



INTERNSHIP REPORT ON

**THE TREASURY FUNCTIONS & ANALYSIS OF FINANCIAL PERFORMANCE OF
BANGLALINK**



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BANGLALINK**

COURSE ID: BUS 400

PREPARED FOR

SREYOSHI AHMED

LECTURER

BRAC BUSINESS SCHOOL

BRAC UNIVERSITY

PREPARED BY

MD. TANVIR INZAMAMUL HOQUE

ID-10104077

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Sreyoshi Ahmed

Lecturer

BRAC Business School

BRAC University.

Subject: Submission of internship report

Dear Miss,

I would like to take this opportunity to thank you for the direction and support you have provided me during the preparation of this report. Without your help, this report would have been impossible to complete. With profound gratefulness, I also acknowledge the help provided by Mr. Qumrul Hasan Miron for providing me utmost supervision during my internship in the organization.

To prepare the report I collected what I believe to be most pertinent information to make my report as methodical and trustworthy as possible. I have concentrated my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during report preparation will immeasurably help in my future professional life. I request you to excuse me for any mistake that may occur in the report despite of my best effort.

I would really appreciate it you enlighten me with your thoughts and views regarding the report. Also, if you wish to enquire about an aspect of my report, I would gladly answer your queries.

Thank you again for your support and patience.

Yours Sincerely,

MD. Tanvir Inzamamul Hoque

ID-10104077

ACKNOWLEDGEMENT

Successful conclusion of any course requires support from various people and I was privileged to have that support, coordination, and supervision in every aspect from my internship supervisors, teachers, friends and others.

First of all I would like to thank beyond measure grace and deep kindness of the Almighty Allah. I would like to express my deep sense of thankfulness to Mr. K M Zakaria, Director of Treasury of Banglalink for providing me the opportunity, my supervisor of internship program at Banglalink Mr. Qumrul Hasan Miron. Then I would like to express my gratitude to Sreyoshi Ahmed lecturer, BRAC University for her candid encouragement as well as guidance in preparing this report. I acknowledge my gratitude to all the members of the treasury unit of Banglalink especially to Ashraful Islam, Reshma Islam, Syed Ekramul Haque, Mahmud Khayer and everyone else and without your support this report would not have been the same.

I also show my utmost gratitude to all the officials of Banglalink, the speed and helpfulness of the officers really helped me in obtaining the necessary information in time.

Executive Summary

Banglalink Digital Communications Ltd. is the second largest telecom service provider in Bangladesh. Since its inception in 2005, the company is successfully catering the market niches with unique and economic products offering. It started business under the brand name 'Banglalink' in 2005 and now the Russian telecom giant VimpelCom is the parent company of Banglalink. It is growing everyday from the day it started its business in Bangladesh. Now, it has over 29 million subscribers all over the world and the company provides services like 3G, Value added services, Mobile financial services and so on. Currently it has market share of 26% among all the telecom companies. The vision of Banglalink is 'To understand people's needs best and develop appropriate communication services to improve people's lives and make it simple'. To achieve this vision there are certain missions that Banglalink pursues. The missions of Banglalink are segmented approach in terms of products and services, delivering superior benefits in every phase of the customers' experience (before, during and after sales) and creating optimum shareholder value. This report is prepared on the treasury functions and the financial performance of Banglalink. Excluding the introductory part this report is divided into five parts. The first part will provide an overall idea about Banglalink. The second one will describe the internship experience in the treasury unit of Banglalink. The third part will give an idea regarding major treasury functions those are conducted in Banglalink. The next part of the report shows an analysis on the financial performance of Banglalink over the past years and there was a comparison made between Banglalink and its counterpart Grameenphone based on the financial performance of the company. Lastly, there are some recommendations provided those can help the company to improve its effectiveness.

Table of Contents

Contents	Page Number
Chapter 1: Introduction of the Report	
1.1 Background of The Study.....	2
1.2 Origin of The Report.....	2
1.3 Objective of The Study.....	3
1.4 Scope of The Report	4
1.5 Methodology.....	4
1.6 Limitations.....	4
Chapter 2: Overview of Banglalink	
2.1 Overview of The Telecom Industry in Bangladesh.....	6
2.2 Vimpelcom-The Parent.....	9
2.3 Banglalink Digital Communications Ltd.	14
2.4 Vision	17
2.5 Mission	17
2.6 Values.....	18
2.7 Ownership Structure.....	19
2.8 Organizational Structure	21
2.9 Products and Services Offered by Banglalink.....	22
2.10 Banglalink’s Social Responsibility.....	28
Chapter 3: Internship Activities	
3.1 Internship Experience.....	31
3.2 Accounting & Finance Department of Banglalink	32
3.3 Activities Performed in Core Treasury.....	34

<p>3.4 Activities Performed in Corporate Treasury.....37</p> <p>3.5 Activities Performed in Cash Management.....38</p> <p>3.6 Activities Performed in Trade Finance.....39</p> <p>3.7 Session with Corporate Sales, Icon and Customer Care Department.....39</p>
<p>Chapter 4: Banglalink Treasury Functions</p> <p>4.1 Core Treasury Functions.....41</p> <p>4.2 Corporate Treasury Functions.....46</p> <p>4.3 Cash Management Functions.....48</p> <p>4.4 Trade Finance Functions.....48</p> <p>4.5 Financing Options Used By Banglalink.....51</p>
<p>Chapter 5: Financial Performance Analysis</p> <p>5.1 Ratios Used for Analysis.....57</p> <p>5.2 Financial Ratios of Banglalink & Grameenphone.....58</p> <p>5.3 Trend & Cross-sectional Analysis of the Ratios.....59</p>
<p>Chapter 6: Recommendation & Conclusion</p> <p>6.1 Recommendation.....66</p> <p>6.2 Conclusion68</p> <p>6.3 References.....69</p>
<p>APPENDIX.....70</p>



CHAPTER ONE

INTRODUCTION OF THE REPORT

THIS CHAPTER INCLUDES:

1.1 BACKGROUND OF THE STUDY

1.2 ORIGIN OF THE REPORT

1.3 OBJECTIVE OF THE STUDY

1.4 SCOPE OF THE REPORT

1.5 METHODOLOGY

1.6 LIMITATIONS



1.1 BACKGROUND OF THE STUDY

The business scenario is changing every day and to support dynamic business activities funding the business using proper and justifiable ways is necessary. Typically a treasury division is found in almost all sorts of business organization ranging from sole proprietorship to million dollar public limited companies. In a sole proprietorship or partnership the business owners performs treasury functions while the big corporations have highly paid workforces to look over treasury functions. Treasury is one of the oldest professions of the world and the common treasury functions include fund management & fund allocation, cash management, working capital management, liquidity management, interest rate risk hedging, corporate financing and most importantly figuring out an optimal capital structure for the organization in order to leverage more profit while keeping the cost of capital as lower as possible.

1.2 ORIGIN OF THE REPORT

This report is a requirement of the internship program and therefore it is a must to complete my graduation. My honorable supervisor Ms. Sreyoshi Ahmed has directed me properly in this regard and I have put my best effort to make this report a good one. I have served the treasury unit of Banglalink Digital Communications Ltd. for four months and I have gained practical experience on treasury activities of the mentioned organization. In few words, my basic job responsibility was to assist the treasury unit and while working in this unit I have come across diversified financing activities. I have had proper guidance from my supervisor in the organization Mr. Qumrul Hasan Miron, Treasury Senior Assistant Manager and he provided me a good environment for learning.

1.3 OBJECTIVE OF THE STUDY

1.3.1 GENERAL OBJECTIVE

The major objective of this report is to assess the treasury functions, different aspects of treasury functions, overall analysis of financial performance of the organization in comparison with a similar organization and to recommend the changes those can enhance the performance of the organization.

1.3.2 SPECIFIC OBJECTIVE

The specific objectives of this study are:

- 🐾 To know about the organization and its parent in details and the ownership structures of both the entities.
- 🐾 To have an understanding on the products and services offered by Banglalink Digital Communications Ltd.
- 🐾 To understand the core treasury functions of Banglalink Digital Communications Ltd.
- 🐾 To comprehend the corporate treasury activities of Banglalink Digital Communications Ltd.
- 🐾 To assess the tasks of trade finance of Banglalink Digital Communications Ltd.
- 🐾 To analyze the cash management process of Banglalink Digital Communications Ltd.
- 🐾 To conduct a thorough trend and cross-sectional financial analysis on Banglalink Digital Communications Ltd. and Grameenphone Ltd.





1.4 SCOPE OF THE REPORT

The report will provide an idea about Banglalink Digital Communications Ltd., its background and management structure, functional departments and other things related to the organization. In addition to that this report contains a cross-sectional financial analysis of Banglalink and Grameenphone to assess the financial performance of both the companies.

1.5 METHODOLOGY

To make this report more expressive and presentable, both primary and secondary sources of data were used widely.

 **Primary Data:** Primary data used in this report is fundamentally collected from the executives and managers of the organization and besides that the working process of different units is expressed based on my experience on those units. During my internship period I have interviewed different officials of the company and this also provided qualitative data.

 **Secondary Data:** Secondary data was collected from articles of different journals and newspapers. Moreover, to prepare this report I have gone through different websites and most importantly annual reports of different telecom industries have been explored in order to get quantitative data.

1.6 LIMITATIONS

Information on the telecom industry is scarce and therefore difficulties have to be dealt with while preparing this report. Moreover, as an intern I did not have access to all the files and folders because of the organization's confidentiality policy and I have very limited scope to reveal financial data in this report. Other than Grameenphone, other players in the telecom industry are not yet listed in the stock exchange and because of it the financial data of other telecom companies are not made public and this are kept as highly confidential. Therefore, this emerged as a big challenge to conduct cross-sectional financial analysis of all the players of telecom industry.



CHAPTER TWO

OVERVIEW OF “BANGLALINK”

THIS CHAPTER INCLUDES:

2.1 Overview of The Telecom Industry in Bangladesh

2.2 Vimpelcom-The Parent

2.3 Banglalink Digital Communications Ltd.

2.4 Vision

2.5 Mission

2.6 Values

2.7 Ownership Structure

2.8 Organizational Structure

2.9 Products and Services Offered by Banglalink

2.10 Banglalink’s Social Responsibility



2.1 Overview of The Telecom Industry in Bangladesh

Among the south Asian countries Bangladesh adopted cellular technology first back in 1993 by introducing Advanced Mobile Phone System (AMPS). The first mobile license was issued in 1989 but it failed to cater the market with good products and services in a lower cost. The subscription price was way too high to attract the mass people and the tariff was highest in the history, yet the network coverage and the quality of network was unbelievably poor. In 1996, the government awarded three GSM licenses aimed at breaking the monopoly and making the cellular technology affordable to the general masses. Since then, the telecom industry played significant role in improving the quality of life of people through providing information technology and a new era of communication started. This telecom sector has brought largest foreign direct investment the country has ever experienced, paid substantial amount of tax in every year, created new opportunities by generating employment and most importantly because of the availability of this particular service the socio-economic development of the country has boosted up drastically. It has brought changes in the country by providing value-added services and creating employment from direct/indirect firms in the telecommunications sector, increasing productivity in businesses, increasing the involvement and engagement of its population with news and current affairs. The inflow of foreign direct investment (FDI) grew by 26 per cent with telecommunication sector making highest growth in the 2008-09 fiscal years over that of the previous fiscal. A total of around US \$ 430 million was invested in the country's telecommunication sector, particularly by fast-growing mobile phone companies in FY 09," a recent study of Bangladesh Bank reveals. Investment from this industry as of December 2008 stands around BDT 3,000 (Three Thousand) billion. It has generated direct and indirect employment of 675,000 (six hundred seventy five thousand) people till 2006-07 FY which has increased further in recent years. In the year 2011 Bangladesh faced a new version of financial service which is mobile banking. The easiest way of money transfer and lot more. In this service mobile customers can use their mobile phone numbers to hold or open an account and with the account they can transfer money to one another without going to the bank. The main purpose of launching this service is to reach the unbanked population with appropriate financial services using cellphone technology. The telecom sector has also made possible the



availability of data enabling services across Bangladesh. Mobile internet has helped, and will likely continue, to bridge the digital divide between people with access to information and services, and those without paving the way for materializing the dream of "Digital Bangladesh". This is especially also given the greater mobile coverage reaching 97% of the population which extends into areas beyond the fixed-lines network. It was estimated that there were over 5 million mobile internet users. Geographic location as a result will become less of a barrier to social and economic inclusion, especially amongst those within the rural areas, helping support local development, avoiding unnecessary migration and improving socio-geographic structure. In the year 2013, to accelerate the internet data usage the government of Bangladesh has issued 3g license to four telecom operators of Bangladesh.

Bangladesh has 5 privately owned mobile operators along with 1 state owned operator. The private operators are popular as Grameenphone, Banglalink, Robi, Airtel and Citycell. The only one state owned organization is known as Teletalk. The market shares of the operators are as follows:







Company Name	Logo	Existing Market Share
Grameenphone		42%
Banglalink		26%
Robi		22%
Airtel		7%
Citycell		1%
Teletalk		2%

Exhibit 2.1: Market Share of Telecom Operators

Market Share of Telecom Operators

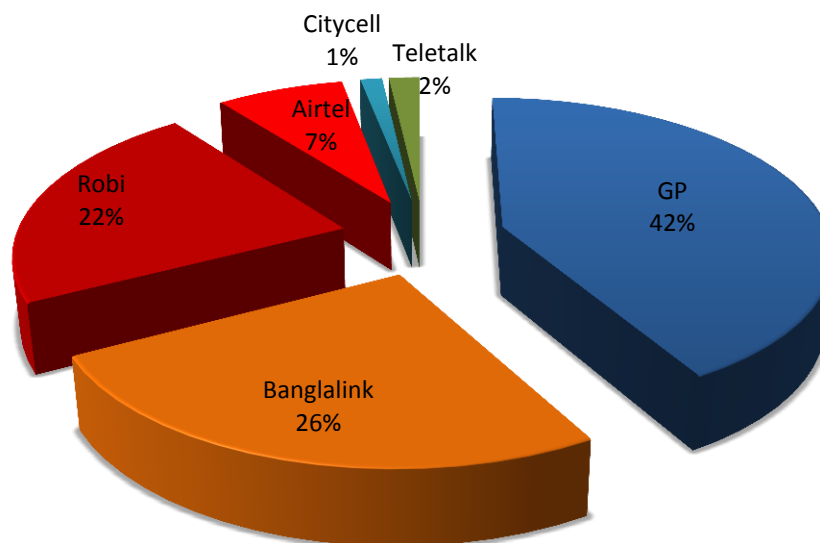


Exhibit 2.2: Pie Chart of Market Share of Telecom Operators

All the private companies are financed and led by multinational telecom companies. Therefore, the foreign direct investment (FDI) is comparatively higher in this sector than any other sector in Bangladesh. Although the market is regulated by very few players, the fierce competition among the operators is notable. The price war is always on among the operators and there is a good chance that the small companies will not be able to cope with their limited factor endowments and eventually they will either go out of the market or in order to sustain they will merge. One of the major characteristics of the telecom industry of Bangladesh is the change of ownership of telecom companies. Now the telecom companies are more concentrated with making 3g services available to mass people and in order to do so they are coming up with more capital deployment to develop their infrastructure. As the industry is evolving continuously, using voice or short messaging service will be replaced by data services very soon and people will feel more comfortable to use data services since using data service is economic.



