



# INTERNSHIP REPORT

## Performance Evaluation of Uttara Finance and Investments Limited (UFIL)

[Overall general function of UFIL has been articulated as well as financial performance has been evaluated in the comparison of four other NBFIs' and also in comparison of industry.]

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*Spring-2010*



***PERFORMANCE EVALUATION***  
**Of**  
***Uttara Finance and Investments Limited***

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## Letter of Transmittal

Dear Sir,

With great pleasure I am submitting my Internship report on “Performance Evaluation of Uttara Finance and Investments Limited (UFIL)”. I have found this report as of informative, beneficial as well as insightful. I have tried my level best to prepare an effective & creditable report.

The report contains detail description about the functional activities of UFIL and a financial performance compare to four other NBFIs also in the industry. Here I have gathered information through different sources such as annual reports, websites and actual interviews from personnel of UFIL”.

I honestly hope that this analytical assessment will articulate the function of UFIL and also their position in the industry. Therefore I hope you will find this report worth all the effort I have put in it.

Sincerely Yours,

.....

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## Acknowledgement

This internship report has prepared through continuous study during my internship period for three months. This work would not be possible without the cooperation and assistance of some generous hands.

Firstly I would like to give special thanks to one of my teacher who gave me the chance to do my internship at a reputed financial organization, UFIL.

I also thanked to my honorable supervisor Mohammad Zakir Hossain Sharkar for his proper direction and supporting regarding my internship report. He has given a lot of assistance and guidelines in coordinating the whole report. Without his time and guidelines it would not be possible to prepare such analytical report.

Managing director of UFIL, S. M. Shamsul Arefin, also deserved special thanks for allowing me to do internship in his organization. I also thanked to all the personnel's of UFIL for their special care, cooperation and assistance.

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Lastly, I thanked to The Almighty for completing the reports without any harassment.

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## Executive Summary

The report titled as '*Performance Evaluation of Uttara Finance and Investment Limited*' is discussed about the position of the company, Uttara Finance and Investment Limited (hereafter UFIL) at the specified period and also compared with the other firm in the same industry. For ease of understanding, the report is segmented into five parts. In the first part contains background of the report, objectives, scope, methodology and limitations of the report. Next part of the report demonstrated the profile of the company where I have completed my intern. The Third part, contains the details about my job responsibilities in UFIL Fourth Part, main part of the Report, named 'project' contains details about the financial performance of the firm. At the last part, I have tried to find out the facts from internship from the organization and also give some suggestions where the firm could have scope to improve.

Non-Bank Financial Institutions is new form of financial institutions, the functions of such institutions are relatively new and challenging compared with the conventional banks. Leasing is one of the main concentrations of these firms. And the function and operation of leasing closely resemble with the academic aspects of finance. Therefore, in doing internship at such leasing institutions it would be benefited for such student who came from finance background. This report is based on mainly on the experience and academic knowledge.

At the beginning of the report, there are some prefaces about the report, such as objectives, scope, methodology and limitations. Then I have discussed about Organization, Uttara Finance and Investments Limited, where I have tried to give an idea about UFIL which includes overview of UFIL, history, its functional department with their function, importantly its products and service offering to us, sources of fund, and disbursement of funds, lease operational procedure, required documents for lease, some major events and future plan.

Next to this part, my learning from the internship is articulated. During the internship period, I was assigned at the various department of UFIL. I worked at the, Corporate Unit, Operation & monitoring department, Treasury Unit of UFIL. Also here, I have shared about the nature of my job, about the specific Job responsibilities, which I had to perform, and a different aspect of this Job has been diagrammatically presented in this report for clear understandings. Also, here, I

have tried to expose my critically observed point at each functional department so I made some suggestion on the basis of that.

After that, project part of the report has been articulated. Importantly in this section I have tried to evaluate the performance of UFIL, simply it can be said that an analytical assessment of UFIL. Here, I have tried to analyze mainly from two points of view, which are- Intra Company Analysis, and Intercompany analysis. Income Statement (audited) and Balance Sheet (audited) have been analyzed in intercompany analysis over three period of time FY2006, FY2007 and FY2008. In intercompany Analysis, comparative analysis tools have been used to evaluate performance of UFIL in compare to four other NBFIs' (IDLC, ULC, Phoenix Finance, PLFI) also with same industry average over the same period of time.. Besides these, I have also shown it's sector-wise sanctioned lease position and its recovery rate. Therefore, from the above point of view I have tried to analyze UFIL and tried to bring out the position of UFIL in industry.

At the final section of the report, I have discussed what I found throughout my internship period in UFIL. It was my subjective judgment where I used my experience and intuition regarding the facts. I have also tried to point out the areas where UFIL's has the opportunity to improve furthermore.

## 1. CHAPTER-1: INTRODUCTION

A new breed of financial institutions known in the banking era as non-banking financial institutions (NBFI) is imperceptibly taking on an increasing important role in the field of financial intermediation in Bangladesh. Significantly, leasing Industry represents one of the most important segments of the financial system of Bangladesh and plays a very important role in mobilizing and channeling resources. In the present day socio-economic scenario, the leasing companies have been continuously playing an important role in financing industry, trade and commerce and housing, thereby contributing significantly to the economic development of the country. The leasing sector has contributed significantly over the years, despite several constraints. With the challenges of time, the overall growth of the leasing business achieved through diversification of products and services and aggressive marketing with special focus on the SME sector, is indicative of the industry's contribution to our national economy.

### 1.1 Objectives of the Report

The report is prepared for the purpose of acquainting the general functions of the company, UFIL. As well as I here tried to articulate extensively the financial performance of UFIL.

The broad objectives of UFIL are as follows:

- To make an introduction of the ground of NBFI in Bangladesh and specifically UFIL and its service offering.
- To introduce the functional departments of UFIL as well as functions of each department and brief idea about lease operational procedure.
- Specifically to articulate the nature of Job and different aspects of Job performance in UFIL.
- Evaluating financial performance of UFIL
- To bring out the position of UFIL in the industry.



## Scope of the Report

The report mainly analyzes the existing services of UFIL and four other leading NBFIs'. The companies are, United Leasing Company (ULC), Industrial Development Leasing Company of Bangladesh Limited (IDLC), Phoenix Leasing and Finance Limited, and Premiere Leasing and Finance Limited (PLFI). The report also analyzes the financial performance of the above four companies over three years and evaluates the performance of UFIL with them and also with the industry average.

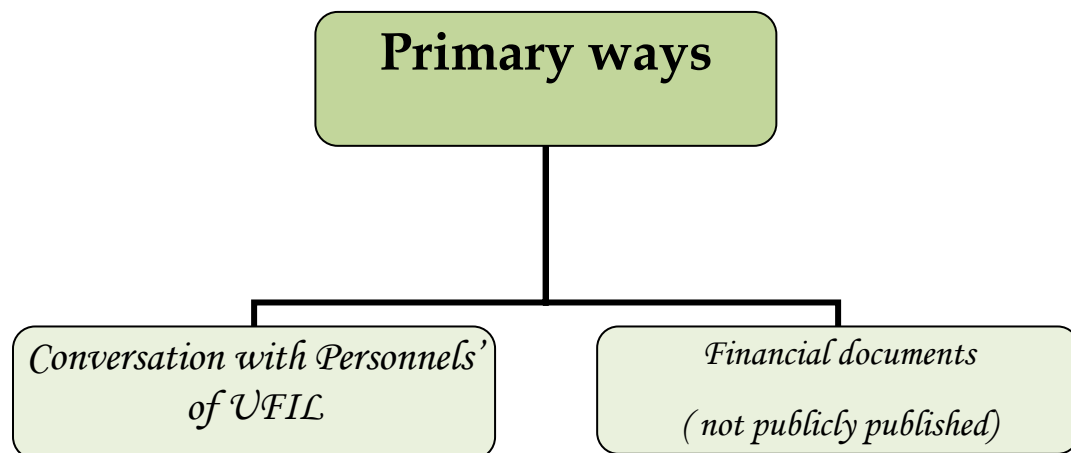
## 1.2 Methodology

In order to make the report as perfect as possible I here used data collection procedures which articulate the way that I have followed in my report.

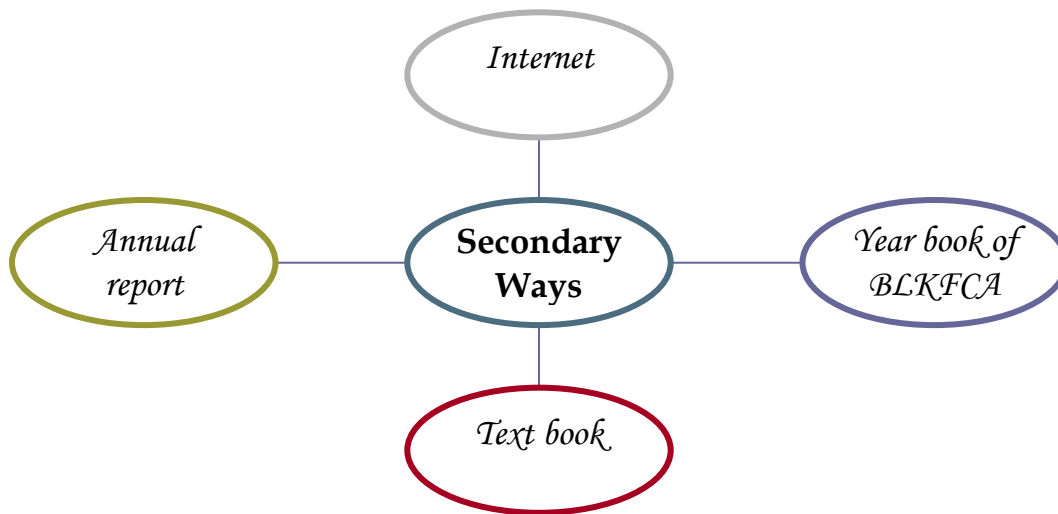
**Data Collection Procedures:** Data were collected in two ways.

- Primary ways.
- Secondary ways

**Primary ways of collecting data:** The primary data are those which are collected for the first time and thus happen to be original in character. These types of data were collected from personal conversation with the personnel's of UFIL and from the various financial documents which were not publicly published by performing my internship program there. These are shown below in diagram-



**Secondary ways of collecting data:** The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. From my report purpose, secondary data were collected mainly from internet to collect annual reports as well as financial highlights of the company. Another important source was the annual reports of the companies and also from the Year book of Leasing finance association which publishes NBFY's financial data. So it has been shown in diagram below-



### 1.3 Limitations

There exist some limitations in making the report. These are stated below:

- There were some restrictions in disclosing some information as it was assumed to be confidential. Therefore I could not include those in my report.
- Some of the information that I got from secondary sources were not arranged consistently.
- As some companies do not update their web site, therefore it was difficult to get the most recent data.
- Since Annual report of 2009 yet to be published almost of all companies so I was in trouble to select time period for financial data analysis.

## 2. CHAPTER 2: ORGANIZATIONAL OVERVIEW

### 2.1 Introduction

Uttara Finance and Investments Limited (UFIL), a joint venture leasing and financing company, registered as a non banking financial institution under the Financial Institutions Act 1993 and the Companies Act 1994 with the license from Bangladesh Bank to operate and transact all kinds of businesses as provided under the relevant laws. This company has been incorporated on May 07, 1995 but the company received license from Bangladesh Bank on 07 September 1995 so then the company started commercial operation from 01 November 1995 and continuing with success. Mainly UFIL upholds its commitment towards the development of financial service sector by offering high quality services to the local entrepreneurs. UFIL always focuses to the ever changing and challenging business environment, thus endeavor to diversify into other financial services, which have long-term prospects. With its continuous drive to improve, UFIL is well on track to be considered as one of the leading leasing company of the country.

### Major Events at a Glance

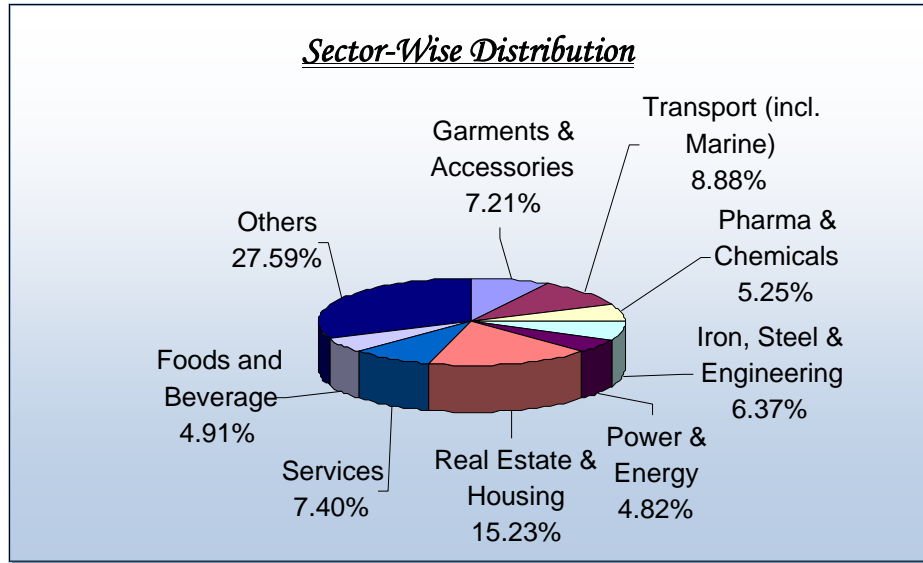
Date of Incorporation	May 07, 1995
Date of Commencement	August 08, 1995
License from Bangladesh Bank	September 07, 1995
Date of Commercial Operation	November 01, 1995
Signing of First Lease Agreement	November 21, 1995
Execution of First Lease Agreement	December 04, 1995
Listing With CSE	August 31, 1997
Listing With DSE	September 07, 1997
Registration as Merchant Bank	March 25, 1998
Opening Of Branch at Chittagong	May 02, 2002
Opening of Investors Account	August 08, 2004
Opening Of Branch at Gulshan	April 29, 2010

## 2.2 NBFIs Background

Non-Bank Financial Institutions (NBFIs) are those institutions that are licensed and controlled by the Financial Institutions Act of 1993 (FIA 93). NBFIs give loans and advances for industry, commerce, agriculture or housing; carries on business of hire purchase transactions including leasing of machinery or equipment; involves in business of the underwriting or acquisition of, or the investment or re-investment in shares, stocks, bonds, debentures or debenture stock or securities issued by the government or any local authority; finances venture capital; gives loan for house building and property purchases and uses its capital to invest in companies. The major differences of NBFIs with commercial banks are that the former cannot accept any deposit which is payable on demand by cheques, drafts or orders drawn by the depositor and cannot deal in foreign exchange. Starting from the IPDC in 1981, a total of 29 NBFIs are now working in the country as of November 2008.

