would be very pleased to clarify that.

Thanking you.

Sincerely yours,

Ariful Alam

ID#0720451

Acknowledgement

At the very beginning, I would like to express my gratitude to Almighty Allah for whose kindness I am enough sound mentally and physically to prepare this report. Then I must express my deep gratitude to my University supervisor *Mr. Shamil M Al-Islam*, Lecturer of Economics, Independent University, Bangladesh, for his guidance and instructions in conducting the internship program successfully. I would like to place my gratitude to the HR of IDLC Securities Limited to enable me to complete my internship in their esteemed organization.

I would also like to thank my host organization supervisor *Mr. MD. Mozammel Haque*, Senior Manager and Branch in Charge (Gulshan Branch), IDLC Securities Ltd for providing me an opportunity to work in IDLC as an intern. I also like to extend my gratitude to *Mr. Shah Rakib Khan*, Senior Associate, Sales and Trading and *Mr. MD. Shafiqur Rahman* (Merchant Bank) who helped me to learn many new things during my internship program. At last I like to thank the *Riffat Rehana Suravi* and *Shawon Subarna Aziz* (Clients Support department) for providing valuable advice in the successful completion of this project.

During the preparation of the project work I have come to the very supportive touch of different individuals (respondents & seniors from IDLC) and friends, who lend their ideas, time and caring guidance to amplify the report's contents. To be true to myself I must say that without their help it would be very hard for me to prepare such report. I am thankful to them with all of my feelings.

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INTRODUCTION

1.1 Origin of the report:

Since practical orientation is an integral part of the BBA degree requirement, I was deputed by the School of Business of Independent University, Bangladesh to IDLC Finance Limited to take real life exposure of the activities of the organization as a financial institution.

I was assigned in the Capital Market and Merchant Bank division of IDLC Finance Limited. The work of the merchant banking is very closely tied with brokerage house. As I worked in both sector so that I can get a real picture of capital Market

This report has been originated as the course requirement of the BBA program. I hope the report will give a clear idea about the activities and role of IDLC Securities Limited and IDLC Investment Limited. This report will also give the real picture of IDLC Finance Limited. I commenced internship on January 10, 2011 and completed the twelve week attachment. My organizational supervisor was *Md. Mozammel Haque*, Head of Gulshan Branch, IDLC.

1.2 Objectives:

Primary Objective:

- To gain practical experience and observe the application of theoretical knowledge in the real corporate world.

Secondary Objective:

- To present an overview of IDLC.
- To analyze the products and services provided by IDLC.
- To know the overall activities of the Brokerage house and Merchant Bank.
- To know the decision making process of the organization.
- To know how Margin account is maintained and Trade took place.

1.3 Source of Information:

To prepare this report I was highly depended on Primary Data, which was collected from face to face conversation with the Manager and Employee of the IDLC in-depth interview. Since it is a working report, my personal experiences count as well. I also collected some official scheme, brochure, web site paper that helped me lot to present this report. After ensuring the accuracy of

the data I utilized this data to my report. Secondary information was gathered from annual reports and other published paper.

CHAPTER-2: COMPANY INFORMATION

2.0 Background of the Company

IDLC Finance Limited commenced its journey in 1985, as the first ever leasing company of the country. In 1995, IDLC was licensed as a Financial Institution by the country's central bank, Bangladesh Bank, following the enactment of the Financial Institution Act 1993. Over the last two decades, IDLC has grown in tandem with the country's transition into a developing country and has emerged as Bangladesh's leading multiproduct financial institution. To encapsulate the evolving nature of the company, IDLC has changed its name to IDLC Finance Limited from earlier Industrial Development Leasing Company of Bangladesh Limited in August 2007.

Since 1985, when IDLC was formed as the pioneering leasing company in Bangladesh, the company continues to evolve as an innovative financial solutions provider. They are now able to offer customers, integrated and customized financial solutions - all under one roof. Their wide array of products and services range from retail products, such as home and car loans, corporate and SME products including lease and term loans, structured finance services ranging from syndications to capital restructuring and a complete suite of merchant banking and capital market services.

2.1 Subsidiaries

2.1.1 IDLC Securities Limited

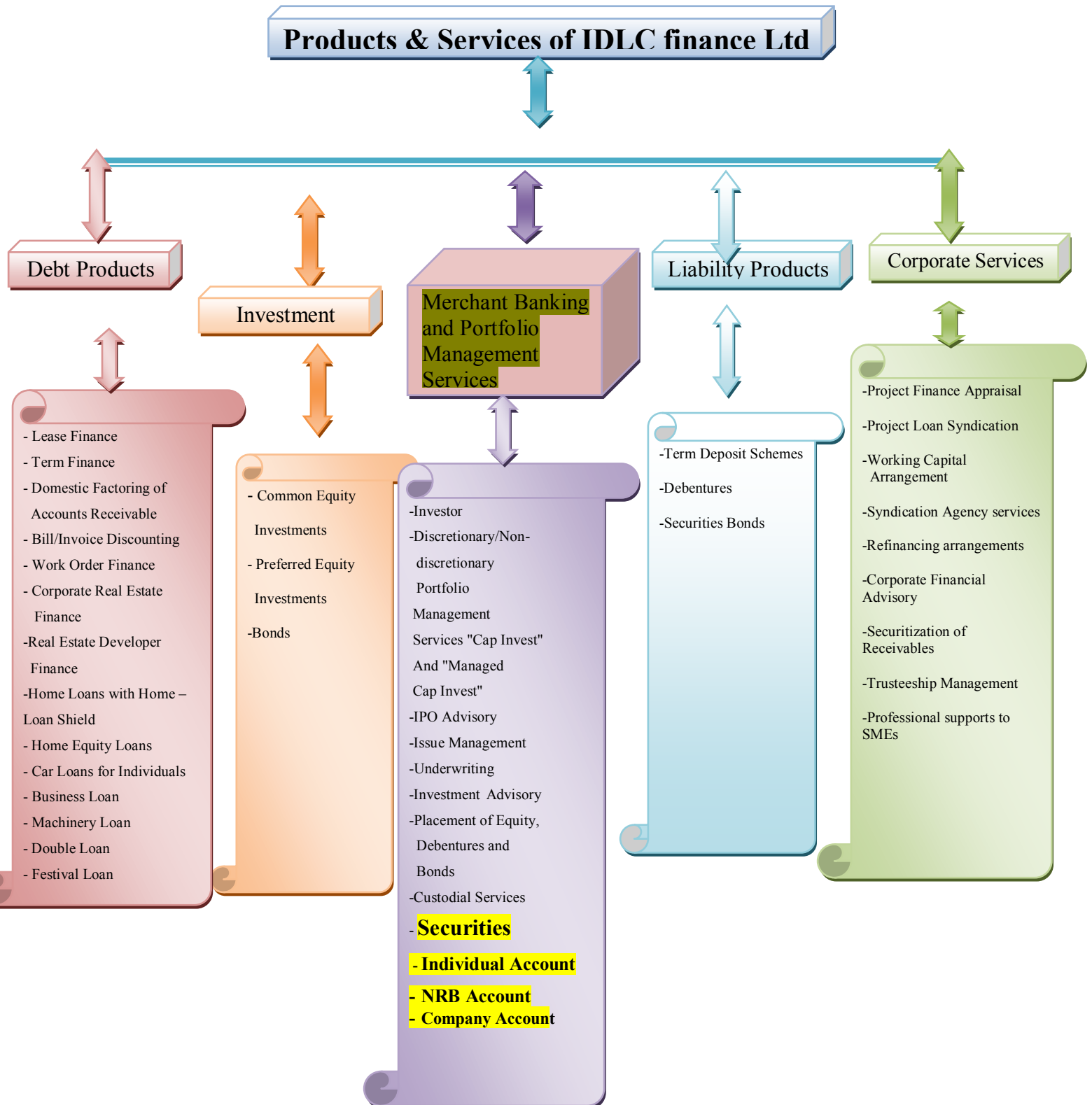
IDLC Securities Limited, a fully owned subsidiary of IDLC, offers full-fledged international standard brokerage service for retail and institutional clients. It has seats on both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. It is also a Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL).