2.2 Vimpelcom-The Parent

VimpelCom world's sixth largest integrated cellular and data service provider in terms of customer base was founded back in 1992. MAK Vimpel was a Russian defense contractor and in the year 1991 he brought 25 years old American entrepreneur Mr. Fabela and 63 years old Russian scientist Dr. Dimitri B. Zimin in order to provide basic wireless communication system. In the year 1993, VimpelCom launched its first commercial network, a five base station system in Moscow, limiting sales to only 1,000 mobile phones in order to ensure quality of service. The commercial service was launched under the Beeline brand, a brand created by Mr. Fabela in late 1993 to differentiate the company as a youthful and fun company, rather than a technical company. Very soon, the Beeline brand became the choice for admirers of state-of-the-art technology and mobile fans. By its first anniversary, Beeline became the largest operator in Moscow, and its trademark was well-known in 20 Russian regions. Together, VimpelCom's founders built a successful company forged out of cultural diversity and based on a common passion to dream the impossible and to succeed. VimpelCom has since continued its long tradition as a leading innovator in communications, evolving to address changing industry dynamics and to capture growth opportunities. In the 1990s, the Company introduced two digital cellular communications standards to Russia and built a dual band GSM-900 / 1800 cellular network. In November 1996, our predecessor OJSC VimpelCom became the first Russian company since 1903 to list shares on the NYSE. In 1999, VimpelCom led the emergence of the mass consumer market for wireless communications in Russia by introducing a prepaid package product solution. Then, in 2000, the Company continued to innovate with new technologies such as WAP (wireless application protocol) and BeeOnline – a multi-access Internet portal offering its customers a wide variety of wireless information and entertainment services. VimpelCom's expansion in Russia accelerated in 2003. In April 2003, VimpelCom launched operations in St. Petersburg and by the end of that year had 55 regional networks in commercial operation and a total customer base in Russia exceeding 10 million. In September 2004, VimpelCom began to implement its strategic plan to expand its operations into the CIS by acquiring over 50% of KaR-Tel, a mobile telecommunications services provider with a national GSM license in Kazakhstan. VimpelCom continued its growth strategy throughout 2005 and



2006 by acquiring URS in Ukraine, a stake in Tacom in Tajikistan, Buztel and Unitel in Uzbekistan, and stakes in Mobitel in Georgia and ArmenTel in Armenia. VimpelCom also launched higher-speed technologies – GPRS and EDGE, as well as multimedia messaging service (MMS) – the first Russian operator to do so. Moreover, VimpelCom became one of the first European operators to launch a WLAN zone using SIM-authentication. VimpelCom significantly enhanced its Russia and CIS operations in 2008 by acquiring Golden Telecom, a leading facilities-based provider of integrated telecommunications and Internet services in Russia. That same year, the Company acquired a 49.9 % stake in Euroset, the largest mobile retailer in Russia and the CIS, and in 2012 increased its ownership to 50%. And in April 2010, VimpelCom Ltd. was formed by combining OJSC VimpelCom and Ukraine’s leading mobile operator, Kyivstar. This evolution took another significant step forward when in October 2010 VimpelCom signed a transformational agreement to combine with Wind Telecom S.p.A., a leading international telecommunications company offering mobile, fixed, Internet and international communication services in Europe, Asia, Africa and North America. This transaction, completed in April 2011, transformed VimpelCom into one of the largest mobile telecommunications providers in the world, positioning the company to capitalize on strong growth in emerging markets, industry consolidation, and the rapid development of mobile data. These actions have enabled VimpelCom to provide an integrated offering of voice and data services through a range of wireless, fixed and broadband technologies across the globe. Today, VimpelCom is one of the world’s largest telecommunications service operators, covering territories in Europe, Asia, Africa and North America. On September 10, 2013, VimpelCom completed the transfer of its American Depositary Shares (“ADSs”) to the NASDAQ Global Select Market, shifting from the New York Stock Exchange and continuing to trade under the ticker symbol “VIP”. The switch to the NASDAQ Global Select Market placed VimpelCom amongst other important TMT and innovative growth companies while allowing for timely, actionable market information and considerable listing benefits and opening the opportunity for inclusion in the NASDAQ indices.

Over the course of its history, VimpelCom has significantly boosted the power of its platform with the strengths of its global scale and local market expertise. The Company follows a decentralized model based on the fundamental belief that all business is local. VimpelCom’s



operations are managed by some of the most experienced, talented people in the industry, each of whom has deep knowledge of his or her local market. As VimpelCom looks ahead to the future, VimpelCom will continue to leverage its historical excellence in innovation and local expertise to capitalize on opportunities offered by its global scope and strength. The timeline of VimpelCom from its beginning to till now has been shown in the following figure:

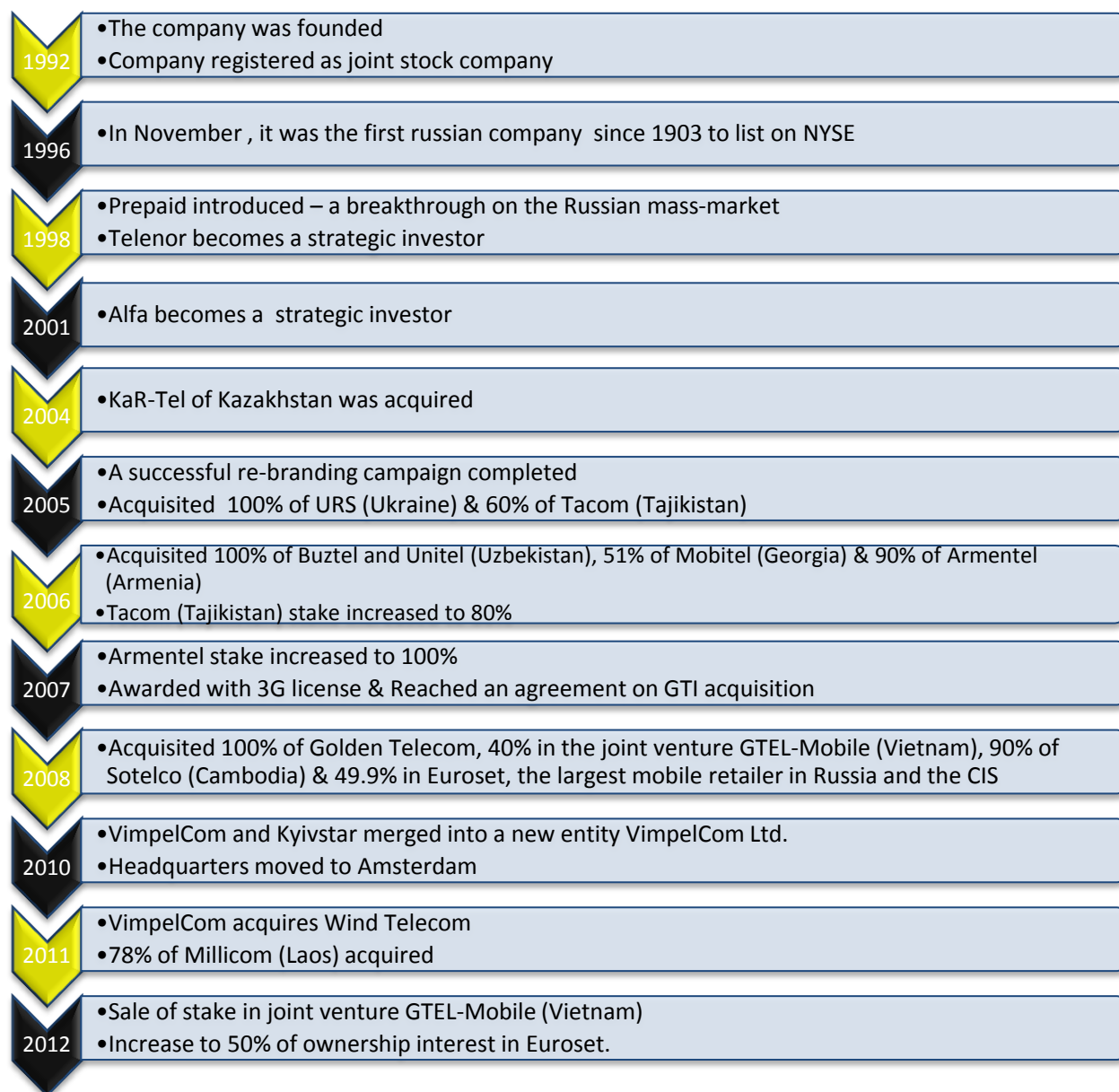


Exhibit 2.3: Timeline of VimpelCom



VimpelCom has quarterly revenue of USD 5 billion, Earning Before Interest, Tax, Depreciation & Amortization(EBITDA) of USD 2 billion, and a mobile customer base of 218 million (as of March 31, 2014). VimpelCom’s reporting structure is divided into five business units – Russia, Italy, Africa and Asia, Ukraine and the Commonwealth of Independent States (CIS), all of which report to the Company’s headquarters in Amsterdam. Under this five business units VimpelCom is now operating nine established and successful brands and those are "Beeline", "Kyivstar", "Wind", "Infostrada" "Mobilink", "Leo", "banglalink", "Telecel" and "Djezzy".

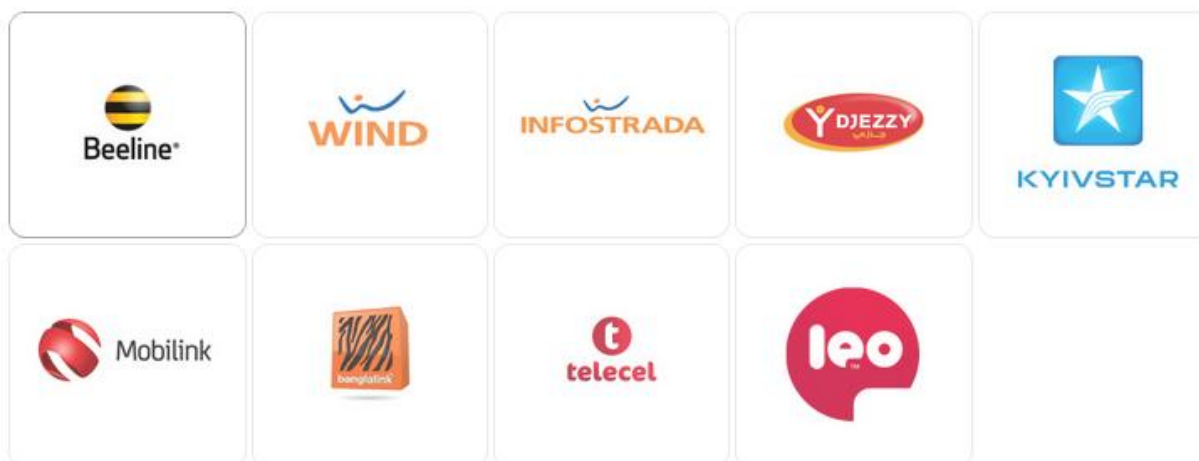


Exhibit 2.4: VimpelCom Brands

VimpelCom’s strategy focuses on increased cash flows, and its businesses combine mature, strong cash-generating companies with emerging growth opportunities in a number of regions. It has undertaken different strategies to generate profit from its subsidies in different regions. The Value Agenda has the following four key pillars supported by clear operational strategies executed within each of VimpelCom’s business units.

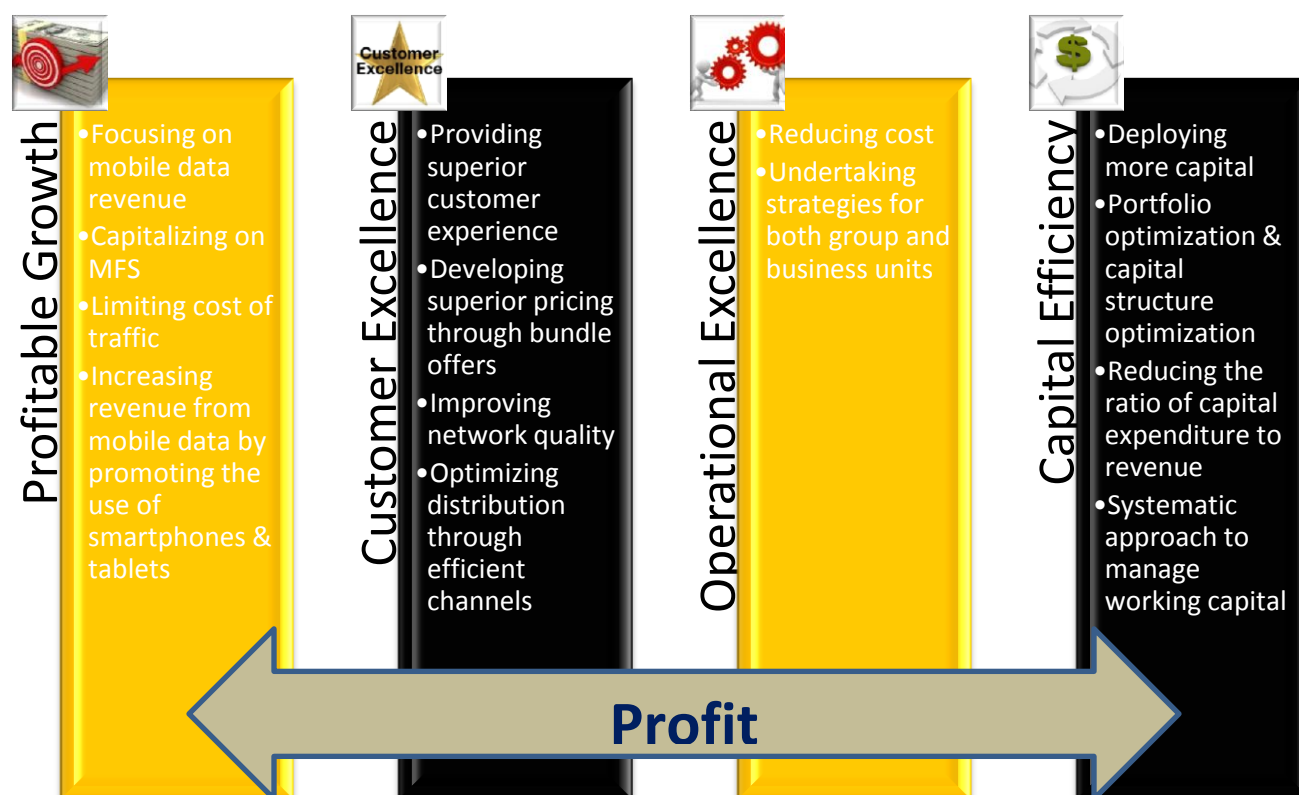


Exhibit 2.5: Four Key Pillars to Define the Strategies of VimpelCom

All the strategies undertaken in the subsidiaries of VimpelCom are aligned with the above-mentioned strategies. Every business unit attempts to achieve their own strategic goals and also the strategic goals of VimpelCom. The strategies are developed by the top management of the group in a way so that they are compatible with the local laws, rules and regulations of the business units. VimpelCom is a locally responsive company and it promotes the local culture in all of its business units so that the business units can reach its customers easily and communicate with the customers effectively. For this reason, VimpelCom follows decentralization and most of the decisions are taken by the management of business units and the strategies are taken in a way so that they can also fit in the strategy of the group.



2.3 Banglalink Digital Communications Ltd.

“Banglalink Digital Communications Limited” is the second largest company in the telecom sector of Bangladesh after Grameenphone. This operator has brought massive change in the telecom industry of Bangladesh. Before Banglalink’s emergence, the telecom industry was monopolized by Grameenphone and Grameenphone took the chance of being the only player in the market by skimming the market although Grameenphone was successful to provide good quality of service and yet the subscription price and the call & sms tariff was unjustifiably high. Although Banglalink started its operation back in 1989 which was formerly known as Sheba Telecom (Pvt.) Ltd., failed to compete with Grameenphone. It was a joint venture company of Bangladesh-Malaysia and was granted license to operate in the rural areas of 199 upazilas. Upon obtaining GSM (Global System for Mobile) license in 1996 it expands its business to cellular mobile and radio telephone services. The scenario of the telecom industry changed all on a sudden when the Egypt based telecom giant Orascom Telecom Ltd. purchased the shares of TRI(Technology Resources Industry) in Sheba for US\$25 million in July 2004. The Bangladeshi partner ISL(Integrated Services Ltd) did not know that TRI had sold their shares to Orascom. However, there was an agreement between TRI & ISL regarding the sale of shares and it was “if any party wants to sell their shares, the other party will get the chance to buy those first”. This is a very common law of finance and this kind of contract is done to avoid the dilution of the shareholders’ value. Therefore, when the deal between TRI and Orascom was revealed, ISL purchased the stocks back from Orascom as per the agreement. However, ISL did not see any hope in Sheba Telecom and failed to operate the business effectively and in September, 2004 they sold their 100% ownership to Orascom Telecom Holdings with 59,000 user base for \$50 million. That’s how in the year 2005 Banglalink was born and it purchased a GSM license to operate cellular business in the country for 15 years. The beginning years were not easy for Banglalink. Grameenphone started their operation in 1997 and Banglalink made its entrance in the market after seven years of Grameenphone. Therefore, very logically Grameenphone was a well-established company when Banglalink started to build its cellular infra-structure in the country. By the time Banglalink entered, Grameenphone had taken the maximum advantage of the market. However, it did not take too much time for Banglalink to capture considerable



market share of Grameenphone as it started its operation with a vision to make the telephony available to the mass at a lower price. Before Banglalink’s operation in the country, using a cellphone was luxury. Afterwards, it became a necessity and Banglalink’s vision to penetrate the market using lower cost worked in favor of them. Banglalink came up with innovative and low cost product & service offerings and the sales increased like wildfire and it became the fastest growing mobile operator of the country with a growth rate of 257%. This milestone was achieved with innovative and attractive products and services targeting the different market segments; aggressive improvement of network quality and dedicated customer care and effective communication that emotionally connected customers with Banglalink. Banglalink started with 59,000 customers when they purchased Sheba in February, 2005 and in December 2005 the customer base count showed 1.2 million. The customer base is growing exponentially every day and in March, 2014 the company has reported the current customer base is more than 29 million. The telecom industry is fully saturated with different mobile operators. To keep hold of the market position and match with changing wave strategically, Banglalink has changed its slogan to “notun kichu koro” or “start something new” in October, 2013. The slogan was backed by the launch of 3G (third generation) mobile network.