The lease financing practices in Bangladesh have grown significantly within the last 10 years. Competition among the leasing 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. Currently, out of 29 NBFIs, 22 specialize in lease financing. As per central bank data released in May 2007, lease financing constituted 54.5% of total long term assets, with the rest consisting mainly of term financing.

For NBFIs the prime sources of funding are loans from commercial banks and other financial institutions, term deposits from the public, funds from capital market by issuing shares, debentures, bonds etc. and loan facilities from the international agencies like ADB, IDA, IFC etc. NBFIs are mostly dependent on funds from the credit lines of the commercial banks at a relatively higher rate of interest ranging up to 15%. Moreover, they have to provide high and expensive collateral securities like fixed deposits at the time of borrowing fund from the commercial banks. Raising fund from capital market is a prospective way to reduce dependency on borrowed funds and boost up the activities of NBFIs in an efficient manner.



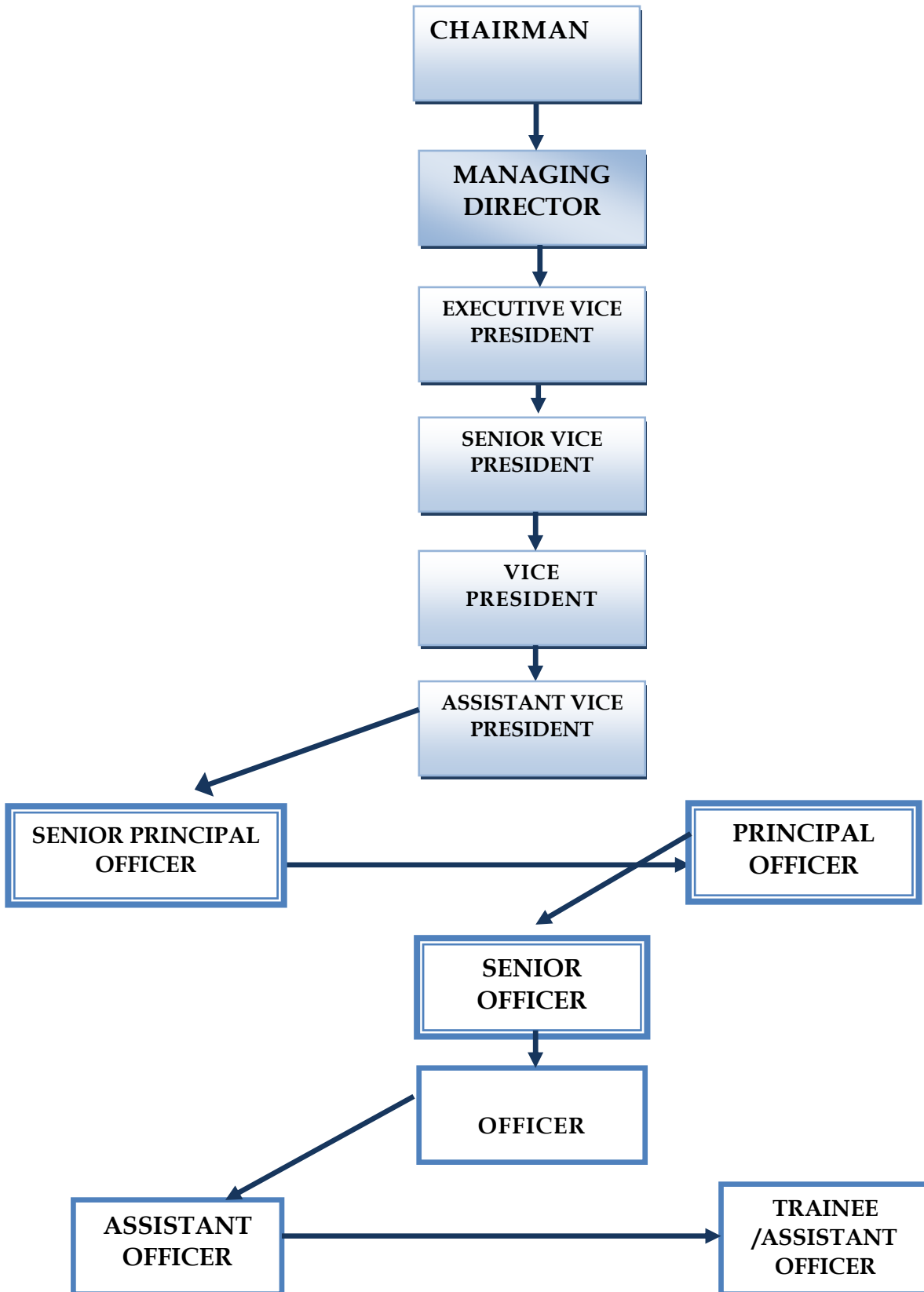
**Figure:** Sector-Wise Distribution of Outstanding Investments

### 2.3 Management Structure

The success of Uttara Finance and Investments Limited within such a short time is an impact of the hard work and efficiency of the work force of the company. Uttara Finance and Investments Limited have a team of well-educated and experienced executives who have been contributing substantially in the continued progress of the organization. The assistance of the work force enables the management of the company to run their business smoothly and with the highest effects. The management team has been enjoying sufficient administration and business delegation. There is a management committee in the company headed by the managing director. This committee is in charge for the appraisal of any types of loan, sanction of such loans, and other administrative decision. The committee continuously monitors the progress of the business and takes necessary action for any kind of discrepancy.

Importantly, Management believes in collective team efforts, which has been reflected in the organogram and day to day operation. Senior management officials meet from time to time to discuss the business of the company and events that have effects on the company.

Management Hierarchy-



## 2.4 Functional Department of UFIL

All the activities of Uttara Finance and Investments Limited at the functional levels are decided in their Executive Committee (EC) meeting. The EC meeting is held twice a month and is presided over by the Chairman or the Managing Director in presence of other directors; SVP and the company secretary usually remain present in the meeting. Board meetings are held once a month and based on the situation when important decisions are made. In the Board Meeting all the directors usually remain present.

The whole operation of UFIL is conducted by the following departments:

1. Operation Department
2. Accounts & Finance Department
3. Monitoring Department
4. Share & Merchant Bank Division
5. Treasury and Tax-Vat
6. Corporate Affair Division.

### Operation Department

This department is responsible for the overall business of the company. All the public relation affairs are performed by this department. Therefore the personnel of this unit are in charge for building a strong customer relationship. Customer satisfaction level also highly depends on the services provided by the employees of this department. The tasks of this department are as bellow:

- To receive and file loan applications
- Inspection of the applicants' credibility
- Preparation of credibility report and processing of collected information then submit to higher authority for approval
- Preparation of sanction letter for the approved lease or finance
- Preparation of agreement papers and collect other security papers and Issuance of disbursement note

## Accounts Department

As UFIL is a financial institution, therefore the accounts department is regarded as the core unit of the company. In this department the transactions are recorded on daily basis as well as on periodical basis.

**Daily Tasks:** The routine daily tasks of the accounts departments are as follows:

- Recording the daily transactions in the voucher, general and subsidiary ledgers
- Collection of daily balance position from the transacted banks
- Issuance of cheques
- Checking whether all the vouchers are correctly passed to ensure the conformity with the 'Activity Report'; if otherwise making it correct by calling the respective official to rectify the voucher.

**Periodical Tasks:** The main periodical tasks performed by the department are as follows:

- Publishing the basic data of the company.
- Preparation of monthly rental list
- Calculation and checking the relevant documents to match the rental list before issuing a closer memo.
- Preparing the monthly salary statements for the employees
- Arrange fund for the company through call money and credit line agreement with different bank.
- Keep the activities on track so that nothing deviates from the rules and regulation of the Bangladesh Bank
- Prepare Balance Sheet, Income Statement, Cash Flow statement for half yearly and annual report.



### Monitoring Department

This department continuously monitors the payment behavior of the clients. If the clients do not pay the specified rentals regularly the personnel of this department communicate with the clients and remind them about the payments. Therefore the monthly rental revenue is mostly dependent on the performance of these officers. The major functions of the monitoring department are:

- Closely monitors the rental position of the lessee
- Contact the lessee for the dishonored rentals cheques by phone
- If the lessee does not respond to the phone call, the department issue letter against the name of the lessee
- Even after issuance of letter if the lessee does not respond, the department file a case in the penal court against the name of the lessee.
- Contact lawyer for conducting the lawsuit. And then collects law, letter postage, etc. expenditure from the concerned lessee.
- In case of leased assets the department ensures that the asset belongs to the company by sticking sticker of company name on the asset

### Share and Merchant Banking Department

- Maintaining share certificate and distribute proper way and verify the shares that have been issued.
- To make payment of the dividends.
- Opening and maintain investors account for Merchant Banking operation.
- Distribute share and dividend among the investors.
- To communicate with the Security Exchange Commission and Stock Exchange both Dhaka and Chittagong.
- Transfer of shares and to ensure the correct name and address of the shareholders.

UFIL renders the following merchant banking services:

- Underwriting
- Portfolio management

- Bridge financing
- Facilities through Syndication/ Consortia
- Investment in Capital Market through Investors' account

### Treasury and Tax-Vat Department

- To arrange the fund for the company through call money
- To different credit line agreement with different banks
- To preserve term deposit receipt in different year scheme
- Keeping the FDR from Commercial Banks

### Corporate Department

- Identify prospective corporate clients for providing term loan/lease facility.
- Visit formally selected corporate client to make formal offer
- Clarifying the benefit about doing business with the company and receiving formal approach from the clients
- Assessing risk in the projects offered by the clients
- Process memo for Executive Committee
- Sanction and disbursement of term loan/lease facility to the corporate clients.

## 2.5 Product and Service Offerings

The Company extends lease finance for all types of Machinery, equipment and household durables including vehicles for the purpose of industrial, commercial and personal use in Bangladesh.

### Lease Financing Employed By UFIL

UFIL mainly provides two types of lease financing to its client:

- **Direct lease:** under this system the lessor are actually the manufacturers who lease their product to the users i.e. lessees under a lease agreement. Leasing companies provide lease financing for acquiring the assets. In such lease agreement the lessor (UFIL) buys the assets as per lessee's (client) requirement and then leases the property to the client.

- Sales and lease back: this form of leasing enables a company to raise funds against its existing assets which are unencumbered for more profitable investments. Under this system the firm sells its asset to the leasing company at market price and then leasing company leases it back to that firm.

### **Lease Asset-**

UFIL mainly serves its lease facility on the transport business. The company provides lease facility on the vehicles such as CNG bus, micro bus, human holler, carry cab, private car, covered van, pick-up van and many other automobiles as per clients demand. Besides its lease policy also contains several types of capital machineries for industrial uses. These machineries includes gas generator, garments accessories, plant & machinery, Ink Jet printer, multimedia projector, led machine, billing machine, mixer cooler, textile capital machinery, spinning machine, storage tank etc.

### **Suppliers of the Lease Assets-**

The main suppliers of the UFIL's leased assets are Uttara Motors Limited, a sister concerned of UFIL. Other suppliers of transport vehicles are: Bangladesh Auto Corporation, Southern Auto Mobiles, Rangs Ltd. Car Zone etc. The assets other than vehicles such as machinery are brought from various suppliers mainly from abroad.

### **Other Products of UFIL**

With the starting of more competitive leasing companies and other banks the products of UFIL is no longer limited in leasing only. The company has to provide several other products to compete solely with the competitors and has to launch all the products that are being provided by the other leasing companies.

Some of the products that are now being provided by the UFIL are stated below:

- Loans- UFIL extend short to mid Term Loans in the following line:
  - Working Capital Loan
  - Bridge Finance
  - Personal loan
  - Home Loan
- Documentary Credit
- Term Financing
- Merchant Banking
- Term Deposits
- Small and Medium Enterprises
- Zero Down Payment Scheme

### Major Clients

UFIL's clients are divided into two groups. These are:

- Individual Clients
- Corporate Clients

In terms of number of lease agreement the individual clients are superior to corporate clients. But in terms of amount of lease the corporate clients are superior.