2.1.2 IDLC Investments Limited

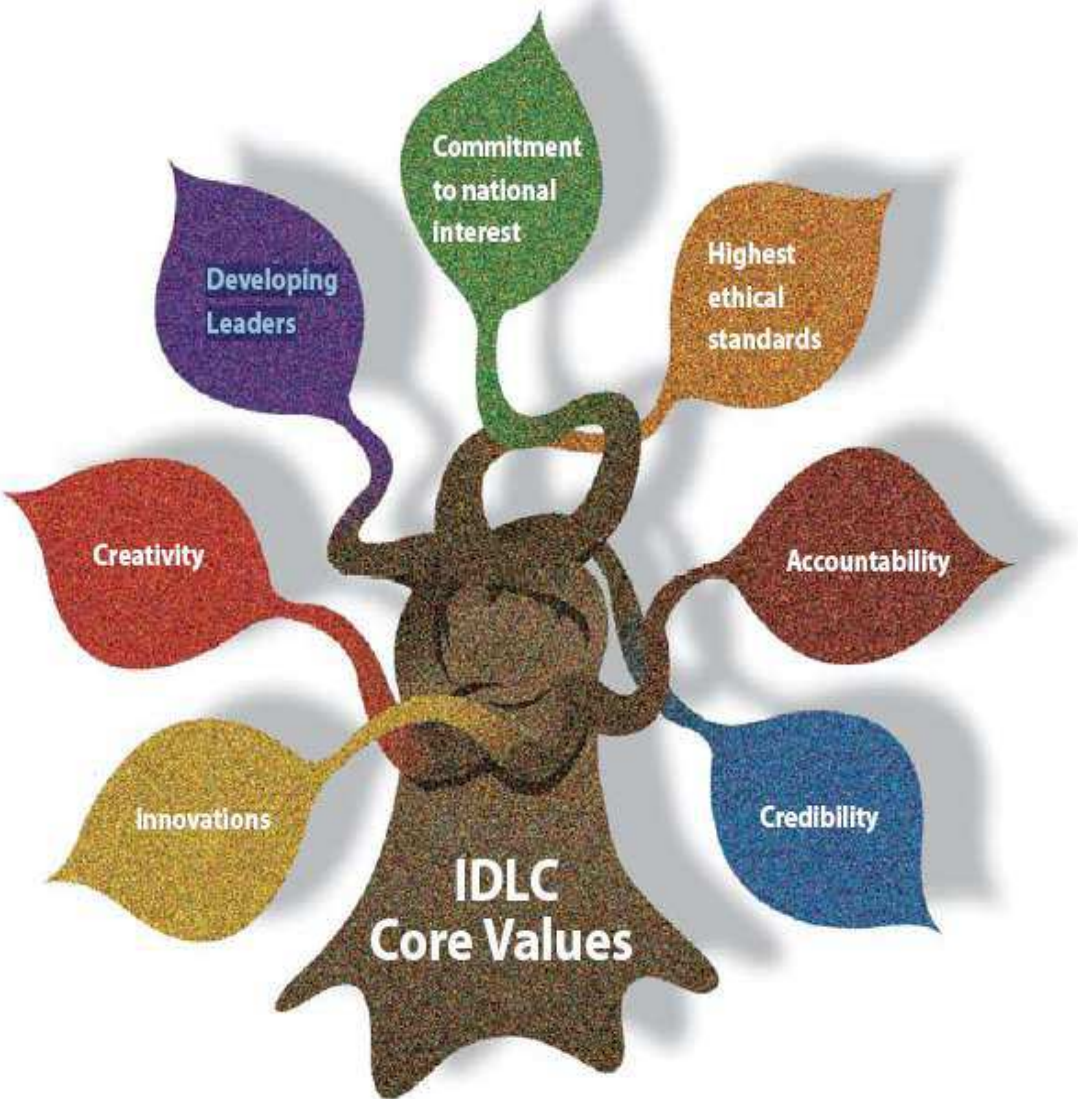
As advised by the Securities & Exchange Commission (SEC), the Company formed a separate subsidiary on May 19, 2010 in the name and style "IDLC Investments Limited" to transfer its existing merchant banking activities. The Company has applied to the SEC to transfer the existing merchant banking license of IDLC Finance Limited in the name of IDLC Investments Limited.

After getting approval from SEC, the company's existing merchant banking services will be provided by its wholly owned subsidiary, IDLC Investments Limited.

2.2 Product & Services of IDLC :

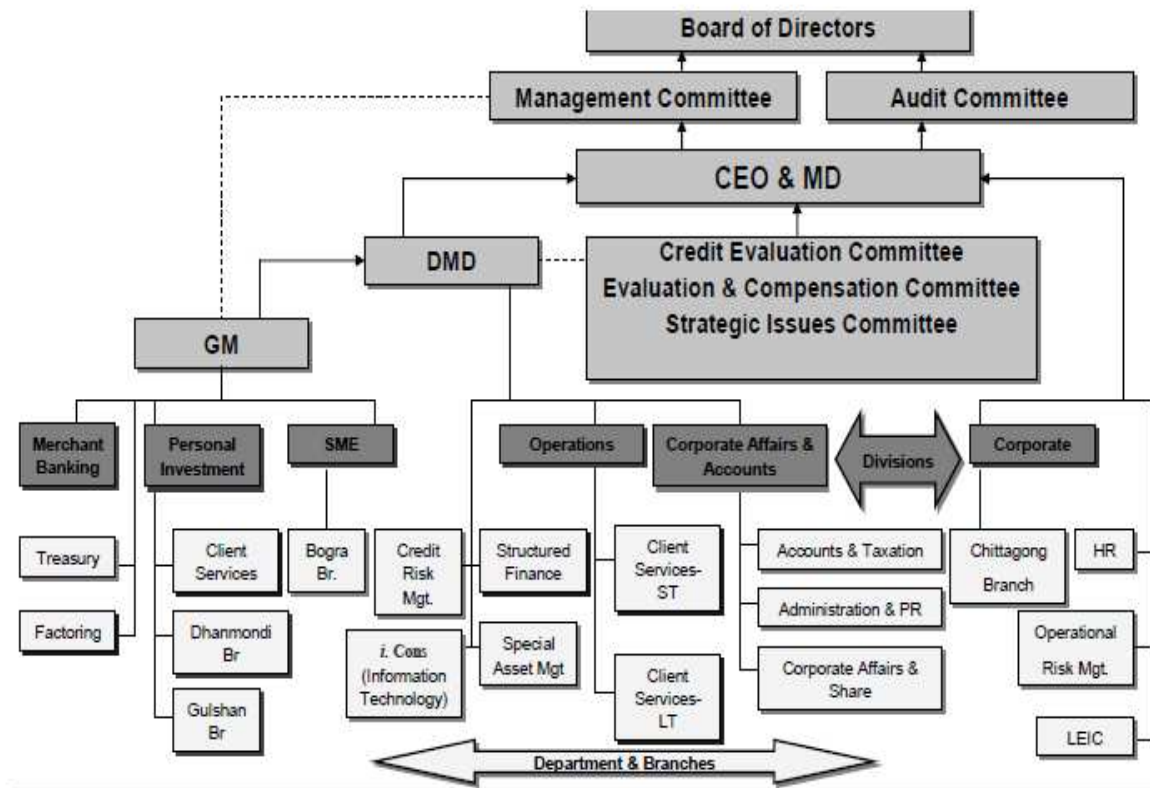


2.4 Core Values of IDLC:



Chapter 3: Organizational Part

3.1 Organogram of IDLC



The Board of Directors of IDLC formed two sub-committees of the Board: Executive Committee and Audit Committee. The matter related to ordinary business operations of the Company and the matters that the Board of Directors from time to time, authorizes are vested on Executive Committee. The Audit Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, internal control systems and procedures, accounting policies and adherence to compliance requirements, etc.

