

East West University

An Appraisal of Uttara Finance And Investment Ltd.

Prepared for:

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Prepared by:

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Letter of Transmittal

April 20, 2005

To
Tanbir Ahmed Chowdury
Assistant Professor
East West University,
45-46, Mohakhali,
Dhaka, Bangladesh.

Sub: Application of submitting the project report on Uttara Finance and Investment Ltd.

Sir:

It is really a great opportunity to me to prepare the report, which is a part of BBA program. Here is my report in front of you as you assigned me to prepare the report that the topic on "An Appraisal of Uttara Finance and Investment Ltd.". My spot explanations are in the dissertation report. In this study report, I attempt to analyze the overall performance of the company. I try my best level to prepare this report as much as authentic and decipherable.

Above all these, I appreciate of having this type assignment. If you need any types assist in interpreting the report or in implementing the recommendations, please contact me.

Sincerely,

Masuma Akter Nipa
ID# 2001-2-10-009

Acknowledgment

First of all I would like to thanks to my Teacher Dr. Tanbir Ahmed Chowdury for helping me to prepare the report.

I also want to thanks to Uttara Finance and Investment Ltd. for its collaboration and allow me to do my internship in here.

I would like to thanks to my Teacher Mr. Nahid Hasan Khan & my father Mr. Mahtab Uddin Miaf who refer me to do my internship in here.

Specially, I want to give my heartiest thanks to the honorable Managing Director, S. M. Samsul Arefin, who give me such great opportunity to do my internship in here and do the report on his company.

I am very much oblige to Md. Jakir Hossain, ACA, Sr. Asst. Vice President & Company Secretary, for his limitless cooperation and supervision.

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Above all this I am truly indebted to each and every person of Uttara Finance and Investment Ltd. for supporting me, helping me in a proactive manner to do well in my internship.

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Last but not in the list, I am very much gratified to my Almighty Allah, who gives me the strength, astuteness and stamina to full such cumbersome report as much as valid and comprehensible.

Executive Summary

“Uttara Finance And Investment Ltd.” Company is a non-banking financial institution. It is a joint venture leasing and financing company. In UFIL commitment to quality has been the first priority. Its major concern is to support the different sectors of business in Bangladesh for boosting up the economy. UFIL believes that the hopeful economic of Bangladesh can only be possible through the increasing of different types of business in different sectors. Therefore, UFIL extends lease finance for all types of machinery, equipment and households including vehicles for the purpose of industrial, commercial and personal use in Bangladesh and also allows temporary finance to its clients within the practice of the law.

Apart from lease financing, UFIL also provides other different types of, but important, services and these are: term financing, documentary credit, and merchant banking. Through these services UFIL endow with some cooperative and confident developing services to its customer.

UFIL has also some other supportive activities. For instance, UFIL provides finance in agriculture sectors for shore up the economy of Bangladesh. It also financing in hospital sectors for improving the health sectors of the country. Spaced out from that UFIL, in addition, try to up beat the living standards of the people. Thus it offers easy and supportive personalize leasing and financing services to the people. That is why; it gives lease for household products.

UFIL has some internal problems. It has some environmental problems, technological problems, human resource problems and so on. Besides the most important problem is its customer that is external problem, which is really very difficult to control. It always needs to monitor. But the monitoring system of UFIL is not so effective and efficient. Though it has some organizational problems, the future progress of the company is very much noticeable.

From the analysis of financial statements we can see that the present financial position of UFIL is well but not so optimistic. It is a risk associated leveraged organization; its debt-equity ratio is 4; which means that UFIL has tk.1 to meet the obligation of tk.4. Thus, it is a very risky company as well. From the analysis, we see that the company has not sufficient liquidity to meet its current obligations. The profitability situation of UFIL is in superior shape and optimistic as well. UFIL's current market value also increases as well that is a very good indication of growth of UFIL.

Comparing the UFIL's operation with IDLC and United Leasing we observe that UFIL is in a very good position in the leasing market. Its market value (P/E ratio 8.17) is higher than the United Leasing (P/E ratio 5.38). But IDLC has 10.72 that UFIL is not so far from that. Compare with these two companies we see that IDLC has highest debt-equity ratio (7.7), but UFIL's has only 4 times that is the lowest among these three companies. Therefore, UFIL is a risky company, but not as much as its rivals. So, we can say that UFIL is above-average leveraged firm.

After evaluating the performance of UFIL with IDLC and United Leasing, we discover that UFIL's financial situation is fighting fit. From the comparative common-size income statements of the year 2003, UFIL earns net income 14.45% of operational revenue; whereas IDLC (6.67% of operational revenue) and United Leasing (7.74% of operational revenue) are lower than that. So, the present market condition of UFIL is bright and optimistic. UFIL, now, is moving towards the growing pose that is really very much positive and helpful indication for the company and for the leasing market as well.

UFIL make an effort to develop the economy of Bangladesh through lease finance. So, increased investment in different sectors is expected to progress the economy of Bangladesh. Therefore, UFIL provides different types of lease services. To support the large investment seeking business, UFIL offer the facilities through syndication with other leasing companies.

In present time, Uttara Finance and Investment Ltd. Company is a one of the largest leasing company in Bangladesh. Now a day UFIL is one of the tops leasing and profitable company of the country among the others.

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CHAPTER~1

❖ EXTENSIVE INTRODUCTION

- 1.1 *Background of the Study*
 - 1.2 *Objective of the Study*
 - 1.3 *Methodology*
 - 1.4 *Limitations of The Study*
-



1.1: Background of The Study: —

As all of we know that the economic of Bangladesh is not so cheerful. There are so many ways to upbeat the nationwide economic of Bangladesh. One of the ways is to enlarge the different, integral, and unique business program and shore up the industrializing growth of Bangladesh. The most important work is to support the Government with the development program in different issues. For boosting the national economic of Bangladesh we need extensive amount of fund or investment for different businesses.

The primary concern of this dissertation is to appraise the overall performance of a company. The report is prepared on Uttara Finance and Investment Ltd. (UFIL), where I do my internship. Uttara Finance and Investment Ltd. Company is a non-banking financial public ltd. institution. UFIL is mainly a leasing and financing company. Therefore, the key point of this report is the overview of a leasing and financing company. For supporting the analysis, I need to know the basic things of leasing and the major impact of leasing company in Bangladesh.

In Bangladesh there are significant numbers of non-banking financial institutions including leasing companies. These types of initiatives have a very imperative impact on overall national economy of a country. Leasing companies plays a major role to develop the domestic business sector in every aspects of economy of Bangladesh.

Leasing is an alternative and effective source of financing. It is a very important procedure of financing. Leasing generally was associated with real estate, prior to the 1950s. However, today virtually any kind of fixed asset and more than 25 percent of all new capital equipment acquired by businesses is leased. For acquiring a new assets some forms are preferred to lease the asset rather purchase, because lease has a number of advantages.



The contribution of lease financing to the national economy is pretty exciting. The economy of Bangladesh has grown over the past two decades, despite political setbacks and natural calamities. The country has achieved a steady increase in agriculture and industrial production, single-digit inflation; comparatively stable currency, steady growth in trade and moderate acceleration in foreign direct investment. Bangladesh is now recognized as a country that offers a liberal business environment and investment opportunity in South Asia.

Industrial Development Leasing Company of Bangladesh (IDLC) promotes such types of financing actions in Bangladesh. It established in May 1985, and it is the initiative of Industrial Promotion and Development Company of Bangladesh Limited (IPDC) and International Finance Corporation (IFC), an affiliate of the World Bank.

Bangladesh, traditionally an agrarian economy is gradually shifting toward industrialization. Leasing sector has a vital role to play in the emergent stage of the country. The government of Bangladesh has amended the trade and industrial policy and is now offering a very liberal and opportune business climate both for foreign and domestic investment.

Lease financing institutions have been developed in Bangladesh since 1985, but its operational areas are very much narrow. But, under the continuing economic reforms, Bangladesh can easily attract an annual Foreign Direct Investment (FDI) level, concentrating in power, gas, telecommunication, and other manufacturing sectors. This reflects the huge potential for the leasing sector for the extending financial assistance in the capital-intensive industries in the near future.

1.2: Objectives of the Study:---

The objectives of the report are:

- ❖ To depict the Overview of UFIL
- ❖ To assess the principal activities of UFIL



- To analyze the present financial position of Uttara Finance and Investment Ltd. (UFIL).
- To contrast the operation of some other leasing companies with UFIL.
- To ascertain the major problems of UFIL
- To provide suggestions for pull through such problems.

1.3: Methodology:—

To prepare the paper report I look for some procedures to shore up the performance analysis of UFIL. The report is mostly organized on the basis of collection of data. There are two types of relevant data and information in the report:

- Primary Data,
- Secondary Data.

Primary Data: For accumulating the primary data, I need to confer with the management and employees of UFIL. I have to take interview of them to collect the historical data of UFIL, its major activities and other related activities, and some other but most important data to make the report as much as convincing and justifiable.

Secondary Data: Secondary data are cool, calm and collected from the annual reports of UFIL, prospectus, memorandum, and other publications of the company. In this study I try to evaluate the performance of UFIL with two other leasing companies, viz. IDLC, and United Leasing. I have compared the performance of UFIL with these two companies for the year 2003. Therefore, I need to collect all the relevant data of these companies from their annual report (2003) as well.

CHAPTER~2

❖ *An Overview of VFIL*

- 2.1 *Historical Background of VFIL*
 - 2.2 *The Mission and Objective of VFIL*
 - 2.3 *Organizational Structure of VFIL*
 - 2.4 *Functional Department of VFIL*
 - 2.5 *Human Resource Development Program*
-



2.1: Historical Background of UFIL:—

Uttara Finance and Investments Limited, a joint venture leasing and financing company, was 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. The Company was authorized to commence business in Bangladesh as per Certificate of commencement dated 08 August 1995. The company had an authorized capital of 2.5 million shares with the value of Tk. 100 each and had a paid up capital of 1.2 million ordinary shares each at the rate of Tk. 100. That made the total of authorized capital of Tk. 250 million and paid up capital of Tk. 120 million. The company received license from Bangladesh Bank on 07 September 1995. The company started commercial operation on 01 November 1995. The company got listed under the Chittagong Stock Exchange Ltd. on 31 August 1997 and to Dhaka Stock Exchange Ltd. on 07 September 1997. The company was registered under the Security and Exchange Commission as a Merchant Bank on 25 March 1998.

UFIL the non-banking financial institution playing a very important job in the economical development of the country through providing financial aid to the various emerging business sectors. UFIL is the third main largest leasing company of the country. The company offers lease in different sectors like all types of machineries, equipment, household products, vehicle for industrial purpose, for commercial purpose, and for individual purpose. UFIL believe that a country's development depends on its business and trade; therefore, they opt to take such significant opportunity to be a one of the part of the economical development of Bangladesh. UFIL is undeniably an integrated business solution company with two counts: Firstly, they provide fund to those fixed earning group of people who cannot able to afford certain deluxe household product for better life style. Secondly, the Directors of UFIL are enthusiastic to guarantee that the company runs lenient only on professional basis.