- **Individual clients:** this group contains with persons from several professions such as business man, doctors, executives and even house wives too.
- **Corporate clients:** the corporate client is very significant to UFIL as most lease income comes from this group. Some corporate clients of UFIL are- National Polymer Industries Limited, Popular Diagnostic Centre Limited, Abul Khair Condensed Milk & Beverage Limited , Abul Khair Steel Industries Limited, Afros Spinning Mills (Pvt.) Limited, Grameenphone Limited Modern Pharmaceuticals Limited, Envoy Textiles Limited

## 2.6 Sources of Funds

- Term Deposit
  - 1 year scheme
  - 2 year scheme
  - 3 year scheme
- Credit Line
  - Minimum 3 to maximum 5 years
- Over Draft
- Security Over Draft (SOD)
- Call Money
- Bangladesh Bank SME refinance
- Credit Bridge Standby Facility (CBSF)
- ADB SME refinance
- FDR from Commercial Banks
- Paid up capital

Mainly, UFIL collect funds from a wide range of sources including financial instruments, loans from banks, financial institutions, insurance companies and international agencies as well as deposits from institutions and the public. Line of credit from banks constitutes the major portion of total funds for UFIL's. Deposit from public is another important source of fund for the company, which has been increasing over the years. UFIL is allowed to take deposits directly from the public as well as institutions. According to the central bank regulation, UFIL has the restriction to collect public deposits for less than one year, which creates bumpy competition with banks as banks are also exploring the business opportunities created by NBFIs with their lower cost of fund. Although recent reduction of the minimum tenure of the term deposit from one year to six months for institutional investor has had a positive impact on their deposit mobilization capacity. The company can develop attractive term deposit products of different maturities to have access to public deposits as these are one significant source of their funds. It is evident that the dominance of bank loan in the total fund is decreasing while the importance deposit base is gaining momentum.

## Disbursement of Fund

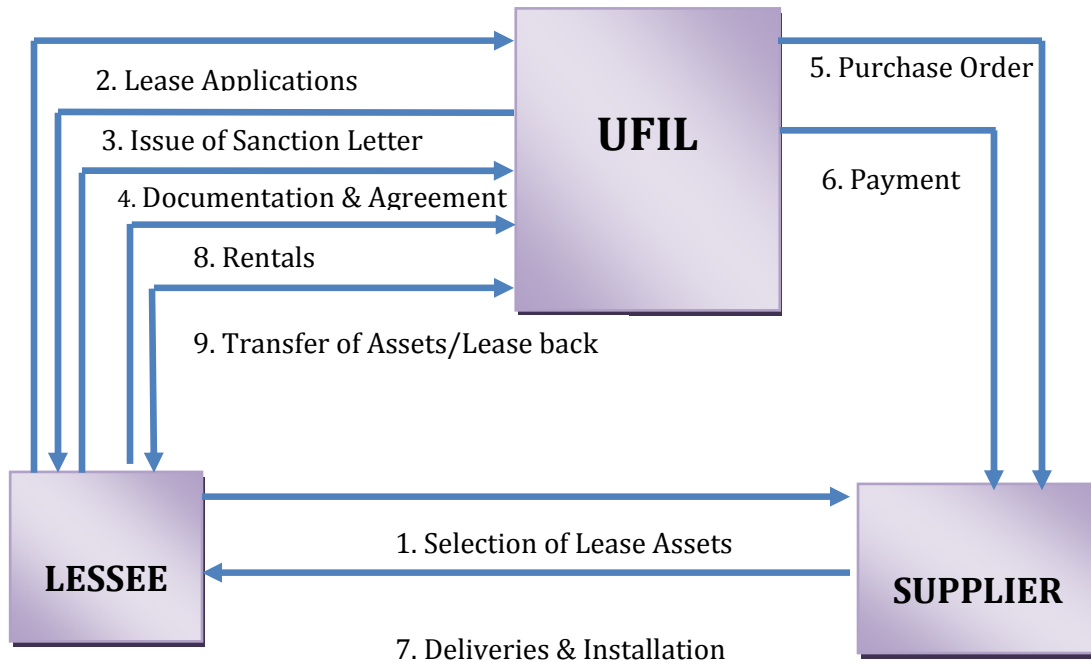
- Lease Finance
- Sale and Lease Back
- Term Loan
- SME Finance
- Car loan

### 2.7 Features of Lease Finance by UFIL

1. **Lease Type:** UFIL provides financial lease to its clients. It serves this type of lease by sales and lease back facility.
2. **Eligibility:** The client should be financial capable enough to meet the required rental payments. They may also need to keep collaterals against leased property. The client has to show last two years income statement.
3. **Loan Amount:** The lease amount starts from BDT 50,000 to as high as millions based on client's requirements and Bangladesh bank regulations. Normally UFIL sanctioned maximum 30% of the cost of the assets. Therefore the required debt- equity ratio should be 30:70.
4. **Interest Rate:** The interest rate of UFIL varying from 14% to 20% depending on types of client, amount of lease, types of lease assets etc.
5. **Repayment Tenure:** The repayment tenure for lease facility varying from 12 months to 60 months depending on the criteria which determine interest rate.
6. **Delinquent Charge:** The client has to pay 20% charge for late payment.
7. **Transfer Payment:** After the asperity of the lease term the client may obtain the ownership of the asset by paying 1% of the cost of the property value.

## 2.8 Lease Operational Procedure

Lease facility of UFIL executed by the following way-



**Fig: Leasing Mechanism**

- 1. Selection of Lease Assets:** The applicant is entitled to decide the price, specifications and manufacturer/supplier of the lease assets.
- 2. Lease Application:** After verbal decision about the major terms and conditions of lease financing, the client may formally apply in the prescribed application form along with service charge payable to UFIL.
- 3. Issue of Sanction Letter:** The application will be circulated to meet higher authority questionnaire. Lease proposal will be required to get approval from the Management committee
- 4. Documentation and Agreement:** After the sanction of the lease amount the lease agreement will be signed between UFIL and the client. Lease deposit (LD), lease rentals,

Interest during Construction Period (IDCP), Delinquent Interest, etc, stated in the lease agreement are based on the estimated acquisition cost of the lease asset upon agreement.

5. **Purchases Order:** After completion of lease agreement process, a purchase order shall be placed by UFIL to the supplier on the basis of the agreement and full payment is to be made by UFIL.
6. **Payment:** If the supplier agrees to sell the asset, then UFIL made full payment to the supplier.
7. **Deliveries and Installation:** After receiving the acquisition cost from UFIL, the supplier delivers the assets to the lessee.
8. **Rental:** If the lessee runs the assets properly then he/she pay rental to UFIL. It is based on the acquisition cost and shall be paid monthly on advance basis. Lease rental payment term ranges from 6 to 60 months.
9. **Transfer of Assets:** After collection of all rentals UFIL will go for transfer the assets to the lessee or lease back. For that reason UFIL collect 1% of acquisition cost as transfer cost.

## 2.9 Some Special Issues

There are some issues which are inherently related with the lease proposal. These particulars should be assessed carefully by UFIL as well as the applicants. The issues are stated as below:

- **CIB (Credit Information Bureau) Report:** A request has to send to the credit information bureau of Bangladesh bank for the credit worthiness of the applicant. After getting CIB report UFIL could get assurances about the credit worthiness of the applicant.
- **Inspection Report:** After getting the application of the client UFIL send its personnel for inspecting the details of the client. If the inspection report is find satisfactory then further procedure are taken.
- **Documentations Fees:** The applicants need to pay the required documentation fees to UFIL. This fees varies from Tk.5, 000 to Tk. 10,000 depend upon the amount of loan, type of the client etc.



- **Delinquent Charge:** If the client will not pay the rental as specified date the he is charged a delinquent charge as a penalty. The charge is 20% of the overdue rentals and is charged for the deferred days.
- **Management Transfer:** If the client is unable to continue the lease facility then he may transfer the asset to another person. Therefore the new client give an assurance that he will pay the remaining rentals to UFIL and the previous client give the assurance that he will have no claim over the asset.
- **Transfer of the Asset:** After paying all the liabilities to UFIL by the client, the lessor (UFIL) transfer the asset to the client by charging 1% of the acquisition cost of the asset as a transfer price.
- **Repossess of Asset:** If the client could not pay the rentals regularly, then UFIL repossess the lease asset by employing repossess representative.
- **Repossess Representative:** UFIL assigns a representative to repossess the leased asset. This representative repossesses the assets on behalf of UFIL as the asset's title owns to UFIL.

## 2.10 Future Plan

Mainly, the vision of UFIL is to serve the nation through participation in the development of the economy as a leading Leasing company of Bangladesh. But, in this competitive period, they have to have a careful step to fulfill their vision. In order to this, UFIL has some plans for its near future. Mainly, now UFIL is considering about enhancing their operation into different regions, like- Bogra, Jessore, Sylhet, and other competitive regions. So, UFIL is planned to expand their number of branches, it can serve best. Besides this branch expansion, UFIL is planning to expand its SME and Merchant Banking operation. Moreover, to control the operation effectively throughout branches is being planned to open new Internal Control and Compliances department (ICC).

### 3. CHAPTER 3: JOB RESPONSIBILITIES

#### 3.1 Description/nature of the job

It is very much clear that I have completed my internship in a Non-Banking Financial Institution named Uttara Finance and Investments Limited (UFIL). Mainly I was placed in corporate unit as an intern at Head Office which is situated at Tejgaon in Dhaka. Basically this company extends lease, loans and asset management services and also allows term deposits from individual to corporate houses. There are so many tasks in the corporate unit which comprises from identifying prospective corporate client to the sanction and disbursement of term loan/lease facility to those corporate clients. In between this process, several steps are to be followed which includes visit formally to selected corporate client, formal approach from the clients, assessing risk in the projects offered by the clients, sanctioning and disbursement of term loan/lease, maintaining monthly rental process and last of all preparing closure memo.

#### 3.2 Specific responsibilities of the job

During my internship program I had to perform different types of job task in different department though I was placed in corporate unit. From my experience I must mention that all tasks were very crucial so I had given much effort to understand everything and to do my job perfectly. Also I tried to match those tasks with my theoretical knowledge, where I have found that job tasks were quite similar what I have learned from Finance and Accounting course. But it needless to say that practical experience shows a true picture of every companies operation procedure and help oneself to evaluate all steps of respective company by fulfilling one's job responsibilities.

Basically I have performed job responsibilities in three different departments, which are- Operation department, corporate unit and few task of treasury department. Also there are some tasks which were assigned on me. Therefore the specific responsibilities are mentioned below-

Assist in preparing –

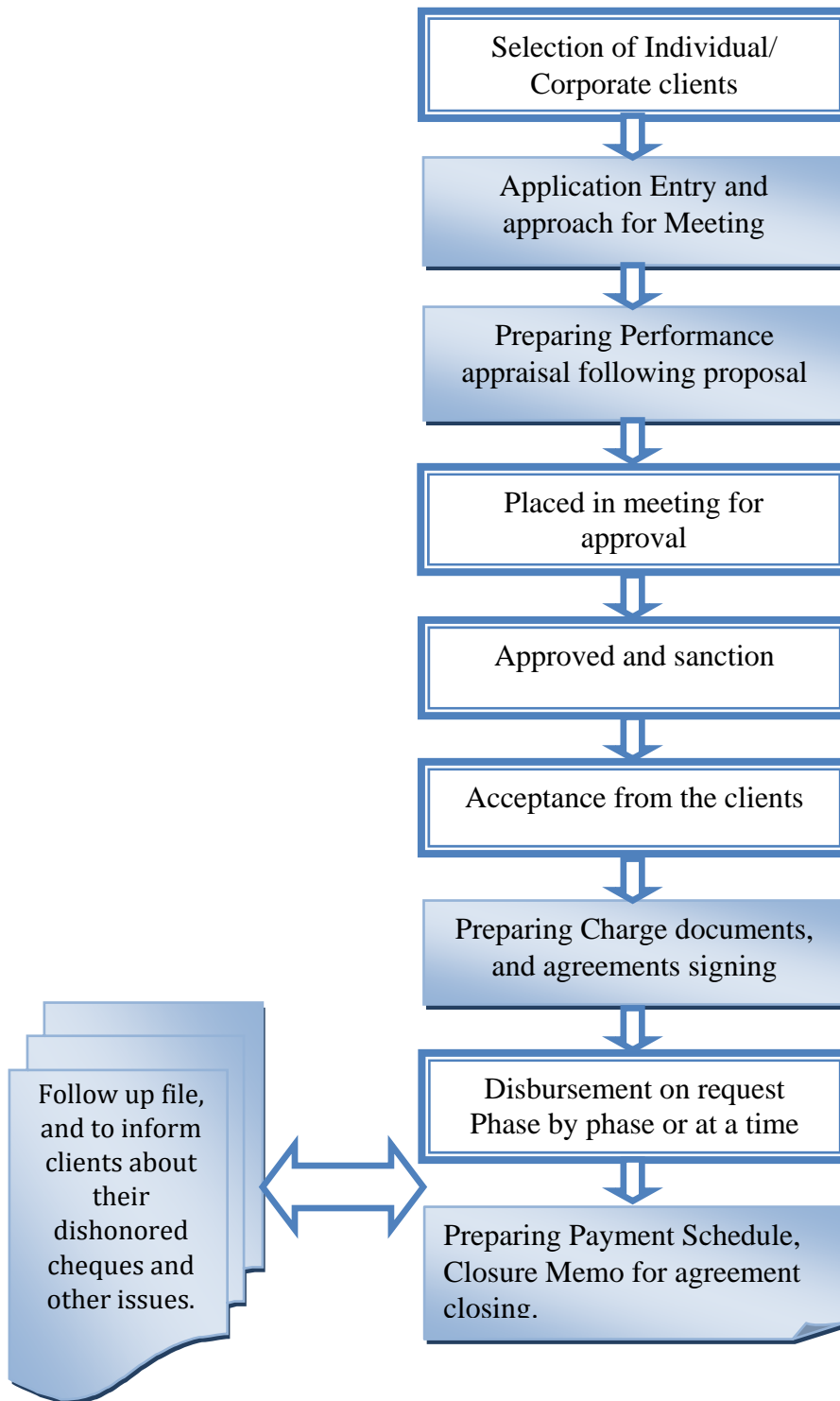
- Loan performance Appraisal
- Loan Documentation
- Proposal sanctioning
- Payment scheduling with the delinquent calculation for delay payments.
- Closure Memo
- Cheque listing
- Follow up file documents whether all documents has been received from clients or not and go for direct calling to remind them.

