



Inspiring Excellence

Fall 2017

Internship report on:

SME Loan Application and Disbursement

Procedure of Union Capital Limited



Union Capital Limited

Building a sustainable future

Submitted to:

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LETTER OF TRANSMITTAL

20th December 2017

Mr. Shamim Ahmed
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BRAC Business School
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66 Mohakhali, Dhaka- 1212

Subject: Request for the approval of Internship Report.

Dear Sir,

I am a student of BRAC Business School here by submitting my Internship Report, which is a part of the BBA Program of our university. It is a significant privilege to work under your continuous support and supervision. My report is based on, “SME loan Application and disbursement procedure of “Union Capital Limited”.

I have gathered adequate information to make the report more logical and trustworthy. My superiors and colleagues are my primary sources of information respect to this report and also, I have tried my best to accomplish the objectives of the report.

Consequently, it would be a great honor for me if you are kind enough to enlighten me by giving your valuable judgment regarding my report. Furthermore, if you find this report informative and useful, it would also be a huge pleasure for me. Thank you very much for your kind cooperation, concentration and patience.

Sincerely Yours

Hassan Mahmood
ID-13204006
BRAC University

ACKNOWLEDGEMENT

My acknowledgement begins with thanking the Almighty for all His blessings. First of all, I want to thank my internship adviser **Shamim Ahmed, Lecturer, BRAC University** for giving me the opportunity to do my report under his supervision and support and also for providing the necessary help for the accomplishment of my report. He gave me the chance to make a paper like this one. Thanks to his for believing me that I could do this. He made it possible for me by encouraging me in every single moment and without his constant guidance, advice and helpful nature throughout the paper it would have been near impossible to complete this so smoothly and in the allocated time. My gratitude goes to entire BRAC Business School for arranging Internship Program that facilitates integration of theoretical knowledge with real life situation.

I am also very thankful to **Shariful Alam**, my organizational supervisor who has given me his valuable time and energy in the preparation of this report. I would also like to convey my appreciation to Union Capital Limited colleagues, the people who gave me good advice, support suggestions and motivations. The amazing working environment and group commitment of this organization has empowered me to manage and to deal with a lot of things. A special sign of appreciation to the people who have helped a lot during the project and I also acknowledge all the published report and papers in websites which were required for completion of the project.

Without them it would not possible for me to complete this difficult task. I got all necessary guidelines, cooperation and advice from them to complete this complicated task.

EXECUTIVE SUMMARY

I have made this report on the foundation of my three-month practical experience and knowledge at Union Capital Limited. The internship program facilitated me to learn about the real and practical scenario of a Non-Bank Financial Institution. Union Capital Limited is a Bangladeshi Non-Bank Financial Institution company. The company was founded in 1998. The company is known for its investment products like term/lease finance, SME finance, real estate finance, equity finance, etc., brokerage services, issue management, underwriting, portfolio management and corporate advisory services UCL has 8 offices located in Dhaka, Chittagong, Sylhet, Madhabdi, Tongi and Bogra. UCL is a publicly traded company listed on both the Dhaka and Chittagong Stock Exchange

The main goal of the internship course was to model practical life work setting and use them as real-world opportunity to apply knowledge gained and to progress all required skills such as, technical, analytical, interpersonal and potential qualities. I have prepared this report based on my experience and observation gathered from the company. The company has many departments but the spotlight is given more on the SME department in the Gulshan Branch as I only got the opportunity to work in this office. My report is based on SME loan Application and disbursement procedure of Union Capital Limited.

After knowing the real scenario of “Union Capital Limited” regarding their SME loan Application and disbursement procedure, a great deal of recommendation came up. I have also given recommendation and conclusion from my perspective which is to improve the environment of the company.

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Chapter 1

Origin of the report:

For BBA students completing Internship Program is a graduation requirement of BRAC Business School. The main intention of this internship program is to give an idea to the students of the real job world. The main difficulty was to interpret the theoretical concepts to real life experiences by being an intern.

The Real motto of the Internship Program is:

- Experiencing the Practical knowledge about the job responsibilities.
- To experience how the real corporate world functions.
- To compare the lessons learned in the educational institution with real situation of job market.
- To accomplish the requirement of BBA Program.