The company is liberated of providing lease finance to any types of machineries, equipments, and commercial vehicles as, per lessee's choice. Therefore, there are plenty of vehicles have been seen especially on the urban road that are leased by UFIL. This is a momentous notice of UFIL's contribution for developing the urban transportation business in Bangladesh. Recently, World Bank give top importance on the development of urban transportation system of Bangladesh, therefore, they take an initiatives to improve the urban transport system.

Uttara Finance and Investments Limited have upheld its pledge towards the development of financial service sector by offering high quality services to the local entrepreneurs. Uttara Finance and Investments Limited has always stayed focused 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, Uttara Finance and Investments Limited is well on track to be considered as one of the leading leasing company of the country.

An emerging remarkable market is steadily developing in Bangladesh in spite of a turbulent political climate. Private and Public sectors corporations finance new investments through financial support from leasing companies.

2.2: The Mission & Objective of UFIL:—

2.2.1: Mission of UFIL:

- ④ To be an outstanding company of motivational people with excellent team-work-spirit.
- ④ To provide quality service and ensure steady growth of the company.
- ④ To bring about a qualitative improvement in the life style of our people.
- ④ To provide lease finance to professionals and technicians on attractive terms.



- ② To encourage continuous technological development and creation of employment opportunities.
- ② To ensure human resources development to meet the challenges of the time.

2.2.2: Objective of UFIL:

- ◆ To be in the top list among the existing leasing companies by providing lease financing and related services.
- ◆ To provide lease financing to independently supervised and managed public enterprise.
- ◆ To be an ideal choice to the customers for imminent and personalizing services.

- ◆ To be the first choice for cutting frame technology, personalized solutions for business needs.
- ◆ To assist in balancing, modernizing, replacing and developing of existing enterprise.

- ◆ To expand financial support to small and medium ranges of enterprise.
- ◆ To earn a steady rate of return for shareholders of the company.
- ◆ To provide finance for various agriculture equipment.
- ◆ To support the health sector of the country by financing the hospitals to acquire the highly advanced and modernized medical equipment.
- ◆ To actively support the industrialization of the country regular with the development program of the Government.
- ◆ To assist in modernization of transportation sector.



2.3: Organizational Structure of UFIL:—

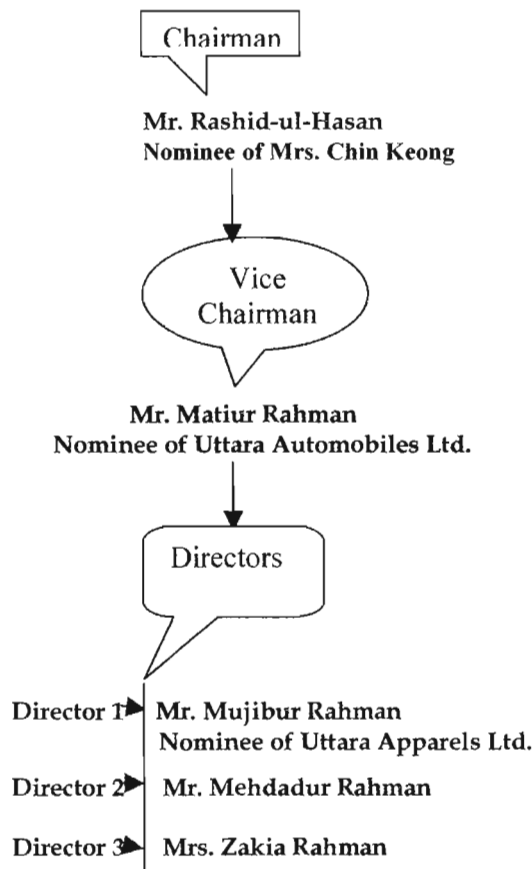
2.3.1 Board of Directors:

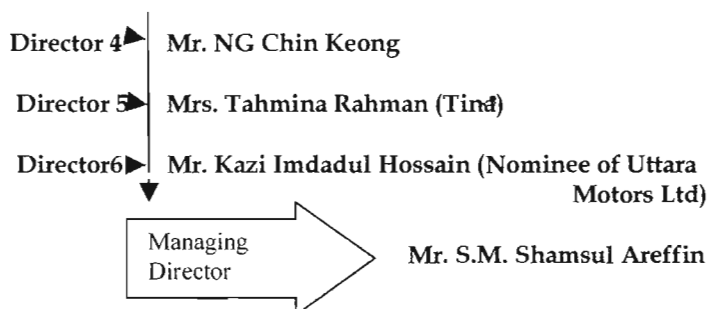
Board of Directors is the main organizational part of UFIL. There are eight individual persons in the Board of Directors of UFIL and Chairman is the leading person of Board of Directors. The Board of Directors of the Company consists of persons with long experience in running different business pursuits including leasing and financing activities. The Directors have successfully proved their ability in providing services to the people in the areas of leasing and financing facilities. UFIL emerged as a success story for leasing and financing Company in Bangladesh in the recent past.

The Corporate Profile of UFIL is as following order:

Figure: 2-1

Board of Directors





The qualification of a Director of the Company shall be the holding in his own name-unencumbered shares in the company of the nominal value of not less than Tk. 1,000,000/- (Taka Ten Lacs). A director may, however, act before acquiring the qualification shares, but shall in any case acquire the qualification shares, within two months from the date of his/her election and/or appointment. *

So the election procedure of all the Directors of UFIL is dependent on his/her share. Most of the Directors are nominee of several companies. They act as Alternative Director under the Subject to Section 101 of the Company Act.

The Directors to retire by rotation every year shall be those who have been longest in office since their last election, but as between persons who become directors on the same day those who are to retire shall, unless they otherwise agree among themselves. A director retiring by rotation shall be eligible for re-nomination/ re-election by the respective group of shareholders. *

* Source: Memorandum and Articles Association.



Share Holding Structure of UFIL: –

Share Capital:

<u>Authorized Capital</u>	
2,500,000 ordinary shares of Tk. 100.00 each	Tk. 250,000,000.00
<u>Issued, Subscribed and paid up</u>	
1,200,000 ordinary shares of Tk. 100.00 each fully paid-up in cash	Tk. 120,000,000.00

Source: Annual Report, 2003(UFIL)

The following table shows the share holding structure of UFIL. And it also shows in graphical description.

Table: 2-1: - Share Holding Structure

Category of Shareholders	%	Tk.
Bangladeshi Sponsors	25.00%	Tk. 30,000,000.00
Foreign Sponsors	20.83%	Tk. 25,000,000.00
Investment Corporation of Bangladesh	18.88%	Tk.22,650,500.00
Employees	00.06%	Tk. 70,000.00
Other Members of Public	35.23%	Tk. 46,836,800.00
	<u>100.00</u>	<u>Tk. 120,000,000.00</u>

Source: Annual Report, 2003(UFIL)

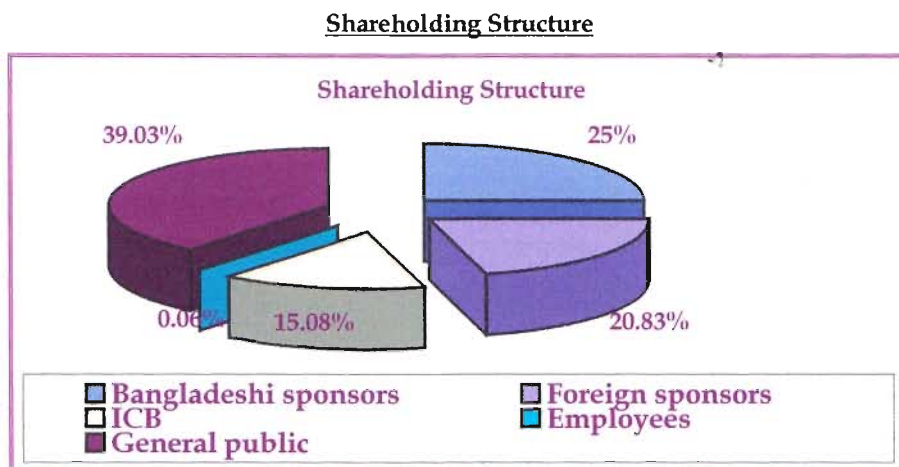
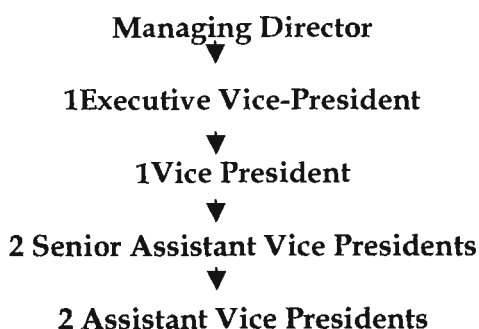


Figure: 2-2

2.3.2: Management of UFIL:—

At the present time, UFIL is one of the largest leasing and investing company in Bangladesh. The major part of this success is gone to its management. UFIL has very much well educated, qualified, experienced and efficient management, who are very much devoted to their work. It has a very effective work force team that contributing significantly in the regular improvement of the company. The management cannot able to run the company so effortlessly and successfully without helping of the assistant force. The management positions of UFIL are as go behind:

Management Position of UFIL





The top of the management position in organizational structure of UFIL is Managing Director. The Board of Directors appoints the MD of the company. The MD and CEO shall be the ex-office member of the Board of Directors.

Board of Directors selects the management level executives. They recruit the person who is well experienced, knowledgeable, efficient, and last but not in the list is to have enough capability to make immediate decisions. In UFIL, all the executives are professional, smart, highly qualified, and well skilled. All of them are proficient to take a suitable and steadfast decision in any type of situation. The company recruits the executives, who have the experienced to work in financial or leasing institution.

2.3.3: The Workforce of UFIL:—

The other employee of UFIL is very high qualified, well skilled as well. The management recruits those officers who have an experience to work in such types of positions. They are very much cooperative, highly determinant, and well trained. Therefore, UFIL, now days, is one of the largest leasing company. UFIL has Senior Principal Officer, Principal Officer, Senior Officer, Officer, and Assistant Officer. All of them are smart, expert, experienced, proficient of hard working, and knowledgeable.



The Management Hierarchy of UFIL



Figure: 2-3



2.4: Functional Department of UFIL:—

There are four functional areas of Uttara Finance and Investment Ltd., and these are: (1) Operation Department, (2) Monitoring Department, (3) Accounts and Finance Department, (4) Share and Merchant Banking Department.

2.4.1: Operation Department of UFIL:-

Operation Department of UFIL is accountable for all the business matters of the company. All the public relation affairs are done in this department. Therefore, operation of department of UFIL is a very important to the company. The satisfaction level of client is highly depends on the service of this department. The major function of this department is to prepare all the related documents on the basis of relevant data. The other responsibilities of the operation department are:

- To receive and filed loan application.
- To collect all the relevant information.
- Examine the loan applicants' credibility.
- Preparing the credibility report and processing the collected information.
- Preparing the sanction letter for the approval of lease or finance.
- Preparing the personal file for the approval of lease or finance.
- Preparing the agreement papers.
- Issuing the disbursement note.
- Collecting the security details and hard copy of the security paper from the client.
- Collecting the monthly rental cheques from the lessee.
- Processing all the documents that need to close the client's file.