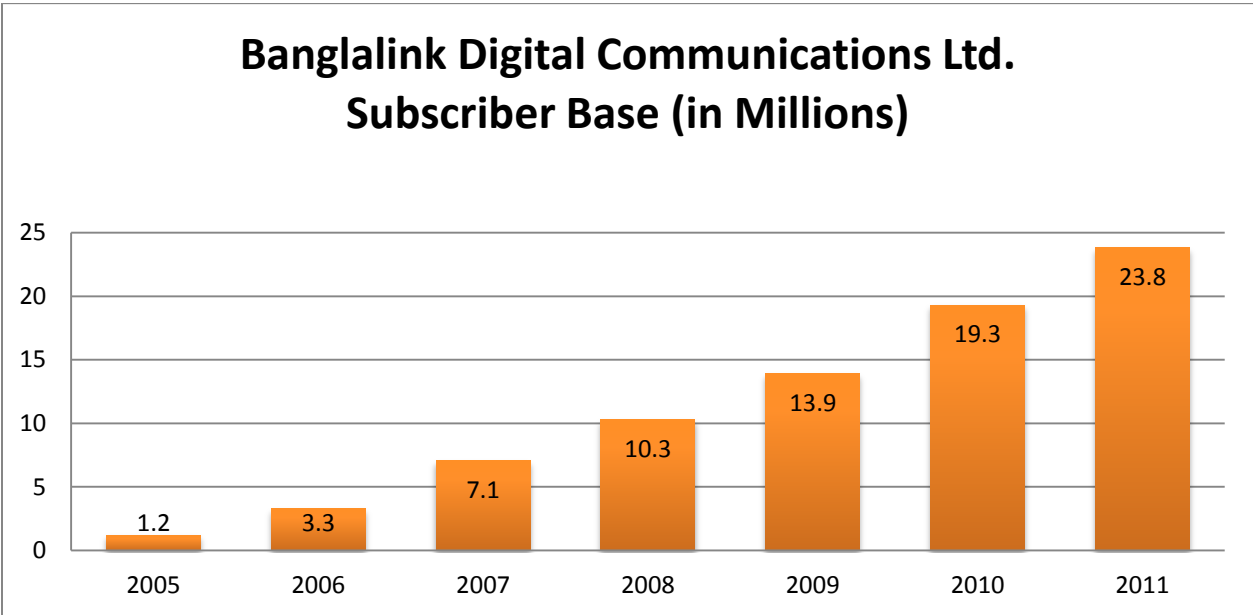


Exhibit 2.6: Subscriber Base of Banglalink Digital Communications Ltd.

After Orascom's takeover the revenue of the company has grown significantly every year. The organization has achieved milestones in terms of revenue every year, although maximum portion of revenue was re-invested in order to finance its network deployment project. In the year 2007 the revenue of the company was BDT 13,398 million and in the year 2011 the revenue was BDT 37,879 million. The revenue for each year from 2007 to 2011 is shown in a chart below:

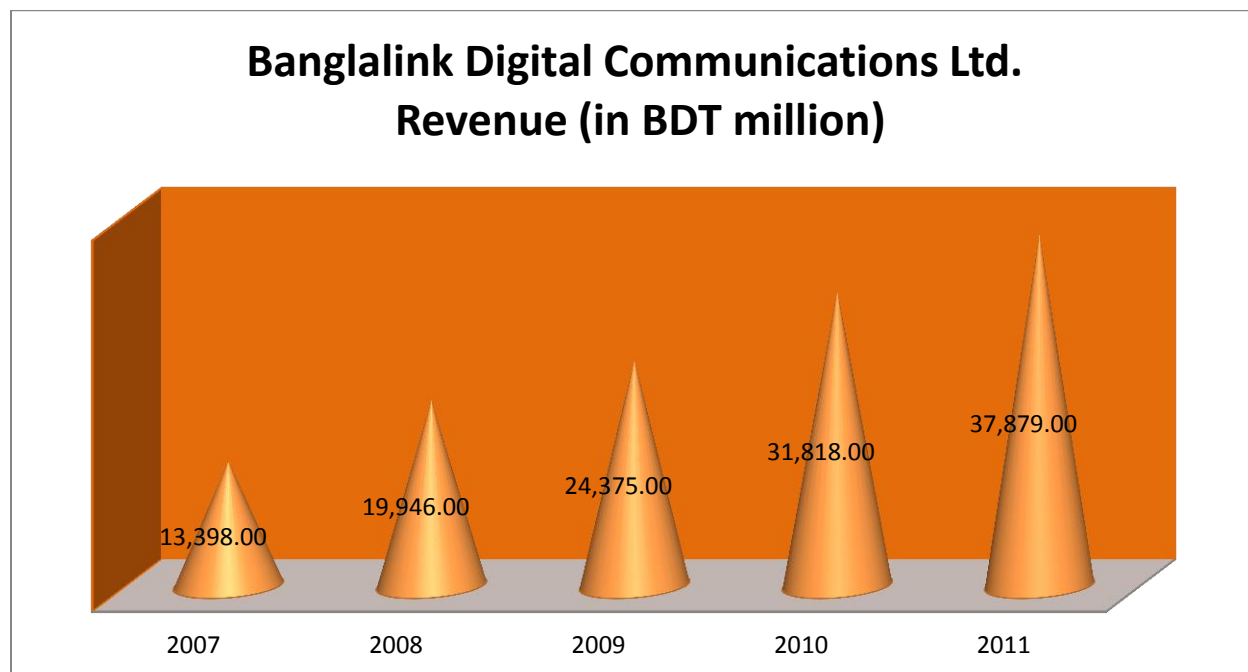


Exhibit 2.7: Revenue of Banglalink Digital Communications Ltd.

Although Banglalink has experienced stable growth in the revenue every year, the average revenue per user (ARPU) has seen a declining trend. In the year 2009, the ARPU was \$2.5 and the declined ARPU in the year 2010 & 2011 was \$2.3 & \$1.9 respectively. This is happening because of the high rivalry among the operators and also because of low switching cost. This must be alarming for Banglalink as while the customer base is increasing significantly, the ARPU is declining; which implies the existing customers are switching to other operators and to stop this Banglalink needs to focus more on retaining existing customer more than creating new customers.

2.4 Vision

The strategic market oriented vision of Banglalink is:

‘To understand people’s needs best and develop appropriate communication services to improve people’s lives and make it simple’.

All the strategies, goals and objectives of Banglalink is developed based on the vision of the company. The vision of Banglalink expresses the concern of the company for its customers and the dedicated people of Banglalink works persistently in order to provide a better customer experience and to make its customers happy and to bring changes in their lives it is expanding its business, establishing new networks and connecting people thus building breezes towards the achievement of its persuasive vision.

2.5 Mission

To achieve its vision Banglalink has also targeted a set of missions that will lead the organization to its vision. The missions of Banglalink are:

- 🐾 Segmented approach in terms of products and services
- 🐾 Delivering superior benefits in every phase of the customers’ experience (before, during and after sales)
- 🐾 Creating optimum shareholder value

Their missions mainly comprise objectives for two sets of stakeholders: customers and shareholders. Banglalink tends to segment its market to figure out its potential customers. Unlike Grameenphone its target market is people from all walks of life. It insists on providing economic products and services to the people while delivering them the best customer experience in the country and by providing this Banglalink will be able to serve the interest of the second group. In this way, the missions of Banglalink are linked and upon achieving these, the company can march towards its vision.

2.6 Values

Banglalink has built four core values from the very beginning of their journey. The organizational culture has developed based on the core values. The employees of Banglalink demonstrate these four core values which create the difference. The employees of Banglalink are innovative, straight forward, passionate and reliable.



Exhibit 2.8: Core Values of Banglalink

2.7 Ownership Structure

Telecom ventures Ltd. is currently operating its business in Bangladesh under the brand name Banglalink Digital Communications Ltd. Telecom Ventures Ltd. It is a Malta-based telecommunication company which was formerly known as Orascom Telecom Ventures Ltd. and now it is a fully owned subsidiary of Global Telecom Holding S.A.E. (former Orascom Telecom Holding S.A.E.). A business combination between VimpelCom of Russia and Wind Telecommunication of Italy took place in April 2011 and after this combination world's sixth largest telecom operator VimpelCom now owns 51.92% voting shares of Global Telecom Holding S.A.E and therefore, VimpelCom is the ultimate parent company of Banglalink Digital Communications Ltd. Although VimpelCom is the ultimate owner of Banglalink, The structure of shareholders is shown below using an exhibit:

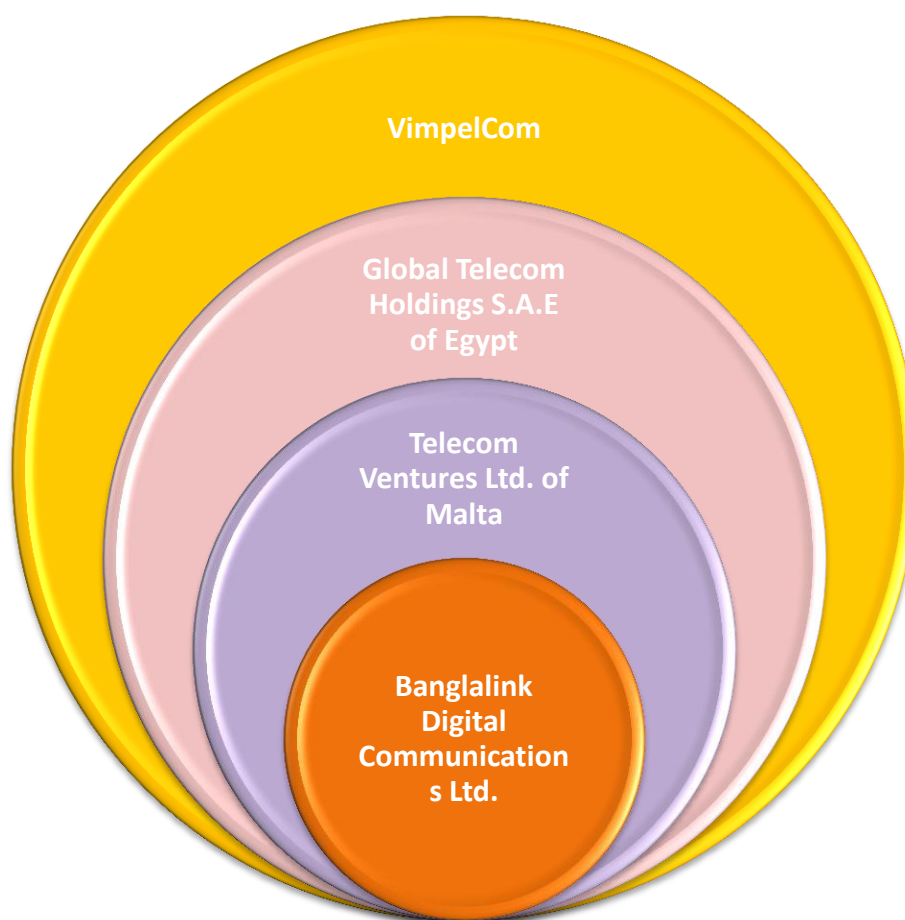


Exhibit 2.9: Ownership Structure of Banglalink

The ownership structure of VimpelCom is also very interesting. The parent company of Banglalink's main competitor in Bangladesh is Telenor and very surprisingly Telenor has good amount of stake in VimpelCom. Altimo of Alpha Group has 56.2% economic rights and 47.9% voting rights in VimpelCom. Altimo is one of the Russia's largest investment firms and it has its stake in oil and gas, commercial and investment banking, asset management, insurance, retail trade, telecommunications, water utilities and special situation investments. Their business portfolio includes many large corporations and they are successful in investing on diversified sectors to reduce business risk which is also popular as unsystematic risk. The other shareholder of VimpelCom is Telenor group of Norway. This Norwegian giant holds 33% economic rights and 43% voting rights in VimpelCom. This group has its fame in operating large telecom companies in 29 countries around the world. Therefore, in Bangladesh whether someone uses Grameenphone or Banglalink Telenor is being benefitted substantially. The rest 10.8% economic rights and 9.2% voting rights belong to the minor shareholders. This sums up the 100% ownership structure of VimpelCom which is shown below using a pie chart.

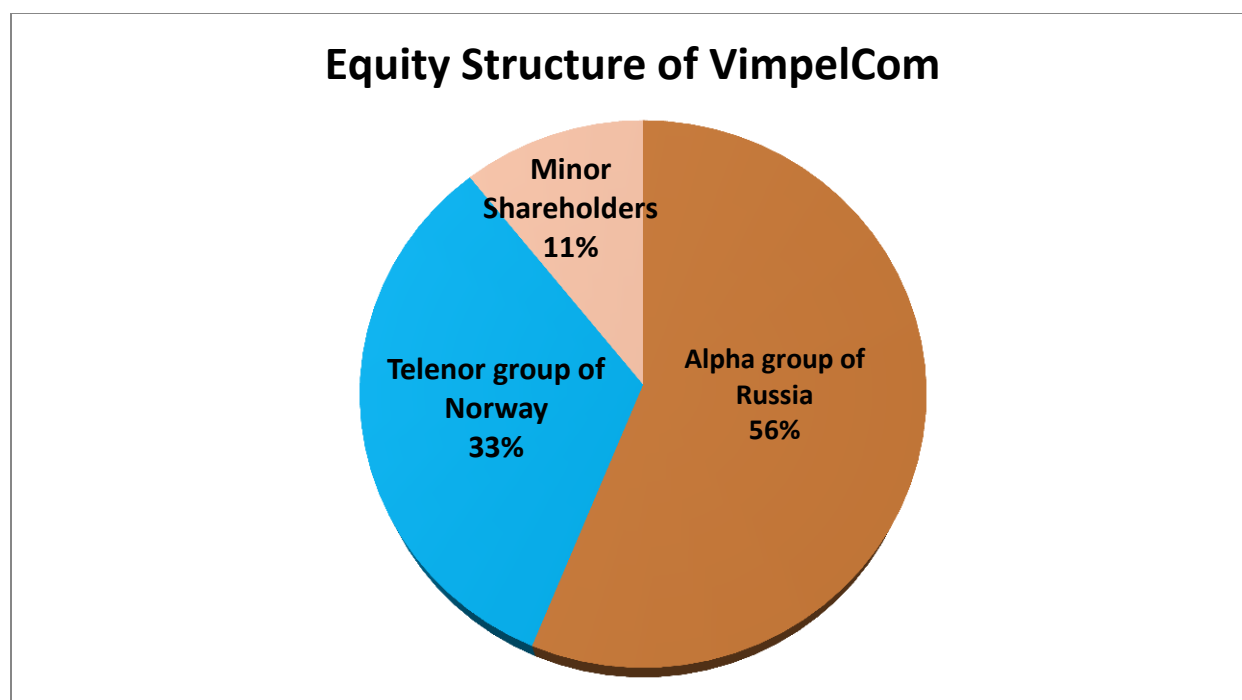


Exhibit 2.10: Ownership Structure of VimpelCom

2.8 Organizational Structure

The present management team of Banglalink is led by nine highly qualified people. They are the power house of decision making and strategy forming. This management team is headed by Ziad Shatara who is the current CEO and Managing Director of Banglalink. He was appointed by the Board of Directors as the CEO of Banglalink in January 2013. The Chief Financial Officer(CFO), Chief Technology Officer(CTO), Chief Commercial Officer(CCO), Chief Information & Customer Excellence Officer(CICEO), Human Resources & Administration Director, Government Relations Senior Director, Regulatory Affairs Senior Director and Company Secretary & Local Compliance Officer are the members of the management team.