3.2 Organogram of IDLC Securities Limited

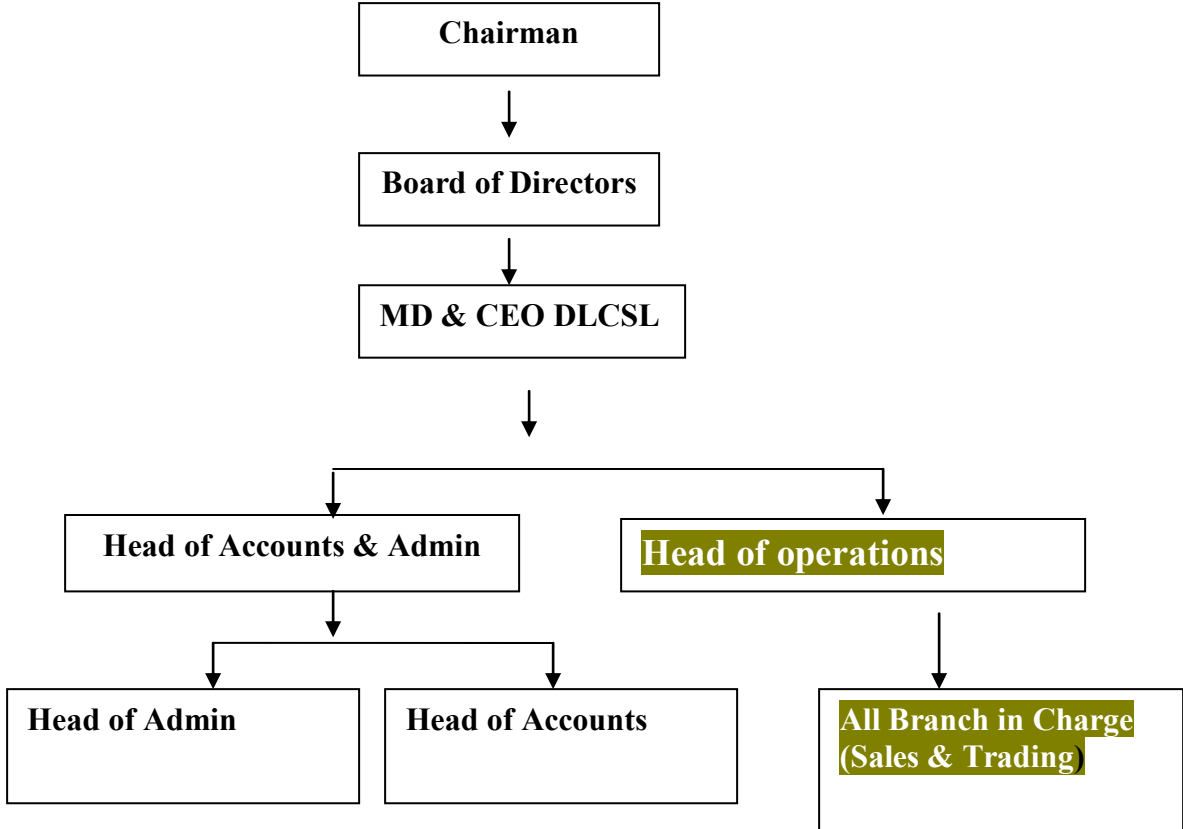


Fig 3: IDLCSL Functional areas

IDLC securities are a fully owned subsidiary of IDLC Finance Limited. The management committee is almost same as IDLC. MD is responsible to maintain all the activities through the chain of command in Head of Admin & Head of operations. Here head of operations mainly deal with sales and trading related activities. Every Branch mainly runs the sales & trading department. They also get support of Merchant Bank division in their Branch.

3.3 Organogram of IDLC Investment Limited

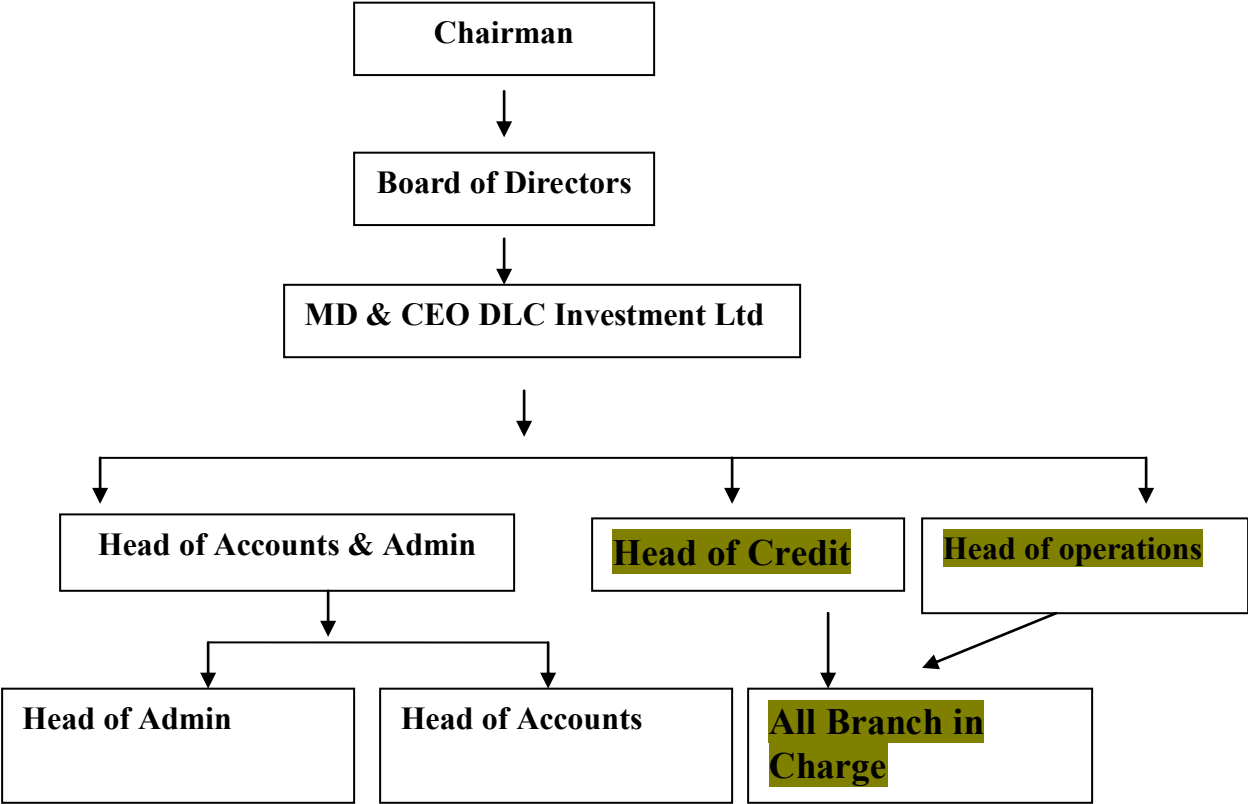
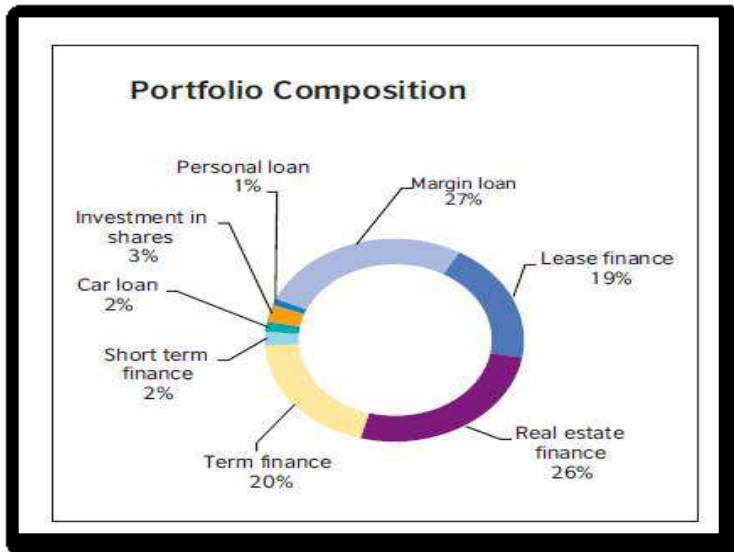