2.9.2: The Monitoring Department of UFIL :-

Monitoring department is mainly responsible for the recovery of the monthly rentals from the lessee. Such department is very significant to the UFIL. The major functions of this department are:

- Strictly monitor the rental position of the lessee.
- Make contact with the lessee over phone for the dishonored of rental cheques.
- If the lessee does not respond, then they are accountable for issuing an urgent letter against the name of lessee.
- If the lessee does not take action even after issuing the letter, the department files a case in the penal court aligned with the name of the lessee.
- Speak to lawyer for conducting the proceedings.
- Collects law, letter postage, etc. expenditure from the concerned lessee.
- Suggests reschedule process for minimizing the outstanding loans of concerned lessee.
- Ensures that the asset belongs to the company by sticking sticker of the name of company on the asset, in case of lease.

2.9.3: Accounts and Finance department of UFIL:-

In UFIL, transactions are made every day, and these transactions are to be recorded appropriately and systematically to pass up any kind of catastrophe. Any digression in proper recording may hamper customer relationship with the company as well as result in falsifying records in the company documents. The need to daily transect with different banks. The banks that the company has business transactions are:

Table 2-2 : - The Transected Bank

Sonali Bank	Jamuna Bank Ltd.
Bangladesh Silpa Rin Sangestha	Citibank, N.A.



The City Bank Ltd.	Bank Asia Ltd.
Dhaka Bank Ltd.	Bangladesh Commerce Bank Ltd.
Uttara Bank Ltd.	Southeast Bank Ltd.
Mutual Trust Bank Ltd.	Eastern Bank Ltd.
Social Investment Bank Ltd.	Islami Bank Bangladesh Ltd.
National Credit and Commerce Bank Ltd.	Premier Bank Ltd.
One Bank Ltd.	First Security Bank Ltd.
Prime Bank Ltd.	Standard Bank Ltd.
Shajalal Bank Ltd.	Dutch Bangla Bank Ltd.

□ **The daily tasks of Accounts Department are:**

- Recording the daily transaction of voucher.
- Recording the daily transaction in general and subsidiary voucher.
- Collecting the daily balance position from the transacted banks.
- Preparing the daily deposit statement of money received in cash or cheques.
- Making payments of all types of expenses of the company.
- Issuing the cheques.
- Maintaining the petty cash.
- Checking the voucher that whether the voucher correctly passed or not, if not, then calling the respective official to rectify the voucher.
- Recording the voucher in the Voucher Register.
- Packing the correct voucher according to the debt voucher and credit voucher.
- Relocating to the computer under the apply head from the ledger.



□ **The periodical tasks of Accounts Department are as follows:**

- Preparing the monthly salary statement.
- Publishing the basic data of the company.
- Preparing the monthly rental lists.
- Collecting the dishonored cheques from the concerned bank.
- Preserving the rental cheques from the lessee.
- Placing the rental cheques in lot on 5th, 15th, and 15th of every month.
- Preparing the dishonored statement.
- Collecting the bank statement from the concerned bank.
- Bringing out the group position for the group of companies who has taken loan from UFIL.
- To Calculate and check the relevant document to match the rental list before issuing a closer memo.
- To calculate the reschedule amount for the client those are applied for rescheduling the accounts.
- To pay the income taxes.
- Preparing the Balance Sheet, Income Statement, Cash Flow Statement, and Annual Report.
- To arrange the fund for the company through call money and credit line agreement with different banks.
- To keep the activities in follow so that nothing deviates from the rules and regulations of the Bangladesh Bank.
- Sending the monthly expenditure of Chittagong Branch as monthly basis.



2.4: Share and Merchant Banking Department of UFIL:-

The main tasks of the share and merchant banking department are:

- Verifying the shares that have been issued.
- To transfer the shares and ensures the correct name and address of the shareholders.
- Making the payment of the dividend.
- Communicating with the Security Exchange Commission and Stock Exchange, both in Dhaka and Chittagong.
- Maintaining the share certificate and distribute it in a proper way.
- Opening and maintaining investors account for Merchant Banking Operation.
- Distributing the share and dividend among the investors.
- Managing the investors in an organized way.

2.5: Human Resource Development Program:-

There is internal training in the company for developing the skill level of the employee. But, the program needs to be further developed. Furthermore, there is special pact in the training for the management trainees. Executive training is very helpful because senior executives are cooperative. As well there is not any official executive training arrangement into the office itself. UFIL should make arrangement for their executives to attend both local and intercontinental training offered by any reputed training institute for progressing the quality of human resource. UFIL should improved its HRM planning for selecting, recruiting the right person for the right job. If UFIL establish a special plan for interns, it will definitely helpful for the internee and for the company as well.



Corporate Profile

Board of Directors

CHAIRMAN

Mr. Rashid-ul-Hasan

Nominee of Mrs. Chin Keong

VICE CHAIRMAN

Mr. Matiur Rahman

Nominee of Uttara Automobiles Ltd.

DIRECTORS:

Mr. Mujibur Rahman

Nominee of Uttara Apparels Limited.

Mr. Mehdadur Rahman

Mrs. Zakia Rahman

Mr. NG Chin Keong

Mrs. Tahmina Rahman (Tina)

Mr. Kazi Imdad Hossain

Nominee of Uttara Motors Limited.

MANAGING DIRECTOR

Mr. S.M. Arefin

COMPANY SECRETARY

Md. Jakir Hossain, ACA

LEGAL ADVISER

Mr. Md. Waliur Reza Chowdhury

AUDITOR

**Hoda Vasi Chowdhury & Co.
Chartered Accountants**

REGISTERED OFFICE

**Jiban Bima Corporation Tower (6th floor)
10 Dilkhusha Commercial Areas
Dhaka-1000, Bangladesh.**



The Management Profile

S.M. Shamsul Arefin

B.Com. (Hons), M.Com. (DU)
MBA (USA), Fellow, British Institute of Management (UK)
Managing Director

A.J. Masudul Haque Ahmed

Executive Director
Ex-Managing Director:
House Building Finance Corporation
Bangladesh Krishi Bank,
Karmasangsthan Bank.

Shamsul Tawhid, MBA

Executive Vice President

Muhammad Abdul Hamid

M.Com. FCMA, ACEA, (UK)
Vice President
Head of Chittagong Branch.

Anil Chandra Das

Sr. Asst. Vice President
Head of Operation and Monitoring

Md. Jakir Hossain

M.Com (Acct.), ACA
Sr. Asst. Vice President
Head of Accounts & Finance Department
Company Secretary

Md. Sirajul Islam

Asst. Vice President
Head of Recovery and Legal Affairs

Uttam Kumar Saha

Asst. Vice President
Head of Treasury

-
- 3.1 Product & n Services Of VFIL
 - 3.2 Financial Support of VFIL
 - 3.3 Major Supportive Activities of VFIL

❖ *Principal Activities of VFIL*

CHAPTER-3



3.1: Product & Services of UFIL:—

Uttara Finance and Investment Ltd., generally, is a leasing company. That is why; it's highlighting more on lease finance. All the same, it provides other financing services along with lease finance. In the mean time, they offer the subsequent services too:

- ⊕ Lease Finance;
- ⊕ Term Financing.
- ⊕ Documentary Credit;
- ⊕ Merchant Banking.

3.1.1: Lease Finance:-

Uttara Finance and Investment Limited are providing lease finance in the various sectors of businesses. In the process, they provide finance to their customers for a certain period of time to procure the equipments they needed. The customer is eligible to pay a predetermined rental every month for the agreed period. The rental is settled based on the existing rate that Uttara Finance and Investments Limited offers, and the rate may vary based on the period.

- Uttara Finance and Investments Limited are engaged in providing lease finance for various types of assets.
- Lease business covers in major area of operation with the objective to provide the benefits of assets based facilities.
- With the objective to improve the life standards of the people of our country Uttara Finance and Investments Limited has the policy of providing lease finance for household durables with straightforward and clear terms and condition.

Uttara Finance and Investments Limited covers the following sectors concerning the lease finance:



- ☞ Transportation
- ☞ Household Durables;
- ☞ Medical Equipments;
- ☞ Marine Equipments;
- ☞ Industrial Equipments;
- ☞ Agricultural Equipments;
- ☞ Official flourishes/ Equipments.

➤ The Procedure of Lease Financing:

1. Leased Asset:

The client is to decide the leased asset, manufacturer or supplier of that asset, and last but most important is price of the asset. The leased asset price has to be competitive and adequate to UFIL.

2. Lease Application:

After deciding the conditions and terms of lease financing, the client then, need to apply, in the approved application form, formally along with service charge payable to UFIL.

3. Issue of Sanction Letter:

Lease proposal have to get approval from the Management Committee. Hence, the application letter will be disseminated to meet the higher authority opinion poll. A note, which is summarizing the pertinent information, is prepared to approve at the MC meeting or EC meeting.

If the committee approves the lease proposal, the client needs the sanction letter. The client ought to sign the agreement within 10 days from the date of sanctioning the letter.

4. Documents and Agreement:

Before issuing purchases order/opening of L/C, the client is required to give a list of documents, papers, and cheques to UFIL. A list of information and documents should be submitted with the lease application.



Documents for both individual and corporation are as follows:

For Individual

1. Lease agreement
2. DP notes
3. Schedule of Payments
4. P.G.
5. Land Security/ Personal Guaranty
6. Cheques

Corporation

1. Corporate Guaranty
 2. Board approval
 3. P.G. of Board
 4. Articles and Associations
 5. Form-12
- Other documents are same.

An agreement will be signed between UFIL and lessee after sanctioning the lease amount. Lease deposit, lease rentals, Interest During Construction Period (IDCP), Delinquent Charges etc will be clearly stated in the lease agreement. The lease agreement is prepared in the basis of the acquisition cost of the leased asset, and UFIL will be obliged to purchase the lease asset for that specified leased asset that cannot be cancelled.

The agreement also reserves the condition on the subject of the renewal of this lease agreement or closing the lease agreement, or returning the lease assets to the lessor. The lessee have to make deposit, which is equivalent to two months rental, to UFIL as lease deposit at the time of signing the agreement and that will be refunded to lessee at the expiry time of lease term.

5. Purchases Order and Disbursement:

UFIL must place a purchase order to the supplier, after completing the lease agreement procedure, and pay out the full costs according to the agreement. If supplier pay tax then UFIL does not reduce the tax, if not, UFIL collect tax from the supplier. When supplier agrees to sell the asset, UFIL made the full disbursement to the supplier.

6. Deliveries and Installation:

After receiving the full amount from UFIL, the supplier delivers the asset to the lessee, and afterward lessee installs the asset.



7. Rental:

Once lessee receives the asset, then he/she requires to paying the lease rental to UFIL. Lease rental is planned on the basis of acquisition cost of the leased asset, and he/she will be supposed to pay the rental in every month as advance. The ranges of lease rental are from 1 to 5 years. Rental calculation has some factor rate, which is depend on period. The factor rate of UFIL is as follows:

LeaseTerm (month)	12	18	24	36	48	60
Factor Rate	9.09%	6.35%	4.98%	3.60%	2.97%	2.43%

➤ Computation of Monthly Rental:

At first lessee select the payment term at his/her convenience. Afterward, UFIL make out the factor rate; next, multiply the factor rate with the acquisition cost that is lease rental of the lessee.

$$\text{Lease Rental} = \text{Acquisition Cost} \times \text{Factor Rate.}$$

The lessee must pay the rental within a specific date in a month that is fixed by UFIL: 5th, 15th, 25th date of a month.