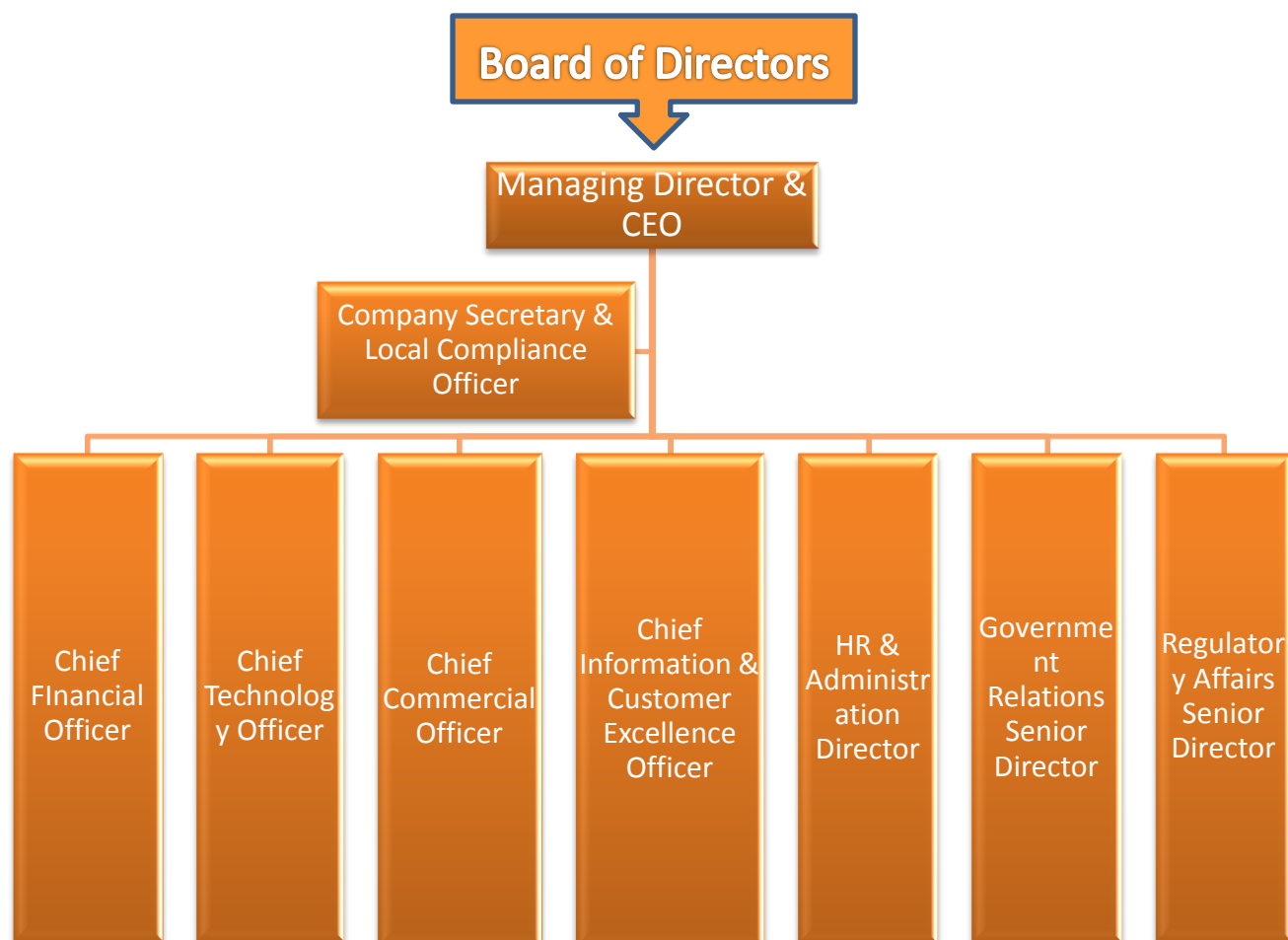



Exhibit 2.11: Management Team of Banglalink

2.9 Products and Services Offered by Banglalink Digital Communications Ltd.

2.9.1 Products

Banglalink Digital Communications Ltd. has two brands in Bangladesh and they are popular as Banglalink and Icon. Both the brands provide similar services but the basic difference between the two brands is the user class. Banglalink products and services are available for everyone whereas icon products and services are provided to only the premium segment of market. Icon has established itself as a premium brand and in most of the cases the icon managers hunt its prospective customers.

 **Banglalink's Products:** Banglalink offers three basic packages and program to its customers and the packages are Prepaid, Postpaid and Priyojon Program. These three packages are also customized based on the demand of market niches and therefore the actual product line is really lengthy. The product line of Banglalink has been depicted below:

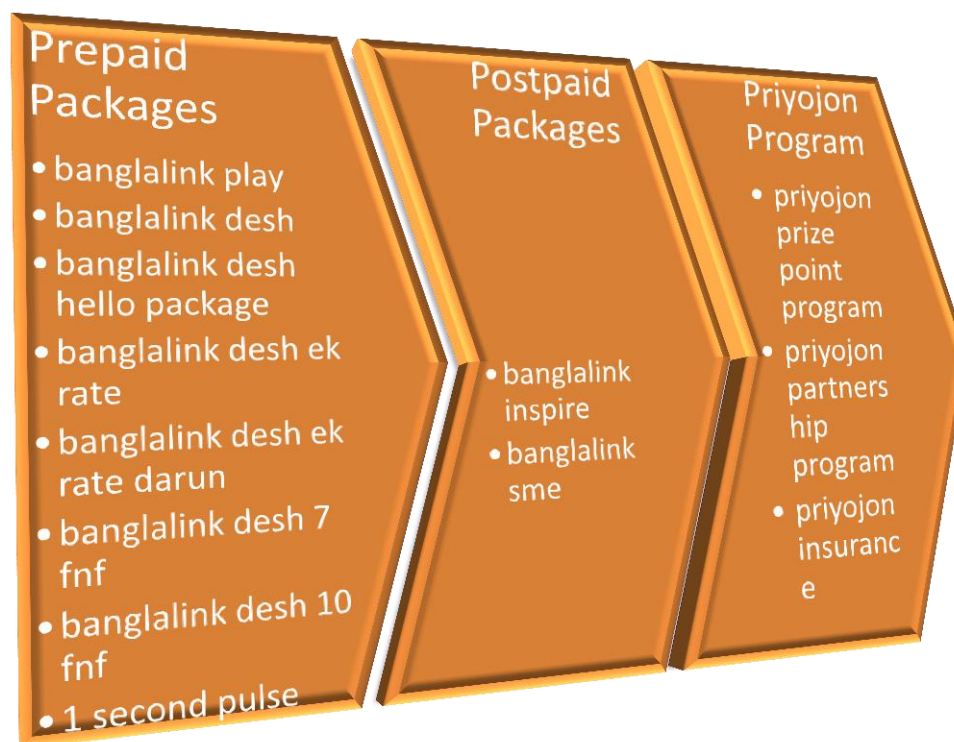


Exhibit 2.12: Products offered by Banglalink



Among three programs mentioned above prepaid and postpaid packages has its own sub-products and priyohon program is a loyalty program aiming to increase customer retention of Banglalink. Prepaid package has eight customized products and under postpaid package customers can enjoy two types of product. The detail of the prepaid and postpaid products has been listed in a table below:

Package Name	Product Name	Key Features
Prepaid Packages	banglalink play	<ul style="list-style-type: none"> • 16 fnf (any operator) with best fnf rates in the market • one special fnf @ 4.17 paisa/10 sec • sms to fnf and special fnf number: 29p/sms • mms to all banglalink number: 29p/mms • special sms pack-100 sms @ 99paisa/day • special data pack-5 mb @ tk. 2/day • data pack gifting between members of this package
	banglalink desh	<ul style="list-style-type: none"> • 3 fnf to any operator • 10 second pulse • only 10paisa/ 10 second to banglalink fnf number
	banglalink desh hello package	<ul style="list-style-type: none"> • lowest 10 paisa/10 second call rate to other operators • 1 special fnf at only 4.17 paisa/10 second • 10 second pulse
	banglalink desh ek rate	<ul style="list-style-type: none"> • simple tariff plan • flat rate to all operator • 10 second pulse
	banglalink desh ek rate darun	<ul style="list-style-type: none"> • default package for all new connections • simple tariff plan • flat rate to all operator • 10 second pulse
	banglalink desh 7 fnf	<ul style="list-style-type: none"> • 7 fnf to any operator • lowest 10 paisa/10 second in 7 fnf numbers • 10 second pulse
	banglalink desh 10 fnf	<ul style="list-style-type: none"> • 10 fnf to any operator • 1 special fnf at lowest 4.5 paisa/10 second • lowest 9 paisa/10 second in banglalink fnf and 10 paisa/ 10 second in other operator fnf • 10 second pulse
	1 second pulse	<ul style="list-style-type: none"> • 1 second pulse to any operator

Postpaid Packages	banglalink inspire	<ul style="list-style-type: none"> • lowest tariff per second • no security deposit is required for auto bill pay subscribers. • every new connection comes with 300 sms/month to any operator, 500 mms/month, 100 mb/month internet, amar tune subscription and news service subscription free for the first 3 months. • enjoy your banglalink inspire connection with zero line rent (without any conditions). • up to 15% loyalty discount on usage. • 7 fnf numbers to any mobile operator: 60 paisa/min to banglalink fnf numbers and 84 paisa/min to other operators' fnf numbers. • all fnf and cug rates have 10 second pulse. • only 42 paisa/minute on 2 supplementary numbers. • only 45 paisa/minute for 24 hours within the same professional group. • attractive call rates for 24 hours
	banglalink sme	<ul style="list-style-type: none"> • flexibility to choose from 2 packages: banglalink sme post-paid and banglalink sme call & control. • 1 second pulse to banglalink numbers. • best call rates during business hours. • best rates in 5 fnf numbers. • 10% bonus on incoming calls from other operators.

Table 2.1: Prepaid and Postpaid Products of Banglalink

Banglalink values its customers and to strengthen the bond of Banglalink with its customers Banglalink has come up with the priyojon loyalty program. The major objective of priyojon program is to get engaged more with its existing customer. Banglalink believes that selling a new connection is not the end of its marketing rather it is the beginning of a customer's journey with Banglalink and therefore the priyojon program is developed to make the customer satisfied, to provide them a positive customer experience and most importantly to make the customers feel how the brand cares for them. Priyojon program has been described very precisely in the following exhibit:

Priyojon Program


Prize Point	Partnership Program	Priyojon Insurance
<ul style="list-style-type: none"> Based on the usage in every month a customer can earn priyojon prize points and with this prize points, the customer can get free talk time & sms, free data and physical gifts 	<ul style="list-style-type: none"> Those who are registered under priyojon program can enjoy upto 50% discount on the purchase of fashion & lifestyle; food & beverage; electronics & home appliances; entertainment; hotel, tours & travel and daily needs items from more than 350 partners 	<ul style="list-style-type: none"> Using the prize points a customer can get free life insurance coverage upto BDT 1 million


Exhibit 2.13: Banglalink Priyojon Program

Icon's Products: Icon is a premium telecom brand in Bangladesh. The package is designed only for those customers who have heavy usage pattern and most importantly for those who maintain a higher social status. This brand is not promoted extensively as the brand wants to have a very limited number of high value customers. Generally the minimum criteria to own the package are to expend 3500tk. per month. This package has a carry forward facility of all monthly freebies such as Minutes, SMS, Data and ISD talk time for 1 month or bill cycle. For example, if a customer uses 2000 minutes out of 3000 in February, for March, s/he will have free minutes of 4000 (3000 regular + 1000 carried forward). The ICON users get extra facilities in different aspects. Such as there are discount offers in hotels, airways, resorts, restaurants', mobile phones etc.


2.9.2 Services

Banglalink provides 3G & Internet, VAS (value added services), international roaming, MFS (mobile financial services) to its customers. Among all the services that Banglalink caters, the stated are very important and sensitive in terms of revenue generation and those are explained very briefly.

 **3G & Internet:** In October 2013, Banglalink was purchased a license from the government of Bangladesh in order to provide 3G services to its customers. 3g is third generation mobile telecommunication technology which provides faster internet services. Upon getting the license Banglalink has launched its 3G services in January, 2014 and currently the 3g service is available for the customers of Dhaka, Comilla, Chittagong, Barishal, Bogra, Khulna, Gazipur, Tangi, Munshiganj, Mymensingh, Narayanganj, Rajshahi, Rangpur, Sylhet, Tangail. Sooner the coverage will spread to the whole country. To avail the 3G service customers do not need to change their connection, all they need is a 3G supported handset. With 3G connections customers can browse faster than before, they can go for video call and there is also mobile TV service available in the service. Day by day the organization is expanding its 3G range and now the company's major capital expenditure is allocated for the deployment of 3G equipments. Besides 3G, the organization has been providing 2G internet services from the past decade.

 **International Roaming:** To ensure banglalink's customers stay connected anywhere in the world, Banglalink provides international roaming facility to its customers. Using international roaming option, if a customer goes outside Bangladesh, he/she can still use his/her banglalink connection. Wherever the customers go, they can have their banglalink connection active, as banglalink has roaming partners all over the world.




 **VAS:** VAS stands for value added service which aims to add value in a customer's life by exploring multi-purpose usage of mobile phone. VAS is a very popular idea among the telecom companies and the companies are always looking for new usage of mobile phone that can make the life of people better so that in between the operators can figure out a good source of revenue. Like all other operators Banglalink has innovative value added services which are categorized into three measures and those are: **information based services, entertainment based services, call management services.**

Information based VAS are: wikipediazero, facebook on ussd, krishi news, travel guide, bibaholink, jobs link, islamic service, banglalink krishibazaar, banglalink emergency, blood bank, healthlink, banglalink jigyasha, i'info, railway junction, yellow pages, sms (text, quotes & jokes ...), international sms, namaz alert.

To enhance the power of knowledge Banglalink provides the wikipediazero service for free. Now, customers can visit m.wikipedia.org or zero.wikipedia.org for free and can know whatever they want to. In addition to this service if customers use their handset's default facebook browser to only browse facebook they won't be charged for data usage.

Entertainment based VAS are: banglalink local radio, priyo tune, bbc bangle, banglalink timer sms, friend finder, amar tune, song dedication, power menu, music station, voice portal, ring tones, logos, picture messages.

Call management VAS are: banglalink easy divert, voice message, call block, call me back, missed call alert, conference call.

 **Mobile Financial Services (MFS):** Mobile financial services are a new but very promising trend to generate healthy cash for the telecom operators. It is a special form of VAS. VAS only provides general services whereas MFS aims to provide high quality of transaction service with the usage of mobile phone. These days the mobile phones are not only mobile phone rather these are more



like credit cards. Now, the cellphone users can pay their utility bills and other bills using their cellphone and they can transfer physical money using their connection. Mobile Financial Services were permitted in 2011 and within very shortest time period the services has achieved remarkable response from the users of the service. Overnight, the concept has become popular and the people are now transferring their fund anywhere in Bangladesh using Bkash, Ucash and other services very easily and it has reduced the transaction time and the hassles of a transaction. The MFS has become 83 million dollars market based on the only the fees collected from processing each transaction. Banglalink was the first to come up with M-wallet which was awarded in national and international level. For processing every utility bill Banglalink gets Tk. 5 as the transaction processing cost. MFS is growing every day and new dimensions of the services are yet to be discovered; however the success of MFS largely depends on two factors: transaction security and transaction cost.

2.10 Banglalink's Social Responsibility

From the inception of Banglalink, the company feels its obligation towards the environment and local culture of Bangladesh. Banglalink is committed to play its role as a responsible corporate house and it has spent huge money on its CSR activities. It has undertaken extensive CSR programs to bring positive changes in the society and to create a positive image of the organization among its stakeholders. Although sometimes it is debated that the CSR program is a part of its branding, the good part of this has been realized. The CSR activities of Banglalink have benefitted the environment and because of Banglalink's promotion of our local culture, the national heritages of the country have been elevated successfully to the people in home and abroad. A few highlights of the CSR activities of Banglalink have been listed below:



- 🐾 From the beginning of Banglalink, it has been expanded its hands on cleaning world's longest sea beach, Cox's bazar. Under this project, 26 female workers clean the 3 km long beach 363 days a year in 2 shifts. In addition to that there is another team of 7 male workers who support to move all heavy dirt and rubbish from the beach. Banglalink has been truly making a difference in preventing environmental pollution at Cox's bazar beach which shows the commitment of the organization towards environment.
- 🐾 Since 2009, to help underprivileged children, Banglalink has taken this special initiative to distribute blankets among the orphan children of many orphanages around the country- which are in great need for it during winter season. In 2013 Banglalink distributed 5,000 blankets among the destitute children of 101 orphanages across the country. The districts covered were- Dhaka, Chittagong, Khulna, Rajshahi, Rangpur, Barisal, Narayanganj, Mymensingh, and Tangail.
- 🐾 Since 2009, Banglalink took several initiatives to provide free services to hajj pilgrims at hajj camp where they gather to depart for hajj. This includes arranging air-conditioned busses for pilgrims, water distribution zone, phone counter for making free phone calls, free charging units etc.
- 🐾 Banglalink distributed free water and dates for the fasting people who got stranded at major traffic points of selected metro cities around iftar time during ramadan. This social activity is been introduced from recent years. Banglalink also took initiative of arranging regular iftar and dinner in different orphanages around the country. In 2011, the company provided water and dates to almost 85,000 people and iftar and dinner for more than 12,000 orphans of 123 orphanages across the country.
- 🐾 Besides the above, to promote our local culture the organization has been patronizing "Lalon Utshob", " Boat Races", "Boshonto Utshob", "Shah Abdul Karim Loko Utshob", "S M Sultan Utshob", "Hason Raja Loko Utshob" and many mores in order to demonstrate their dedication for local culture and festivals.

CHAPTER THREE

INTERNSHIP ACTIVITIES

THIS CHAPTER INCLUDES:

3.1 Internship Experience

3.2 Accounting & Finance Department of Banglalink

3.3 Activities Performed in Core Treasury

3.4 Activities Performed in Corporate Treasury

3.5 Activities Performed in Cash Management

3.6 Activities Performed in Trade Finance

3.7 Session with Corporate Sales, Icon and Customer Care Department



3.1 Internship Experience

I was selected as an intern in December, 2013 to work in the treasury and cash management unit of accounting & finance department of Banglalink Digital Communications Ltd. I joined Banglalink on 22nd January, 2014 and my first day at Banglalink started with an orientation program which was conducted by HR team of Banglalink. The next day I got the chance to meet the people I worked with for four months. I had an internship agreement with Banglalink for three months and the agreement was extended for one more month. Like the interns of other departments my responsibilities were not project-based moreover, from the organization's perspective I was employed as an intern to assist the people of treasury unit in their daily activities and to share their workload and from my perspective it was a great opportunity to gain firsthand experience on the financial activities of a company that is growing fast. Being a student of accounting & finance, I do feel really lucky to do my internship in the similar field and it has allowed me to detect the application of knowledge gained in the last four years. I was guided by well-educated & well-experienced people who have corporate expertise in dealing with financial activities. Treasury Senior Assistant Manager Qumrul Hasan Miron was my reporting supervisor and I have had his utmost guidance and assistance always, whenever I asked. During my employment, the best thing I figured out about Banglalink is its working environment. The organization has perhaps the best working environment among the privately owned corporations of Bangladesh. Everyone in Banglalink was so co-operative and I always had the support whenever I asked for it. In words, Banglalink is the best place to learn and I have excelled in different functions of treasury and I believe the experience gained from working in here will help me to advance my career and to put myself in a better position in future.