Fig 3: IDLC investment Ltd

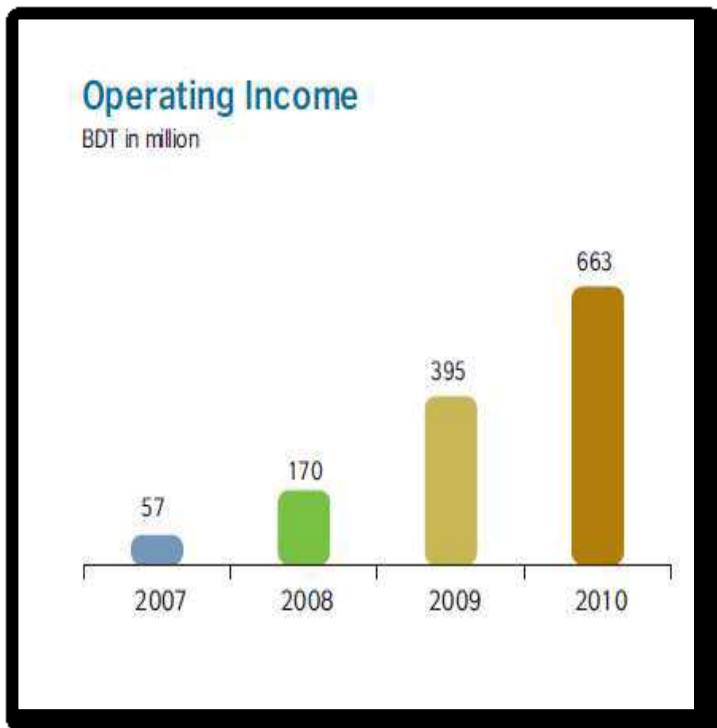
The Credit Committee is empowered, among other things, to analyze the market risk and approve the margin loan for the investor. Head of Accounts and Admin are mainly responsible for the financial transaction and controlling administration. Head of operation controls the account opening and account maintains activities.

Chapter 4: Financial Highlights

4.1 Portfolio Composition of IDLC:



From the portfolio composition we can see that the highest amount is invested in margin loan which is almost 27%. That means the highest amount is invested in Merchant Bank. The second largest share is in Real estate Finance which is 26%. Another two important shares of investment are Term finance 20% and Lease Finance is 19%.

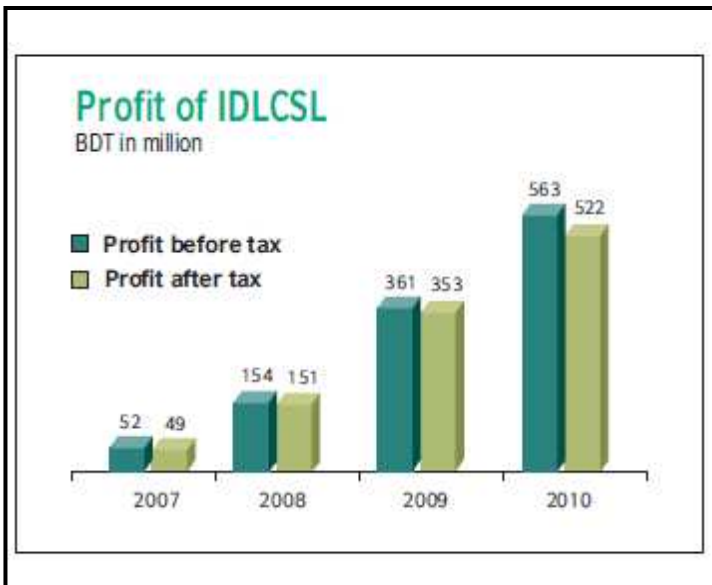
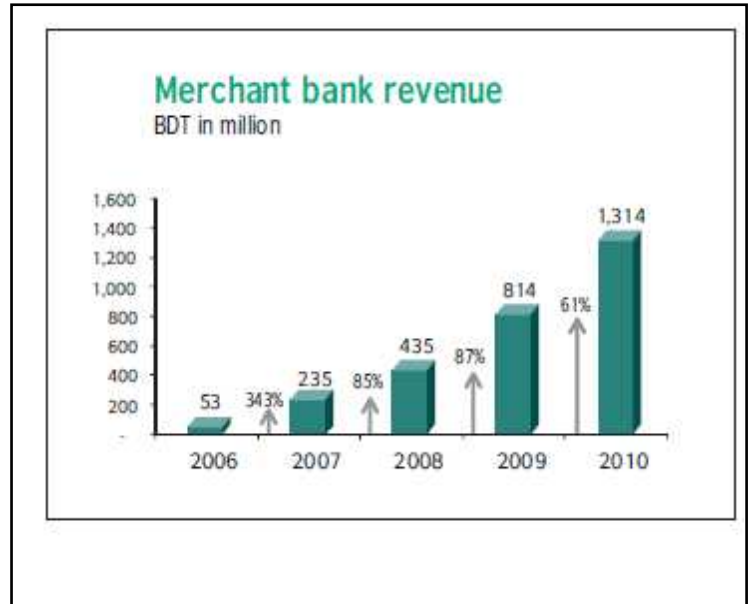


4.2 Operating profit of IDLC:

From the graph we can see that every year Operating income of IDLC is increasing. In 2009 the Operating income of IDLC was BDT 395 Million and in 2010 it was 663 Million. That is within 1 year it increased by 69 % But if we consider 4 year then we found that operating income increases 57 million to 663 million .

4.3 Merchant Bank revenue:

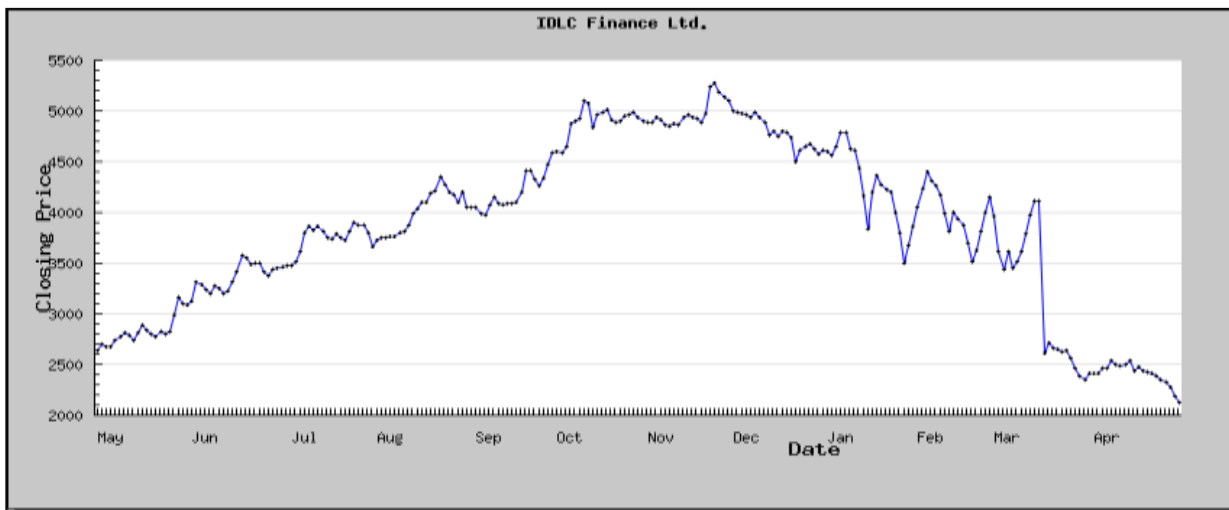
From merchant Bank revenue we have found that the revenue in 2009 is BDT 814 million. In 2010 merchant Bank revenue increases to BDT 1,314 million. That means merchant Bank revenue increase is 61%. But in 2007 to 2008 it increases to 85% and 2008 to 2009 increases to 87%. For the booming in capital market merchant bank revenue increases almost 80% in year to year.