### 3.3 Different aspects of job performance

Mainly, I have performed task in operation unit and corporate unit, since the tasks of this two department are almost similar where the only differences is operation unit deals with individual client where as corporate unit deals with corporate client like ABC marks, S.A Properties, Scholastica. Specifically, in corporate unit, I had to make loan performance appraisal of corporate clients which was not very easy task so I had to perform very carefully since it has been placed in Board Meeting or Executive Committee meeting and on the basis of this board take decision whether to approve or not. On the other hand, I have also performed some other tasks for both departments which are almost similar like application entry using software (TeLIS), preparing Charge documents, Agreement signing, Repayment status to prepare payment schedule and also to prepare closure memo for agreement closing.

Moreover, there are also some general tasks which I had to perform like cheque listing (post dated, Transfer price, Security cheque) of monthly rental which clients have to give against their lease and term finance. Also in treasury departments, I have assisted in calculating principal amount and interest amount against our loan received from different banks.

More specifically, to articulate the different aspects of my job performance I have made a flowchart which will give a vivid picture of various aspects of job performance and also I can focus of my experience in job field. Therefore, job performance areas are to be diagrammatically shown below-

Diagram

From the above diagrammatic presentation, it can be easily understood that there are different aspects of job performance. But the noticeable point is that I have assisted to perform the blue shaded areas tasks and blue lined areas tasks are to be performed by Senior Officer, principal officer and by management. Therefore, it seems to me that all aspects are clear now that is prior to sanctioning proposal I have assisted in two tasks which are-application entry and preparing Appraisal. And after sanctioning proposal three tasks are to be performed by me these are-Charge documents preparing, Preparing Payment Schedule, Closure Memo for agreement closing, follow up file, and to inform clients about their dishonored cheques and other issues.

### 3.4 Critical Observation of the each Functional Department

UFIL's each functional department work through software System except Share & Merchant Banking Department. The Share & Merchant Banking Department work proceed through CDBL Software system.

UFIL basically want to integrate the all programs to their own software system – Techno-haven Leasing and Investment System (TeLIS). But they have not attained to their reach of goals. Some obstacles are exists there very much-

#### **Corporate & Operations Departments of UFIL-**

- Client loan application processing has been done by software properly. But some management information (MIS) report such as Business report, disbursement report & monthly comparison report has not been delivered from the software properly. It is yet to be on process. This is the main drawback of the system.
- The systems information requirement is not maintained properly so that it is not much effective. .
- Corporate loan appraisal yet to be developed.
- Simple Loan proposals exist but preview does not provide correctly.

### **Monitoring, Recovery & Suit Follow up, Operation Department-**

- Preview of client repayment status is not showing properly
- Transfer of documents yet to be developed.
- UFIL is not following systematic approach to operate activities.

### Suggestions-

- ✓ Loan performance appraisal format should be improved.
- ✓ Systematic way to operate functional activities should be followed.
- ✓ To train up employees to manage software properly as well as give entry in an organized format.
- ✓ As in UFIL, there is no Human Resource Department, so to recruit effective and bright employees should open this unit.

## 4. CHAPTER 4: PROJECT

### 4.1 Summary-

Mainly here I want to show a vivid picture of Uttara Finance and Investments Limited (UFIL) and for this reason it is necessary to know how UFIL is performing in industry as Non Banking Financial Institution. Since I have already mentioned about the background of UFIL so now to evaluate performance I have gone through some analysis which will help to make proper evaluation. Basically the analysis has been done in two ways- Intra Company and Inter Company analysis over the three years, where in case of Intra Company Analysis Income statement and Balance sheet has been analyzed by horizontally as well as vertically. On the other hand, in intercompany analysis, I have gone through some comparative ratio analysis under three prime headings, where I have selected four other NBFI's ( IDLC, ULC, Phoenix, PLFI) based on their investment portfolio growth as well as revenue, also have been compared with the industry average.

### 4.2 Description of the report-

#### 4.2.1 Specific Objective of the project

The specific objective of the project is to evaluate the financial performance *of UFIL* over three years (FY2006, FY2007, and FY 2008). The objectives are to express the following facts:

- Financial performance at a glance
- Sector wise lease position of UFIL
- Horizontal and Vertical Analysis (for Income statement and Balance sheet) to make out the significance of financial statement data over three years period of time and also to expressing each components as a percent of base amount
- Comparative ratio analysis to evaluate the performance of UFIL with the other four NBFI's and also with the industry average.

### 4.2.2 Methodology of the Project

In order to make the report as perfect as possible I have collected data primary and secondary ways and data has been analyzed accurately. So I have divided methodology in to two distinctive parts. These are:

- Data collection procedures
- Data analysis and interpretation techniques.

#### **Data Collection Procedures:**

Data has been collected on two ways which are Primary and Secondary which has discussed earlier in chapter 1 (Introduction: methodology).

#### **Data Analysis and Interpretation Techniques:**

This project entails an evaluation part from the collected primary and secondary data. Here I make an effort to bring out the financial particulars of UFIL and also the industry and then make an interpretation of such particulars. The analysis techniques are mainly depends on the Horizontal analysis, Vertical analysis and lastly comparative ratio analysis. By employing Income statement and Balance Sheet for Horizontal and Vertical analysis I have tried to interpret the series of financial data over three years (FY2006, FY2007 and FY2008) period of time to determine the increase or decrease that has taken place which has been expressed as an amount and as a percentage and also to express the each item of financial statement as a percent of base amount. In addition, comparative ratio analysis for five Non Banking Financial Institutions has been done mainly to express the relationship between selected financial data and also to reveal the performance with the industry average. In case of Ratio analysis I express the liquidity, profitability, solvency position of five companies.



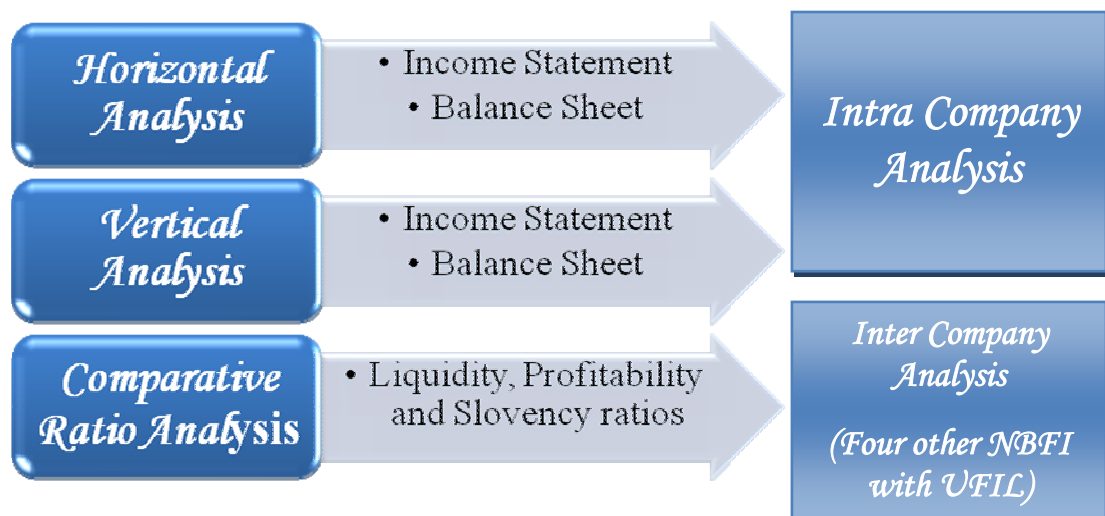
## Limitation of the Project

There exist some specific limitations in making the project. These are stated below:

- I have selected Only Four other NBFI's along with UFIL to compare financial performances over the period of time.
- Basically there are 29 NBFI's so within these three months it was not being possible to analyze all companies' financial statement accurately within these three months. So I have selected four companies on the basis of growth and revenue to compare with UFIL.
- Some of the information that I got from secondary sources were not also arranged consistently.
- As some companies do not update their web site, therefore it was difficult to get the most updated audited financial data.

## 4.3 Performance Evaluation of UFIL

In this report I am going to analyze the overall financial performance of Uttara Finance and Investments limited. Therefore, to evaluate financial performance there have three different tools by which we can easily evaluate company's financial statement over a period of time within the company and also with other company. So these tools are-



Before starting performance evaluation by using these tools it is necessary to give an idea about UFIL's financial performance at a glance over the period of FY2006, FY2007 and in FY2008, sector wise lease position and also the recovery rate. Thus these will help to evaluate performance and to find out the better result about this company. So these are shown below-

#### 4.3.1 Financial Performance of UFIL – At a Glance

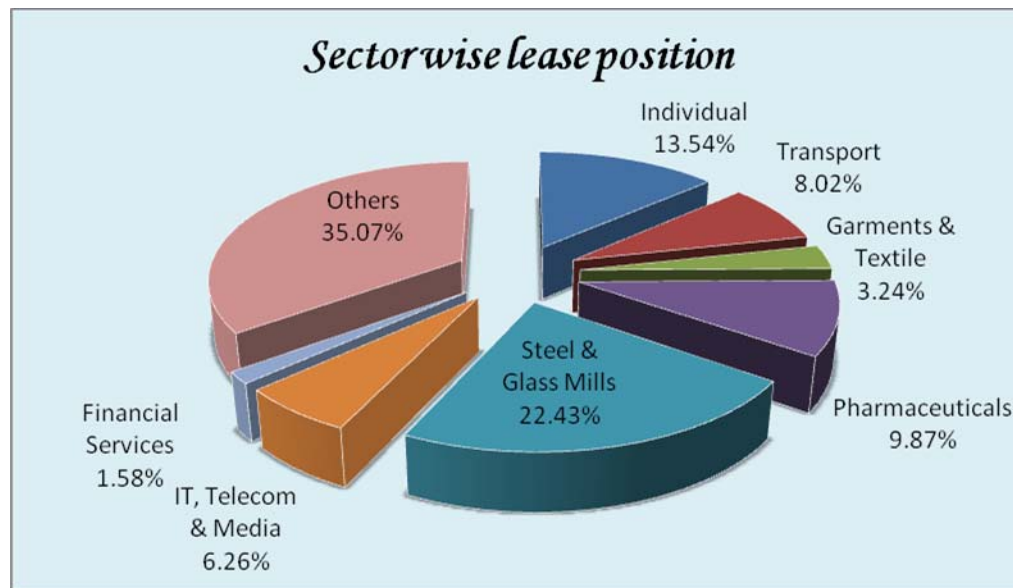
(Taka in millions)

	2006	2007	2008
<b>Operational revenues</b>	862.48	1,316.52	1,384.20
<b>Operational expenses</b>	593.08	1,034.97	952.23
<b>Profit before provision and tax</b>	325.52	420.53	501.90
<b>Net profit after tax</b>	222.71	259.25	292.10
<b>Fixed assets</b>	45.08	45.44	47.36
<b>Leased assets</b>	2,335.97	2,068.23	2,885.91
<b>Shareholders' equity</b>	1,237.39	1,470.24	1,667.30

**Table 1:** Financial Performance of UFIL

**4.3.2 Sector-Wise Lease Position** -as on Dated December 31, 2008

<b>Sector</b>	<b>Percentage</b>
Individual	13.54%
Transport	8.02%
Garments & Textile	3.24%
Pharmaceuticals	9.87%
Steel & Glass Mills	22.43%
IT, Telecom & Media	6.26%
Financial Services	1.58%
Others	35.07%
<b>Total</b>	<b>100.00%</b>

**Table 2: Sector Wise Lease Sanctioned****Sector Wise Lease Sanctioned**

UFIL sanctioned a significant part (22.43%) of lease facility to the ‘Stills and Glass’ industry. The second largest sector is the individual clients (13.54%). The ‘other sector’ holds the largest part. This sector is comprised of the several industries such as: engineering workshop, hotel& restaurant, event management firm, tour and travel operator, education sectors etc.

### 4.3.3 Recovery Rate of Lease Financing- as on Dated December 31, 2008

<i>Client Name</i>	<i>Recovery Rate</i>
Corporate	93.00%
Individual	90.28%

**Table-3: Recovery Rate**

Recovery rate is regarded as the percentage of paid amount by the client in compared with the due amount. The average recovery rate of UFIL is 91.64% where the corporate client's recovery rate 93% which is better than the individual client's recovery rate (90.28%). The reason behind this is that the corporate clients are more aware about their reputation than the individual client. As well as they are more capable in financially than the individual clients.