3.2 Accounting & Finance Department of Banglalink - at a glance

Accounting & Finance Department is probably the biggest functional department of Banglalink. Chief Financial Officer (CFO) is the head of the department. The people working in this department are highly experienced and they process the financial data and look after the financial matters of the company and based on the data provided by them the top management takes strategic decisions to run the organization. To ensure the effectiveness and efficiency of this department, it has been broken down to several functional units. Few major functional units of accounting & finance department are shown below:



Exhibit 3.1: Accounting & Finance Department of Banglalink

I was assigned to work with the treasury and cash management unit and this specific unit is the most important unit of accounting & finance as it deals with the core financing activities of the company. The major responsibility of the treasury unit is to bring, utilize, monitor and repay the money from different financing sources, to figure out an optimum capital structure and to minimize the financing cost while maintaining a good relationship with financial stakeholders. In words, the treasury & cash management unit takes care of the money of the organization. The treasury & cash management unit uses the most-diversified financing activities in Bangladesh. Treasury and cash management has its own subunits to ensure the proper functionality of the unit and those subunits are:





Exhibit 3.2: Treasury & Cash Management Unit of Banglalink

3.3 Activities Performed in Core Treasury

Core treasury unit of Banglalink keeps the track of fund through effective fund management process, remits money outside the country for different purposes, works for reporting required by government institutions like Bangladesh Bank, Board of Investments and most importantly monitor the short term loans and prepares the journal entries associated with working capital.

My activities were:

-  **Downloading and sorting the bank statements:** Preparing the fund positioning and fund movement report is very sensitive as well as important activity that core treasury performs every day. Everyday the fund positioning and fund movement report has to be circulated to the top management and across the treasury unit within the shortest possible time so that the decisions regarding fund can be undertaken effectively. Bank statements are the most important prerequisite of this process. Banglalink has its accounts in more than 20 banks and in every bank there are multiple accounts. Different banks account statements come in different form and the data in the bank statements is useless to input in the process until it is properly filtered and sorted. I used to download bank statements of Banglalink and sort and filter the data in the proper way to facilitate the fund positioning process.
-  **Forecasting the interest expense:** Interest expense forecasting is another major activity of the core treasury team so that the company is prepared to pay the interest against short term loans properly and to keep adequate fund available in the bank accounts to pay off the interest expense. The interest on short-term loans is paid either on maturity of the loan or at the quarter end. One of my prime responsibilities was to prepare a forecast of interest expense at the month-end for every week of the next three months. I used to prepare this report based on the past-trend of interest expense.



🐾 Preparing the bank instructions: The movements of or payment from the available fund is made by writing an instruction for the banks. A bank instruction is like an application addressed to designated personnel of a bank and all the details of the transaction is written in the body part. The bottom of the instruction is signed by the signatories of the organization. In most of the cases, it is required to get the bank instruction signed and stamped by two signatories upon receiving which the receiving bank clears the transaction. One of my responsibilities was to prepare the instruction for the payment to a roaming partner. A roaming partner is a foreign telecom operator the network of which has been used by a customer of Banglalink via IGW (international Gateway) as the customer wants to use the Banglalink connection in abroad. Therefore, in every month payment has to be made to the roaming partners in different countries and I used to prepare the bank instructions to remit money outside the country and the payment was made from the dollar account of the company since the roaming partners sends the invoice in a foreign currency.

🐾 Reviewing the journal entries: The core treasury team journalizes all short-term loan (STL) and long-term loan (LTL) related entries, FDR entries, remittance of money outside the country for the purpose of international roaming, technical fees, training fees, audit fees, membership & subscription fees and other payments in the oracle (ERP) system of the company and the hardcopies of the journal entries are filed to meet auditor queries. Since I did not have the access to the oracle system due to the company policy, my task was to review and verify the journal entries as per the instruction of my mentors to make sure the entries have been placed in the general ledger properly.



- 🐾 Preparing and arranging documents for reporting purpose:** The government bodies like Bangladesh Bank (BB) and Board of Investment (BOI) holds the right to get the financial information regarding the company anytime they want and the queries of these regulatory institutions has to be met within the shortest period of time. The updated report of capital is submitted to Bangladesh Bank periodically. I used to assist them in this regard. For example, a query from Bangladesh Bank was to show them the utilization of three huge chunk of capital received from the shareholders along with providing necessary documents. My mentors provided me with the breakdown of the utilization and asked me to arrange the supporting documents like bank statements, LC/LCA copies, commercial invoices and so on.


- 🐾 Keeping track of FDR tax deduction certificates:** Whenever treasury spots funds are staying idol for a period of time and there is a scope to earn interest income from the unutilized fund, upon receiving prior approval treasury invests the money and create a FDR. The moment interest is realized on the FDR, banks deducts 10% tax on the earned interest and sends a tax deduction certificate. My task was to get the tax certificates from the banks, review the certificates, documentation of those certificates and keeping a track of the certificates.


- 🐾 Updating Bloomberg Rate:** The exchange rate of US dollar, Euro & British pound against taka is updated everyday from the website of Bloomberg and the rate is used to declare the corporate rate at the end of every month.




3.4 Activities Performed in Corporate Treasury

The main responsibility of corporate treasury unit of Banglalink is to allocate the funds for business activities and sourcing the funds from different financial institutions at a lower cost and maintaining a good liaison with financial institutions so that fund can be procured anytime at a lower cost. My basic responsibilities in this unit were:




-  **Keeping track of Bangladesh Bank cheques:** The treasury allocates the money to other departments and facilitates the vendor and non-vendor payment. There are times when payment has been made from an account which does not have sufficient money to meet the required payment amount; money is transferred from an account of another bank that has surplus balance through Bangladesh Bank cheque in the same day. In the clearing house of Bangladesh Bank this type of cheques are cleared twice a day. The transaction cost of BB cheque is Tk. 230. My task was to keep the track of this type of fund transfer and to check the bank statements whether the transfer has been executed or not.

-  **Keeping track of internal fund transfer:** Funds are also transferred from one account to another account of the same bank for the similar reason Bangladesh Bank cheque is issued. As it is stated before, Banglalink has multiple bank accounts in the same bank and money is transferred from one to another whenever it is necessary. I used to keep the track of internal fund transfer as well.

-  **Cross unit activities:** At the end of each month the trackers of Bangladesh Bank cheques and internal fund transfer has to be provided to the cash management unit along with the bank instructions made to transfer funds. This was done to facilitate the month end bank reconciliation.


3.5 Activities Performed in Cash Management

The cash management team monitors the cash collection process and different bank accounts, prepares bank reconciliation statements at month end and monitors the cash collection process from e-commerce projects with PDB, WASA, Qubee and etc. My tasks in this department include:

-  **Updating the point of POS system:** The distributors sends their sales report to the cash management unit of Banglalink and the sales report is updated in the POS system everyday to get the cash collection from different sources like prepaid sales, postpaid sales, airtime revenue(l'top up) and many more headings. My task was to update the POS system from the collection report to get the accumulated cash collection.
-  **Updating the collection report of international roaming:** Just like Banglalink's payment to its roaming partner, Banglalink also receives revenue from its roaming partners for using its network and a tracker of the collection from the roaming partners is maintained. I used to update the tracker of the collection from the roaming partner.
-  **Updating the bank balance in centralized system:** There is a centralized system of group treasury of VimpelCom which is also known as treasury management system and the closing balance of each bank account is updated in this system. I updated the closing bank balances of few accounts in that system.

3.6 Activities Performed in Trade Finance

The trade finance team plays a crucial part in procuring the capital goods of the company. Trade finance facilitates the financing activities of capital goods their main responsibility include preparing LC & LCA upon the request of Procurement unit and the dissolving LC & LCAs and the payments related with LC. The only cross-unit activity that I had with this unit was:

-  **Sorting the necessary LC and LCA documents:** One of my basic responsibilities was to arrange and compile necessary documents required by regulatory institutions of government and it has been described previously. For the reporting purpose the LC and LCA documents as well as the other documents of trade finance were necessary and I had to sort out the relevant documents. Moreover, I have learned the LC process from the mentors in trade finance unit during my internship period.

3.7 Session with Corporate Sales, Icon and Customer Care Department

The internship program of Banglalink is known as “Advanced Internship Program” and the internship program is distinct because the interns learn from working in many functional units. All the interns are required to attend a one week session with the people from corporate sales, icon and customer care department to know sales process of the organization and how the customers are being served. The session with corporate sales was enthralling as we visited garments factories in Gazipur & Ashulia to monitor an ongoing promotion. Corporate sales team caters different organizations by providing them telecom service at a fixed rate per month and the corporate package is customized based on the need of the service-receiving organization. 5%-10% of Banglalink’s total revenue comes from the corporate sales. The session with icon entailed their working process followed by the session with customer care to know about how the customers are relentlessly served in order to create a satisfied customer.

CHAPTER FOUR

BANGLALINK TREASURY FUNCTIONS

THIS CHAPTER INCLUDES:

4.1 Core Treasury Functions

4.2 Corporate Treasury Functions

4.3 Cash Management Functions

4.4 Trade Finance Functions

4.5 Financing Options Used By Banglalink

In this part of the report, few major functions of the treasury unit will be discussed briefly; the working process of the units will be shown using steps and sample output of the prepared reports.

4.1 Core Treasury Functions

- 🐾 **Prepare Daily Fund Position and Fund Movement Report:** The core treasury function starts with by preparing fund position and fund movement report. This is a systematic approach to know the status of fund and the steps followed to prepare fund position and fund movement report are shown below:

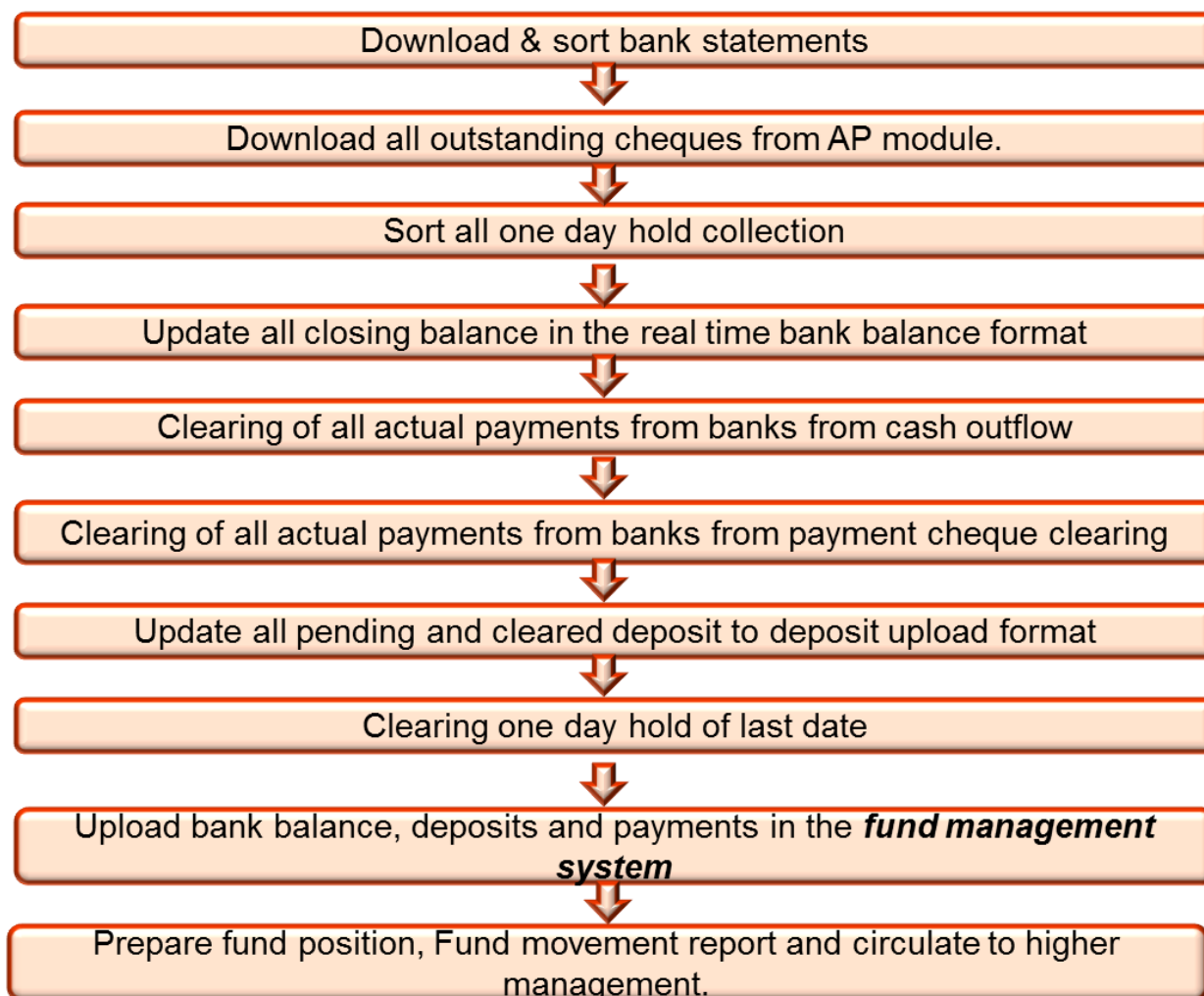


Exhibit 4.1: Steps in preparing fund position and fund movement report

The process starts with downloading and sorting the bank statements and after following all the steps shown in the above exhibit a fund movement and a fund status report is extracted.

Treasury Department Confidential											
Fund Movement Report											
Tuesday, November 12, 2013											
Transaction Head	SCB_BDT	Citi	EBL	The_City	Others_Bank	Total	Today's Change	Total on Prev. Day	SCB_USD	Today's Change (USD)	Total on Prev. Day (USD)
Opening ledger balance of current month	71,664,669	36,891,510	10,146,213	26,849,963	463,896,451	599,248,746	-	-	38,493,416	-	-
Inflow Transactions											
Prepaid Collection	141,841,465.00	65,891,000.00	82,278.00	11,939,207.00	684,464,626.00	904,126,718.00	162,244,346.00	801,883,872.00	-	-	-
IR Collection	1,195,220.00	-	-	19,992,592.00	100,892,649.00	127,658,374.00	13,898,430.00	107,957,944.00	-	-	-
Internal Fund Transfer	752,000,000.00	280,000,000.00	55,000,000.00	-	1,500,000.00	1,089,100,000.00	140,000,000.00	929,100,000.00	38,897.00	6,724.00	31,963
Interconnection Received	-	-	220,953,474.00	-	-	220,953,474.00	220,953,474.00	2,710,000,000.00	-	-	-
Loan Drawdown	2,530,000,000.00	130,000,000.00	-	-	-	2,710,000,000.00	-	-	-	-	-
Equity Injection	-	-	-	-	-	-	-	-	-	-	-
Other Income	9,324.00	-	800,238.00	-	21,203,876.00	22,013,428.00	137,420.00	21,876,008.00	-	-	-
Total Inflow	3,415,902,544.00	465,901,000.00	278,635,900.00	31,697,712.00	808,091,535.00	5,048,408,865.00	477,824,170.00	4,571,074,616.00	38,897.00	6,724.00	31,963.00
Outflow Transactions											
Commercial Expenses	164,304,235.00	105,105.00	-	-	675,335.00	165,084,675.00	675,335.00	164,409,340.00	27,109.00	-	27,109.00
HR & Admin	34,765,740.00	10,582,422.00	-	-	45,348,161.00	45,348,161.00	-	45,348,161.00	3,620.00	-	3,620.00
VA&T	50,882,668.00	-	-	-	88,700,668.00	139,582,736.00	313,855.00	138,273,880.00	-	-	-
Interconnection payment	97,942,225.00	-	174,971,883.00	-	-	767,654,864.00	176,659,515.00	590,204,369.00	-	-	-
Payment to BTRC, FTB	-	-	-	-	-	-	-	-	-	-	-
Salaries	-	-	-	-	4,715,417.00	4,715,417.00	-	4,715,417.00	-	-	-
IR Payment	-	-	-	-	-	-	-	-	-	-	-
Internal Fund Transfer	100,000,000.00	-	-	40,000,000.00	929,100,000.00	1,069,100,000.00	140,000,000.00	929,100,000.00	-	-	-
Other payment	-	-	-	-	-	-	-	-	-	-	-
Local Technical Expenses	325,511,645.00	225,925,775.00	-	-	50,307,533.00	601,744,953.00	11,418,115.00	590,326,838.00	-	-	-
Foreign Technical Expenses:											
Major Vendor LC Payment	-	-	-	-	38,296.00	38,296.00	-	38,296.00	-	-	-
Other vendor LC payments	-	-	-	-	-	-	-	-	-	-	-
LCA Payments	-	-	-	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-	-	-	-
Interest	68,664,895.00	-	94,068,997.00	-	-	224,610,292.00	-	224,610,292.00	339,659.00	-	339,659.00
Enrich	-	-	-	-	-	-	-	-	-	-	-
Sunome Corporation	-	-	-	-	-	-	-	-	-	-	-
Financing Cost:											
Interest expenses- Local Loan	37,541,697.00	-	-	-	-	39,296,697.00	-	39,296,697.00	-	-	-
Interest expenses- Syndication	-	-	-	-	-	-	-	-	-	-	-
Bank charges	254,251.00	-	44,085.00	5,658.00	87,935.00	521,687.00	87,328.00	454,360.00	34.00	34.00	
Principal repayment-Local Loan	2,650,000,000.00	130,000,000.00	-	-	-	2,780,000,000.00	-	2,780,000,000.00	-	-	-
Principal repayment- Syndication	-	-	-	-	-	-	-	-	-	-	-
Total Outflow	5,526,677,337.00	867,447,843.00	236,352,558.00	40,695,658.00	1,073,623,581.00	6,687,105,767.00	328,344,946.00	5,997,760,819.00	358,822.00	34.00	358,768.00
Closing Balance	47,893,223.00	(46,495,333.00)	50,629,824.00	18,352,017.00	148,335,223.00	(168,748,356.00)	-	-	38,172,281.00	-	-