4.4 Profit of IDLC securities

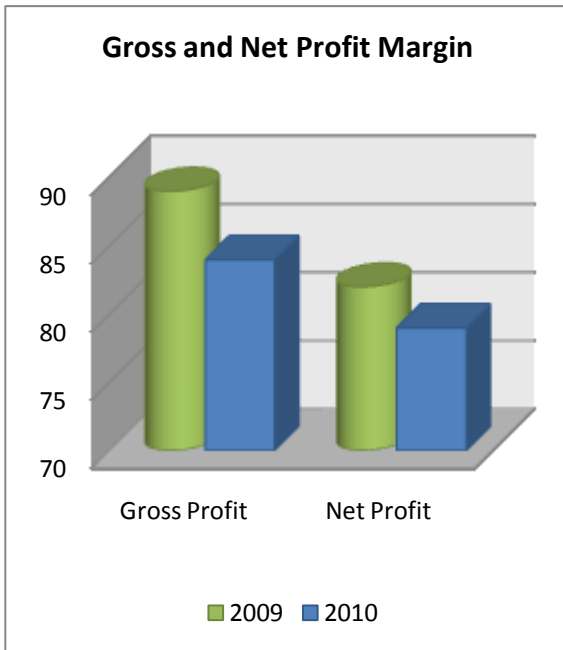
From the graph we can see that every year operating Profit of IDLCSL is increasing. In 2009 the Operating income after tax of IDLCSL was BDT 353 Million and in 2010 it was 522 Million. That is within 1 year it increased by 51%. But in 2008 profit after tax was 151 million. So we see that from 2008 to 2009 it increases almost 110%.

4.4 Stock Chart of IDLC Finance Limited



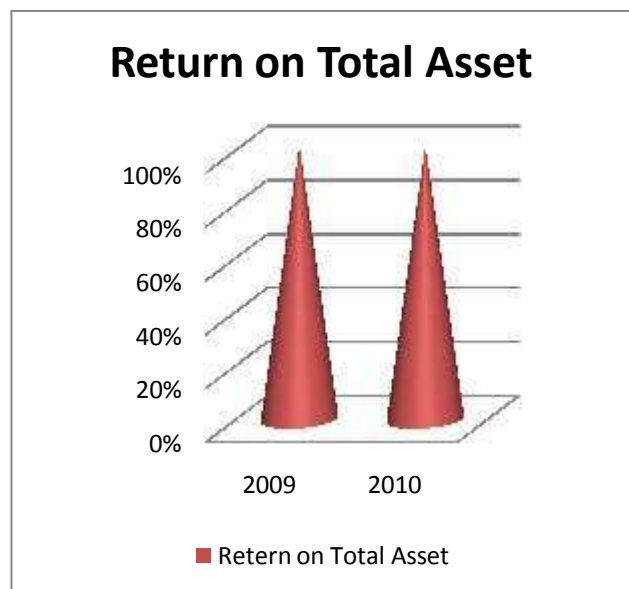
4.5 Ratio Analysis of IDLC:

4.5.1 Gross profit margin & 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 firm's net profit margins the better.

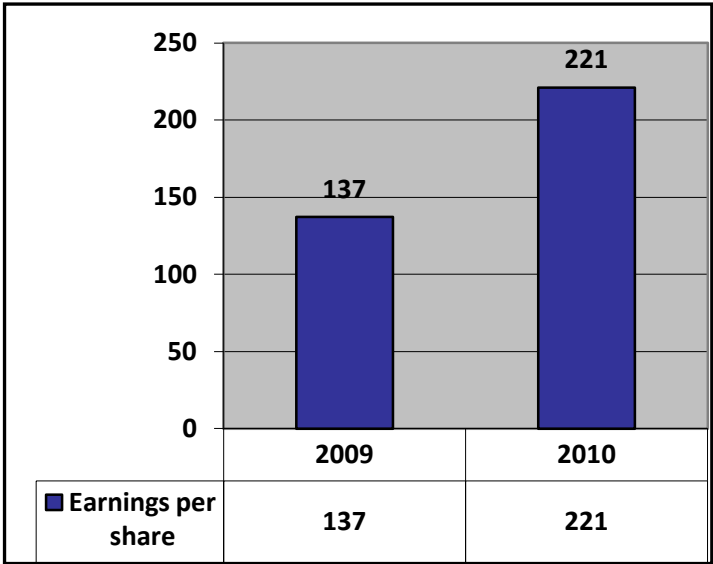


Here we see that in 2009 gross profit margin was 89% and 2010 gross profit margin was 84%. So we found that compare to 2009 in 2010 gross profit decreases because of the crisis in capital market. On the other hand they expand their business. The net profit after tax was also higher in 2009 compare to 2010.

4.5.3 Return on total asset (ROA): It measures the overall effectiveness of management to generate profit with its assets. Here in 2009 return on total was 4.11% and 2010 return on total asset increases to 5.35%. That means return on total asset increases to 1.24% which is a good sign for the institution.