### 4.3.4 Intra Company Analysis

#### Horizontal Analysis -

Basically, I have used this analysis in intra company analysis to analyze the Income Statement and Balance sheet of Uttara Finance and Investments Limited. Since this technique enable us to evaluate a series of financial statements over three period of time (FY2006, FY2007, and FY2008) so it helps to determine the increase or decrease that has taken place and the change has been expressed as an amount and also as a percentage. In this Horizontal analysis of income statement and balance sheet FY2006 has been assumed as base year and compare to this year the change as an amount or as a percentage of FY2007 and FY2008 has shown below-

## Uttara Finance and Investments Limited

## Income Statement

December 31

(Taka in Millions)

	2006	2007	2008	Increase or (decrease) during 2007		Increase or (decrease) during 2008	
				Amount	Percent (%)	Amount	Percent (%)
<b><u>Operational Revenue</u></b>	<b>862.48</b>	<b>1,316.52</b>	<b>1,384.20</b>	<b>454.04</b>	<b>52.64%</b>	<b>521.72</b>	<b>60.49%</b>
Int. inc from leases	634.98	1,035.50	998.10	400.52	63.08%	363.12	57.19%
Int. on term fin.	154.28	217.56	326.99	63.28	41.02%	172.71	111.95%
Loss on dis.of lease assets	-0.02	-0.80	-0.04	-0.78	3900.00%	-0.02	100.00%
Other Revenues	73.24	64.26	59.15	-8.98	-12.26%	-14.09	-19.24%
<b><u>Operational Expenses</u></b>	<b>593.08</b>	<b>1,034.97</b>	<b>952.23</b>	<b>441.89</b>	<b>74.51%</b>	<b>359.15</b>	<b>60.56%</b>
Mgt& east exp.	53.68	61.88	882.03	8.20	15.28%	828.35	1543.13%
Fin. Exp.	539.40	973.09	70.20	433.69	80.40%	-469.20	-86.99%
Prov. for loss in value of shrs hld as inv.	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
Dep on lease assets	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
<b>Operating Prft frm leasing &amp; Fin Op</b>	<b>269.39</b>	<b>281.55</b>	<b>431.97</b>	<b>12.16</b>	<b>4.51%</b>	<b>162.58</b>	<b>60.35%</b>
Inc. from MBO	17.55	102.10	32.58	84.55	481.77%	15.03	85.64%
<b>Income frm Operation</b>	<b>286.94</b>	<b>383.65</b>	<b>464.55</b>	<b>96.71</b>	<b>33.70%</b>	<b>177.61</b>	<b>61.90%</b>
<i>Non Op Inc.</i>	<b>38.58</b>	<b>36.88</b>	<b>37.35</b>	<b>-1.70</b>	<b>-4.41%</b>	<b>-1.23</b>	<b>-3.19%</b>
Interests on deposits	38.58	36.88	21.31	-1.70	-4.41%	-17.27	-44.76%
Miscellaneous income	0.00	0.00	16.04	0.00	0.00%	16.04	0.00%
<b><u>Profit bef. prov &amp; taxes</u></b>	<b>325.52</b>	<b>420.53</b>	<b>501.90</b>	<b>95.01</b>	<b>29.19%</b>	<b>176.38</b>	<b>54.18%</b>
<b><u>Prov. for classif.assets-</u></b>	<b>52.81</b>	<b>21.28</b>	<b>29.80</b>	<b>-31.53</b>	<b>-59.70%</b>	<b>-23.01</b>	<b>-43.57%</b>
Prov. for leased assets	41.61	-4.50	14.15	-46.11	-110.81%	-27.46	-65.99%
Prov.for loss in val. Of shr	-1.77	1.02	16.97	2.79	-157.63%	18.74	-1058.76%
Prov. for term fin.	12.97	24.76	-1.32	11.79	90.90%	-14.29	-110.18%
<b><u>Net Profit Before Tax</u></b>	<b>272.71</b>	<b>399.25</b>	<b>472.10</b>	<b>126.54</b>	<b>46.40%</b>	<b>199.39</b>	<b>73.11%</b>
Prov. for taxes	50.00	140.00	180.00	90.00	180.00%	130.00	260.00%
Dividend dis. taxes	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
<b><u>Net Profit After Tax</u></b>	<b>222.71</b>	<b>259.25</b>	<b>292.10</b>	<b>36.54</b>	<b>16.41%</b>	<b>69.39</b>	<b>31.16%</b>

### Interpretation

This is a horizontal analysis of three-year periods Income Statements of UFIL. Mainly, we can notice the significant changes that is amount increase or decrease and the percentage changes in year 2007 and 2008 that has been taken place compare to the base year 2006. Significantly, the following changes has taken place and shown below-

Firstly, we can notice the significant changes in operational revenue that is operational revenue increased by Tk.454.04 or 52.64% in 2007 and by Tk.521.72 or 60.49% in 2008 which was very positive sign. But here, in 2008 there was greater change compare to 2007 from the base period. On the other hand, we find greater increased in operational expenses which was (Tk.441.89) 74.51% in 2007 and (Tk. 359.15) 60.56% in 2008 so these changes put a significant impact on net profit of 2007 and 2008.

Moreover, it is also noticeable that there were slight changes in Operating profit from leasing and financial operation in 2007 i.e. increased only 4.51% as we see that in 2007 operating expenses were high where as in 2008 there were significant increased in Operating profit i.e. 60.35% (55.84% increased from 2007).

Overall, we can find that income from operation, and Net profit after tax were up substantially in both year compare to base period. Income from operation increased by Tk.96.71 (33.70%) in 2007 and by Tk. 177.61 (61.90%) in 2008 and Net profit After Tax increased by Tk.36.54 (16.41%) in 2007 and by Tk.69.39 (31.16%) in 2008. So it can be said that UFIL's profit trend appears favorable.

## Uttara Finance and Investments Limited

## Balance Sheet

December 31

(Taka in Millions)

<b>Sources of Funds</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Increase or (decrease) during 2007</b>		<b>Increase or (decrease) during 2008</b>	
				<b>Amount</b>	<b>Percent (%)</b>	<b>Amount</b>	<b>Percent (%)</b>
<b>Shareholders Equity-</b>	<b>1,237.39</b>	<b>1,470.24</b>	<b>1,667.30</b>	<b>232.85</b>	<b>18.82%</b>	<b>429.91</b>	<b>34.74%</b>
Share Capital	264.00	316.80	316.80	52.80	20.00%	52.80	20.00%
Share Premium	264.00	264.00	264.00	0.00	0.00%	0.00	0.00%
Statutory Reserve	187.07	238.92	297.34	51.85	27.72%	110.27	58.95%
General Reserve	200.00	250.00	300.00	50.00	25.00%	100.00	50.00%
Proposed Dividend	79.20	95.04	95.04	15.84	20.00%	15.84	20.00%
Retained Earnings	243.12	305.48	394.12	62.36	25.65%	151.00	62.11%
<b>Term Liabilities net of current maturity</b>	<b>2,393.96</b>	<b>3,033.42</b>	<b>3,408.63</b>	<b>639.46</b>	<b>26.71%</b>	<b>1,014.67</b>	<b>42.38%</b>
Loan from FI	1,244.14	1,681.58	1,692.29	437.44	35.16%	448.15	36.02%
Loan from BB undr CBSF	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
Scheme Non cur. posi.	29.24	15.78	1.26	-13.46	-46.03%	-27.98	-95.69%
Promissory notes	444.55	633.48	998.97	188.93	42.50%	554.42	124.71%
Advance lease rentals	85.80	39.50	32.90	-46.30	-53.96%	-52.90	-61.66%
Refinance from BB	290.23	363.08	383.21	72.85	25.10%	92.98	32.04%
Coupon Bonds	300.00	300.00	300.00	0.00	0.00%	0.00	0.00%
Deferred tax Liability	172.26	172.26	0.00	0.00	0.00%	(172.26)	(100.00%)
Interest Suspense acc.	76.14	76.91	67.94	0.77	1.01%	-8.20	-10.77%
<b>Total</b>	<b>3,879.75</b>	<b>4,752.83</b>	<b>5,143.87</b>	<b>873.08</b>	<b>22.50%</b>	<b>1,264.12</b>	<b>32.58%</b>
<b>Application of Funds</b>							
Intangible Assets	1.20	1.70	1.20	0.50	41.67%	0.00	0.00%
Fixed assets @ cost less dep.	45.08	45.44	47.36	0.36	0.80%	2.28	5.06%
<b>Investment in leases-</b>	<b>2,335.97</b>	<b>2,068.23</b>	<b>2,885.91</b>	<b>-267.74</b>	<b>-11.46%</b>	<b>549.94</b>	<b>23.54%</b>
Invstment in leases	1,822.44	2,125.31	2,844.64	302.87	16.62%	1,022.20	56.09%
Ad. against leased assets	612.83	45.72	158.21	-567.11	-92.54%	-454.62	-74.18%
Prov. for doubtful acc.	-107.30	-102.80	-116.95	4.50	-4.19%	-9.65	8.99%
<b>Right issue</b>	<b>7.62</b>	<b>5.08</b>	<b>0.00</b>	<b>-2.54</b>	<b>-33.33%</b>	<b>-7.62</b>	<b>-</b> 100.00%

<b>Zero coupon bond exp.</b>	0.00	0.00	7.00	0.00	0.00%	7.00	0.00%
<b>Investment in Term Fin.</b>	<b>909.01</b>	<b>802.27</b>	<b>1,458.79</b>	<b>-106.74</b>	<b>-11.74%</b>	<b>549.78</b>	<b>60.48%</b>
Investment in term fin.	950.66	868.69	1,523.89	-81.97	-8.62%	573.23	60.30%
Prov. for doubtful acc.	-41.65	-66.42	-65.10	-24.77	59.47%	-23.45	56.30%
<b>Current Assets-</b>	<b>3,664.65</b>	<b>6,102.60</b>	<b>5,447.52</b>	<b>2,437.95</b>	<b>66.53%</b>	<b>1,782.87</b>	<b>48.65%</b>
Cur.maturity of term fin.	438.42	1,328.36	1,292.41	889.94	202.99%	853.99	194.79%
Cur. maturity of Invs.t in leases	1,934.42	2,630.16	2,857.86	695.74	35.97%	923.44	47.74%
Receivable frm lesses	197.98	254.47	285.96	56.49	28.53%	87.98	44.44%
Inv.t in MBU	0.00	220.07	499.35	220.07	0.00%	499.35	0.00%
Investment in shares	139.13	23.79	45.49	-115.34	-82.90%	-93.64	-67.30%
Adv. Dep. ,prepay. & Rcv.	538.16	850.76	397.53	312.60	58.09%	-140.63	-26.13%
Cash and Cash equiv.	416.54	744.99	68.92	328.45	78.85%	-347.62	-83.45%
<b>Current Liabilities-</b>	<b>3,105.78</b>	<b>4,272.49</b>	<b>4,703.92</b>	<b>1,166.71</b>	<b>37.57%</b>	<b>1,598.14</b>	<b>51.46%</b>
Term loans	874.62	1,188.72	1,609.59	314.10	35.91%	734.97	84.03%
Loan from BB under CBSF	0	0	0	0.00	0.00%	0.00	0.00%
Scheme current maturity	12.48	13.45	14.52	0.97	7.77%	2.04	16.35%
Promissory notes	2,019.40	2,455.73	2,255.16	436.33	21.61%	235.76	11.67%
Advance lease rentals	4.50	2.44	8.71	-2.06	-45.78%	4.21	93.56%
Payable and acc.expenses	144.78	282.15	492.26	137.37	94.88%	347.48	240.01%
Bank Overdraft	50.00	190.00	223.68	140.00	280.00%	173.68	347.36%
Provision for taxation	0.00	140.00	100.00	140.00	0.00%	100.00	0.00%
<b>Net Current Assets(CA-CL)</b>	<b>558.87</b>	<b>1,830.11</b>	<b>743.60</b>	<b>1,271.24</b>	<b>227.47%</b>	<b>184.73</b>	<b>33.05%</b>
<b>Net Assets ( TOTAL)</b>	<b><u>3,879.75</u></b>	<b><u>4,752.83</u></b>	<b><u>5,143.86</u></b>	<b><u>873.08</u></b>	<b><u>22.50%</u></b>	<b><u>1,264.11</u></b>	<b><u>32.58%</u></b>



### Interpretation

From the above balance sheet we can see that a number of significant changes have occurred in UFIL's financial structure from FY2006 to FY2007 and FY2008. Firstly, if we look at Assets section it can be easily interpreted that intangible assets increased Tk.0.50 million or 41.67% but there were no changes in FY2008 compare to base period. Also we can notice that there were slight increased of fixed assets from FY2006 to FY2007 (0.80%) and FY2008 (5.06%). Investment in lease decreased by Tk. 267.74 million or 11.46% in FY2007 where as in FY2008 it increased by the amount of Tk.549.94 million or (23.54%).But we see that there was significant increased of current assets in FY2007 which was tk. 2437.95 million or by 66.53% and in FY2008 it increased 48.65%.

On the other hand, In Shareholder's Equity section Equity increased Tk.232.85 million or 18.82% in FY2007 and Tk. 429.91 million or 34.74% in FY2008 and also in this section we can notice that there was significant increased of retained earnings in FY2008 which was Tk.151.00 million or 62.11% where in FY2007 it was 25.65% increase position so it is positive sign for UFIL. In liability section we see that long term liability increased 26.71% in FY2007 and 42.38% in FY2008.

Therefore, this analysis suggests that the company expanded its asset base during FY2007 and FY2008 which had been financed more likely by using additional long term debt in FY2007 and in FY 2008 also retaining income but in small amount.