Available Balance		
Bank Name	SND - 120076001	SND - 120076006
Citi N.A.	0.00	50,016,757.97
		135,021,548.71
Available Balance		
Bank Name	SND - 02 1108964 01	USD - 01 1108964 02
SCB	303,193,144.46	137,429,588.60
		38,173,282.59
Available Balance		
Bank Name	SND 0104122000331	CD 0104106005400
EBL	46,588,084.71	2,041,749.77
Available Balance		
Bank Name	IBBL-2050276090004418	SND IBBL-2050276010073113-CD
IBBL	71,809,049.76	4,277,932.62

Exhibit 4.2: A sample of Fund Movement Report



Treasury Department
Confidential

Fund Status Report										Tuesday, November 12, 2013	
Bank Name	CUR	Opening Balance	Outstanding Cheques	Collection Not Yet Booked	Net Balance	Difference	OD Limit	OD Utilized	Available OD Limit		
BAasia	BDT	11,276,124	-	-	11,276,124	-	-	-	-		
BRAC	BDT	48,465,105	-	-	48,465,105	-	-	-	-		
CBC	BDT	5,191,083	-	-	5,191,083	-	-	-	-		
Citi	BDT	185,040,307	651,106,296.00	1,110,656.00	(464,955,333)	-	51,000,000	-	51,000,000		
DBBL	BDT	21,161,302	-	-	21,161,302	-	-	-	-		
DBL	BDT	9,739,803	-	-	9,739,803	-	-	-	-		
EBL	BDT	50,629,834	-	-	50,629,834	-	-	-	-		
HSBC	BDT	4,744,138	-	-	4,744,138	-	-	-	-		
IBBL	BDT	76,086,982	53,468,460.00	-	22,618,522	-	-	-	-		
IFC	BDT	126,988	-	-	126,988	-	-	-	-		
JBL	BDT	388,766	-	-	388,766	-	-	-	-		
MTBL	BDT	8,235,439	-	-	8,235,439	-	-	-	-		
NBL	BDT	2,794,171	-	-	2,794,171	-	-	-	-		
OneBank	BDT	2,543,291	-	-	2,543,291	-	-	-	-		
PBL	BDT	4,658,519	-	-	4,658,519	-	-	-	-		
Premier	BDT	9,194,588	-	-	9,194,588	-	-	-	-		
Pubali	BDT	4,725,157	-	-	4,725,157	-	-	-	-		
SCB-BDT	BDT	440,622,733	480,687,746.00	57,955,236.00	17,890,223	-	100,000,000	-	100,000,000		
SEBL	BDT	137,241	-	-	137,241	-	-	-	-		
The City	BDT	18,352,016	-	-	18,352,016	-	-	-	-		
Trust	BDT	4,854,791	-	-	4,854,791	-	-	-	-		
UCBL	BDT	27,480,196	-	-	27,480,196	-	-	-	-		
Total		936,448,575	1,185,262,502	59,065,892	(189,748,035)		151,000,000	0	151,000,000		
SCB-USD	USD	35,441,531	-	-	35,441,531	-	-	-	-		
SCB-USD-IR	USD	2,731,752	-	-	2,731,752	-	-	-	-		
Total		38,173,283			38,173,283						

Bank Name	Cur	Amount	Instrument	Status	Maturity Date
EBL (Eastern)	BDT	437,863,140	FDR	Block Fund - Lien against BG	Auto renewal
PBL (Premier)	BDT	122,340,601	FDR	Block Fund - Lien against BG	Auto renewal
Bank Asia	BDT	50,000,000	FDR		26-Dec-13
SCB	USD	12,638,550	STL against Lien of USD amount	Block Fund	26-Nov-13
SCB	USD	14,281,562	STL against Lien of USD amount	Block Fund	13-Nov-13



Exhibit 4.3: A sample of Fund Status Report

Fund Allocation and Investment Decision: After fund position and fund movement report is prepared treasury gets to know the status of fund available to execute the operational activities of Banglalink. Treasury supplies the money to all other departments from available fund and after the fund is allocated; if there is a surplus of fund treasury goes for investment and if there is a deficit of fund treasury looks for available financing options. The steps followed in fund management are:

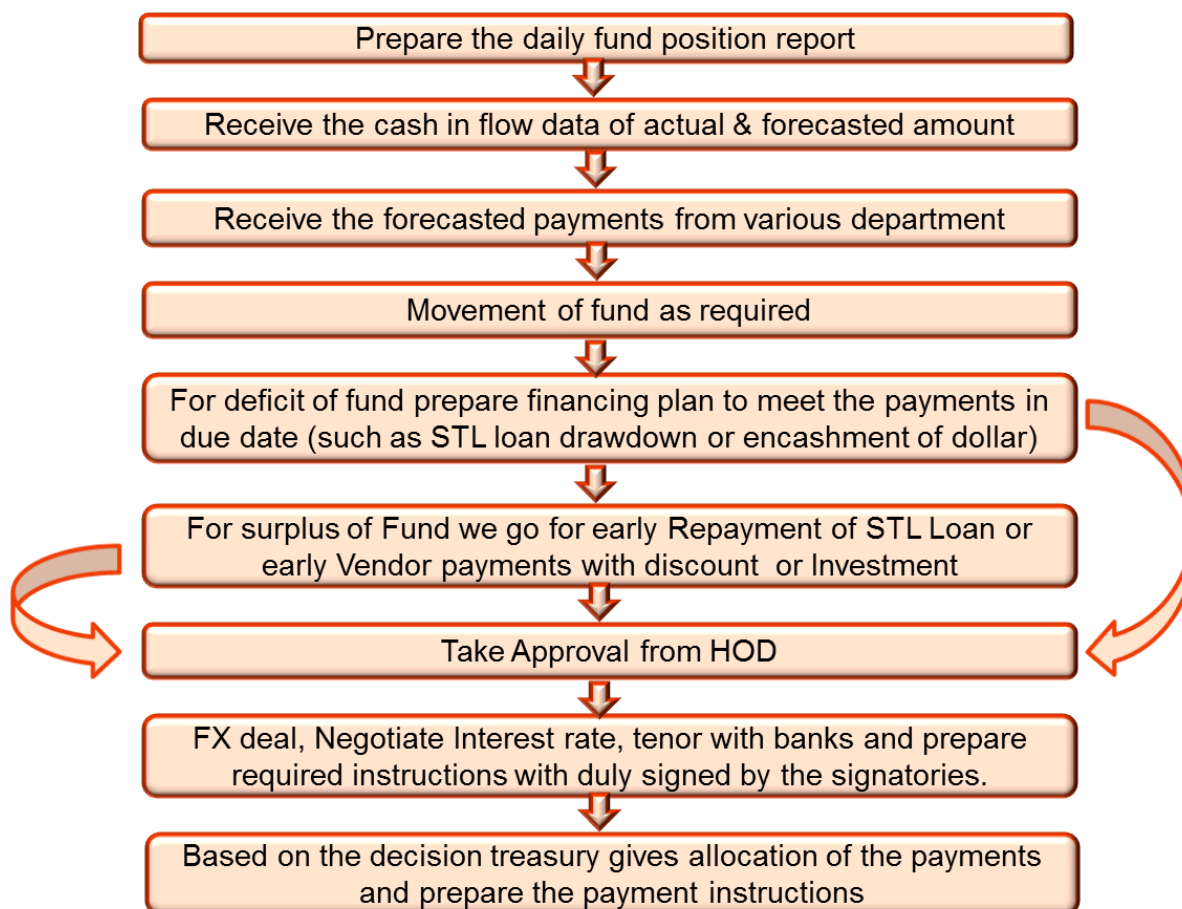


Exhibit 4.4: Steps followed in Fund Management

Preparing various types of payment Instruction: Everyday the treasury unit has to prepare high volume of payment instructions for different financial institutions to make sure the operational activities of the company is going on in full swing.



- 🐾 Cash Flow forecast- Weekly, Monthly & Yearly (Budget):** Treasury prepares a weekly, monthly and yearly forecast on the probable cash outflow and inflow based on the past experience and the expertise of treasury personnel so that treasury can have an idea of outflow or inflow before it is happening actually. Treasury always keeps track of inflow and outflow so that the treasury people know in which particular period of a time a good amount of money is coming in or going out.
- 🐾 Different types of Foreign and Local payments-IR, Training, Loans, and Membership:** The payments of Banglalink sent to other countries for various purposes are processed by the treasury unit. The treasury unit made this payment from the dollar account maintained with standard chartered bank. Money is remitted for the settlement of liabilities and interest charged on those liabilities, international roaming partner payment, membership and subscription payment, training payment, consultancy fee, audit fee and many other reasons. 15% Tax and 15% VAT has to be paid to the government while executing the payment for all types of remittance other than the principal and interest payment on the liabilities.
- 🐾 Tracking & Processing - Interest Income and Expenses:** All the liabilities and the financial expenses on the liabilities are journalized in the general ledger of Banglalink by treasury unit. The earning from FDR and other financial instruments is also booked in the ledger.
- 🐾 Corporate Rate declaration:** The banks send the daily exchange rate for different currencies to the treasury unit of Banglalink everyday and the FX transactions are done with a bank in the rate delivered by the bank. However, for a transaction more than USD 10,000 Banglalink gets the chance to negotiate the FX rate. The treasury updates the Bloomberg rate everyday and the Bloomberg rate of the last day of a month is declared as the corporate rate and all the FX transactions on the following month will be journalized in the book of Banglalink using the corporate rate as the basis while actual transaction is taking place either on the FX rate set by the bank or on the negotiated FX



rate. The difference between the transaction rate and the corporate rate is journalized in the book as FX gain or FX loss.

- 🐾 **Month-end Task:** All the journal entries has to be prepared, updated and uploaded in the Oracle accounting software. The hardcopies of those journal entries has to be reviewed and verified. Besides that at the end of the each month, the liability status of the company has to be updated in the group treasury management system.
- 🐾 **Reporting- Internal, External & Audit:** The treasury team facilitates the auditors in performing the audit of the company. The company is audited quarterly and annually to ensure the company is functioning properly. There are three types of audit. The first one is internal audit and it is conducted by the company itself. The second one is external audit and for this the audit work is done by a local CA firm. The last one is also external audit but the auditor is selected by the parent and the audit is done by one of the big four audit firms of the world and the current auditors for this audit are PWC and E&Y.

4.2 Corporate Treasury Functions




- 🐾 **Banking Facility Arrangement, Renewal, Interest Rate negotiation:** The corporate treasury unit of Banglalink arranges banking facility if there is a deficit of fund. A facility with a bank is an agreement with the bank. After conducting the creditworthiness evaluation of Banglalink, a bank prepares an agreement for Banglalink and the funded and non-funded facility limit, interest rate on the bank loan, tenure of the bank loan and other terms are there in the agreement. The funded facility limit is the amount of money that will be provided to Banglalink and the non-funded facility limit is the amount of money that will be borne by the bank for LCs(Letter of Credit) of Banglalink. The corporate treasury arranges this facility files; renews the facility files after it is expired; negotiates the corporate rate if the interest rate is higher than the market average rate and gets the bank facility signed by CEO.

- 🐾 Financing Plan (Loan drawdown, repayment – STL, LTL, WCS, Foreign Borrowings and FDR):** The core treasury prepares the fund position and fund status report and whenever there is a shortage core treasury goes for financing, especially for short term bank loans. Corporate treasury facilitates the financing option in this manner and takes the decision from whom to procure the fund after examining the facility files of different banks. Besides that, it also arranges the long-term loan and other financing options which have been described in this report in another section.
- 🐾 Maintaining relationship with the bankers and other financial institutions:** Nowadays, business activities are conducted based on mutual trust and relationship with the stakeholders. The major unsaid responsibility of the corporate treasury unit is to maintain a cooperative relationship with banks and other financial institutions in a way which benefits both the parties. A business cannot run without the help of financial institutions and financial institutions cannot run without the help of corporations. Both the parties complement each other. For this reason, the corporate treasury works as the relationship agent between the company and the financial institutions and serve the interest of the company.
- 🐾 Lease financing:** The corporate treasury also takes lease financing decision; if leasing something benefits the company more than owning that. The lease terms are set in coordination with the lessor and the lease payments are made by the corporate treasury.
- 🐾 Foreign exchange deal and foreign loan repayment:** As it has been discussed before, for a foreign deal valued more than USD 10,000; Banglalink gets the right to negotiate the FX rate with the banks. Corporate treasury negotiates the FX rate for Banglalink. Corporate treasury also makes the payment of foreign loan while the other foreign payments are processed by core treasury.



4.3 Cash Management Functions

The major functions of cash of management are:

-  **Collection Reporting:** The cash management team keeps track of prepaid collection, postpaid collection, IR collection, Icon sales collection, Interconnection collection and etc. It also reports collection from M-commerce project with BPDB, CWASA, Jibon Bima, Qubee, Desco, Bkash and other sources.
-  **Payment Processing:** The cash management team of Banglalink also facilitates all sorts of payment using online and manual payment method. The payments are requested by the accounts payable team of Banglalink to the treasury unit. The treasury unit then allocates the fund to accounts payable and the cash management unit processes the payments. These payments basically include vendor payment, payment for utility and BTS towers.
-  **Bank Reconciliation Statements:** At the end of each month bank reconciliation statements are prepared to see what entries the bank did not book and what entries cash management did not book in the general ledger.

4.4 Trade Finance Functions

The trade finance team of Banglalink plays a crucial role in opening and dissolving LCs and LCAs. To import goods for Banglalink, the procurement team asks trade finance to undertake necessary financial initiatives. The trade finance team then selects a bank with which Banglalink has non-funded facility to open a LC. An IRC (Input Registration Certificate) is necessary to import goods. IRC is of two types: Industrial IRC and Commercial IRC. Banglalink is only allowed to import industrial equipment and don't have the permission to import commercial equipment. The following documents are required for Banglalink to import goods:








- I. Input Registration Certificate (IRC)
- II. Copy of Trade License
- III. Copy of VAT & TIN certificate
- IV. Membership Certificate of AMTOB (Association of Mobile Telecom Operators of Bangladesh)

Based on the category of goods imported and other factors Banglalink opens a LC or LCA. LC is the most traditional way to finance imports. LCA is importing goods without opening a LC. There are distinct differences between these two. First of all, the payment tenure for a LC is 360 days, whereas the payment tenure for a LCA is 450 days. Secondly, fewer documents are needed to open a LCA than it is needed for a LC. The commission paid for a LCA is comparatively lower than it is for a LC. These three are major differences between LC and LCA. The goods sender gets benefitted from a LC whereas the importer gets benefitted from a LCA. If the importer does not meet the payment deadline, the bank will do the full payment of LC and the importer is bound to pay interest on the extra time that he has taken. For a LC application a forwarding letter has to be submitted and the importer needs to fill up an application form and besides that an input permission (INP) is needed from Bangladesh Bank to buy dollars using which the LC payment will be done. The trade finance team also works with the insurance and risk management team of Banglalink to get the insurance coverage on the goods which will be imported. A pro forma invoice (PI) prepared by goods sender has to be submitted to the bank and it needs to contain the following information:




- I. Importer's & Beneficiary's Name & Address
- II. Importers TIN & VAT number
- III. HS Code of goods (Harmonized System Code: Worldwide accepted unique code for a product)
- IV. Description of Goods

- V. Unit Price and Quantity of Goods
- VI. Country of Origin of Goods
- VII. Country of Shipping (Loading & Discharge)
- VIII. Transport Method
- IX. Payment Terms

After examining the pro forma invoice the LC issuing bank will issue a SWIFT Message to the beneficiary's bank which will receive the payment for beneficiary. A SWIFT message is a document where all the terms and conditions of LC are written in a short form and it is a deed of LC between the importer and beneficiary. The following information is found in almost every SWIFT Message:

-  Importer's & Beneficiary's Name & Address
-  LC Issuing Date
-  LC Expiry Date
-  Last Date of Shipment
-  LC Value

Then goods are consigned and the beneficiary issues a challan or commercial invoice for the importer. The challan or commercial invoice has to be shown to the customs officer when the consigned goods are available to release. To release the consignment from the customs the following documents are needed:

-  Copy of Commercial Invoice or Challan
-  Packing List
-  LC SWIFT Copy


- 🐾 BTRC NOC
- 🐾 Trade License
- 🐾 IRC
- 🐾 VAT & TIN Certificate
- 🐾 Insurance Coverage


After going through the long process the goods are received. A LC is dissolved with the full payment of LC. The payment can be done in two ways. One is upon receiving the goods and which is known as sight LC and for the one payment has to be made within 360 days. This is known as deferred LC. However, combination of the both payment methods is also possible. For example, if the term of a LC says 15% sight, 85% deferred; it means 15% payment has to be made when the importer receives the consignment and the rest 85% has to be paid within next 360 days. This is the very basic LC process that trade finance uses.