Objectives of the Study

The Main objective of the study of financial services and problem of the NBFI's (Non -Banking Financial Institutions). Any report will not be fulfilled without actual life field experience that's why I've chosen "**Union Capital Limited**" as his organization for the three months Internship period. In this regard the other objectives are given below:

1. To identify and to analyze the financial services of Union Capital Limited.
2. To analyze the process of loan application and disbursement in the SME department
3. To identify the problems of SME department in Union Capital Limited.
4. To identify he problems that the SME's face when applying for credit.
5. To recommend policies to overcome the problems that both SME agents and SME clients face that hinder their progress.
6. Gathering knowledge and insights of human resource management field of the organization.
7. Having great perception about the SME department of the organization.

Scope of the study

This report, based on a real-life case study, focuses mainly on the real scenario of the selected organization. As a result, the scope of this report has some limitations. Firstly, one of the scopes of this report is to gain practical experience about how researches are conducted in the business organizations. Then, this report covers the SME application and loan processes especially the which are being followed by Union Capital Limited. This report covers my understanding of real life scenario of the business world through getting knowledge from Union Capital Limited. Due to this report being a part of my academic program, this report is unable to have in-depth analysis of the SME department of Union Capital Limited

Methodology and Sources of Information

The methodology of this report is my practical observation and task within the organization. To prepare of this report has to need some primary and secondary sources of information which are given below:

Primary Sources

Data collected from primary source consists of observation method and interview method to the personnel of Union Capital Limited. The researcher has observed all the activities and financial statements of Union Capital Limited. To get the real information and data about general activities and performance of Union Capital and the selected the researcher has asked relevant personnel and officer who are working for long years for the company

1. Direct observation.
2. Informal Conversation.
3. Going on field visits to the client's business organization

Secondary Sources

Secondary sources of data will be used for data requirements of the report. Secondary sources of data: Use Internet and different articles published in the journals& magazines have been used.

Secondary sources are:

1. Reference books of Union Capital Limited.
2. Stock Exchange Journals.
3. Annual Reports of Union Capital Limited.
4. Internet/Books.
5. Magazine and newspapers.

Limitations of the study

On the way of the study, I have faced the following problems that may be terms as the limitations/shortcoming of the study:

1. SME agents were very busy so they could not give them enough time for discussion about various problems. This happened because of the year end pressure to met the targets for their personal salary increments.
2. Assessing information of different activities of Union Capital as well as the other competitors will be a great problem because of confidentiality.
4. Since the report has to be made at the same time with other office works within three months, time might be a major constraint in accumulating all sorts of information in an organized way. Due to time limitation many aspects might not be discussed in the present study.
5. Insufficient Information in website of Union capital limited.

Chapter 2

Company Background

Union Capital Limited is originated as the largest investment bank and fastest growing financial institution in Bangladesh. Previously, it was known as Peregrine Bangladesh which had its origins and businesses rooted in Hong Kong. Out of the local office of the erstwhile Peregrine Capital Limited of Hong Kong, Union Capital Limited, Dhaka emerged in early 1998 as a Bangladesh-based company led by a group of the foremost entrepreneurs of the country. Union Capital Limited was registered with the Registrar of Joint Stock Companies of Bangladesh on 09 August 1998. On 12 August 1998, the Company received permission from Bangladesh Bank to operate as a non-banking financial institution under the Financial Institutions Act 1993. During the year 1999, the Company commenced operations in lease finance and consumer credit. Union Capital was registered as a full-fledged Merchant Banker with the Securities and Exchange Commission on 10 April 2002.

Union Capital, within a short span of time, has proved its worth as a most forward-working vigorous organization achieving success with its wide international network and strong local base. UCL engages in business of lease finance, term finance, syndicated finance and merchant banking activities. UCL offers lease finance and term loan facilities to businesses and entrepreneurs to meet their various financial needs which include but are not limited to commercial and personal vehicles, office equipment, industrial machinery and accessories, medical and diagnostic equipment, generators, elevators/lifts, heavy construction equipment and other commercial equipment. Under its merchant banking activities, it undertakes public issue management, underwriting, portfolio management and loan/debt syndication, stock brokerage financial institution which has strong commitment to the development of the society.

UCL has 7 branch offices located in Dhaka, Chittagong, Sylhet, Gazipur and Narsingdi. UCL is a publicly traded company listed on both the Dhaka and Chittagong Stock Exchange.

Group profile: UCL is involved on a variety of financial and non-financial banking activities in Bangladesh. The group operates through UCL and its Subsidiaries having 7 branches located on Dhaka, Chittagong, Sylhet, Tongi, Bogra and Madhabdi. UCL's policy is to provide its customers

with comprehensive customer solution, high level professional services, and a wide variety of products adapted to each customer's needs. Corporate financial services including leasing and term finance to SMEs and large enterprise of different sectors, Capital market Service include issue management, share trading and portfolio management through its subsidiaries and retail customer services include deposit schemes and personal lending.