8. Transfer of Asset:

When lessee completes all the commitment to the company, at that time UFIL transfers the leased asset to the lessee. To do this, UFIL charges 1% of acquisition cost as transfer cost.

3.1.2: Documentary Credit:-

The client is provided a finance amount against his/her existing documents in the documentary credit procedure. The document can be Term Deposit Receipt (TDR) / Promissory Notes. The client receives 9.50% for one year, 9.75% for two years and 10% for three years on the basis of the value of the document;



the rest is the business of Uttara Finance and Investment Ltd. upon accrual of the document. For investment on TDR/ Promissory Notes is minimum (one) Lac.

3.1.3:Term Finance:-

Uttara Finance and Investment Ltd. also provide temporary finance or term finance to its clientele. There are two types of term finance: (1) Short-term Finance and, (2) Long-term Finance. The repayment process of short-term finance may be quarterly or at a time basis and, long-term finance may possibly be monthly rentals as like as lease finance. The rate of repayment is determined by following the present of value of future amount method. Asset related finances are provided for a fixed term. Other practices are same as lease finance.

3.1.4:Merchant Banking:-

In March 1998, Uttara Finance and Investment Ltd. has get license of merchant banking. There are two types of investment account in merchant banking unit in UFIL: (1) Uttara finance and Investment Ltd' s Discretionary, and (2) Investor's Choice. In first account, shares will be purchased on behalf of the investors at the sole discretion of UFIL and will also be deposited. At the time of disposal if the shares are lost, UFIL will not be responsible for that concern. In The other account, the shares will be purchased on behalf of investors as per instruction of the investor (s), and will also be disposed of accordingly at his/her own risk and responsibility.

Any two Bangladeshi national and Non Residence Bangladeshi (NRB), having minimum age of 18 years and resonance mind may opening an investment account with minimum deposit of Tk. 50,000. The investor can get loan facility against their investment account. They may receive maximum Tk. 1.00 million with interest rate @13% interest loan facility. An investor should also pay some fees and commission, for instance, Documentation fees, Brokerage



Commission, Portfolio Management Fees, Safe Custody of Shares, and Service Charge for Statement.

Merchant banking unit of UFIL renders the following services:

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

Underwriting:

The firm acts as intermediaries between the company issuing shares and the person willing to invest and in the process earn some commission from both the parties.

Portfolio Management:

The company provides its services to its customers by preparing and managing a portfolio for their investment, minimizing their risks to the lowest level.

Bridge Financing:

Bridge financing is a short-term finance in anticipation of immediate long term financing such as loan against public issue, private placement, loan syndication, etc. The program of bridge financing involves Uttara Finance and Investments Limited to provide credit to a potential company, which is interested in floated shares. In this case Uttara Finance and Investments Limited will provide loan in a condition where the company would subscribe its shares through Uttara Finance and Investments Limited and in turn they will recover the loans from the company.



Facilities through Syndication/Consortia:

Facilities through syndication involve sanction of term loans where the loans are divided among more than one financial institution. The process of syndication starts with a financial institution facing a credit demand, which is in excess of its legal credit limit. In that case the financial institution may form a syndicate by joining in with other financial institution or who are authorized of providing finances to give away the loans. Large financial institutions striving for the reserve funds may sell some portion of term and other loans. This also falls under the syndication service. Sometimes the financial institutions prefer to form syndicate to give away the loans, because it improves their credit diversification.

Investment in Capital Market through Investors' Account:

The concept of investment in capital market through investor's account involves collection of funds from the individual investor and then invested in stocks of different companies. The whole process goes through construction and management of a portfolio.

3.2: Financial Support of UFIL:—

From the time when UFIL is not entitled to accept the public deposit, it tries to make sure the accessibility of fund from outside sources to meet its operational activities. Their main objective is to minimize the cost of fund.

Sources of Fund:

The sources of fund of the company are divided into two categories:

- ✓ Short-term money market loan.
- ✓ Long-term Credit lines.



□ **Short-term Money Market Loan**

The short -term loan of Uttara Finance and Investment Ltd is the call loan from money market. The major advantage of call loan is that fund can be arranged in a very short period of time and the source is cheaper than other sources.

□ **Long-term Credit Line:**

Uttara Finance and Investment Ltd. has several long-term credit lines from local financial institutions. The company enjoys that type fund in 2003 from several institutions. The amount of credit line is Tk. 745.84 million at interest rate "between" 12% to 15%. The local sources are:

○ The City Bank Ltd.	○ Premier Bank Ltd.
○ Dhaka Bank Ltd.	○ Standard Bank Ltd.
○ Mutual Trust Bank Ltd.	○ Exim Bank Ltd.
○ Social Investment Bank Ltd.	○ Shajalal Bank Ltd. Bank Ltd.
○ National Credit and Commerce Bank Ltd.	○ Prime Bank Ltd.
○ Bangladesh Commerce Bank Ltd.	○ Jamuna Bank Ltd.
○ Islami Bank Bangladesh Ltd.	

□ **Monthly Rental Receive from Lease and Term Finance:**

The company receives monthly rentals in every 5th, 15th, 25th date of months. This is another source of fund from which the company collects a vast amount of finance. In 2003, the total rental income is Tk. 37.22 million.



• Sector wise Investment of UFIL: -

The management has been very careful regarding their exposure to various sectors of investment. The higher exposure to transport sector has been brought down considerably during the year under review and investment has increased in the important substitution industries, small and medium enterprises, and export-oriented industries and in the real estate sector. Uttara Finance and Investment Ltd. has therefore effectively diversified to a number of sectors essential for national growth. Sector wise investment portfolio of UFIL can illustrate in a graph:

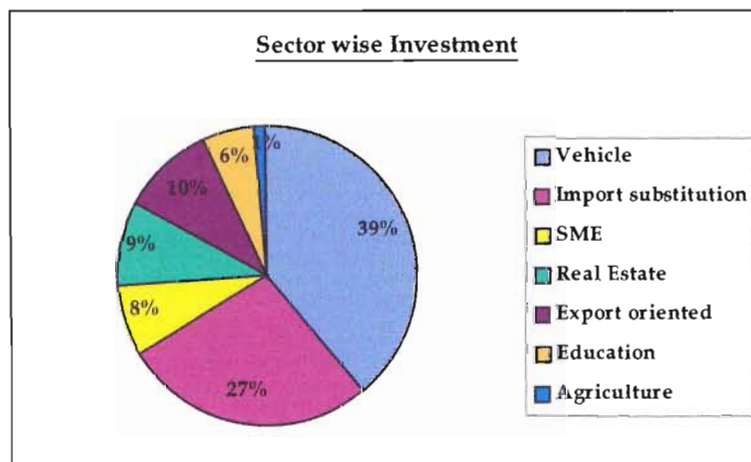


Figure 3-1

An extensive amount of investment is invested in vehicle sector, which is 39% of total investment portfolio, then import substitution (27%). But in agriculture sector UFIL invests only 1% of total investment in the year 2003. In export-oriented sector they invest 10% of total investment. This is the percentage of diversification of investment portfolio in different sectors in the year 2003.



3.3: Major Supportive Activities of Uttara Finance and Investment Ltd.—

The primary objective of Uttara Finance and Investments Limited is to earn profit. To achieve this goal, Uttara Finance and Investments Limited coherently utilize their product and services. But, even though, Uttara Finance and Investments Limited is a profit-oriented company, it also involves in some social major activities. These basic cooperative activities are:

□ Actions to Improve Urban Transport by Financing in Motor Vehicle:

In accordance with the government's policy of restoring the environment of Dhaka city by eradicating two stroke three wheeler and encouraging more and more environment friendly vehicles, Uttara Finance and Investments Limited is encouraging and supporting the issue by accepting and the application loan from the taxi cab companies. Many of the taxicab companies, now running in the city road, are the clients of Uttara Finance and Investments Limited.

Not only the taxicab companies many of the transport companies providing long route transport facilities to general public has lease agreement with Uttara Finance and Investments Limited. They are also showing their responsiveness to the society with a view in mind to make Dhaka a better place to live in. Uttara Finance and Investments Limited is one of the major investor in syndication of the Nandan Park project.



□ Financing in Agricultural Sector for Advancing the Economy of the country:

Bangladesh is an agro base country. Since, UFIL believes and knows that the development of our country is mostly depending on agriculture. Therefore, UFIL have a superiority policy of sanctioning lease finance in agricultural sectors for advancing it. They help the agricultural sector of Bangladesh by providing easy loan on agricultural tractors. Therefore, they also take part of conferring the service in rural area of the country.

□ Financing to Unemployed People for Refining the National Economy:

Uttara Finance and Investments Limited are also helping the educated, highly determined, and hard working people by financing them. UFIL encourages them, through financing, to involve in development of the industrial sector of the country. Therefore, the unemployment rate of the country will be diminishing and the economy of the country will be improved as well.

UFIL also finances the vast projects of industrial sector of the country; they do this in the course of syndication with other major leasing companies.

□ Financing in Hospital Zone for Humanizing the Health Sector of the country:

Uttara Finance and Investments Limited are also approving the loan applications of different hospitals. UFIL appreciates the loan for procuring the highly sophisticated and modernized medical equipments that can improve



the quality of services and actions of the hospitals. So, for this reason, it can help to make a momentous mark in health sector of Bangladesh as well.

These are the major common activities of Uttara Finance and Investment Ltd. that can make a great mark in the development of the economy of the country and as well as the social development.

CHAPTER~4

❖ An Assessment of Financial Performance of VFIL

- 4.1 Financial Highlights of VFIL*
 - 4.2 Analysis of Ratios of VFIL*
 - 4.3 Common-Size Statements*
-



4.1: Financial Highlights of Uttara Finance and Investment Ltd:—

The overall financial highlights of UFIL are as given below in table 5-1 for five years:

Table: 4-1: - Chronological Database

Taka in million

Particulars	Year	Year	Year	Year	Year
Financial Performances:	1999	2000	2001	2002	2003
Operational Revenue	211.47	255.05	400.75	532.43	695.68
Operational Expenses	179.53	188.81	328.05	445.95	592.93
Profit Before Provision and Tax	35.06	72.02	82.86	102.29	120.77
Net Profit after Tax	28.15	33.99	69.14	93.00	100.22
Fixed Asset	3.21	2.50	2.90	4.21	22.38
Leased Asset	446.98	597.71	793.44	1266.09	1424.35
Shareholder's Equity	138.20	172.18	217.32	280.32	350.55
Financial Ratios:					
Debt equity ratio (times)	0.95	1.60	1.26	2.48	4.00
Financial expense coverage ratio (times)	2.04	1.90	2.07	2.11	1.96
Net asset per value ratio (Taka)	115.16	143.49	181.10	233.60	292.12
Profitability Ratios:					
EPS of Tk. 100 each (Taka)	23.46	28.32	57.62	77.50	83.52
Dividend per Share (Taka)	15.00	20.00	25.00	25.00	25.00
Return on equity (%)	21.14	23.74	35.50	37.38	31.77

Source: Annual Report 2003.