### Vertical Analysis-

Here, I have used vertical analysis in Intra Company comparisons over three period of time (FY2006, FY2007 AND FY2008). Mainly it is a technique for evaluating financial statement data that express each item within a financial statement as a percent of base amount. In case of vertical analysis I have also analyzed both Income statement and Balance Sheet of Uttara Finance and Investments Limited over three period of time FY2006, Fy2007, and FY2008. Therefore vertical analysis of Income statement and Balance Sheet are illustrated below-

## Uttara Finance and Investments Limited

## Income Statement

December 31

(Taka in Millions)

	2006	Percent (%)	2007	Percent (%)	2008	Percent (%)
<b><u>Operational Revenue</u></b>	<b>862.48</b>	<b>100%</b>	<b>1,316.52</b>	<b>100%</b>	<b>1,384.20</b>	<b>100%</b>
Interest income from leases	634.98	73.62%	1,035.50	78.65%	998.10	72.11%
Interest on term finances	154.28	17.89%	217.56	16.53%	326.99	23.62%
Loss on disp of lease assets	-0.02	0.00%	-0.80	-0.06%	-0.04	0.00%
Other Revenues	73.24	8.49%	64.26	4.88%	59.15	4.27%
<b><u>Operational Expenses</u></b>	<b>593.08</b>	<b>68.76%</b>	<b>1,034.97</b>	<b>78.61%</b>	<b>952.23</b>	<b>68.79%</b>
Mgt and east. Exp.	53.68	6.22%	61.88	4.70%	882.03	63.72%
Financial Expenses	539.40	62.54%	973.09	73.91%	70.20	5.07%
Prov. for loss in val.of shrs	0.00	0.00%	0.00	0.00%	0.00	0.00%
Depreciation on lease assets	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b><u>Ope. Profit. frm leas &amp; fin Op</u></b>	<b>269.39</b>	<b>31.23%</b>	<b>281.55</b>	<b>21.39%</b>	<b>431.97</b>	<b>31.21%</b>
Inc from MBO	17.55	2.03%	102.10	7.76%	32.58	2.35%
<b><u>Income from Operation</u></b>	<b>286.94</b>	<b>33.27%</b>	<b>383.65</b>	<b>29.14%</b>	<b>464.55</b>	<b>33.56%</b>
<b><i>Non Operational Income</i></b>	<b>38.58</b>	<b>4.47%</b>	<b>36.88</b>	<b>2.80%</b>	<b>37.35</b>	<b>2.70%</b>
Interests on deposits	38.58	4.47%	36.88	2.80%	21.31	1.54%
Miscellaneous income	0.00	0.00%	0.00	0.00%	16.04	1.16%
<b><u>Profit before prov. and taxes</u></b>	<b>325.52</b>	<b>37.74%</b>	<b>420.53</b>	<b>31.94%</b>	<b>501.90</b>	<b>36.26%</b>
<i>Provision for classified assets-</i>	52.81	6.12%	21.28	1.62%	29.80	2.15%
Provision for leased assets	41.61	4.82%	-4.50	-0.34%	14.15	1.02%
Prov for loss in value of shrs.	-1.77	-0.21%	1.02	0.08%	16.97	1.23%
Provision for term finances	12.97	1.50%	24.76	1.88%	-1.32	-0.10%
<b><u>Net Profit Before Tax</u></b>	<b>272.71</b>	<b>31.62%</b>	<b>399.25</b>	<b>30.33%</b>	<b>472.10</b>	<b>34.11%</b>
Provision for taxes	50.00	5.80%	140.00	10.63%	180.00	13.00%
Dividend distribution taxes	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b><u>Net Profit After Tax</u></b>	<b>222.71</b>	<b>25.82%</b>	<b>259.25</b>	<b>19.69%</b>	<b>292.10</b>	<b>21.10%</b>

### Interpretation

This is the vertical analysis of Income statement over the period of FY2006, FY2007 and FY2008. Basically it shows the relative size of each category in the Income statement. Here, Operational Revenue is the base amount and each item of income statement has been shown as a percent of operational revenue and compared it with three consecutive periods.

Mainly, we see that the major portions of operational revenue put up with interest income from leases which were 73.62% in FY2006, 78.65% in FY2007 and 72.11% in FY2008 of operational revenue. Noticeably, operational expenses as a percentage operational revenue increased 9.85% (78.61% vs. 68.76%) from FY2006 to FY2007. And in FY2008 it came back to previous position which was 68.79% of operational revenue. Likely, we observe that operating profit from lease and financial operation as a percentage operational revenue declined 9.84% (21.39% vs.31.23%) in FY2007 and increased 9.82% (31.21% vs.21.39%) in FY2008 which were very logical as Operational expenses increased in FY2007 and declined in FY2008 as a percentage of operational revenue.

Therefore it is not surprising that Net Profit after Tax as a percentage of operational Revenue decrease from 25.82% to 19.69% in FY2007 and increase from 19.69% to 21.10% in FY2008. Since now is in increasing position it appears to be profitable and even more successful.

## Uttara Finance and Investments Limited

## Balance Sheet

December 31

(Taka in Millions)

Sources of Funds	2006	Percent (%)	2007	Percent (%)	2008	Percent (%)
<b>Shareholders Equity</b>	<b>1,237.39</b>	<b>31.89%</b>	<b>1,470.24</b>	<b>30.93%</b>	<b>1,667.30</b>	<b>32.41%</b>
Share Capital	264.00	6.80%	316.80	6.67%	316.80	6.16%
Share Premium	264.00	6.80%	264.00	5.55%	264.00	5.13%
Statutory Reserve	187.07	4.82%	238.92	5.03%	297.34	5.78%
General Reserve	200.00	5.15%	250.00	5.26%	300.00	5.83%
Proposed Dividend	79.20	2.04%	95.04	2.00%	95.04	1.85%
Retained Earnings	243.12	6.27%	305.48	6.43%	394.12	7.66%
<b>Term Liabilities net of current maturity</b>	<b>2,393.96</b>	<b>61.70%</b>	<b>3,033.42</b>	<b>63.82%</b>	<b>3,408.63</b>	<b>66.27%</b>
Loan from FI	1,244.14	32.07%	1,681.58	35.38%	1,692.29	32.90%
Loan from BB undr CBSF	0.00	0.00%	0.00	0.00%	0.00	0.00%
Scheme Non current position	29.24	0.75%	15.78	0.33%	1.26	0.02%
Promissory notes	444.55	11.46%	633.48	13.33%	998.97	19.42%
Advance lease rentals	85.80	2.21%	39.50	0.83%	32.90	0.64%
Refinance from BB	290.23	7.48%	363.08	7.64%	383.21	7.45%
Coupon Bonds	300.00	7.73%	300.00	6.31%	300.00	5.83%
<b>Deferred tax Liability</b>	<b>172.26</b>	<b>4.44%</b>	<b>172.26</b>	<b>3.62%</b>	<b>0.00</b>	<b>0.00%</b>
<b>Interest Suspense account</b>	<b>76.14</b>	<b>1.96%</b>	<b>76.91</b>	<b>1.62%</b>	<b>67.94</b>	<b>1.32%</b>
<b>Total</b>	<b><u>3,879.75</u></b>	<b><u>100.00%</u></b>	<b><u>4,752.83</u></b>	<b><u>100.00%</u></b>	<b><u>5,143.87</u></b>	<b><u>100.00%</u></b>
<b><u>Application of Funds-</u></b>						
Intangible Asstets	1.20	0.03%	1.70	0.04%	1.20	0.02%
Fixed assets- at cost less dep.	45.08	1.16%	45.44	0.96%	47.36	0.92%
<b>Investment in leases-</b>	<b>2,335.97</b>	<b>60.21%</b>	<b>2,068.23</b>	<b>43.52%</b>	<b>2,885.91</b>	<b>56.10%</b>
Invstment in leases	1,822.44	46.97%	2,125.31	44.72%	2,844.64	55.30%
Advance against leased assets	612.83	15.80%	45.72	0.96%	158.21	3.08%
Provision for doubtful accounts	-107.30	-2.77%	-102.80	-2.16%	-116.95	-2.27%
<b>Right issue</b>	<b>7.62</b>	<b>0.20%</b>	<b>5.08</b>	<b>0.11%</b>	<b>0.00</b>	<b>0.00%</b>
<b>Zero coupon bond expenses</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00%</b>	<b>7.00</b>	<b>0.14%</b>

<b>Investment in Term Fin-</b>	<b>909.01</b>	<b>23.43%</b>	<b>802.27</b>	<b>16.88%</b>	<b>1,458.79</b>	<b>28.36%</b>
Investment in term finances	950.66	24.50%	868.69	18.28%	1,523.89	29.63%
Prov. for doubtful accounts	-41.65	-1.07%	-66.42	-1.40%	-65.10	-1.27%
<b>Current Assets-</b>	<b>3,664.65</b>	<b>94.46%</b>	<b>6,102.60</b>	<b>128.40%</b>	<b>5,447.52</b>	<b>105.90%</b>
Current maturity of term fin.	438.42	11.30%	1,328.36	27.95%	1,292.41	25.13%
Curnt. maturity of Inv. in leases	1,934.42	49.86%	2,630.16	55.34%	2,857.86	55.56%
Receivable frm lesses	197.98	5.10%	254.47	5.35%	285.96	5.56%
Investment in MBO	0.00	0.00%	220.07	4.63%	499.35	9.71%
Investment in shares	139.13	3.59%	23.79	0.50%	45.49	0.88%
Adv. Depo.,pre. & Rcv.	538.16	13.87%	850.76	17.90%	397.53	7.73%
Cash and Cash equivalent	416.54	10.74%	744.99	15.67%	68.92	1.34%
<b>Current Liabilities-</b>	<b>3,105.78</b>	<b>80.05%</b>	<b>4,272.49</b>	<b>89.89%</b>	<b>4,703.92</b>	<b>91.45%</b>
Term loans	874.62	22.54%	1,188.72	25.01%	1,609.59	31.29%
Loan from BB under CBSF	0	0.00%	0	0.00%	0	0.00%
Scheme current maturity	12.48	0.32%	13.45	0.28%	14.52	0.28%
Promissory notes	2,019.40	52.05%	2,455.73	51.67%	2,255.16	43.84%
Advance lease rentals	4.50	0.12%	2.44	0.05%	8.71	0.17%
Payable and accrued expenses	144.78	3.73%	282.15	5.94%	492.26	9.57%
Bank Overdraft	50.00	1.29%	190.00	4.00%	223.68	4.35%
Provision for taxation	0.00	0.00%	140.00	2.95%	100.00	1.94%
<i>Net Current Assets(CA-CL)</i>	<b>558.87</b>	<b>14.40%</b>	<b>1,830.11</b>	<b>38.51%</b>	<b>743.60</b>	<b>14.46%</b>
<b>Net Assets ( TOTAL)</b>	<b><u>3,879.75</u></b>	<b><u>100.00%</u></b>	<b><u>4,752.83</u></b>	<b><u>100.00%</u></b>	<b><u>5,143.86</u></b>	<b><u>100.00%</u></b>

### Interpretation

Primarily it shows the relative size of each category in balance sheet from where we can notice the percentage change in the individual asset, liability and shareholder's equity items over three consecutive years. Here, the base for application of fund is total asset and the base for the sources of fund is total liabilities and shareholder equity items. So from the balance sheet we see that Investment in leases decreased from 60.21% of total assets in FY2006 to 43.52% in FY2007 and then increased to 56.10% in FY2008. Also we find relative size of Investment in term finance as a percentage of total assets decreased from 23.43% in FY2006 to 16.88% in FY2007 and then increased 28.36% in FY2008. Likely, Current Assets as a percentage of Total assets Increased from 94.46% in FY2006 to 128.40% in FY2007. But, We also can mark out that Fixed assets as percentage of total assets decreased from 1.16% in FY2006 to .96% in FY2007 and then to .92% in FY2008 even though an amount of Tk.0.36 and Tk.1.92 million increased at that time (in FY2007 and in FY2008).

On the other hand, Term Liabilities increased from 61.70% to 63.82% and to 66.27% in the FY2007 and FY 2008 respectively of Total liabilities and Shareholders' equity. Also retained earnings increased from 6.27% in FY2006 to 6.43% in FY2007 and to 7.66% in FY2008 of Total liabilities and Shareholders' equity. Therefore from the above analysis reinforce the earlier observation (from horizontal analysis) that UFIL is choosing to finance its growth through issuing long term debt and retaining income but more likely by issuing long term debt.

### 4.3.5 Inter Company Analysis

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#### Comparative ratio analysis-

Mainly this analysis expresses the relationship among selected items of financial statement data, and this relationship is expressed in terms of either a percentage, a rate, or a simple proportion. Importantly ratios have been used to evaluate liquidity, profitability and solvency of the companies since it is useful indicators of a firm's performance and financial situation. Single ratio analysis can't provide very meaningful interpretations so in this report I have calculated ratios under three primary headings over the three period of time and are then compared to base year with UFIL and four other companies ( IDLC, ULC, Phoenix, PLFI), and also with the industry average to judge the performance of the company.

So the three primary ratios are –

- Liquidity ratios
- Profitability Ratios
- Solvency Ratios

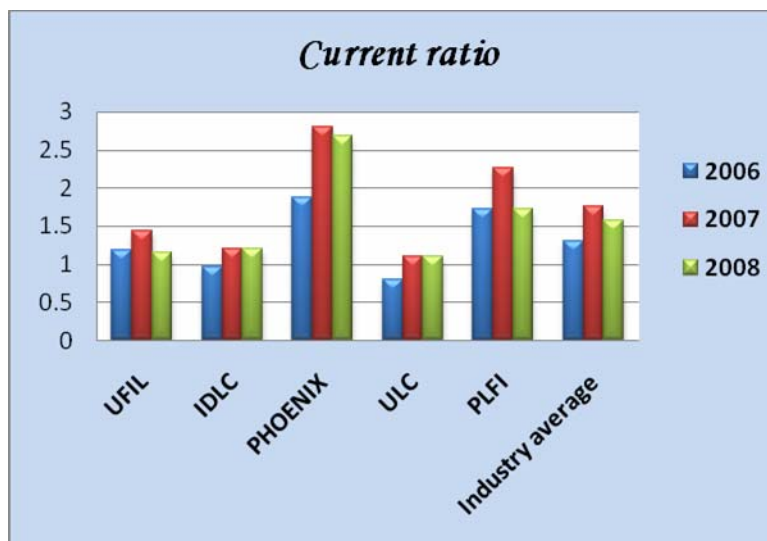
Therefore these ratios are to be illustrated below with graphical presentation -

#### Liquidity Ratios

Liquidity ratios provide information about a firm's ability to meet its short-term financial obligations and also to meet unexpected needs for cash. For intercompany analysis I have chosen two liquidity ratios which are- Current ratio and cash ratio. Here, it is mentionable that as I am evaluating financial institutions liquidity so here I have not calculating Quick ratio because it gives same result like as current ratio.