The group Services:

- Different deposit schemes
- Corporate and SME finance
- Investors portfolio management
- IPO and rights issue management
- Corporate advisory services
- Margin loan for investment in securities
- Share trading for retail and corporate investors

Business Clusters:

- Union Capital limited (NBFI)
- UniCap Securities limited (a member of DSE and CSE)
- UniCap investment limited (Full-fledged merchant bank)

Focus:

- Local market;
- UCL as an employer;
- Positioned as a institution for all;
- Building strong investment portfolio;
- Acknowledged for its sustainability leadership;
- Access to major areas of investment services;

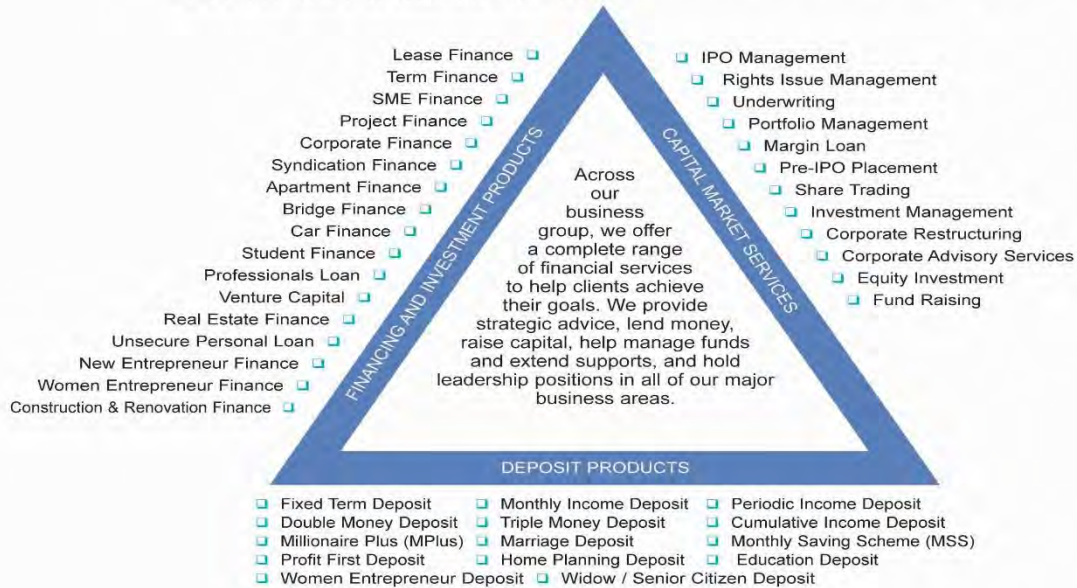
Location:

- Registered office in Dhaka;
- Major operating Centre's in Dhaka;
- Branches network in Dhaka, Chittagong, Sylhet, Tongi, Bora and Madhabdi

PRODUCTS & SERVICES

The strength of diversity

As a full service financial institution, UCL Group offers tailored product and services to meet appropriate and diverse needs of our customers, which include:



Company Vision

Our vision is to become a leading and sustainable financial institution providing integrated financial services that reflects its principles and values by aligning with our mission giving special focus on enhancing value through our continuing efforts to provide higher levels of products quality and customer service with excellence in performance and good governance for our stakeholders.

OUR SHAREHOLDERS

Maximizing shareholders' wealth by achieving superior performance

OUR EMPLOYEES

Providing a safe and supportive working environment for our employees

OUR ENVIRONMENT

Protecting our environment and benefitting the community where we do business

OUR CUSTOMERS

Developing strong and mutual beneficial relationships by working closely with our customers

OUR COMMUNITY

Be good citizens supporting community initiatives in health, education, arts and socio-economic development

Company Mission

Our mission is to be the best run, customer-focused and integrated financial institution with a unique and inclusive employee culture. We are committed to returning superior value to our stakeholders. We will achieve this through leadership in innovation, an absolute focus on customers and operational excellence.

We are committed to returning superior value to our stakeholders. We will achieve this through leadership in innovation, an absolute focus on customers and operational excellence, while costs need to be at least in line with our competitors.