4.5 Financing options used by Banglalink

Banglalink is a fast growing telecom company which needs substantial amount of money for CAPEX (Capital Expenditure). The money has to be sourced for capital expenditure like payment for LC of network equipments, maintenance of network equipments and many more. The fact is Banglalink do not have enough current assets to finance its CAPEX and it does not have enough capacity to pay for the capital expenditure. For this reason, different financing options have to be sought to pay for capital expenditure. The treasury unit works consistently to finance so that the company can have its pace towards growth. Usually, there are two types of financing methods available for treasury when it faces cash deficiency. The company finances the projects either through short term liability or through long term liability. There are different types of short term and long term liability which are described below:

1. **Short-Term Liability (STL):** The liabilities which are taken for a period of less than a year are known as short term liability and there are different types of short term liabilities that the company takes for financing and those are described precisely:

 **Bank Loans:** Bank loans are the widely used short-term loans that Banglalink uses. In most of the cases, whenever there is a shortfall of money Banglalink goes for short-term bank loans. It takes the bank loans from the reputed multinational and local banks based on the negotiation with the banks. The loans are usually taken for a period of 90 days and in most of the cases at the end of 90th day the loans are taken again after settling the principal and interest. This is known as loan rollover. The bank loans are taken without pledging any collateral; a letter of comfort from the parent company stating the parent company will repay if Banglalink fails to pay back the principal and interest charged on the loan. This is good enough to get a bank loan without any collateral.

 **Bridge Financing:** This is a special type of financing option that Banglalink has with standard chartered bank. Every can only provide a certain amount loan to a corporate. If Banglalink exceeds the facility limit with standard chartered bank, then it can go for bridge financing. In this type of financing the parent company of Banglalink makes a FDR with standard chartered bank. Standard chartered bank takes the prior approval from Bangladesh Bank. When it gets the approval it provides Banglalink 90% of the FDR amount yielded by the parent of Banglalink, using the FDR as a lien. This one of the way Banglalink gets money for financing.

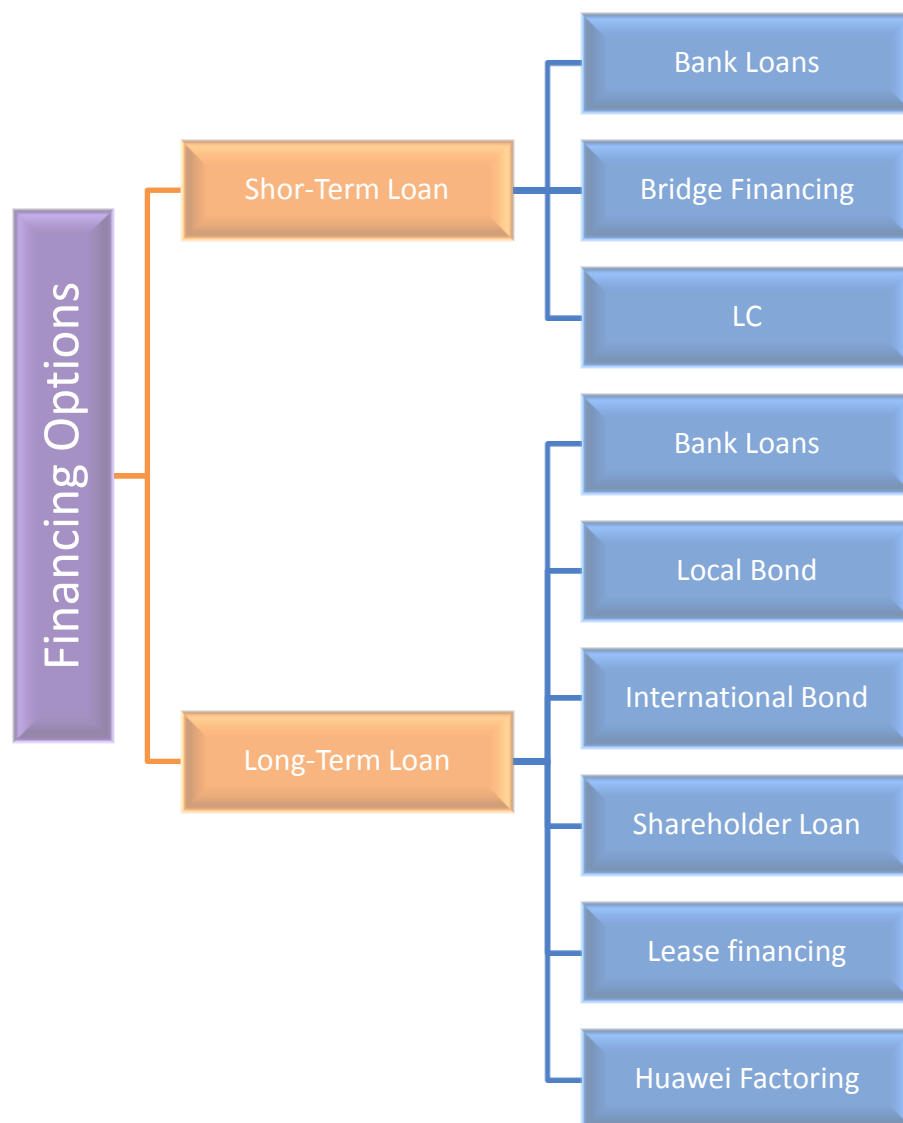


Exhibit 4.5: Financing Options Used by Banglalink

🐾 **LC:** As it was described before, after opening a LC; from the day of shipment Banglalink gets 360 days time to make the payment for that LC. As the maturity is less than a year it also works like a short term financing option.

2. Long-Term Liability (LTL): The liabilities which are taken for a period of more than a year are known as long term liability and the different types of long term liability that the company uses are:



-  **Bank Loans:** The bank loans that has a maturity period of more than a year is considered to be long term liability for Banglalink. Banglalink gets this types of loan from the foreign financial institutions (i.e. Hermes, DFI). These foreign institutions work as intermediary between Banglalink and foreign financial institutions. They form a syndicate and provide loan to Banglalink.
-  **Local Bond:** Banglalink had procured substantial amount of money through issuing local bonds. The local bonds were called back in the mid of May as the company issued international bond. Terminating the local bond was a condition from the government regulatory bodies to issue international bond.
-  **International Bond:** The treasury team of Banglalink has recently issued \$300 million international bond to restructure the company's existing debt. Banglalink is the first Bangladeshi corporate to issue international bonds for 8.625% coupon and 8.875% YTM. In terms of geographic distribution, 64% of the bonds were sold in Asia, 29% in Europe and 7% in the US. This bond has a maturity of 5 years. Money raised from selling this bond will be used for two purposes; one is to pay off existing debt obligation and the another one is to support 3g expansionary project that Banglalink has taken.
-  **Shareholder Loan:** The shareholders of the Banglalink also provide credit to Banglalink. The parent is not providing equity in its operation here rather it provides loan to Banglalink as providing debt to the company benefits the parent more than providing it equity.
-  **Lease Financing:** Banglalink has car lease facility with commercial bank of Ceylon and IDLC Finance Ltd. The vehicles of Banglalink are taken as lease and the mentioned financial institutions facilitate the process.
-  **Huawei Factoring:** Banglalink has another financing facility with Huawei which is the provider of capital goods. Whenever Banglalink makes a deal with Huawei to procure capital equipment from it, there is a credit term which is mentioned in



the agreement. For example, if a credit term with Huawei states **net 180(n/180)**, Banglalink is bound to settle the payable to Huawei within 180 days. However, Huawei provides a facility to Banglalink using which Banglalink can exceed the credit period, but it has to pay interest on the money outstanding amount after the period of 180 days elapse.

CHAPTER FIVE

FINANCIAL PERFORMANCE ANALYSIS

THIS CHAPTER INCLUDES:

5.1 Ratios Used for Analysis

5.2 Financial Ratios of Banglalink & Grameenphone

5.3 Trend & Cross-sectional Analysis of the Ratios



5.1 Ratios Used for Analysis

By conducting ratio analysis the financial performance of an organization can be realized. Two types of ratio analysis are conducted in this report. One is trend analysis and the other one is cross-sectional analysis. Trend analysis is done to compare the company's performance over the past years and cross-sectional analysis is done to compare the performance of a company with a similar company in the same organization. To perform an analysis, liquidity ratios, leverage ratios, asset management, debt management and profitability ratios have been assessed. The ratios used in the report are listed below:

$$\text{🐾 Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{🐾 Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

$$\text{🐾 Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

$$\text{🐾 Net Revenue to Total Assets} = \frac{\text{Net Revenue}}{\text{Net Total Assets}}$$

$$\text{🐾 Net Profit on Revenue} = \frac{\text{Net Profit}}{\text{Net Revenue}}$$

$$\text{🐾 Return on Equity} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

$$\text{🐾 Return on Assets} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

$$\text{🐾 Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

5.2 Financial Ratios of Banglalink & Grameenphone

Banglalink is not yet a listed company and therefore the financial data of Banglalink is not revealed to other people because of the company confidentiality. For analysis purpose, the final outcome of the ratios have been used in this report and as the company keeps the financial data with high confidentiality, the calculation of the ratios could not be shown in this report. On the other hand, Grameenphone's data is available since it's a listed company. The ratios of Grameenphone & Banglalink for the year 2011, 2012 & 2013 are listed in the table drawn below:

Name of the Ratio	Banglalink			Grameenphone		
	2011	2012	2013	2011	2012	2013
Current Ratio	0.12	0.19	0.11	0.60	0.22	0.22
Quick Ratio	0.12	0.19	0.11	0.60	0.22	0.21
Debt Ratio	0.88	0.91	0.96	0.64	0.70	0.76
Net Revenue to Total Assets	0.40	0.48	0.40	0.82	0.78	0.71
Net Profit on Revenue	-0.18	-0.07	-0.13	0.21	0.19	0.15
Return on Equity	-0.59	-0.42	-1.28	0.49	0.49	0.47
Return on Assets	-0.07	-0.04	-0.05	0.17	0.15	0.11
Debt to Equity	7.06	10.21	24	1.80	2.32	3.34

Table 5.1: Financial Ratios of Banglalink & Grameenphone

5.3 Trend & Cross-sectional Analysis of the Ratios

🐾 Current Ratio: Current ratios are used to test a firm's ability to pay off the current liabilities using its current assets. Banglalink had TK. 0.12, 0.19 and 0.11 as current assets in the year 2011, 2012 and 2013 respectively against TK. 1 current liability. The current ratio of a company should be more than 1 as it indicates the company has more current assets than current liability. If compared to its counterpart Grameenphone, it had relatively lower current ratio in the last two years, but in 2011 Grameenphone had comparatively higher current ratio than Banglalink.

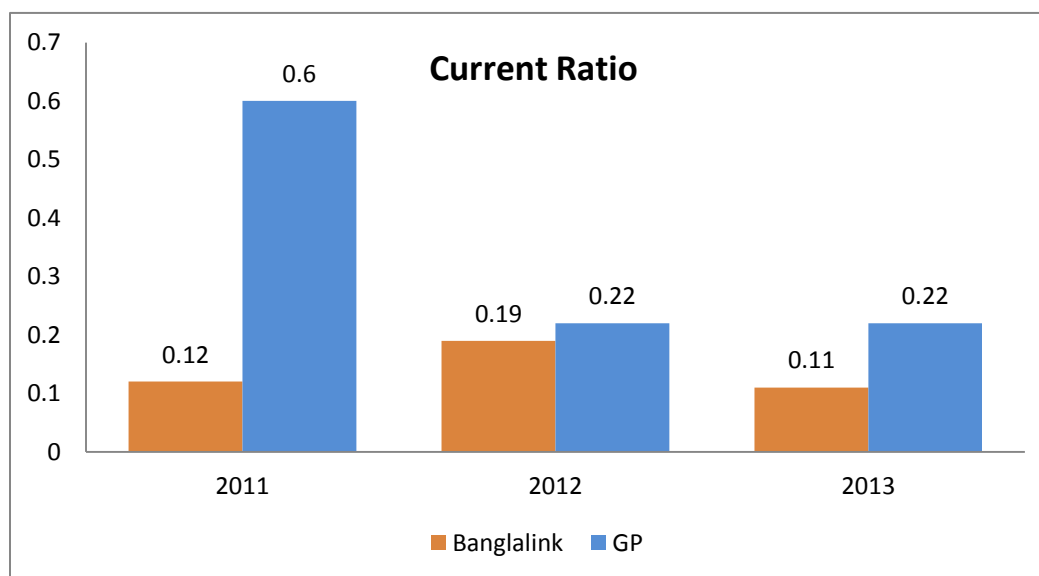


Exhibit 5.1: Current Ratio Analysis

🐾 Quick Ratio: The quick ratio is almost same to the current ratio except in quick ratio inventory is excluded from current assets since it takes time to liquidate inventory within a short time. The quick ratio of Banglalink was 0.12, 0.19 and 0.11 in the years 2011, 2012 & 2013 respectively. The result of quick ratio is same to the current ratio. This happened because of the nature of the business. A telecom company holds lower level of inventory because it is a service provider. Higher level of inventory is found in case of manufacturing or merchandising company. For this reason, the quick ratios are similar to the current ratios of both the companies.

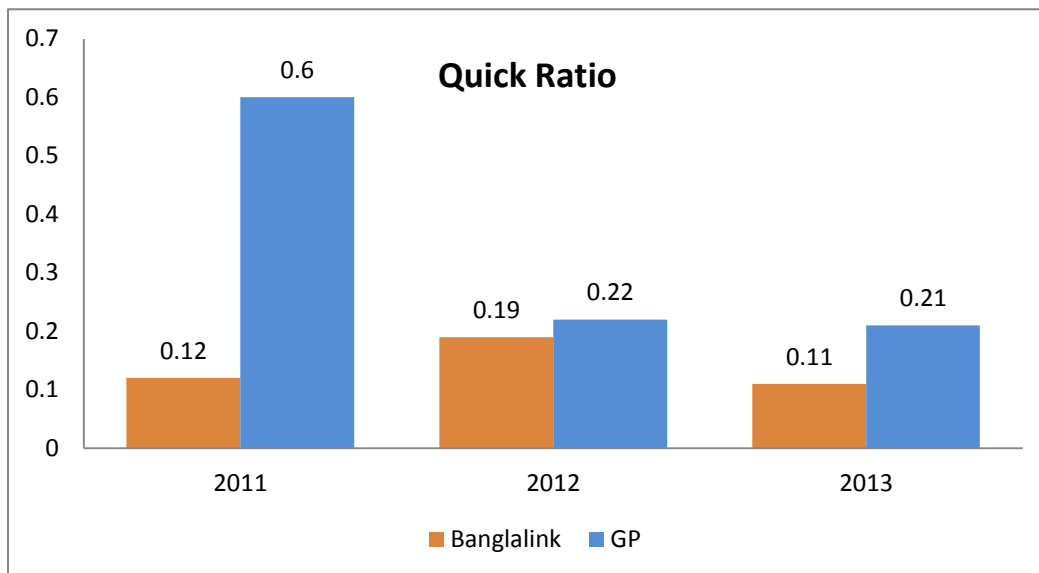


Exhibit 5.2: Quick Ratio Analysis

Debt Ratio: The telecom companies have more fixed assets than current assets as it has valuable equipment in its balance sheet. For this reason, the debt ratio which shows Banglalink had Tk. 0.88, 0.91 and 0.96 as liability against Tk.1 assets in the year 2011, 2012 and 2013 respectively; whereas competitor of Banglalink, Grameenphone had Tk. 0.64, 0.7 and 0.76 as liability. This means Grameenphone had more assets against its liability more than Banglalink.