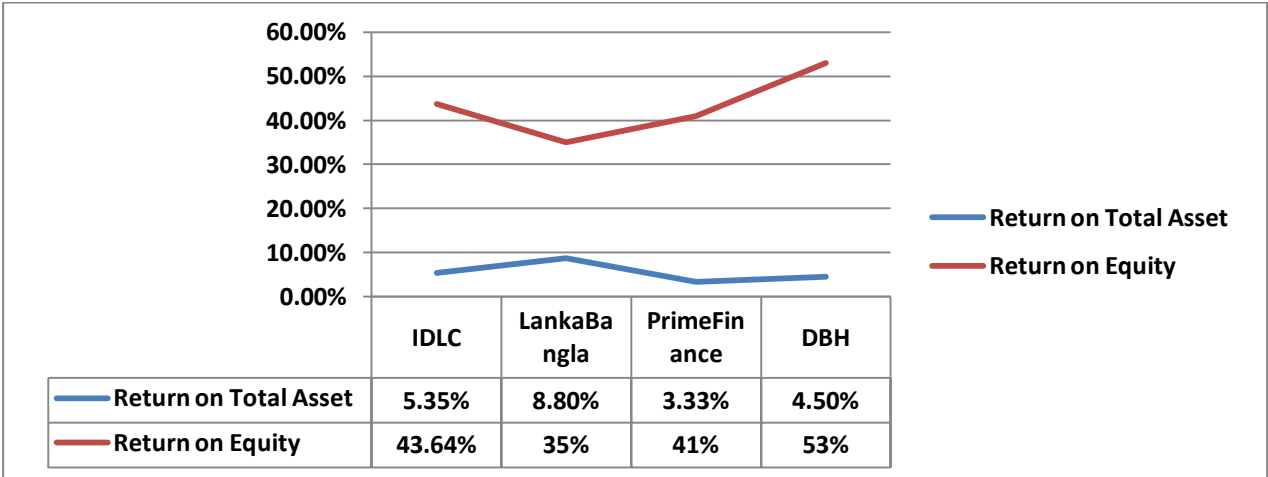


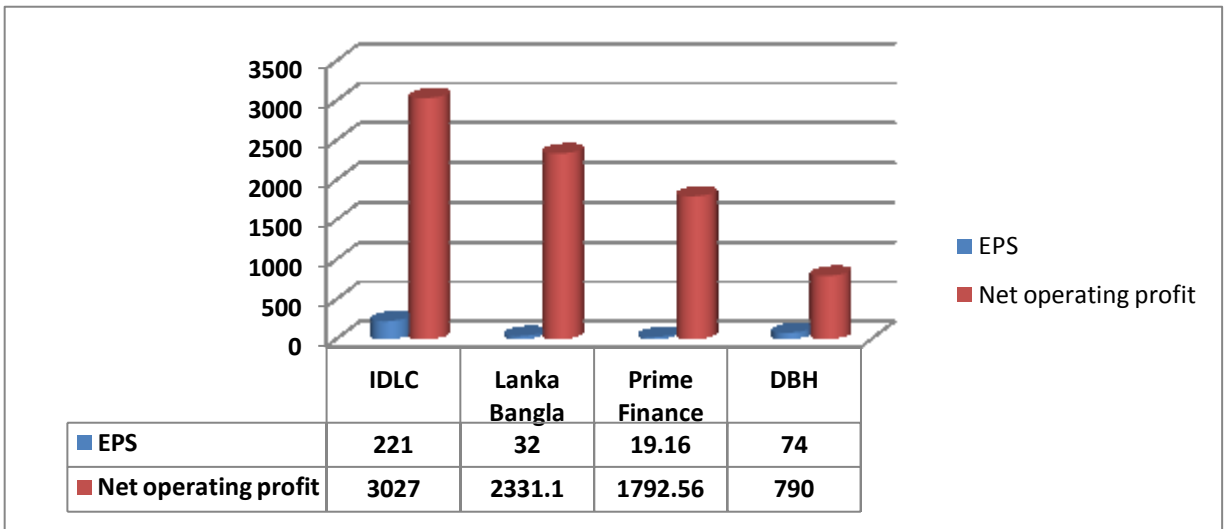
4.5.4 Earnings per share: It measures the overall earnings according to per share. It could measures the per share earnings.



Here we can see that in 2009 earnings per share (EPS) of IDLC was 137 taka per share where as in 2010 it increases to 221 taka per share. That means from 2009 to 2010 EPS increases 61%. It is a very good symbol for the company.

4.5.5 Comparison between IDLC and other NBFIs (Lanka Bangla, DBH, Prime Finance):





If we want to compare IDLC Finance Limited with other NBFI we need to consider the following things like Return on Asset, Return on Equity, EPS, and Net operating profit. In 2010 ROA of IDLC is higher than other NBFI. Only Lanka Bangla 's ROA is higher than IDLC. On the other hand Return on Equity of IDLC also is outstanding compare to Lanka Bangla, DBH, Prime Finance .It measures a firm's efficiency at generating profits from every unit of shareholders' equity. In 2010 ROE of IDLC Finance Limited is 43.5%, which is good sign for the company. But ROE of Lanka Bangla, DBH is also lower due to the crisis in money market.

Earnings per share of IDLC Finance Ltd is 221 where as Lanka Bangla is 32. Among LankaBangla, DBH, Prime Finance & IDLC, Lanka Bangla provide the best EPS. But EPS of IDLC is also excellent. Present net operating profit is also higher as well. Net operating profit of IDLC Finance Limited is 3027 million taka where as Lanka Bangla got 2331.1 million taka. So after comparing all these things we can say that financial situation of IDLC is too much strong.

CHAPTER-5: My Work Experiences at IDLC SL & IDLC

As an intern I started my internship program at IDLC from January 10th in Securities & Merchant Banking division, which is a part of Capital Market under the directed supervision of Mr. *Md: Mozammel Haq*. During my internship I have performed duties that are assigned by my supervisor. Throughout my internship program I performed many tasks that enriched my practical knowledge as well as professional knowledge. Throughout my internship period I came to learn so many updated software's like Blue Chip, TESA, Data Access. Brief descriptions of my duties are given below:



5.1 Client Service: In my internship period I worked mainly in client service department of IDLC. In client service department I used to do following duties:

5.1.1 Payment policies through cheque: IDLC Securities Limited prefer that the client makes payment before the execution of a buy order or delivers share certificates before the execution of a sell order. In client service department client deposit Client's personal Cheque (A/C Payee), Corporate Cheque, Bank Draft, Pay order. When client give a cheque to client service department, I receive the cheque and posted on Blue Chip software. In blue chip I need to give a voucher no, Document reference no. After giving both Vou & Doc no, I require to place

the cheque number, transaction mode, Cheque date, amount, Bank name etc. After entering all these information money receipt turns into ready. I print the money receipt and give it to the client.

5.1.2 Payment policies through Cash: IDLC do not receive any cash amount in their client service. They also do not receive the following instrument such as Cash, traveler cheque, money order, credit card etc. They have separate Bank account in Standard chartered Bank. Clients need to deposit the money in SCB and give the receipt to client service department. When client give the money receipt I need to post it on Blue chip software and prepare a receive copy of Bank deposit.

5.1.3 Tax Certificate: In client service department I need to prepare the tax certificate for the client. They come to the IDLC and give requisition to get the tax certificate. They want this tax certificate to show on National Board of Revenue (NBR). I mainly prepare the tax certificate by the blue Chip software. There mainly need to give the transaction period, instruments name, clients name and code. It is also mandatory to show the total invested amount and total profit-loss amount. After preparing the certificate, I give it to client service department. Then Branch manager signed it and give it to the client.

5.1.4 Withdrawal Request of Client: In client service department I need to give withdrawal request form to client. When client wants to withdraw money I need to check the following things such as available mature balance, amount withdrawal requested, margin amount, authorized signature etc. After checking everything I used to give the withdrawal request form and preserve it to send it to Head office.

In client service department I need to give the cheque to the client. In order to give the cheque I need to cheque the signature of the client or authorized person's signature. Then I need to keep a signature in a payment form. After that I give the A/C payee cheque to the respective client.

5.1.4 Trade Confirmation note: Every day I need to keep the update of trade confirmation note. I need to keep the record of previous days total trade volume in a MS excel sheet. Their only trading ID is kept. But in client service department there is a separate documentation process to keep the trade confirmation manually. A member executing an order of buy or sell of a

customer shall within 24 hours of the execution of the order, transmit to the customer a confirm note. Every day I need print out the trade confirmation client & office copy of trade. In client service department I need to give the trade confirmation note to the clients and keep it in a separate box after confirming from client.

5.2 Trading: I worked 15 days in trading department of IDLC securities Ltd. In trading department mainly I came to learn to so many important techniques and rules of DSE & CSE. In trading IDLCSL uses software which is TESA. DSE trading function is operating by the help of TESA (The Electronic Securities Architecture).It is trading software which is based on HP proprietary O/S & DBMS. TESA software is built for the global securities markets. It uses fault tolerant computers, intelligent workstations and client / server design techniques. This provides co-operative processing, high message integrity, continuous operation and fully automatic recovery. In trading I did the following things:

1. **Market Information:** Supplying all market information is needed to formulate the buy and sell decisions. I mainly show the market news to client by TESA software.
2. **Market Index:** Calculates and publishes market index (DSE General Index & Weighted Average Index). Whenever client wants to see the DSE index, I illustrate them the rate of index by TESA software.
3. **Market price:** Very often client wants to see the market price of the share. In TESA software both buying and selling price is available. I show them both buying and selling price. Here I can only show the price but I can't buy or sell any share because of the rules and regulation of DSE & CSE. But I came to know some important thing of buying and selling.

Trader can place the order in following three ways:

- a) **Partial fill** which signifies that as much possible of the order quantity shall be executed as soon as the order is submitted to the trading engine.
- (b) **Partial fill and kill** signifies that as much as possible of the order quantity shall be executed as soon as the order is submitted and the remaining order quantity shall be returned to the trader who entered the order.
- C) **Full fill or kill** signifies that either all of the orders quantity shall be executed as soon as the order is submitted to the trading engine or the entire order shall be rejected and returned to the trader.

Execution of buy-sell: All orders with price equal to or better than the opening price will match automatically. Orders which are at the most favorable price, that is, at the lowest selling or highest buying price, shall be executed first. If two or more orders are listed in the order book at the same price, the oldest order shall be executed first.