SHAREHOLDERS

Increase corporate value and generate shareholder benefit through constant growth, profit generation and employee commitment to excellence

CUSTOMERS

Provide the most preferred products and services to customers by offering values that exceed customers expectation. We believe our customers' success determines our future

EMPLOYEES

Strive to have high-performing corporate structure and ensure the employees to work with winning spirit and excitement having vision and pride in their mind

COMMUNITY

Contribute to the community development maintaining high ethical standards, obey all laws, and respect local customs

ENVIRONMENT

Be an environmentally-responsible company working together with all stakeholders to reduce environmental impact by embedding the environment into our business and involving our employees, customers and the community

Goals

UCL's operations are governed not only by the Company's business concept, but also by the financial goals established with regard to growth, profitability and return. By achieving or exceeding these goals, UCL creates the necessary scope for its continued development, as well as generating increased value for its shareholders in the form of an annual dividend and by boosting the value of the Company.

GROWTH

Grow revenue faster than the market. Build on good performance in improving cash flow. Execute well and with predictability. The goal is to have an average annual investment growth rate of at least 30 percent that was established based on the company's growth over a period of three years and an assessment of its future prospects.

PROFITABILITY

The goal is to have an operating margin (EBIT) of 30 percent measured over a business cycle. The profitability goal was established based on historical margins and the company's growth ambitions.

INVESTMENTS

The benchmark value states that as a provider of financial services, UCL should make significant investments in operating assets and human resource that will generate value by improving the operating performance and provide the best return.

CAPITAL UTILIZATION

The goal is to have a return on capital employed of at least 10 percent. This level was set taking into account the relatively low level of capital tied up in non-operating assets.

DEBT/EQUITY RATIO

In the long term, the debt/equity ratio, meaning the fund UCL borrows in relation to the carrying amount of shareholders' equity, is to be less than eight percent. Although the ratio may exceed this level in connection with aggressive investment activities, this should be viewed as merely temporary, since deposits, surplus of operating cash flow and earnings are expected to offset this effect.

SUSTAINABILITY GOALS

In addition to its financial goals, UCL has a number of non-financial goals, including a reduction in paper consumption, increased energy efficiency, and a reduction in greenhouse gas emissions. We want to make a positive impact through partnership, initiatives and supporting the charitable efforts in our community.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is amounting to 30 percent of operational revenue. This value is lower than the goal for the operating margin, since organic growth normally requires an increase in borrowings. In addition, taxes are paid in an amount corresponding to approximately 40 percent of earnings before tax.

Values

Our values highlight what is important to us, what makes us distinctive and what it's like to work at UCL. They describe how we do things when we are at our best. We believe our strength is rooted in our seven core values. They determine the way in which we interpret and respond to business opportunities and challenges. They shape the culture and define the character of our company. They guide how we behave and make decisions.

INTEGRITY

We act with integrity. We act consistently based on a set of values, ethical standards and principles. We conduct all our activities with fairness, honesty and integrity.

TRUST

We work diligently to build a deeper level of trust with our clients and fund providers through appropriate investment ideas and value added services.

TEAMWORK

We create a caring, engaged and enabled work environment that recognizes both individual and team contributions in pursuit of high performance. We believe that a good team in an entrepreneurial environment results in achieving UCL's vision.

TRANSPARENCY

We are focused on the highest level of transparency providing timely and accurate information about company's performance and financial results to meet the stakeholders' expectation.

RESILIENCE

We welcome a challenge; we show strength of character, remain positive, even when things are tough; we see difficulty as an opportunity to demonstrate our ability.

EXCELLENCE

We aspire to achieve excellence in all that we do. We deliver what we promise and add value beyond expectations. We pursue continued growth and strive to achieve the highest levels of performance in all endeavors.

OPENNESS

We are open, honest and fair in what we say and do and accountable to all including the community for our actions and inactions