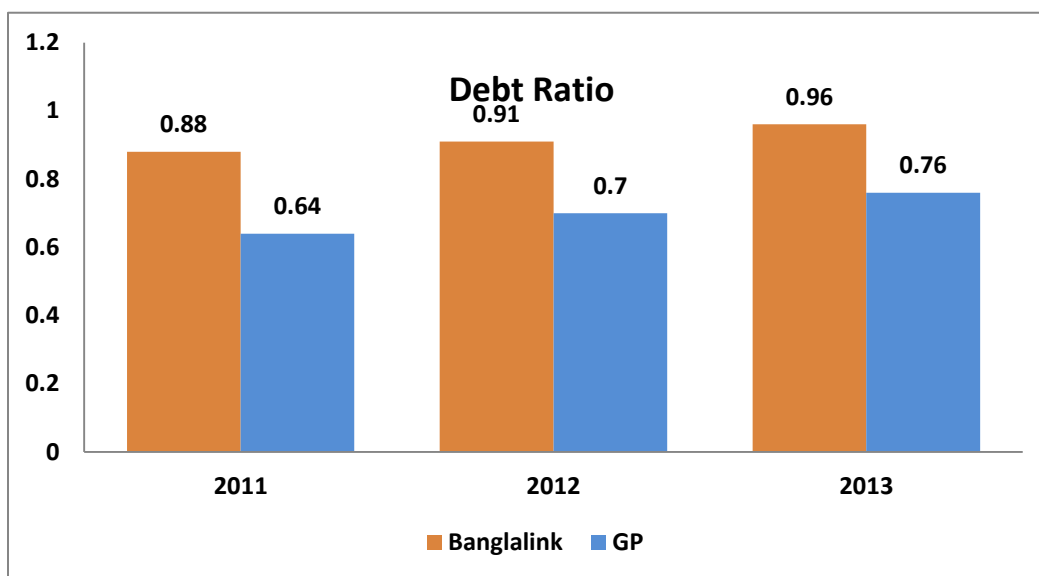


Exhibit 5.3: Debt Ratio Analysis

Net Revenue to Total Assets: The net revenue to total assets implies that how much revenue a company has generated using its fixed assets. In the years, 2011, 2012 and 2013 using Tk. 1 asset Banglalink has generated Tk. 0.4, 0.48 and 0.4 as revenue; whereas the revenue generation of Grameenphone was almost double of Banglalink for every year and Grameenphone has shown more viability in utilizing its assets.

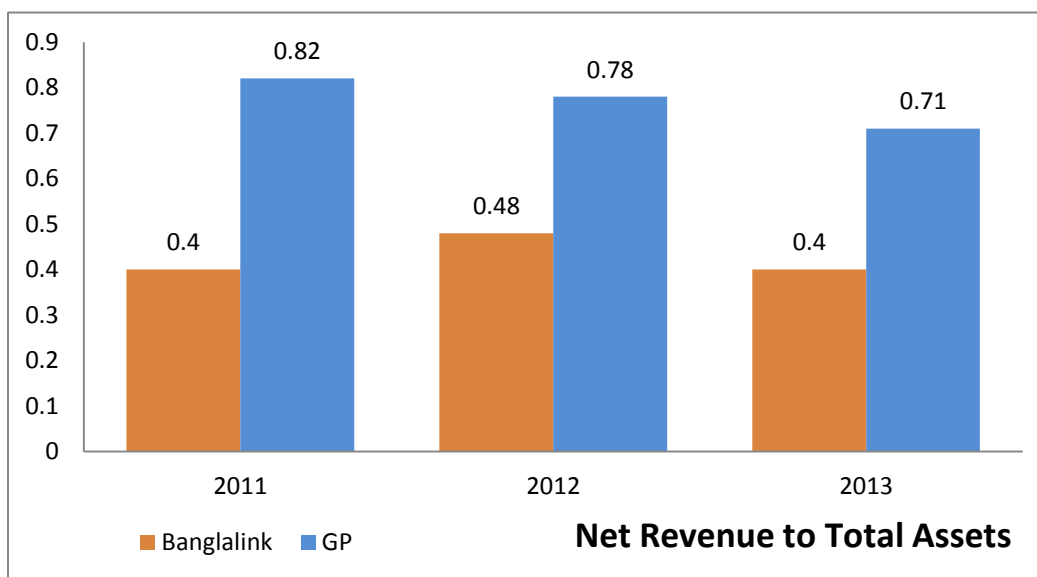


Exhibit 5.4: Net Revenue to Total Assets Ratio Analysis

Net Profit on Revenue: Banglalink could not turn its revenue into profit. This might have happened due to high debt obligation. All the revenue of Banglalink was expended and because of high financing cost it had to pay Tk. 0.18, 0.07 and 0.13 from its capital against Tk. 1 revenue whereas the counterpart Grameenphone added Tk. 0.21, 0.19 and 0.15 to its equity against Tk. 1 revenue in the year 2011, 2012 & 2013 respectively.

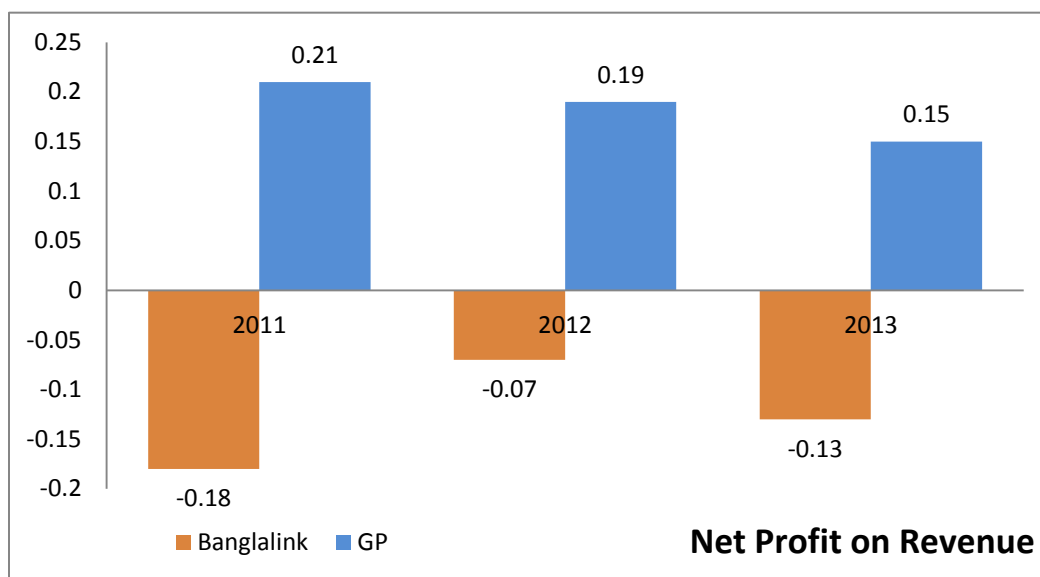


Exhibit 5.5: Net Profit on Revenue Analysis

Return on Equity: Other than Grameenphone any other telecom operators have failed to declare profit so far. Since, the companies are not declaring profit the value of shareholders is declining. From Tk. 1 equity Banglalink lost Tk. 0.59, 0.42 and 1.28 in the year 2011, 2012 and 2013 respectively. On the other hand, Grameenphone sustained and added Tk. 0.49, 0.49 and 0.47 against Tk. 1 equity in the years 2011-2013.

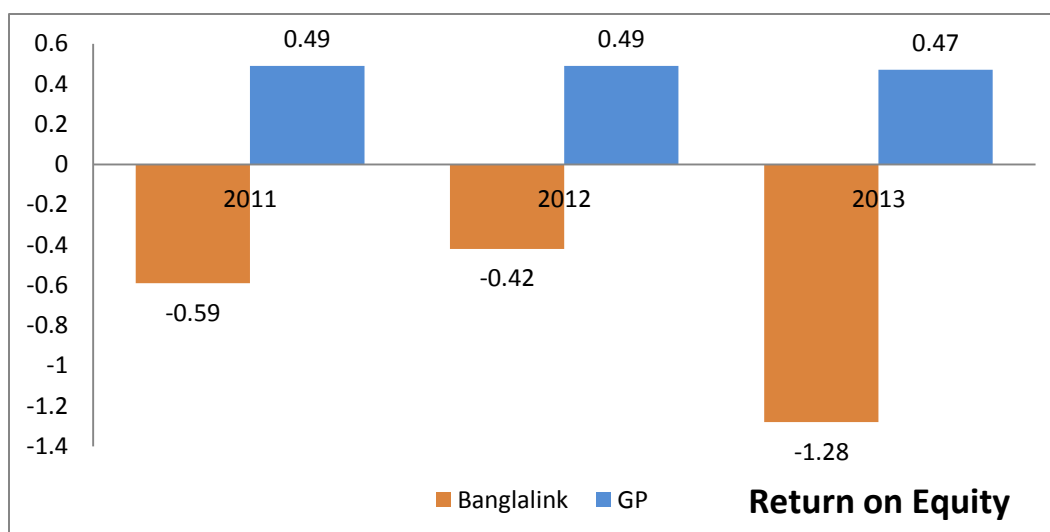


Exhibit 5.6: Return on Equity Analysis

Return on Assets: From the assets in its balance sheet Banglalink had to pay Tk. 0.07, 0.04 and Tk. 0.05 in the years 2011, 2012 and 2013 respectively. It could not make profit on the assets deployed, whereas Grameenphone created Tk. 0.17, 0.15 and 0.11 against Tk. 1 assets.

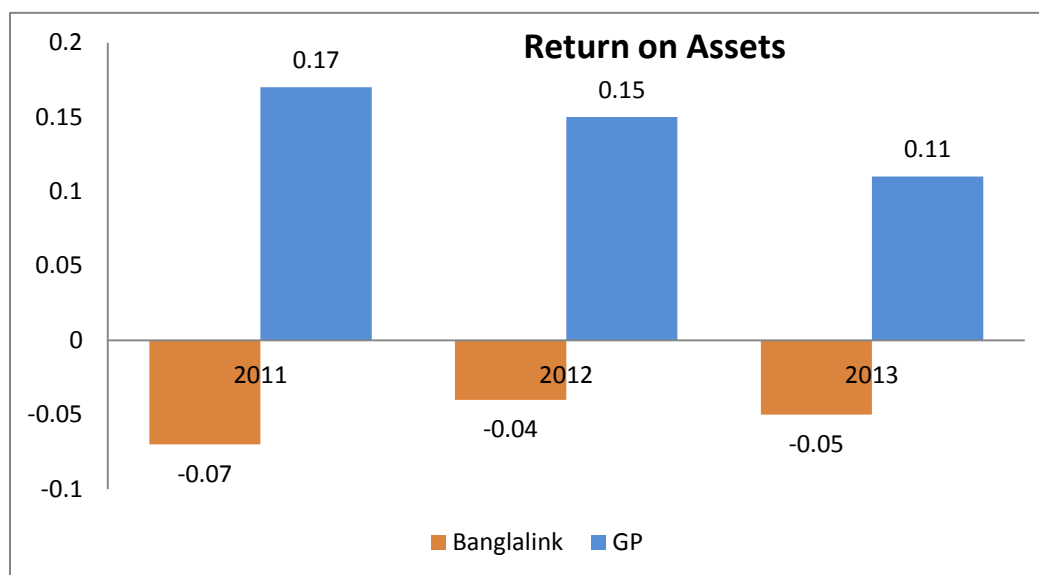


Exhibit 5.7: Return on Assets Analysis

Debt to Equity: Banglalink is a highly leveraged firm and it has high level of debt obligation in its capital structure. Against Tk. 1 equity, Tk. 7.06, 10.21 and 24 was found as liability in the year 2011, 2012 and 2013 respectively. It seems day by day the debt obligation of the company is increasing. Its counterpart Grameenphone had Tk. 1.8, 2.32 and 3.34 in the preceding years. The debt to equity ratio is higher because of Banglalink’s huge investment to expand and maintain the network. However, the company needs to figure out the scope of making more profit and reducing its debt obligation with the profit.

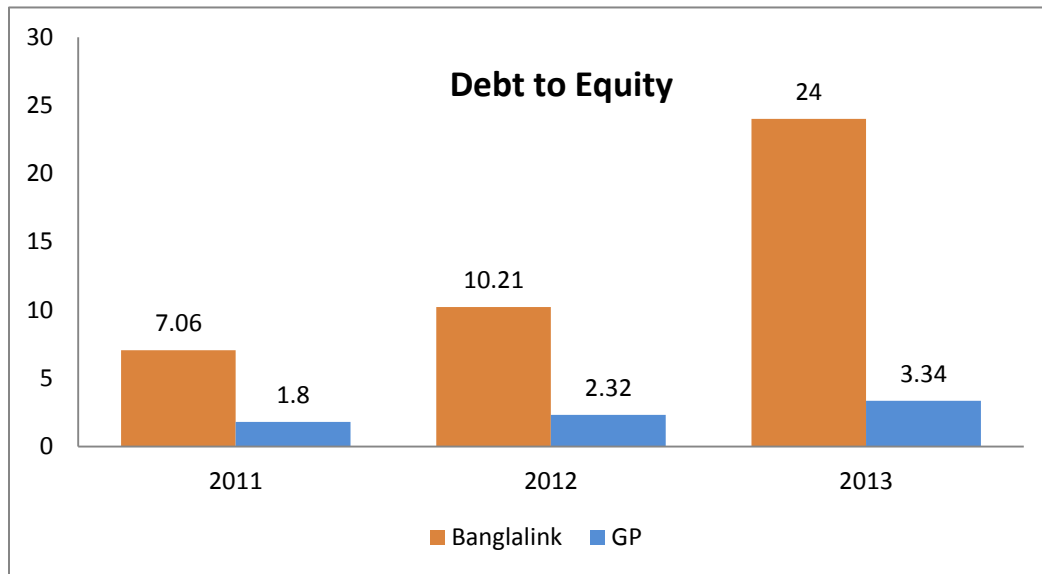


Exhibit 5.8: Debt to Equity Ratio Analysis



CHAPTER SIX

RECOMMENDATION & CONCLUSION

THIS CHAPTER INCLUDES:

6.1 Recommendation

6.2 Conclusion

6.3 References



6.1 Recommendation

It is really difficult to draw recommendation based on four months' work experience and it would be audacious of me to give suggestions to the people who have better understanding and expertise than me. However, there are few areas in which I think the organization can improve:

- 🐾 Number signatories are needed to be increased. There are only two signatories outside the finance department. Being high designated officers of Banglalink they are really busy. There are times when urgent documents have to be signed, but none of the signatories are available. Therefore, two or three more signatories can be added to ensure the efficiency of work.
- 🐾 Banglalink has changed its previous logo and adopted a new logo which is a 3D version of the previous logo. The company needs to evolve its outlook totally just like its counterparts. Coming in a totally new form helps the company to grow faster than before.
- 🐾 The finance department can have more control over the expenses and other than allocating budgets, it should monitor the expenses of other departments and make the proper justification of expenses.
- 🐾 Although Banglalink negotiates the interest rate with banks, to avoid interest rate risk, the dealings with the financial institutions can be done using floating interest rate.
- 🐾 FX loss can be downsized by using currency forward contract or currency future contract.
- 🐾 Being a technology based organization; Banglalink should create a benchmark in using latest softwares that others will follow. It needs to transform its ERP system to SAP from Oracle.



It is good that company is expanding its operation everyday and bringing new people under its customer bucket but the ultimate goal of a business is to make profit. Banglalink is operating for nine years and it is high time the company should turn itself into a profitable company. Doing business with other people's money is good, but not putting a business into a risky position. The financial performance indicates the company has considerable debt obligation. To minimize business risk the organization needs to reduce the usage of debt in its capital structure.

6.2 Conclusion

Banglalink Digital Communications Ltd. is one of the leading multinational telecom companies in Bangladesh. I had the opportunity to work for this company during my internship program. This internship program has helped me to explore new horizons of business environment.

This report has provided insights on the treasury activities within the limited scope. The treasury functions are so vast and complex that one report is not enough to write everything about it. However, the fullest measure was taken to make this report fruitful and informative. Although the financial analysis does not provide an outstanding image of the organization, the company has very good potential because it has got highly skilled people and they know better than anyone how to take this organization in a better position. I believe this company will keep on growing whatever the situation is.

Finally, I would say that this internship at Banglalink Digital Communications Ltd. has made my practical knowledge of Business Administration better and made my BBA education more complete and applied.



6.3 References

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APPENDIX

ACRONYMS

AMTOB	Association of Mobile Telecom Owners Bangladesh
AP	Accounts Payable
BB	Bangladesh Bank
BOI	Board of Investment
BTRC	Bangladesh Telecommunication Regulatory Commission
BTS	Base Transceiver Station
CAPEX	Capital Expenditure
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FDR	Fixed Deposit Receipt
FX Rate	Foreign Exchange Rate
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
HS Code	Harmonized System Code
IGW	International Gateway
INP	Input Permission
IRC	Input Registration Certificate
LC	Letter of Credit
LTL	Long Term Loan
MFS	Mobile Financial Services
MMS	Multimedia Messaging Service
NOC	No Objection Certificate
NYSE	New York Stock Exchange
OPEX	Operating Expenditure
PI	Pro-Forma Invoice
POS	Point of Sales
STL	Short Term Loan
TIN	Tax Identification Number
VAS	Value Added Service
VAT	Value Added Tax
WC	Working Capital