5.3.1 Account Opening: I also worked in account opening in both securities and Merchant Bank. For opening an account, at first the prospective account holder will apply for opening an account by filling up account opening form. Account opening form consists of the name of the branch, type of account, name of the applicant(s), present address, permanent address, passport number (if any), date of birth, nationality, occupation, nominee(s), special instruction (if any), initial deposit, specimen signature(s) of the applicant(s), introducer's information, Bank statement or Bank certificate etc. I need to check all these things before receiving the form from client. I need to check Signature of the prospective account holder in the account opening form and on the specimen signature card duly attested by the introducer. There are little bit differences in opening account in IDLCSL and Merchant Bank. The following initial deposit is required to open account in IDLC securities.

	Bangladeshi	NRB
	Individual/Joint	Individual/Joint
Non Refundable	500/-	500/-
Advance BO Renewal Fee	500/-	500/-
Minimum deposit	50000	50000

There is little bit difference in account opening for local institution / Partnership / Trust. I need to check the following thing before receiving the form. My supervisor advised me the check the form. After that they receive the form. The additional things are required with previous document such as Memorandum and Articles of Association, valid trade license etc. The following initial deposit is required to open account in IDLC securities.

	Bangladeshi	Foreign
	Institution	Institution
Non Refundable	500/-	1000/-
Advance BO Renewal Fee	500/-	500/-
Minimum deposit	100000/-	100000/-

5.3.2 Account opening in Merchant Bank: Account opening in IDLCSL and Merchant Bank almost same. There are two type of MAXCAP account is ideally suitable for any individual having little or no experience of investing in Bangladesh capital market. Characteristics of MAXCAP

- Minimum Investment: Individual : Tk. 500,000/- *
- Minimum Investment: Corporate : Tk. 1,000,000/- *
- Minimum Investment Horizon : 1 Year

Cap Invest is a dynamic investment account that provides the investors with entire range of non discretionary portfolio management services. Characteristics of "Cap Invest"

- Minimum Investment: Tk. 1,000,000/-
- Margin Loan: Maximum of .75%* of Client's equity, but not exceeding Tk. 50 million

But the rules and regulation is different from securities. I need to explain the details to the clients. I need to explain the loan to equity ratio system, interest rate, service charge rate etc. When clients give the form in client service department, I need to check the form and signature etc. In margin account I need to explain the Price Earnings ratio (P/E) rate for getting the loan.









5.4.1 Summary of Account statement: Sometime customer of IDLCSL wants to know the total amount buy or sell from opening date to present date to a particular account. But IDLC portfolio statement contains account information for specific day. So to provide this information in case of those accounts that are maintained more than one year, couple of time I had to prepare summary of account statement blue chip software. To do that IDLC employee helped me to get the excess of individual transaction of a particular account and then I bring out the total amount buy-sell


according to the request of customer and made a printout so that my supervisor can give it to the concerned account holder.


5.4.2 Portfolio analysis: In portfolio analysis I need to observe the debt to equity ratio in loan account. If the Clients equity falls below 50% of the total debt liability, the Portfolio Manager shall call for additional margin deposit from the Client to maintain the stipulated debt to equity ratio of 1:.50. My responsibility is to find out the debt to equity ratio and make a list of loan account. I need to contact with client for deposit and force sell. I need to print all the portfolio of client and give it to them.


Chapter 6: Problems Identified


Even though the financial condition of IDLC is improving every year and it is going strength to strength, but there is always room for improvement. During my three month internship I identified few problems and Weaknesses of IDLC which can lead them to lower profitability. These problems are listed below:

-  IDLC has more and high fees and charges compared to its rivals in margin loan account. Such as minimum balance fee, ledger fee etc. As a result, IDLC is not being able to attract new customers as rapidly as rivals due to certain attributes of their product/ service packages.
-  Their initial deposit is higher than rivals. That's why many customers can't open account IDLCSL.
-  In client service department they can't manage the entire document properly. They need to keep the trade confirmation easy way. So that they can give it to customer quickly.
-  IDLCSL use the blue chip software which is not working properly. Very often it become out of service. In trading hour it creates problem. At the time of Cheque receive it also shows error which is very much alarming.
-  IDLCSL is heavily dependent on Head Office for decision making. I think they should decentralize their decision making process by giving more decision making power to other branches operating in Bangladesh
-  Not enough promotional activities. IDLC should promote their product and services more so that individual and corporate customer can know more about it.
-  Most of the Branches are situated are urban areas. As a result IDLC has not that much good market share like other local NBFIs. I think they need to adopt a strategy of establishing few branches in rural areas and providing services according to their needs.
-  IDLCSL rely on Head office to issue cheque to client. It creates lots of problem like delaying in cheque delivery. That's why customer needs to give requisition one day earlier.

 They keep the purchase order manually where as they can keep it computerized way. They also keep the buy-sell order in an open place.

 Very often trading software also creates problem in times of trading. That is the most alarming problem. It may delay the purchase time as well error purchasing.

 In case of Account opening they need to relay on Head office. They can't open the account of their client. They only collect the form and prepare a demo account opening form. After that Head office opened the account which is complicated & time consuming.

 There is too much burden on client service department. So many responsibilities are there in client service department. But the employee in client service department is only two. That's why in peak hour it becomes tough to give the best service.

Chapter 7: Recommendation for IDLC

IDLC Securities Limited has established its image as one of the best service provider for its potential customers. IDLC is such an organized institution that there are very few things to recommend them. There are a number of renowned Securities and Merchant Bank who are continuously working to improve the service quality. Their product development team launches attractive financial products each year to pull away customers from the competitors. According to my analysis IDLC is better in almost every respect from the other rivals. From above discussions and basic understandings while working in the organization following recommendation can be formulated for the organization.

- By adopting the principles of good governance at all decision making levels, IDLCSL must show that corporate governance is a management enhancement tool. This is one of the factors that can give confidence to business partners and facilitates co operation with parties in international financial centers, which already adopts such principles.
- IDLC should maintain their products and services quality by ensuring comfortable environment to invest in the share market.
- IDLCSL should more clearly define respective responsibilities of staffs, managers, board of directors and shareholders in the attainment of goals and establish a procedure of sanction attached to these responsibilities.
- They need to give the authority to the branch manager to provide the cheque and issue the cheque. That means decentralization of authority.
- It should improve more on management control systems comply religiously with corporate governance principles and the international financial standards especially aspects that impact on assessment & management of risks, transparency & capability.
- To secure their financial stability both the Company should frequently research the share and money market.

- In order to increase the profitability & reduce the risk, IDLCSL should maintain a well-balanced portfolio. The more diversified the portfolio, the lesser the risk of losses
- To secure their financial stability both the Company should frequently research the share and money market.
- Ensuring comfortable environment for foreign portfolio investments because it's very significant for the capital market. If Foreign investor can invest easily it will be a great opportunity for Bangladesh.
- They should use the upgraded software for the internal activities. So that error rate becomes lower.
- In case of signing the trade confirmation they can use the online confirmation. Customer will confirm the buy-sell through the email. If they do not complain within 7 days. Then it will decide as a confirmed way.

8.0 Conclusion:

In performing the internship, I was specially introduced to the real life experience. I also feel that it is a unique opportunity for me to learn about the practical work and official accounts and finance system in a reputed organization. This internship has improved my knowledge and attitude about the capital market to a large extent. During my internship period, I have learned a lot of things about capital market.

Now a day business does not mean just selling and purchasing the products or services. This is very important to conduct the business in an organized and effective manner. Now questions arise that how we can make this business process effective. Advertising can be a bigger solution in this sector. More than that maintaining a satisfactory level of customer satisfaction might make the whole selling process a lot more progressive. As we all know in the business world things move on the will of Impression. To enrich and maintain a better reputation is the only solution to make a business more progressive. IDLC Finance and IDLC Securities definitely satisfies their customers and to maintain this scenario in a more efficient and prospective manner. IDLC maintains the highest standard of service for the clients. They are maintaining throughout their activities. Their business slogan is “committed to you” and “be with the best”. They are always working to keep their promise.