Chapter 3

COMPANY ANALYSIS

Literature Review

When a company is analyzed we take several factors into consideration that work as functional unit of any business organization it is very important that proper attention has been provided regarding the acknowledgement of the factors. At first the factors for SWOT analysis could be taken under the light. Organizations must continually adjust maintain optimal function (Christiansen 2002). Several techniques could be taken under consideration for to properly analyze the organizations competencies and through that a structured decision could be made to optimize and take advantage of the environment for the organization. One of these technique is the SWOT analysis technique. This method assists to realize the organizations strength, weakness, opportunities and threats by analyzing several factors. According to Kahveci and Meads in 2008, SWOT analysis has been used extensively nowadays and it has been considered as one of the core vital technique. SWOT analysis has been considered as one of the most efficient precautionary business tool for strategic business planning and portrays optimized results if performed and executed by a panel comprising of experts who are able in visualizing the organizational aspects in critical and complex structure. According to Gibis et al. (2002), SWOT analysis is a technique to strategic planning. It is performed by experts who can evaluate the company from a critical perspective. This panel could be comprised of experts possessing versatility in backgrounds such as leaders, board members, medical professionals, technical experts, business professionals etc. There are several aspects in which the experts execute and run their expertise such as utilization rates, performance measures, outcomes and financial measures etc. gain, there is also another analysis which has already proved its essentiality as well as SWOT analysis, that is PESTEL analysis. There are a scattered module of factors affecting the which could be set into a structured format by applying PESTEL model. According to Amanda (2008), all these factors could have condensed and comprised to provide and analyze the significance and correlation among these and formulate and justify these factors under the aspect of the business organization. The final analysis tool that has been used for this paper is porters five forces model which is also considered to one maestro tool for the analytical purposes. These

Five forces are the threat of new entrants, supplier power, buyer power, rivalry among the established firms and threat of substitutes. According to McGanan.A. N (1997) the intensive observation of these forces is the core determinants for the assessment and area of improvement towards the competitive position of the organization

PESTEL Analysis of Union Capital Limited (Evaluate the external environment)



Political

This aspect of the PESTEL analysis deals with the political environment of the country and the regulations and restrictions imposed by the regulatory authority or the government on the organization. In this case is the Bangladesh Bank. The Bangladesh Bank monitors the activities of all Bank and NFBIs. the regulations have been rising recently in order to fight the rising default rates and increase percentage of Non-performing loans. Bangladesh Bank imposes a lot of regulations on these institutions and performs regular audits to ensure there is due diligence and that loans are disbursed after all the procedure is followed as mentioned by the Bangladesh Bank.

Economic

The economic factors deal with interest rates inflation, interest rates, economic growth ec. Bangladesh has a robust economy that has had positive growth and apart form few setbacks like the Dhaka stock exchange crash it has been performing quite well. A good economy means more business startups and more investments by the people of the country. Leading to a healthy percentage loan disbursements and low non-performing loans. This has added to the growth of the GDP of the country.

Social

Socio cultural aspects are generally those factors that involve attitude and shared beliefs of the common people. Cultural influences, taking loans for a business was not very popular a few decades ago. But the scenario is changing in Bangladesh as more business organization now obtain loans even for SMEs which help them to expand their business and contribute to the overall growth of the country.

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Technological

As technology cultivates, customers are becoming more knowledgeable of their consumption options. Every individual now are capable to approach the web to congregate information, encounter friends as well as buying online. This has helped in the growth of the consumer industry and other types of industry which now can take loans for their expansion.

Environmental

With the recent development in technology everything is now been digitalized and there is now reduced usage of papers this is hue contribution to the conservation of the environment.

Legal

There are certain laws and rules that are imposed by Bangladesh Bank on Bank and NBFIs that they must follow. These rules only exist to protect the consumers of the company and to strengthen the trust of the people in the banking system of the country.

Porter's Five Forces of Union Capital Limited (Evaluate the internal environment)



Threat of entrants (Low)

It is not easy to start a bank or NBFIs due to requirement of huge capital that is not accessible by everyone and also due to regulations by the Bangladesh Bank. Even so the Bank and NBFIs market in the country is over saturated making it an extremely competitive environment.

Power of buyers (High)

Union Capital Limited's buyer power is high because there are several other alternatives like IPDC finance, IDLC, LankaBangla. Not to mention the banks which provide the same level loan services with much faster and easier process

Power of Suppliers (High)

Since Union Capital Limited gets its funds from depositors' money. The depositors are the suppliers. Since there are so many institutions with better facilities and rates. The depositors have a wide variety of choices to choose from where they want to keep their money. Not to mention Banks and Government sponsored institutions

Competitive Rivalry (High)

There are a lot of competitors in the financial industry which have similar services and as discussed previously the finance sector of Bangladesh is over-saturated because of which there is fierce competition between Banks and NBFIs.

Threat of Substitutes (Low)

The threats of substitute products are low as because entrepreneurs will always need capital to start their business and loans are one of the best and easiest ways to raise capital especially for small entrepreneurs who cannot publicly trade shares of their company. There are other methods to raise capital like issuing bonds and selling equity but that only applies for large cap organizations.