Current ratioUnit- Times

	2006	2007	2008
<i>UFIL</i>	1.18	1.43	1.16
IDLC	0.96	1.2	1.2
PHOENIX	1.88	2.8	2.69
ULC	0.8	1.1	1.1
PLFI	1.73	2.27	1.72
Industry average	1.31	1.76	1.57

Table 4: Current ratio

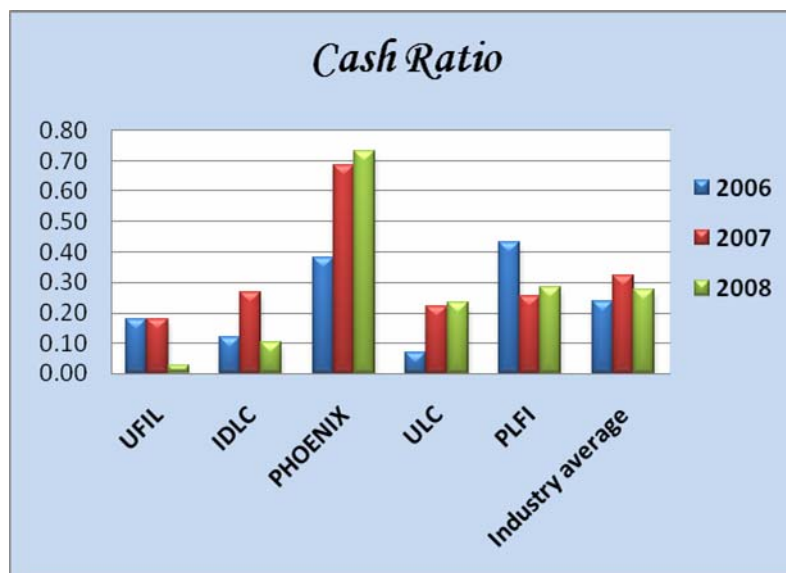
It is the best known liquidity measurement where we find the relation firm's current assets and the current liabilities. The standard current ratio is 2:1. Last three year's average current ratio of UFIL was 1.2:1. The ratio is below the standard level throughout year, at the same time it is below the industry average current ratio which was 1.18 :1 in FY2006, 1.43 in FY2007 and 1.16:1 in FY2008 where as the industry average current ratio of last three years FY2006, FY2007 and FY2008 were 1.31:1, 1.76:1, and 1.57:1 respectively. The reasons behinds this low current ratio was higher current liabilities (term deposits receipts, accrued & other liabilities and bank over draft) though at that period firm's current assets increased in larger amount. On the other hand, we can see that Phoenix Finance and PLFI is good state also above the industry average. So we cannot come in to the point that UFIL appears to be reasonably liquid.



Cash Ratio

Unit- Times

	2006	2007	2008
UFIL	0.18	0.18	0.02
IDLC	0.12	0.27	0.10
PHOENIX	0.38	0.68	0.73
ULC	0.07	0.22	0.23
PLFI	0.43	0.26	0.28
Industry average	<b>0.24</b>	<b>0.32</b>	<b>0.27</b>

Table 5: Cash ratio

It is the most conservative liquidity ratio, which relates the firm's cash and short term marketable securities to its current liabilities. Last three years average cash ratio of UFIL was .19. From the graph we can easily interpret that FY2006, FY2007 and FY2008, the ratio decreases for the decrease of marketable securities and as well as for the increase of current liabilities over the period of time which was below the industry average. Here it is also noticeable that the cash ratio of Phoenix Finance and PLFI are in good position but not enough though their cash ratio above the industry average of cash ratio. Since we know that cash ratio is an indication of the firm's ability to pay off its current liabilities if for some reason immediate payment were demanded. Overall from the graph it can be said that UFIL is not in a good situation as it is not appears to be favorable to meet immediate payments of financial obligations.

## Profitability Ratios-

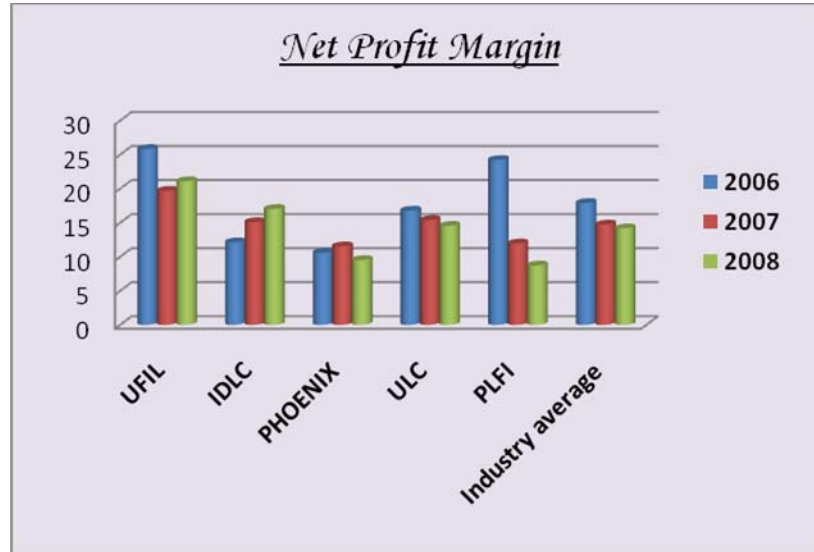
Profitability ratios offer several different measurement of the success of the company at generating profits. Significantly these ratios show the combined effects of liquidity, asset management (activity) and debt management (gearing) on operating results. Therefore, it can be said that the overall measure of success of a business is the profitability which results from the effective use of its resources; also it affects the company's liquidity position and company's ability to grow.

In case of Intercompany analysis here I have selected three different profitability ratios which will help to evaluate the performance effectively. These are- Net profit margins, Return on Equity (ROE), Return on Assets (ROA).

### Net Profit Margin

	<u>Unit-</u> %		
	2006	2007	2008
<i>UFIL</i>	<b>25.82</b>	<b>19.69</b>	<b>21.10</b>
IDLC	12.12	15.09	17.02
PHOENIX	10.59	11.54	9.52
ULC	16.78	15.39	14.54
PLFI	24.21	11.95	8.72
<b>Industry Average</b>	<b>17.90</b>	<b>14.73</b>	<b>14.18</b>

Table-6 Net Profit Margin



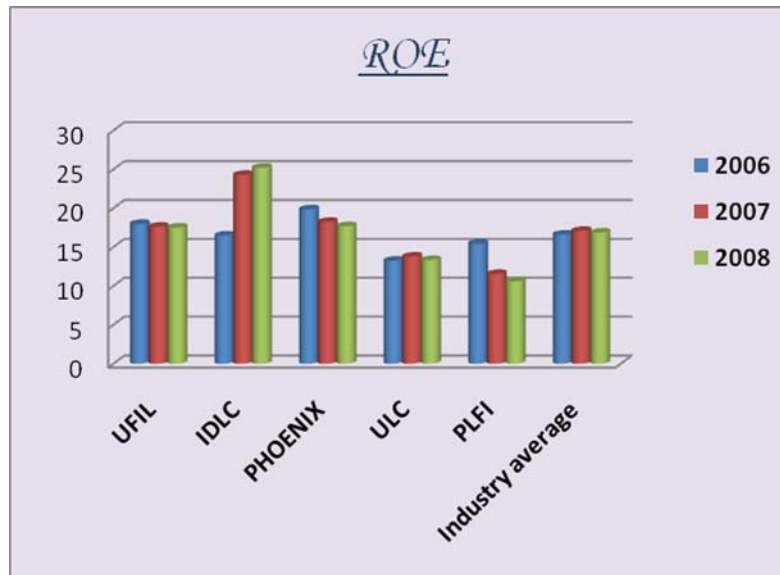
The ratio relates after tax net income to sales/revenue. It is a positive sign that over the last three years UFIL were able to maintain above the industry average net profit margin. In FY2006, UFIL's net profit margin was highest due to lower ratio between net profit after tax and revenue. In FY2007, this ratio was lowest even though above industry average because of high revenue. But we got slight improvement in FY 2008 i.e. 21.10%. From the above graph we can also see that IDLC is in increasing position where as PLFI is in decreasing state though we find IDLC and ULC in better position where their Net margin are above industry average.

Since the higher the Net profit margin the better it is for the company, so from the above analysis it can be said that UFIL's position is better from four other Companies as net profit margin is high among them as well as high in comparison with the industry average.

Return on Equity

Unit -%

	2006	2007	2008
<i>UFIL</i>	<b>18.00</b>	<b>17.63</b>	<b>17.52</b>
IDLC	16.49	24.30	25.20
PHOENIX	19.86	18.24	17.69
ULC	13.26	13.79	13.35
PLFI	15.45	11.55	10.62
<b>Industry average</b>	<b>16.61</b>	<b>17.10</b>	<b>16.88</b>

Table-7: ROE

This ratio is extremely important to the shareholder of the company because it shows the profit attributable to the amount invested by the owners of the company. It also shows potential investors into the business what they might hope to receive as a return. From the above graph we see like Net profit margin, ROE of UFIL remains higher than the industry average ROE. At that time the industry average ROE were 16.61% in FY2006, 17.10% in FY2007 and 16.88% in FY2008. Moreover, from the graph it can also be interpreted that Phoenix and PLFI' s ROE were in decreasing position where ROE of UFIL and ULC was fairly steady ( though fluctuating) but ROE of IDLC was in increasing state over these three period of time which is very positive

sign. Noticeably, ROE of Three Companies (UFIL, IDLC and Phoenix) were high in comparison with industry average.

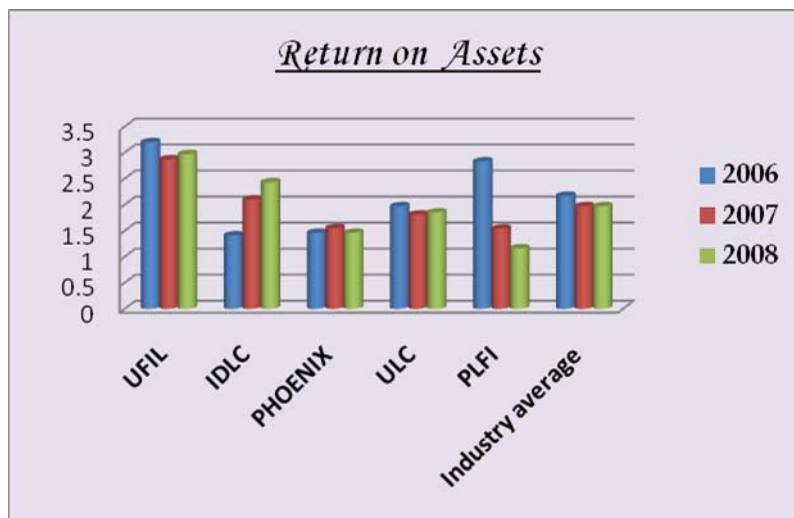
But if we look at the only UFIL's ROE which begins to decrease at FY2006 from the resulting effect of slight increase of Net Income compare to much greater Shareholding Equity. It does not indicate lower net income but the reason was higher shareholders equity.

### Return on Assets

Unit - %

	2006	2007	2008
<i>UFIL</i>	<b>3.20</b>	<b>2.87</b>	<b>2.97</b>
IDLC	1.41	2.10	2.43
PHOENIX	1.46	1.55	1.46
ULC	1.97	1.81	1.85
PLFI	2.83	1.54	1.16
Industry Average	<b>2.17</b>	<b>1.97</b>	<b>1.97</b>

Table-8: ROA



This ratio tells how much profit a company is able to generate for employing the invested assets i.e. how effectively the firm's assets are being used to generate profits Over the last three years (FY2006, FY2007 and FY2008) UFIL's ROA were 3.20%, 2.87% and 2.97% respectively whereas at the same time the industry average of ROA were in FY2006 2.17%, in FY2007 1.97% and in FY2008 1.97%. This indicates a positive sign as the company, UFIL, achieved above industry average ROA over the years. In the consecutive years, it falls due to large volume of assets though at that time firm's net income was gradually increasing. Comparatively, ROA of IDLC were up substantially in FY2007 and in FY2008 and also higher than industry average.