REFERENCES

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2. http://www.idlc.com/capital_market.html
3. http://www.idlc.com/idlc_securities_ltd.html
4. http://www.idlc.com/capital_market_merchant_banking.html
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6. Arnold, C. M., (2001) Timing the market: How to make profit in bull and bear market with technical analysis, (2nd edition) Willey
7. Dhaka Stock Exchange (2011), Company Information, Available: <http://www.dsebd.org/displayCompany.php?name=IDLC>, [April/2011]
8. Foster G, (1996), Financial statement analysis (2nd edition), Perason education, India.
9. Annual Report of IDLC Finance Limited-2009 & 2010
10. Annual Report of Lanka Bangla Finance Limited-2009 & 2010

Appendix

1.

IDLC FINANCE LIMITED

Consolidated Balance Sheet

as at December 31, 2010

	Note	2010 Taka	2009 Taka
PROPERTY AND ASSETS			
Cash			
In hand	3(a)	206,000	116,000
Balance with Bangladesh Bank	3.2	323,943,694	225,155,458
		324,149,694	225,271,458
Balance with other banks and financial institutions in Bangladesh	4(a)	3,028,738,202	1,546,316,124
Money at call and short notice		370,000,000	-
Investments	5(a)	575,465,138	637,946,574
Loans, advances and leases	6(a)	21,254,201,366	19,561,593,706
Fixed assets including land, building, furniture and fixtures	7(a)	325,671,174	224,509,596
Other assets	8(a)	1,051,764,655	485,649,768
Total Assets		26,929,990,229	22,681,287,226
LIABILITIES AND CAPITAL			
LIABILITIES			
Borrowings from other banks and financial institutions	9	4,656,967,523	6,029,180,391
Deposits and other accounts	10		
Term deposits		12,373,161,861	9,779,933,274
Other deposits		628,184,694	579,835,183
		13,001,346,555	10,359,768,457
Other liabilities	11(a)	5,581,486,184	3,899,246,528
Total liabilities		23,239,800,262	20,288,195,376
Capital / Shareholders' equity			
Paid-up capital	12	600,000,000	300,000,000
Share premium	13	3,750,000	3,750,000
Statutory reserves	14	562,364,396	401,250,000
General reserves	15	811,250,000	811,250,000
Dividend equalisation reserves		46,500,000	46,500,000
Retained earnings		1,666,323,343	830,340,665
Total equity attributable to equity holders of the company		3,690,187,739	2,393,090,665
Non-controlling interest		2,228	1,185
Total liabilities and Shareholders' equity		26,929,990,229	22,681,287,226

	Note	2010 Taka	2009 Taka
OFF - BALANCE SHEET ITEMS			
Contingent liabilities	16.1		
Letters of guarantee		270,263	6,698,663
Irrevocable letters of credit		1,700,000	9,000,000
Indemnity Bond		8,811,279	8,899,650
		10,781,542	24,598,313
Other commitments	16.2		
Undisbursed contracted loans and leases		823,917,425	626,094,560
Total Off-Balance Sheet items		834,698,967	650,692,873

The annexed notes 1 to 42 form an integral part of these financial statements.



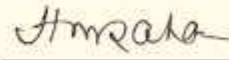
Chairman



Director

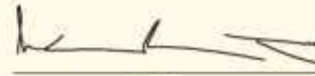


CEO & Managing Director



Company Secretary

As per our annexed report of same date.



Auditors
Rahman Rahman Huq
Chartered Accountants

Dated: February 24, 2011

IDLC FINANCE LIMITED

(Merchant Banking Operation)

Profit and Loss Account

for the year ended December 31, 2010

	Note	2010 Taka	2009 Taka
Interest income		794,182,177	601,036,262
Interest expenses	17.3	593,332,470	519,216,990
Net interest income		200,849,707	81,819,272
Custodial Fees		494,353	12,500
Issue Management Fee		13,686,104	3,300,000
Documentation Fees		934,500	482,000
Portfolio Management Fee		201,232,558	110,546,637
Settlement charges		302,107,202	96,513,438
Underwriting Commission		928,950	2,606,862
Total fees & commission income		519,383,667	213,461,437
Total operating income		720,233,374	295,280,709
Administrative expenses	17.4	42,655,975	23,834,499
Depreciation on property and equipment	7.1	2,189,907	6,814,543
Other expenses	17.5	62,047,573	47,133,237
Total operating expenses		106,893,455	77,782,279
Profit before provision		613,339,919	217,498,430
Provision for future losses	11.7(i)	(2,282,821)	27,960,044
Profit before tax (PBT)		615,622,740	189,538,386

The annexed notes 1 to 42 form an integral part of these financial statements.



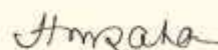
Chairman



Director



CEO & Managing Director



Company Secretary

As per our annexed report of same date.



Auditors

Rahman Rahman Huq
Chartered Accountants

Dated: February 24, 2011

IDLC SECURITIES LIMITED

Statement of Comprehensive Income


For the year ended December 31, 2010

Particulars	Notes	2010 Amount (Tk.)	2009 Amount (Tk.)
Operating income		822,570,714	464,779,639
Brokerage commission	17	588,685,399	378,207,275
Capital gain from sale of securities	18	231,503,615	85,258,963
Other operating income	19	2,381,700	1,313,400
Less : Operating expenses	20	159,562,155	69,343,614
Net income from operation		663,008,559	395,436,025
Add : Other income	21	42,641,984	18,662,001
Total income		705,650,542	414,098,026
Less : Office & administrative expenses	22	133,416,920	45,379,139
Provision for future losses	23	5,445,479	5,405,288
Profit before financial expenses		566,788,144	363,313,600
Less : Financial expenses	24	4,216,812	2,534,237
Net profit/ (loss) before income tax		562,571,332	360,779,363
Provision for income tax		41,045,196	7,430,422
Net profit/(loss) after tax		521,526,136	353,348,941

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



Chairman/Director



Managing Director



Masih Muhith Haque & Co.
Chartered Accountants

4.

IDLC SECURITIES LIMITED

Statement of Financial Position

As at December 31, 2010

	Note	2010 Amount (Tk.)	2009 Amount (Tk.)
SOURCES OF FUNDS			
Shareholder's Equity			
Share capital	3	200,000,000	100,000,000
Retained earnings	4	913,903,272	492,377,136
		1,113,903,272	592,377,136
APPLICATION OF FUNDS			
Fixed assets			
(at cost less accumulated depreciation)			
Intangible assets	6	749,271	471,305
Membership at cost	7	18,676,000	18,676,000
DSE		15,225,000	15,225,000
CSE		3,451,000	3,451,000
		1,730,403,150	1,130,327,535
Current assets			
Advances, Deposits and Prepayments	8	45,200,086	13,319,758
Advance income tax	9	10,416,308	2,563,079
Investment in securities	10	118,045,774	105,114,595
Accounts receivable	11	626,224,113	352,682,653
Margin loan to clients	12	8,406,730	22,433,943
Cash & cash equivalents	13	922,110,139	634,213,508
		724,113,922	592,594,763
Current liabilities			
Accounts payable	14	662,607,091	576,847,511
Provision for expenses	15	50,656,065	10,341,964
Provision for future losses	16	10,850,767	5,405,288
		1,006,289,228	537,732,772
Net current assets		1,113,903,272	592,377,136

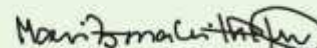
The annexed notes form an integral part of these financial statements.



Chairman/Director



Managing Director



Masih Muhith Haque & Co.
Chartered Accountants

5. DSE and CSE position:

₹ in million

Particulars	2010	2009	% Growth
Turnover in DSE & CSE	232,969	119,122	95.57%
Total Assets	1,838.02	1,184.97	55.11%
Total Shareholders Equity	1,113.90	592.38	88.04%
Operating Profit	663.00	395.44	67.66%
Net Profit before Tax	562.57	360.78	55.93%
Net Profit after Tax	521.53	353.35	47.60%
Return on total Assets	28.37%	29.82%	-4.84%
Return on Shareholders' Equity	46.82%	59.65%	-21.51%