SWOT analysis of Union Capital Limited

STRENGTHS

- Experience top level management.
- Good organizational structure & friendly environment.
- Adequate equity base and cost efficiency.
- Improved IT infrastructure & MIS.
- Length of financial services offered.
- Dynamic business diversification into a full-service investment bank.
- Professionally trained experienced personnel.
- Employees regularly receive feedback from top level.
- Only company to produce international standard research notes

WEAKNESSES

- Inadequate experienced mid and lower level of management.
- No marketing department and very less marketing activities.
- Very less importance given to brand factors.
- Unsatisfactory IT infrastructure which delays work and creates irritation among employees.
- Less number of products and services.
- Lacking in number of skilled manpower which in some cases delays work.
- Asymmetric information between the company and its website.

OPPORTUNITIES

- Global access to offer best possible services
- Scope of borrowing at cheaper rate
- More product lines brings the opportunity for diversification
- More training facility.
- Creating strategic alliance with clients and other competitors.
- Better understanding of risk factors

THREATS

- Competition with other financial institution and banks
- Decreasing trend of lease rental rate due to increasing competition.
- Economic downturn and regulatory drive
- Infrastructural bottlenecks
- Rapid technological growth from outside.

Chapter 4

SME Loan Application and Disbursement Procedure of Union Capital Limited

Small & Medium Enterprises (SMEs) are essential to most economies in the world, especially to the third world countries and developing nations because they are the backbone of the economy and a source of income for a large percentage of the population. According to the ADB (Asian Development Bank) there are about 6 Million SME in the country. In current times, SMEs have become the main reason for the growth and development of a nation and it has also helped in the recovery and sustainability of the economy not to mention the alleviation of poverty. The financial institution of a nation has realized the huge potential for the SME and are tailoring innovative financial products for the SMEs. Some financial institutions had been providing loans to such enterprises which even don't fall under SME financing. All banks and non-bank financial institutions (NBFIs) in the country are disbursing loans to the SME sector, under their own product portfolios and governmental schemes as well.

The government has formed a comprehensive industrial policy 2005 by emphasizing specially on the Small and Medium enterprises that serve as the backbone of the economy and that aims at decreasing the poverty rate in the nation. Further it has also provided with employment to large percentage of population which shows how much of our economy is depended on them.

UCL provides a wide range of SME products to the potential clients under Bangladesh Bank Re-Finance Scheme. SME based financial products include, Women Entrepreneur loan, Supplier loan, Trading and Manufacturing loan, Education loan, Business expansion loan, Secured loan etc.

UCL has introduced SME finance from 2011. The commence of the journey of SME finance department ensure the process of small financing and medium entrepreneurship smooth through offering the lowest interest rate in the field of woman empowerment, expansion of medium business. During 2016, UCL disbursed around 2,047,900,000 tk. among more different entrepreneurs.

Security and documentation against SME

A document is statement that is a rigid evidence of exchange or transaction between two or more parties. The regulatory authorities always ensure that all the necessary documents are provided so that there is no chance of fraud or deceit. the government is very strict on these policies because they know that SME is the backbone of our nation and any kind of negligence will directly or indirectly affect the economy.

Purpose of decorate documentation and its importance

Documentation is needed for the acknowledgement of the disbursed loan and its corresponding terms and conditions by the client/borrower and the creation of charge on the securities in favor the borrower. Legitimate documentation by the Financial institution allows them to minimize risk and recover bad debts in case such situation arises. In a situation of default, the case that is filed with court is reviewed and is checked thoroughly. At that time the court reviews all these legal documents and check and verifies their legitimacy if there is a problem in documenting and there are false documents then it may lead to a ruling by the court that might not favor the Financial Institution. Hence documentation should be done with due diligence and full discipline..

Type of Securities

The following listed securities may be obtained from borrower against loan to enterprise, either individually or in a combination. It is really up to the Financial institution what they would like to accept as security from the borrower as not all the securities stated below are suitable:

- Mortgage of loan and other immovable property with power of attorney to sell.
- Cash security, which mean that the client has to create a FDR with Union Capital Limited which should be around 20% of the loan amount.
- Pledge of goods
- Hypothecation of Goods, Book debt and Receivables, Plant and Machineries.
- Change on fixed assets of a manufacturing enterprise.
- Shipping documents of imported goods.
- Personal guarantee of the of the partners on the repayment of the loan.