- The operational revenue of Uttara Finance and Investment Ltd., from the year 1999 to the year 2003, has increased by the each year. The chronological database shows the significant increased of operational income that reflects the growth trend of UFIL in the market.
- As the income increases the operating expenses also increases.



- The net profit before tax and after tax is in very sound positions that specify a very strong funding position of UFIL by the last five years. ³
- Leased asset and Shareholder's Equity has increased considerably in Uttara Finance and Investment Ltd. because the revenue and profit amplify in 2003.
- As the overall financial scenario of UFIL shows that, in year 2003, the company makes optimistic financial report and appreciably grows in the market.

This is the highlight of financial performance of Uttara Finance and Investment Ltd. From these highlights, we can say that the present financial position and growth pose of UFIL is potentially glowing and superior. Therefore, the company may survive very fighting fit in the leasing market in future.

Financial Performances of UFIL

■ Fixed Asset:

Fixed assets of UFIL over the last five years are given in the table 4-2.

Table: 4-2: - Fixed Assets

Year	1999	2000	2001	2002	2003
Fixed Asset	3.21	2.50	2.90	4.21	22.38
Growth		-22.12%	16.00%	45.17%	431.59%

The table 4-2 gives an idea about the utilization of fixed asset by the past five years, which reflects the up-and-down trend but constructive activist of fixed assets. It is obvious that, from the year 2001 to 2003, every year the fixed assets of UFIL have increased. In 2003, it has increased by 431.59 percent. Fixed asset has decreased from the previous year only in 2000 by 22.12 percent. The table can also be portraying in a graph.

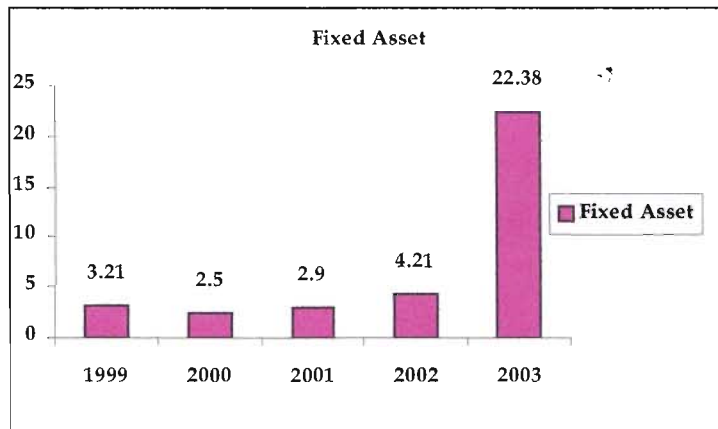


Figure: 4-1

Leased Asset:

Table 4-3 shows the leased assets of UFIL over the last five years.

Table: 4-3: - Leased Assets

Year	1999	2000	2001	2002	2003
Leased Asset	446.98	597.71	793.44	1266.09	1424.35
Growth		33.72%	32.75%	59.57%	12.50%

The leased assets of UFIL are showing an increasing trend in every year. Comparing with the year 1999 to the year 2003, the overall data proves the optimistic potentiality of UFIL in leased assets.

The leased assets of UFIL have been increased significantly over the last five years and especially in 2002 and 2003 the amount is really huge comparing with last three years. It reveals that the company has very shining future in this particular business. Table 4-3 is presented in a graph:

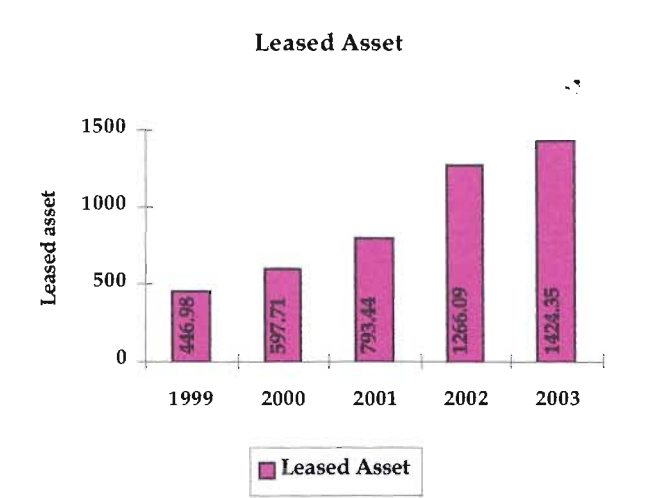


Figure: 4-2

Shareholder's Equity:

Shareholder's equity of UFIL is as follows:

Table: 4-4: - Shareholder's Equity

Year	1999	2000	2001	2002	2003
Shareholder's Equity	138.20	172.18	217.32	280.32	350.55
Growth		24.59%	26.22%	28.99%	25.05%

Shareholder's equity is also increased in the last five years, which is in actual fact very sound position of UFIL. Therefore, its internal funding capability has increased as well, and therefore, they also able to meet their current obligations. In year 2003, shareholder's equity has increased by 25.05 percent. But in year 2002, it has increased by 28.99 percent that is the higher than the other years. The overall shareholder's equity can be depicted in a graph:

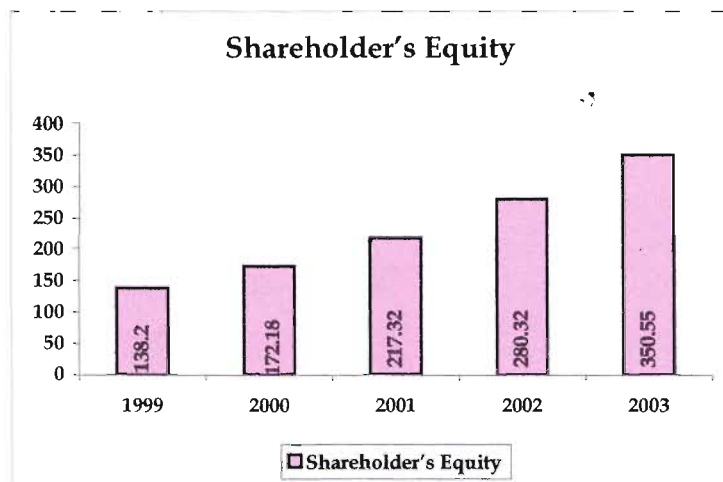


Figure: 5-3

■. Operational Revenue and Net Profit:

The following table and graph shows the chronological improvement of operational income and net profit of UFIL.

Table: 4-5: - Operational Revenue and Net Profit

Year	1999	2000	2001	2002	2003
Operational Revenue	211.47	255.05	400.75	532.43	695.68
Net Profit	28.15	33.99	69.14	93.00	100.22

From the table 4-5, we can easily say that the operational revenue and net income has substantially increased over the year and year. This increasing trend reflects a very potential and shimmering position of UFIL in leasing market. The following graph also illustrates the operational revenue and net profit of UFIL:

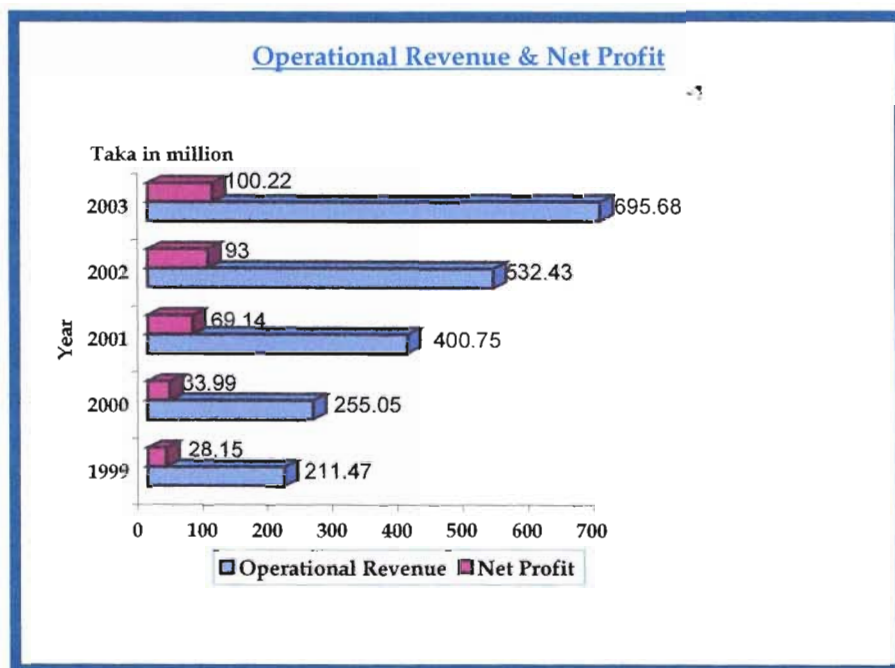


Figure: 4-4

Source: Annual report 2003.

Utilization of Income:

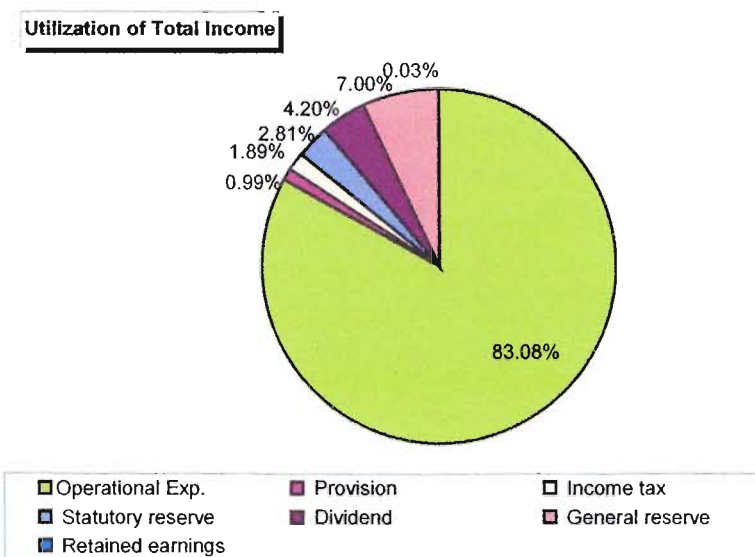
Uttara Finance and Investment Ltd. earn a substantial amount of operational income and non-operational income. It earns Tk. 713,699,484 million in year 2003. The proper utilization of these incomes and the percentages of proportionate earnings and deployment are in following table:

Table: 5-6: - Utilization of Income

	Taka	%
Operational revenue	695,675,718	97.47
Non operational income	18,023,766	2.53
	713,699,484	100
Operational expenses	592,926,056	83.08
Provision	7,048,948	0.99
Income Tax	13,500,000	1.89
Statutory reserves	20,044,896	2.81
Dividend	30,000,000	4.2
General reserves	50,000,000	7
Retained earnings	179,584	0.03
	713,699,484	100



This above table can also be described in a graph; therefore, we can measure the percentage of utilization of total income of UFIL.