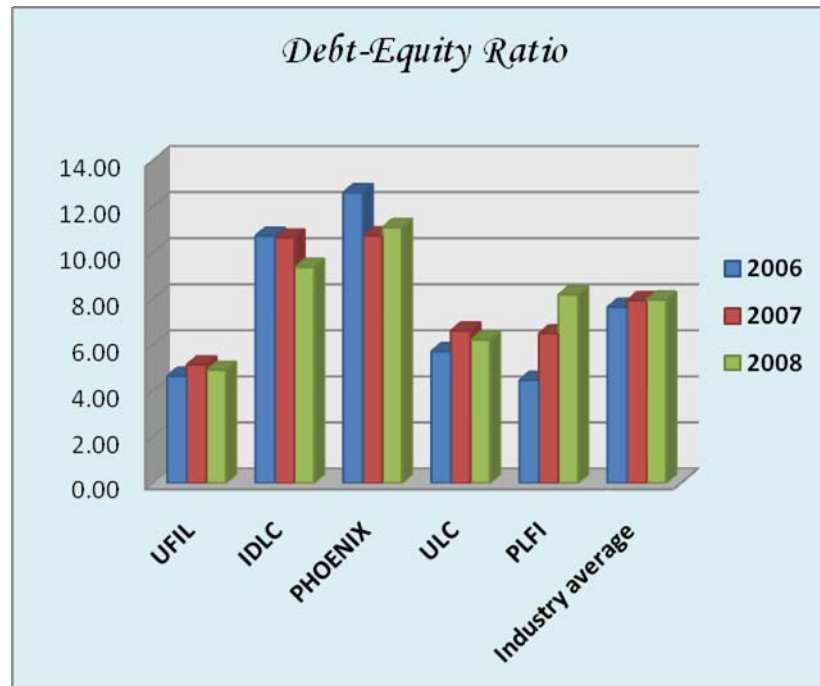
## Solvency Ratios-

It provides an indication of the long-term solvency of the firm. Unlike liquidity ratios that are concerned with short-term assets and liabilities, this ratios measure the extent to which the firm is using long term debt. Mainly it measures business risk, which tells us about the debt-paying ability of the company. Here, I have tried to analyzed three solvency ratios which are- Debt-Equity ratio, Debt to total asset ratio, Interest Coverage/ Times interest earned ratio.

### Debt-Equity (D/E) ratio

	<u>Unit- times</u>		
	2006	2007	2008
UFIL	4.65	5.14	4.91
IDLC	10.73	10.65	9.37
PHOENIX	12.62	10.74	11.10
ULC	5.72	6.62	6.22
PLFI	4.47	6.49	8.18
<b>Industry average</b>	<b>7.64</b>	<b>7.93</b>	<b>7.96</b>

Table 9: D/E ratio



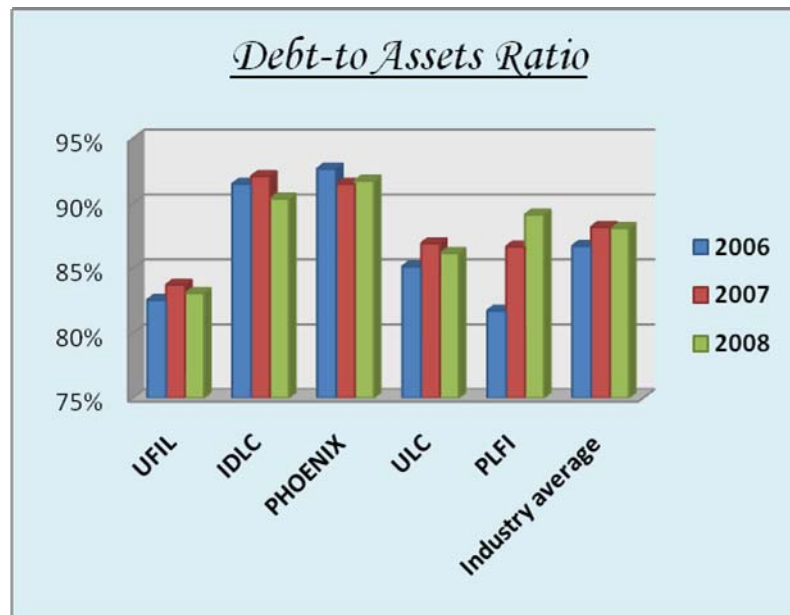
Mainly, it measures companies' net worth as it indicates the proportion of debt compared to the proportion of equity. A higher proportion of this ratio makes the earnings more volatile because of financial leverage and consequently increases the probability of default. From the above graph we can easily mark out that UFIL's debt-equity ratio were lower than the industry average throughout the year even though it was fluctuating over the year and now in slumped state i.e from 5.14(FY2007) to 4.91(in FY2008) so it is safer for UFIL's. We can also observe that ULC and PLFI's D/E ratios are lower than the industry average and in comparison with other two companies so they are also in safer position, where as IDLC and Phoenix is in risk position as higher D/E ratio in comparison with other and also with the industry average.

Overall it can be said , this analysis indicates that the UFIL's earnings is less volatile than the other firm in the same industry also the probability of default the debt obligation is less with compared the other firms of the industry.

Debt-Assets Ratio

Unit- %

	2006	2007	2008
<i>UFIL</i>	83	84	83
IDLC	91	92	90
PHOENIX	93	91	92
ULC	85	87	86
PLFI	82	87	89
<i>Industry Average</i>	<b>87</b>	<b>88</b>	<b>88</b>

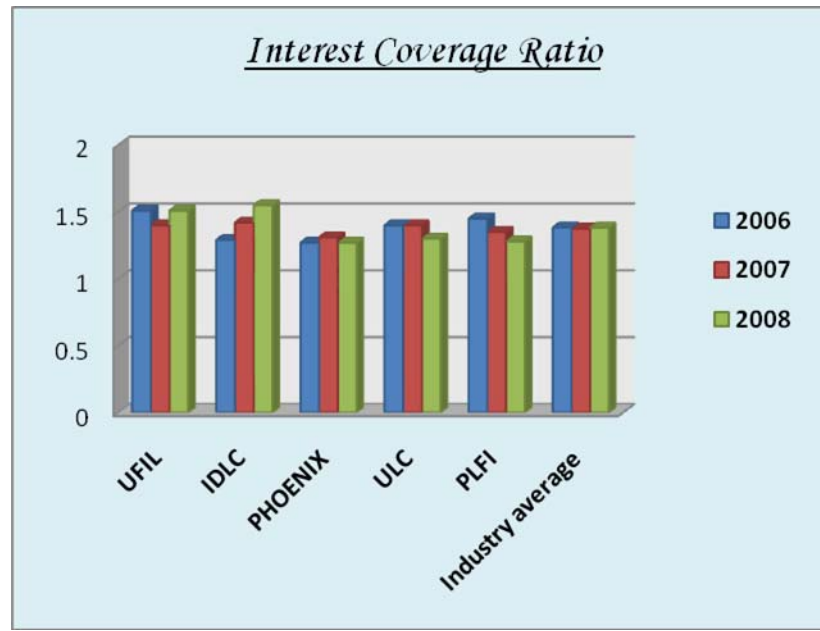
Table10: Debt-Asset ratio

This ratio measures the percentage of total assets that are being financed by creditors; simply it indicates the degree of leverage. Generally, no more than 50% of total assets should be financed by debt. From the above graph we can interpret that only UFIL's debt to total asset ratio is comparatively low also in comparison with the industry average. Noticeably, all company's debt to total asset ratios is more than 50% in consecutive years. Since we know that the higher the percentage of debt to total asset the greater the risk. Therefore, we can reduce this ratio by paying off debt or increasing the value of assets.



Interest Coverage RatioUnit- times

	2006	2007	2008
<i>UFIL</i>	<b>1.51</b>	<b>1.4</b>	<b>1.51</b>
IDLC	1.29	1.42	1.55
PHOENIX	1.27	1.31	1.27
ULC	1.4	1.4	1.3
PLFI	1.45	1.35	1.28
<i>Industry Average</i>	<b>1.38</b>	<b>1.38</b>	<b>1.38</b>

Table 11: Interest Coverage ratio

This is the ratio of a company's EBIT to its total financial expenses from interest payments. It measures the company's ability to make interest payments as they come due. Here, ratio above 1 indicates that the company is able to pay its interest; while a ratio below 1 means that its interest payments exceed its earnings.

From the graphical presentation of this ratio it is discernible that over the last three years UFIL's interest coverage ratio was above 1 and also above the industry average where industry average is fairly steady. In FY2007, we see that the interest coverage ratio was lowest (even though above industry average) because of lower ratio between EBIT and interest expense. On the other

hand, we can also notice that the interest coverage ratio of three other companies' were above industry average whereas this ratio of Phoenix Finance over three period below the industry average but greater than 1. Therefore it can be concluded that comparatively UFIL's interest coverage ratio were high (greater than 1 and also industry average) throughout the year which were 1.51, 1.4, and 1.51 in FY2006, FY2007, and in FY2008 respectively so the company is able to pay its interest over the period of time.

#### 4.4 Results and Discussions-

Overall, from the Intra and Intercompany analysis we can come out with some significant results which are very important to evaluate the financial performances of Uttara Finance and Investments Limited. Mainly from the *Intra Company comparisons*, we find the horizontal and vertical analysis of Income statement and Balance sheet of UFIL, basically from the horizontal analysis of income statement we have noticed the changes which took place over the period of time and it reveals that the UFIL's profit trend was favorable and also find a true picture of Balance sheet which reveals that UFIL expanded its asset base those years which had been financed more likely by issuing additional long term debt rather than by retaining income as it were up in small amount or small percent. Moreover, from the vertical analysis we notice that UFIL's Profit trend continuously up and also more successful and also vertical analysis of balance sheet reinforces the previous result of the expansion of asset base which had been financed through issuing long-term debt rather than retaining more income. Therefore UFIL should retain more income to finance the expansion of asset base besides issuing long-term debt in small amount.

Furthermore, from the Inter Company Analysis, where comparative ratio analysis tools have been used, we have been able to evaluate the performance of UFIL with four other NBFIs' also with industry average. Here, basically to assess the firm's ability to meet its short-term financial obligation I have calculated current ratio and cash ratio of five NBFLs' and their industry average. From the current ratio and Cash ratio calculation we find that UFIL appears to be reasonably liquid i.e. UFIL has ability to meet its short term financial obligation but from the cash ratio we see that it is not in favorable situation if immediate payments were demanded.

After evaluating the liquidity position of UFIL it was essential to measure the operating success of the company for a given period of time. So here I have calculated Net Profit Margin, ROE and ROA from where I find out that all these three ratios were high compare to four other NBFIs' and higher in comparison with industry average, this is a very positive sign and we can come up with result that this company is using its resources effectively, operating successfully and also is growing.

Last of all, to measure the long term solvency of the UFIL i.e. to evaluate the debt paying ability of the company I have calculated mainly D/E ratio, Debt-to-Total assets ratio and interest coverage ratio. Therefore from the analysis of those ratios I have up with important views that the UFIL's earnings is less volatile than the other firm in the same industry also the probability of default the debt obligation is less and company is able to pay its interest over the period of time. But the UFIL's Total Assets are mostly financed by creditors so which UFIL can reduce it by paying off debts or increasing the total Assets in an amount. Other way, UFIL's overall financial performance is better from various aspects as UFIL is growing and operating successfully with moderate degree of liquidity also having long term solvency. In addition, from the analysis of the recovery rate of lease financing of UFIL, we can came up with conclusion that client's are also satisfied with their services and UFIL also maintaining their operation efficiently and effectively.

## 5. CHAPTER 5: OVERALL FINDINGS

During my internship period I was being acquaintance with the culture of UFIL as well as the general functions of the company. Throughout this phase I observe the following facts of UFIL-

**Pleasant Environment:** The work environment of the company is very pleasant. All the personnel's of UFIL's are very much cooperative and amiable. The relationship among all the personnel's was very affectionate.

**Dedicated and Enthusiastic Employees:** Most of the employees of the company are very much dedicated and committed to the company. Very often I had seen that some personnel's were doing their duty beyond the office time.

**Multipurpose Lease Sector:** UFIL provides it lease facility towards various sectors. From transport sector to education sector it provides its lease facility.

**Transport Based Lease:** Though the company leases to different sector, its main concentration is in the transport sector. In terms of number of lease, UFIL leases mostly in the transport sector.

**Operational Performance:** The operational performance of UFIL is quite sound. Over time the firm's operational performance increases steadily. Moreover it performance was always better than the other firms in the same industry.

**Growth rate:** Though UFIL achieved above average growth rate and also recently its growth rate plummets.

## 5.1 Recommendation

Throughout my internship I have found out that UFIL have the opportunity to improve in the followings sector-

- ✓ **Market Promotion:** In today's business, promotional activities is one of the most important tasks for improvement of the business. UFIL does not concentrate much about this. Hence the firm could be benefited if it invests in the market promotional activities.
- ✓ **Branch Proliferation:** UFIL has only four branches; three in Dhaka, one in Chittagong. It would be benefited if it opens branches in the other places like Sylhet, Norshingdi, Jessore, Bogra and also some other places as there are huge opportunities of business.
- ✓ **Employee's Incentives:** The firm may increase the efficiency of its personnel's by increasing incentives, training etc so that employee can feel comfort by remaining in UFIL.
- ✓ **Information System:** UFIL could improve it information technology by employing the high technology based information system and networks as I have observed that their IT professional is not very much concerned about IT infrastructure still now using weak infrastructure system.
- ✓ **Growth Rate:** The growth rate of UFIL recently plummets due to low retention ratio. The firm could improve its growth rate by reinvesting more from its earnings.

## 5.2 Conclusion

Financial institutions play an important role in the economic development of the country. And lease financing is a major aspect of these institutions. Being a financial institution UFIL also plays an important role in lease financing. Throughout my internship I have tried to show the Financial performance of UFIL and as well as the overall functions of the firm. Here I have used my theoretical knowledge which I have achieved in my educational period and also I use what I have learnt throughout my internship program regarding the facts. From this report, the most recent financial performance of UFIL has been evaluated. I have also tried to compare UFIL performance with the other firms of the same industry where I have used different tools and techniques which also I have learnt during my BBA Program. Finally I tried to make an interpretation from analytical point of view and came up with a view that UFIL is growing and even more successful in the industry .

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