Land related securities documentation process

The land and property documents and will is always verifies by the lawyers who thoroughly inspect the mortgaged land. The land is also surveyed by a third party who then value the land against which the loan is disbursed. Below are few steps that are involved in this kind of security

- Title Deed of deed of conveyance otherwise known a ‘Jameer Dalil’ which signifies ownership of a particular land
- Baya Dalil or chain of Documents which signifies that the conveyance of titles has been proper and legal.
- Mutation certificate if Khatian which signifies that the title if the land has been duly registered in the government/Sub-registrar’s records.
- Duplicate Carbon Receipt or DCR.
- Last khajna or lent Receipt
- Purchase such as CS Khatian, SA Khatian and BS Khatian
- Mouja Map
- Municipal rent receipts if the land falls within a municipal area.
- Lastly a Non-Encumbrance Certificate from the sub registrar office saying that the mortgaged property is not mortgaged anywhere else

The lawyer will carry out a search at the sub-registrar of land’s office to check if the mortgaged land is actually registered in the name of the proposed mortgagor and whenever they said land is free from any encumbrances. The sub-registers office, which means that the land or immovable property can be mortgaged to the financial institution

Sanction Letter

Once a loan is approved, the borrower is advised by a ‘Sanction or offer letter’ which states the terms and conditions under which all credit facilities are offered and which forms an integral part of their security documentation. If the borrower accepts, then a contract between the UCL and the borrower is formed and which both party are obligated to perform. Accordingly, all other charge documents and securities are drawn up and obtained. A statement sanction letter is attached herewith.

Basic Charge Documents

- Letter of Authority
- General Lease/Term Finance Agreement
- Letter of Disbursement
- Deed of Hypothecation
- Personal Guarantees

Security Documents

- Letter of undertaking
- Letter of Hypothecation of Goods and stocks and Book Debt and Receivable
- Letter of Hypothecation of Plant and Machinery
- Letter of Disbursement
- Personal Guarantees

Chapter 5

My Duties and Responsibilities

I have performed different tasks in the company. I was assigned to the following jobs regularly.

Those were-

- Go on field visits to SMEs in different locations of Dhaka.
- Interact with the client.
- Inspect the client's warehouse/shop/factory with a SME agent of the company.
- Assisting in the collection of required documents.
- Assistance in the preparation of application and CC memo for the client.
- Calling and interacting with client for other queries.
- Company valuation of Assets, Liabilities, Sales and inventory through excel spreadsheets.
- Analyzing company financial data and ratios and comparing it with benchmark ratios.
- Following the CRM checklist (Credit Risk Management) of the company.

My Learning Experiences

The internship I have undertaken at Union Capital Limited has proven to be a very helpful learning experience for me and is certainly a great stepping stone when I am about to complete my graduation from BRAC University. The company has a vibrant environment in its finest way. I have found great friends and colleagues who were always helpful and co-operative. Moreover, it enabled me to understand and experience the daily functioning of a finest corporate culture.

For me, this has meant dealing with the management, administrative and security issues, while working at the area where exchanging views with senior management officers became a daily routine. I am now a more self-assured employee and can give my opinions confidently. I found it very refreshing because I was treated as an equal and I was able to perform work on all facets of the company. I have become more professional, interested to excel my career. With the much academic knowledge that I have in BRAC University, none ever truly gave me the freedom or responsibility to contribute to actual hands-on work.

My learning experience includes -

- Using Microsoft Excel regularly.
- Booking calendars and meetings through Outlook.
- Learnt about the different functions & Roles of the SME department.
- Learnt the organizational Hierarchy and culture of Union Capital Limited
- Learnt about our major stakeholders.
- Effective internal and external communication.
- Behave professionally with my colleagues within the organization and also with the external candidates.
- Learnt about how to use different finance software like Fintelligent
- Learnt how to take interact via telephone and face-to-face with the SME clients.
- Learnt the system and procedure of loan disbursement to SME clients.
- Learnt how to post jobs in various online platforms
- Ability to work under pressure and completing tasks in due time.
- I've developed my skills to work in teams; helped me to become a good team player
- Taking responsibilities and fulfilling them appropriately.
- Maintaining several excel sheets properly.
- Lastly, an experience of an amazing and dynamic corporate culture.

Working Experience with my colleagues

In all the task I described above, I always needed collaboration from people of SME department as well as other departments like CAD (Credit Administration Department), CRM (Credit Risk Management) and Treasury since the tasks itself were collaborative and I found great support from my colleagues. All the employees are extremely professional and always maintain the highest level of punctuality and due diligence. This benchmark has also trained me to adopt similar culture and work ethic, which will help in me in my professional career.