Source: Table: 5-6

Figure: 4-5

Here, we see that 83.08 percent of total income is utilized in operational expense. 7 percent in general reserve, 4.2% in dividend. The rest of the revenue has utilized proportionately in others.

❖ **Operational Performance of Uttara Finance And Investment Ltd:**

The operational performance of UFIL over the last five years is illustrated in the table 4-7:

Table: 4-7: - Operational Performance

Taka in million

Business Performances	1999	2000	2001	2002	2003
Contract Processed	353.43	430.44	537.93	905.71	1220.34
Contract Executed	368.08	383.71	458.69	830.1	1122.85
Growth (Contract Processed)		21.79%	24.97%	68.37%	34.74%
Growth (Contract Executed)		4.25%	19.54%	80.97%	35.27%

Source: Annual Report of UFIL 2003.

Since the inception of Uttara Finance and Investment Ltd. had been a profitable organization and the velocity has been accelerated since becoming a public listed



company in 1997. The support if the clientele, dedicated leadership provided by the sponsors and sincere and motivated work of the Management team have all combined for the profitable result of the year 2003.

The business growth in 2003 was substantially higher over the figures of 2002. Total business contract and finances processed in 2003 amounted to Tk. 1,220.34 million as against Tk. 905.71 million in 2002.

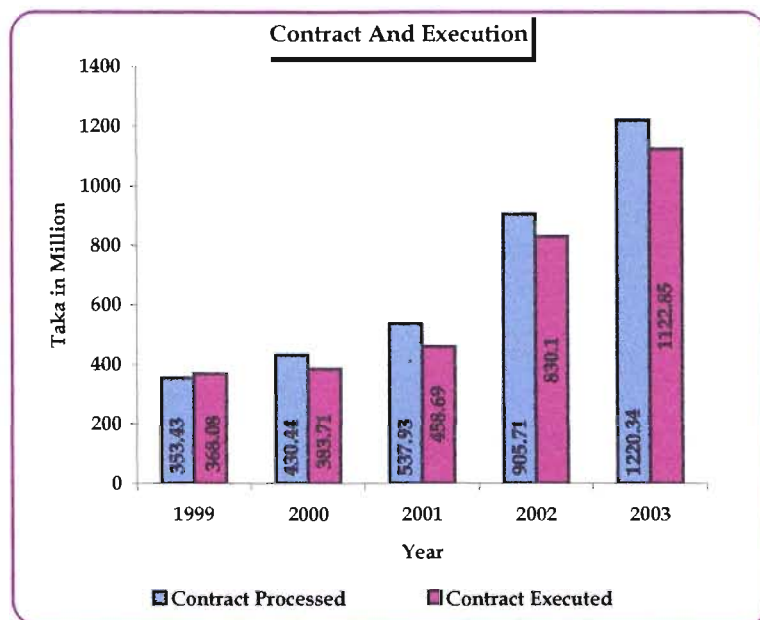


Figure: 4-6

4.2: Analysis of Ratios of Uttara Finance And Investment Ltd: —

To study the financial performance of Uttara Finance and Investment Ltd., first need to analysis the different ratios of it. Such analysis helps us to compare the risk and return relationship of Uttara Finance and Investment Ltd. it can also provide a profile of a firm, its economic characteristics and competitive strategies, and also its unique operating, financial, and investment characteristics. As all of



we know that there are four types of ratio analysis to measure the different aspects of risk and return relationship and these are:

- Activity Ratio,
- Liquidity Ratio,
- Long term Debt & Solvency Ratio, and
- Profitability Ratio.

► Operating Activity Ratio Analysis:

Activity ratio analysis evaluates revenue and output generated by the firm's assets.

🏠 Fixed Asset Turnover ratio:

The fixed asset turnover ratio measures the efficiency of capital investment. The ratio, defined as:

Fixed Asset Turn over = Revenue / Avg. Fixed Asset

Table: 4-8: - Fixed Asset Turnover Ratio

Year	1999	2000	2001	2002	2003
Fixed Asset Turnover Ratio	65.95	99.17	137.21	126.30	30.98
Growth		50.37%	38.36%	-7.95%	-75.47%

From the analysis of fixed asset turnover ratio, we can say that the efficiency of capital investment of UFIL is more or less fluctuating. In year 2003, the ratio is 30.98 whereas in previous year the ratio was 126.30 that mean that their efficiency of capital investment has decreased in huge amount. The analysis also reflects that the company is not using its fixed assets as intensively in 2003 compare with the preceding years. The operating activity ratio of UFIL is not in good shape in year 2003.

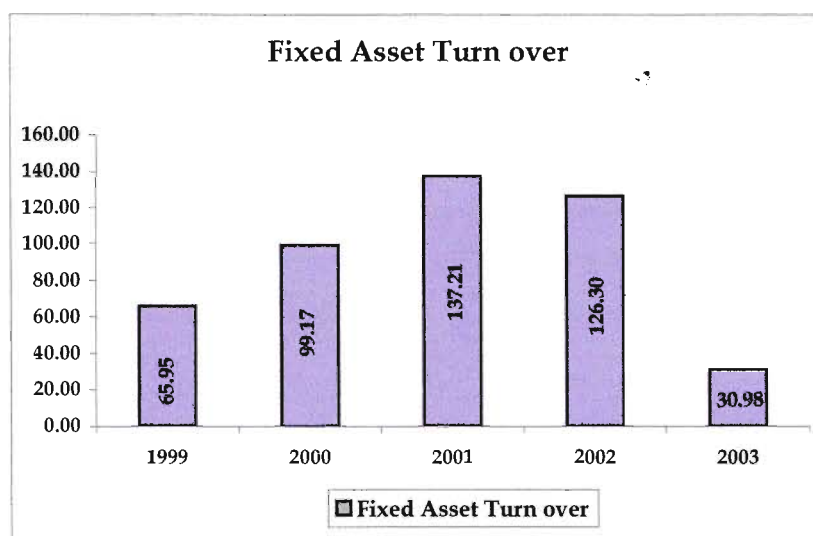


Figure: 4-7

► Liquidity Ratio Analysis:

Liquidity ratio measures the adequacy of a firm's cash resources to meet its near-term cash obligations.

🏠 Current Ratio

Current ratios measure the extent to which assets cover current liabilities expected to be converted into cash in the near future.

The current ratio of UFIL over the last five years:

Table: 4-9: - Current Ratio

Years	1999	2000	2001	2002	2003
Current Ratio	0.582	0.607	0.588	0.545	1.186
Growth		4.30%	-3.13%	-7.31%	117.61%

From the above table, we find out that the current ratio of UFIL is more or less fluctuating. In year 1999, the ratio was 0.582, other than, in year 2000 it has increased to 0.607, which means that its ability to convert the current asset into cash has increased from the previous year and the capability also increased as



well. But from the year 2000 to 2003 the ratio has decreased comparing with the year 2000. From 1999 to 2003, current ratio of UFIL was lower than 1 percent that indicates the liquidity position of UFIL is not good.

However, in year 2003 the position of current ratio increases. It indicates a positive ability of UFIL to meet its current obligations. Though the ratio is fluctuating, but it does not affect on the short-term debt paying ability of UFIL. The current ratio of UFIL can be present in graph.

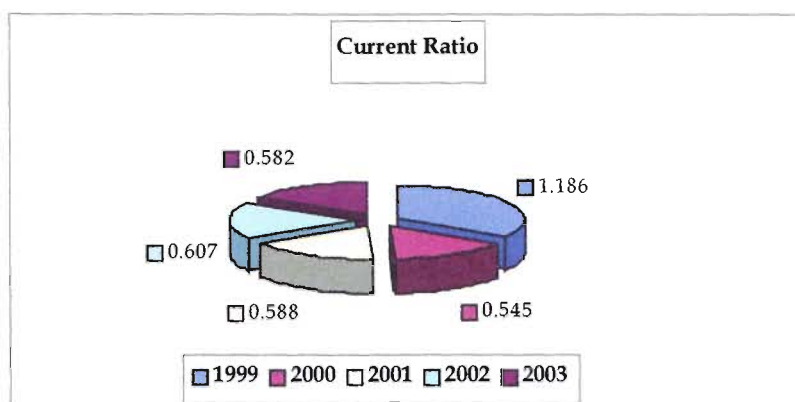


Figure: 4-8

Cash Ratio

Cash ratio is the most conservative of these measures of cash resources, as only actual cash and securities easily converted into cash. Cash ratio is used to measure cash resources.

Table: 4-10: - Cash Ratio

Years	1999	2000	2001	2002	2003
Cash Ratio	0.099	0.256	0.403	0.921	1.945
Growth		158.59%	57.42%	128.54%	111.18%

From the year 1999 to year 2003, the cash ratio of UFIL has an increased trend, which is a very optimistic position of UFIL. From the analysis we can state that Uttara Investment have ability to pay its current liabilities in every years has



increased from its operation, but it was less than 1 percent, which indicates that UFIL is not in good position and they should be concerned about the liquidity position.

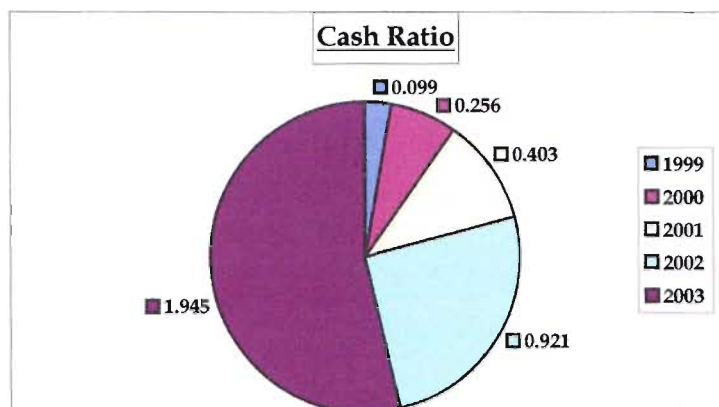


Figure: 4-9

Cash Flow from Operation (CFO) Ratio:

CFO ratio measures liquidity by computing actual cash flows, instead of current and potential cash resources, with current liabilities. This ratio avoids the issues of actual convertibility to cash, turnover, and the need for minimum levels of cash to maintain operations. The CFO of UFIL is:

Table: 4-11: - CFO Ratio

Year	1999	2000	2001	2002	2003
CFO ratio	0.194	0.340	0.255	0.443	0.723
Growth		75.26%	-25.00%	73.73%	63.21%

In the above table, we find that the liquidity of Uttara Finance and Investment Ltd. has increased over the last five years. But in year 2001, the ratio has decreased by 25 percent. In year 2003, it has increased by 63.21%. The increasing trend of CFO is expressed in a diagram:

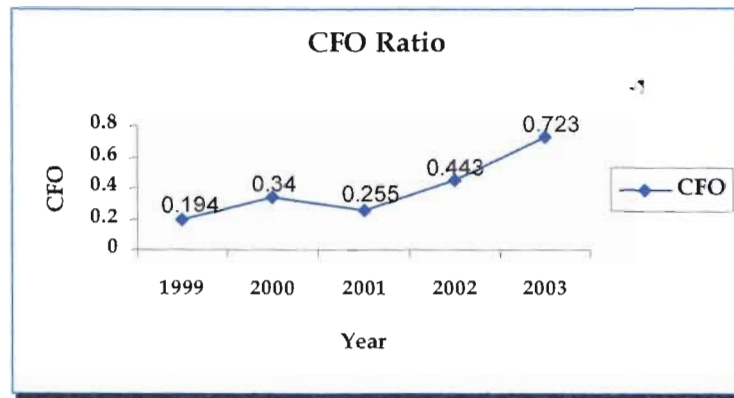


Figure-4-10

From the analysis of Liquidity ratio, we can easily find out the present scenario of liquidity position of UFIL. Its liquidity position is moderate, but the position is not so well enough.