Apart from the work, I was extremely happy and satisfied about the friendly colleagues and amazing corporate culture of Union Capital Limited. During my internship, these 3 months were one of the most productive months of my entire life. I have learnt lots of things from my seniors, I have met so many new people and most importantly. My field visits were an absolutely pleasant experience where I got to interact with client and even inspect his business organization. I have had the opportunity to work in such dynamic and excellent environment with extremely professional people. I was satisfied with my work and so was my line manager. His appreciation towards my work motivated me to work even harder in the future. My supervisor had been my mentor throughout my internship. He has had the immense patience to teach me every single task and appreciate me more than I deserved. He has motivated me to work hard and perform in a daily basis and given me feedbacks which actually worked on me really well. I have learned a lot by interacting with my seniors and my line manager as well. I have given and apart from friendly co-workers, I have also made few good friends in Union Capital Limited

Challenges and difficulties:

Initially, my main challenge in Union Capital Limited was opening with everyone in the office for a better internal communication. During the first 2 weeks, it was extremely difficult for me to communicate properly; however, my friendly colleagues had made it easier for me to communicate with them for effectively. The second challenge was to portray proper etiquette and professionalism. I was not able to communicate in a professional manner. My colleagues and seniors were extremely understanding in that case. They helped to understand the culture of the

company and advised me on several occasions in a pleasant manner on professional and corporate etiquettes.

The third challenge was to understand new and different roles in the SME department. As I was closely working with the SME department, I had to evaluate the company and the financial position of different SME businesses which were the clients of Union Capital Limited. Moreover, as being an Intern, I couldn't get proper orientation for to understand each role the employees are playing in the office. That's why I had to find out ways to be clear about the roles by making lots of friends in different departments.

My supervisor and seniors were always available for answering my queries and they gave me feedbacks and heads-up every now and then. By this my analytical skills enhanced and I got to show my ideas and justify my action. Though there were no such incidences where my ethical standards were challenged since Union Capital Limited has zero tolerance against the violation of the Code of Ethics guideline. But the challenges that I faced initially definitely helped to become stronger and made me learn from my mistakes.

Recommendations

Union Capital Limited is one of the leading and well-known Finance and leasing organization. After preparing the report I got some problems of UCL. So, I give some recommendations are given below:

- Disburse the funds based on the correct justification and verification which can reduce the default risk. Union capital Limited should proper justification and verification.
- The organization should efficiently manage the fund to minimize the cost of fund.
- Legal affairs department should act vigorously when they deal with the Mortgage of land/ apartments.
- The relationship between Credit risk management department and business should more transparent. CRM should work freely and independently.
- UCL should start online service system to attract customer and provide better services.
- UCL should use much more sophisticated technology, software system to satisfy the demands of their clients. Proper coordination and cooperation of IT department is needed in that case.
- Assigning necessary manpower for every job is very important for UCL. They should highly motivated employees with latest skills and technologies can reflect the best services.
- Corporate customer should proper instructions to provide the proper document in maintain official procedure.
- Recovery department should act independently to achieve their recovery target.
- UCL should have a more sophisticated marketing strategy to reach the masses. This is required as UCL's competition i.e. IDLC and Lanka Bangla have huge Impact in the market through their superior marketing campaign.
- They should open new branches to provide better services to the customers.
- CRM judge the clients properly to minimize the default risk of the Borrowers.

Conclusion

The financial environment has become hyper competitive as the number of non-banking financial institutions are increasing. The Leasing and financing practices in Bangladesh have grown significantly within the last 10 years. Competition among the leasing and financing companies has grown stronger with the growth of the NBFIs, besides entrance of commercial banks in the lease financing market who have the advantage of lower costs of fund compared to the NBFIs. But, in order to maintain and attract more depositors and borrowers UCL should develop new products and services. Many customers may not even aware about its existing products and services. So, the company should improve their strategy for advertisement and improve their service quality, it should also concentrate in offering lower interest rate to customers. The market still offers huge opportunities for the financing business. Those NBFIs that could set its objectives in order to gain access to the opportunities by using its vision and could gather the necessary talents and back-up resources might be able to survive and will becoming the best operator in the market. So, hopefully Union Capital Limited will be the one of them. Lastly, entrepreneurs will always require capital to start their business and loans are the cheapest and the easiest way to raise capital. However Union Capital has to ensure that their brand value is maintained in the market and that they can surpass their competitors by educating their customer base.

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