► Long-term Debt and Solvency Ratio Analysis:

Long-term debt and solvency ratio examines the firm's capital structure, including the mix of its financing sources and the ability of the firm to satisfy its long-term debt and investment obligations.

□ Debt to Equity Ratio:

The ratio measures the funds provided by creditors. The debt to equity ratio, over the last five years, of UFIL is as below:

Table: 4-12: - Debt- Equity Ratio

Year	Units	1999	2000	2001	2002	2003
Debt to equity	Times	0.95	1.6	1.26	2.48	4
Growth			68.4%	-21.3%	96.8%	61.3%

The proportion of debt to equity is high; it indicates the leverage company of UFIL. Uttara Finance uses more debt relative to equity over the year (from 1999 to 2003). The table 4-12 reflects that UFIL using more debt in year 2003 that is 4 times compares with the preceding years; therefore, risk is also increases as well. From the analysis, we discover that the Uttara Finance and Investment Ltd. is going



towards the highly leveraged firm and more risky company in the market, but growing firm as well.

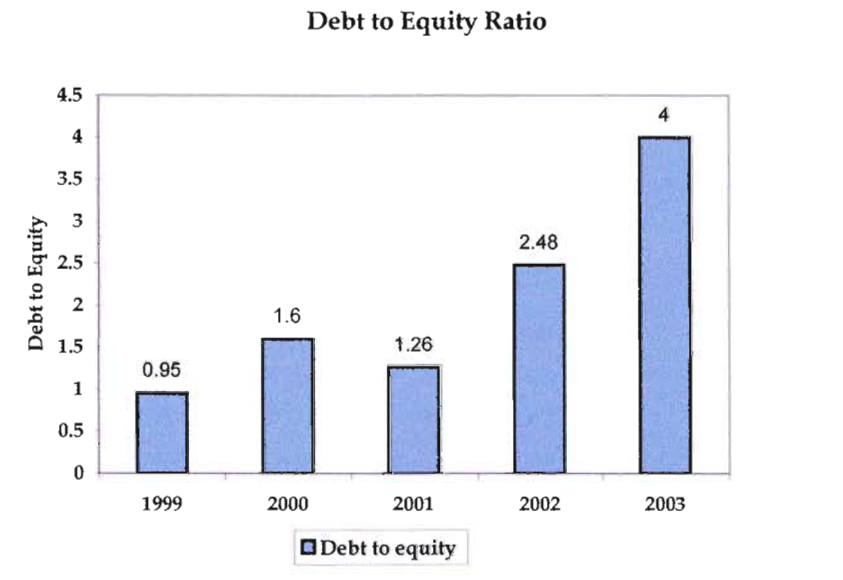


Figure: 4-11

◆ **Financial Expense Coverage Ratio:**

Financial expense coverage ratio of UFIL is:

Table: 4-13: - Financial Expense Coverage Ratio

Year	Units	1999	2000	2001	2002	2003
Financial exp. Cov. Ratio	Times	2.04	1.9	2.07	2.11	1.96
Growth			-6.9%	8.9%	1.9%	-7.1%

From the table 4-13, we see that the financial expense coverage ratio is decreased in 2003, which is 1.96 times. So, the financial expense coverage capability is decreased. Because, all of we know that the ratio measures the ability to meet the financial expense of the company. Here, in the year 2003, UFIL has TK.1.96 for TK.1 of financial expense. So from the table 4-13, we can say that UFIL's financial strength become weaker from the preceding two years (2001 and 2002).



Comparatively the ratio was better in the year 2001 and 2002, the ratio has increased by 8.9 percent in 2001 and 1.9% in 2002, which is quite better than the year 2003 (decreased by 7.1%). The table 4-13 is shown in a following graph:

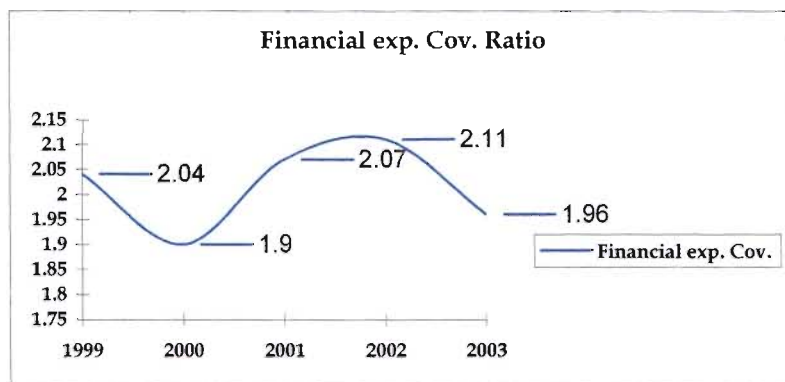


Figure: 5-12

The graph illustrates that the ratio has downward tendency, so the financial condition of the UFIL is not well enough.

◆ **Net Asset Value Per Share Ratio:**

Net asset per value ratio of UFIL over the last five years are as follows:

Table: 4-14: - Net asset value per share ratio

Year	1999	2000	2001	2002	2003
Net asset value per share ratio	Tk. 115.16	Tk. 143.49	Tk. 181.10	Tk. 233.60	Tk. 292.12
Growth		25%	26%	29%	25%

Net asset value per share ratio of UFIL is tk.292.12 in year 2003. Table 4-14 illustrates that the value of the asset is increasing every year, which really very much positive development of UFIL. Because, we know that the net asset value per share ratio is the book value of the share available in the market. The growth of



the net asset value per share ratio is positively upwards. In year 2002, the ratio was increased by 29%, whereas the ratio has increased by 25% in 2003. The following graph illustrates the table 4-14:

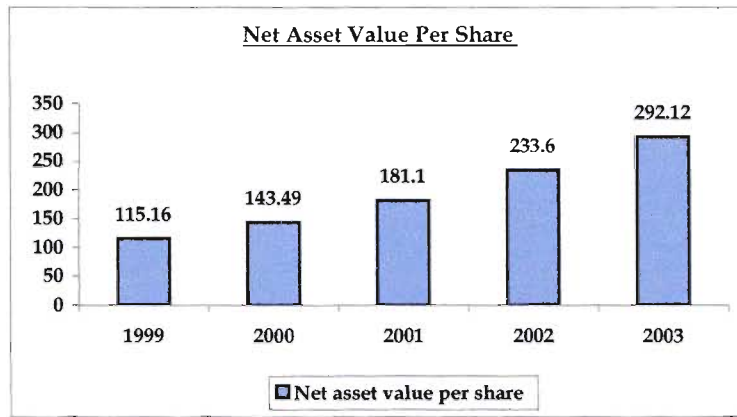


Figure: 4-13

► Profitability Ratio: -

Profitability ratio measures the income of the firm relative to its revenues and invested capital.

◆ Return on Equity:

Return on equity measures the profitability of owner's investment. The return on equity of UFIL over the last five years is in the following table:

Table: 4-15: - Return on Equity Ratio

Year	1999	2000	2001	2002	2003
Return on Equity	21.14	23.74	35.50	37.38	31.77
Growth		12%	50%	5%	-15%

From the table 4-15 we can see that the return on equity of UFIL in year 2003 is 31.77%, which is lesser than the previous year 2001 and 2002 (35.50%, 37.38%). Therefore, the growth of this particular year is negative from the earlier year 2002. The analysis reveals that the position of return on equity is not so bright. The



profitability of the investment is not increased splendidly from the year 2002. Because, already we know that the company is using more debt, which is the company is highly leveraged firm, so the return on equity is become lower. From the growth analysis we can find out that the growth of return on investor's investment (investor's profitability) strength is reduced by the year. The analysis also shown in the graph:

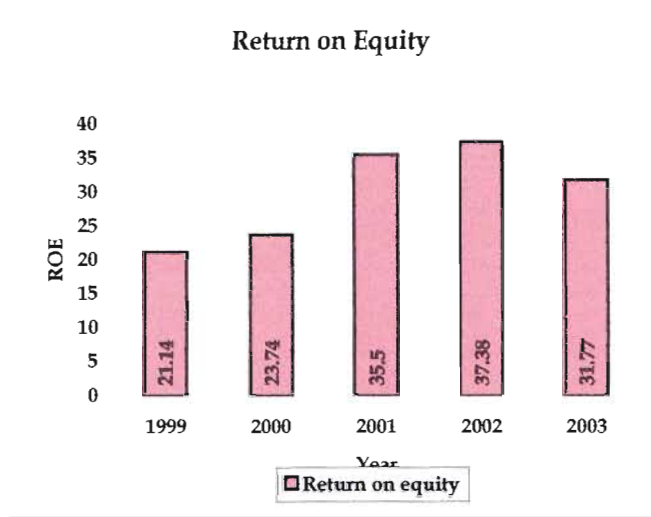


Figure: 4-14

□ **Earning Per Share:**

Earnings per share (EPS) are probably the most widely available and commonly used corporate performance statistic for publicly traded firms. It is used to compare operating performance and for valuation purposes either directly or together with market prices.

$$\text{EPS} = \frac{\text{Net profit after tax}}{\text{No. of shares outstanding}}$$



The table 4-17 shows the percentage of dividend declared by UFIL during 1999 to 2003. It is observed that from the table 4-17 that, from 1999 to 2001, every year percentage of dividends has increased. But since 2001 to 2003 UFIL has declared 25 percent of dividend every year.

Therefore, from the above table 4-17, we can easily find out that the UFIL's dividend policy is "Regular Dividend Policy". From the year 2001 the company raised its DPS to Tk.25 because earnings in excess of Tk.83.52 per share had been achieved for three years. The regular dividend policy makes available the owners with usually affirmative information, demonstrating that the firm is okay and thus minimizing their uncertainty. Under regular dividend policy dividend are almost never decreased. UFIL uses this policy to increase their earnings per share.

4.3: Common –Size Statements: —

Common-Size statements are used to standardize financial statement components by expressing them as a percentage of a relevant base. It provides the information to the analyst as a first step in developing insights into the economic characteristics of different industries and of different firms in the same industry. The purpose of common-size statement is:

- To comparing performance of companies for a specific time period. This type of analysis is "Cross-Sectional Analysis".
- To compare a company performance over time. This is called "Longitudinal Analysis".

To make the financial analysis more relevant I also try to prepare a common-size statement. First I have to prepare a common-size statement balance sheet and common-size statement income statement of UFIL over the last five years (1999-2003). Mainly the analysis is longitudinal analysis of common-size statement. This type of common-size statements is used to compare the performance of UFIL over time. Both the tables illustrate the use of common-size statements for the trend analysis.

Table: 4-18

The Longitudinal analysis of Uttara Finance And Investment Ltd. over the last five years:

Uttara Finance And Investment Ltd.
Common-Size Statement Balance Sheets (1999-2003)
For the year ended December 31.

Particulars	As % of Total Assets				
	1999	2000	2001	2002	2003
Current maturity of term finance	9.20%	8.23%	7.77%	4.55%	5.17%
Receivable from lessee	6.87%	7.44%	4.21%	3.05%	3.07%
Investment in Shares	5.28%	1.54%	1.36%	1.43%	2.53%
Advances, prepayments and receivables	5.64%	8.57%	5.12%	5.16%	5.65%
Cash and Cash equivalents	5.40%	5.77%	17.82%	9.67%	13.45%
Current Assets	32.38%	31.54%	36.28%	23.86%	29.87%
Fixed asset at cost less depreciation	0.47%	0.27%	0.22%	0.23%	0.92%
Leased Assets	64.88%	65.30%	59.35%	69.45%	58.78%
Term finances net of current maturity	2.28%	2.89%	4.15%	6.46%	10.43%
	67.62%	68.46%	63.72%	76.14%	70.13%
Total Assets	100%	100%	100%	100%	100%
Current Liabilities and Provision:					
Current maturity of loans	12.34%	10.55%	9.11%	14.09%	8.46%
Current maturity of P/N	11.68%	8.06%	12.67%	6.71%	10.07%
Advance lease rentals	2.89%	1.62%	0.68%	1.28%	0.65%
payable and accruals	22.94%	25.88%	34.32%	16.13%	3.24%
Provision for taxation	2.62%	2.79%	2.66%	2.50%	2.44%
Bank overdraft	-	-	-	3.02%	0.00%
Dividend Payable	3.13%	3.02%	0.06%	0.06%	0.32%
Total Current Liabilities	55.60%	51.92%	59.50%	43.80%	25.18%
Terms Liabilities net of current maturity	23.07%	29.79%	23.08%	39.64%	59.36%
Interest suspense accounts	0.00%	2.04%	1.10%	1.18%	0.99%
Investor's Account	1.27%	0.06%	0.06%	-	-
Shareholder's Equity:					
Share capital	17.42%	13.11%	8.98%	6.58%	4.95%
Statutory reserve	1.95%	2.21%	2.55%	2.89%	3.00%
General reserve	-	0.00%	0.00%	0.00%	2.06%
Peoposed dividend	-	-	2.24%	1.65%	1.24%
Retained earnings	0.69%	0.87%	2.49%	4.26%	3.21%
Total Stockholder's Equity	20.06%	16.19%	16.26%	15.38%	14.47%
Total Liabilities & Stockholder's equity	100%	100%	100%	100%	100%



□ Common-Size Statement Analysis of Balance Sheet of UFIL: -

Table 4-18 shows the common-size balance sheet of UFIL over the last five years (1999 to 2003). This is longitudinal analysis of UFIL over the last five years. In this analysis the base is total asset. It means that all the components of balance sheet are expressed as the percentage of total asset.

In table 4-18, we can spot out that:

- In year 2003, the cash and cash equivalents and investment in share are 15.99% of total assets. Therefore, in this year UFIL's financially is not so strong compare with current liabilities that is 25.18% of total assets. But compare with the preceding years (2002, 2001, 2000, and 1999), the cash and cash equivalents and investment in share was 11.10%, 19.18%, 7.30%, and 10.68% of total assets. So, if we see over it, we can find out that the cash and cash equivalent and investment in share is more or less increased, except with year 2001. But the overall financial strength is not considerably increased. Because the current liabilities of those four earlier years were 43.80% in year 2002, 59.50% in year 2001, 51.92% in year 2000, and 55.60% in year 1999. It reveals that its financial strength is not so optimistic compare with its liabilities.
- But, from the other angel, we see that the cash and cash equivalents has increased in year 2003 that is 13.45% of total asset, which is really well from the year 2002 (9.67% of total asset). And investment in shares also increase in year 2003 (2.53% of total asset) judge against year 2002 (1.43% of total asset), 2001 (1.36% of total asset), and 2000 that was 1.54% of total asset. So from this observation we can say that the company does well from the previous year and attain some financial strength from the previous years. However, the total liabilities also increase by 85.53% of total asset as well.
- The leased asset of UFIL is, in year 2003, 58.78% of total asset. But it decreased from the former four years.



- Term finances of current maturity portion and net of current maturity in year 2003 are 5.17% and 10.43% of total assets. Term finance net of current maturity has increased over the year and year (from 1999 to 2003). But the current maturity of term finance is more or less decreased compare with the year 1999, 2000, and 2001. But compare with the year 2002 (4.55%), it has increased.
- Receivable from lessee to some extent is increases. In year 2003, it is 3.07% of total asset, but previous years it was 3.05% (2002), 4.21% (2001), 7.44% (2000), and 6.87% ((1999). So the analysis say that receivable from lessee is considerably not so well comparing with the previous years.
- The tendency of UFIL's equity of total asset is in the direction of decreasing compare with the last four years to the year 2003. In year 2003 the total stockholder's equity is 14.47% of total asset. But in the preceding years it was 20.06% in 1999, 16.19% in 2000, 16.26% in 2001, and 15.38% in 2002.
- Current maturity of promissory notes is 10.07% of total asset in year 2003. Comparing with the former four years, the current maturity of promissory notes is more or less fluctuating. It is increased from 6.71% to 10.07%, comparing with 2002 to 2003. But, the above table shows that, if we compare the year 2002 with 2001, it decreased.
- Its payable and accruals has been substantially decreased in year 2003 (3.24% of total asset). But from the year 1999 to 2001, its payable and accruals has tendency to increase. But from the year 2002 it began to shrink.
- Current maturity of loans, in year 2003, is 8.46% of total asset, which has substantially decreased from the year 2002 (14.09% of total asset).



Comparing with the years 1999, 2000, and 2001 the amount of current maturity loan has been declined in year 2003. That is means that their current maturity debt becomes diminished in this particular year.

- In proposed dividend portion, the analysis reveals that the company anticipated only 1.24% of total asset that is lesser than the preceding years. As we know that the growing company pays the less amount of dividend. So UFIL is a growing company. Therefore, they have planned to pay the low amount of dividend.

From the above analysis we can say that the company has some financial strength problem to meet the liabilities, but they are still competent to compete strongly with its rival, and very optimistic to survive in the leased market very well. It also notifies that UFIL is standstill in growing position.

Table: 4-19:- The Longitudinal analysis of Income Statement over the last five years of UFIL:

Uttara Finance And Investment Ltd.
Common-Size Income Statements (1999-2003)
 For the year ended December 31.

Particulars	As % of Operational Revenue				
	1999	2000	2001	2002	2003
Operational Revenue	100%	100%	100%	100%	100%
Less: Operating exp.	65.08%	52.70%	58.42%	56.54%	58.19%
Operating Profit from leasing and financing ope.	34.92%	47.30%	41.58%	43.46%	41.81%
Income from Merchant banking	-0.14%	2.89%	0.82%	0.18%	0.29%
Income from Operation	34.78%	50.19%	42.41%	43.65%	42.10%
Non operational Income	1.48%	2.33%	2.56%	2.98%	2.60%
Earning before Int. and taxes	36.26%	52.52%	44.96%	46.62%	44.70%
Interest Expense	19.67%	23.44%	24.11%	27.37%	27.29%
Earning before taxes and provision	16.58%	29.08%	20.86%	19.26%	17.42%
Provision for classified asset	0.91%	12.33%	0.94%	-0.13%	1.02%
Earning before taxes	15.68%	16.75%	19.92%	19.39%	16.40%
Provision for taxes	2.36%	3.03%	2.52%	1.88%	1.95%
Net Income	13.31%	13.72%	17.40%	17.51%	14.45%



□ Common-Size Statement Analysis of Income Statement of UFIL: -

In table 4-19, we see the longitudinal analysis of income statement from the actual income statement of UFIL. This analysis is basically a common-size income statement of UFIL over the last five years. The base of this analysis is the operational revenue of UFIL. It means that the each and every component of the income statement is expressed as the percentage of operational revenue.

The table 4-19 shows that:

- ◆ From the actual income statement we find out that the operational revenue is increased by 227.93% from Tk. 211.45 million to Tk. 693.43 million. That is in fact a very positive performance of UFIL in year 2003.
- ◆ Profit, on the other hand, increased from 256.07% from Tk. 28.15 million to Tk. 100.22 million.
- ◆ The increased profitability (relative to operational revenue) is primarily due to efficiencies in operational expenses. As a percentage of operational revenue, operational expenses decrease from 65.08% of operational revenue in 1999 to 58.19% of operational revenue in 2003.
- ◆ For these reasons, operating profit also increase from 34.92% of operational revenue in 1999 to 41.81% of operational revenue in 2003. But comparing with the year 2002, the operational profit has decreased from 43.46% of operational revenue to 41.81% of operational revenue of 2003.
- ◆ Income from merchant banking is increased, as a percentage of operational revenue, from negative .14% of operational revenue in 1999 to positive 0.29% of operational revenue in 2003. But the income from merchant banking in year 2003 is not so well comparing with the year 2000 and 2001. Nevertheless, it is better from the year 2002 that is 0.18% of operational revenue to 0.29% of operational revenue in 2003.



- ◆ Interest expense is increased from 19.67% of operational revenue in 1999 to 27.29% of operational revenue in 2003.
- ◆ Provision for taxes, as a percentage of operational revenue, is decreased from 2.36% of operational revenue to 1.95% of operational revenue in 2003. But comparing the year 2003 with year 2002, we discover that the provision for taxes in year 2002 was 1.88% of operational revenue that was lower than the year 2003.
- ◆ Net income or profit is increased from 13.31% of operational revenue in 1999 to 14.45% of operational revenue in 2003, as a percentage of operational revenue. The percentage of net income in 2003 is 14.45% of operational revenue, which is lower than the net income of the year 2002 and 2001, and these were 17.51% of operational revenue and 17.40% of operational revenue.
- ◆ But if we consider the actual income statement, we see that net income is increased by 7.77% from Tk. 93.00 million in year 2002 to Tk. 100.22 million in year 2003, and 44.96% from Tk. 69.14 million in 2001 to Tk. 100.22 million in 2003.

From the above analysis of common-size income statement of UFIL, we can see that, the earnings position of the company is appreciably splendid in year 2003 compare with the former four years. The analysis also reveals that the company-growing trend is towards the escalating move.

From the ratio analysis and longitudinal analysis we can say that Uttara Finance And Investment Ltd. is a highly leveraged firm. And the company is now in growing position. Its funding strength is not so optimistic compare with its debt or liabilities. But the condition is not so pessimistic to survive or compete with their rivals. Their EPS is increased that is why their market value increases as well. Uttara Finance And Investment Ltd. is a growing firm and it has very glorious and dazzling future in leasing and financing market.

CHAPTER~5

❖ *The Comparative Assessment*

5.1 Contrasting The Operation of UFIL with Other Leasing Companies



5.1: Contrasting The Operation of UFIL with Other Leasing Companies:—

In chapter four we evaluate the financial performance of Uttara Finance And Investment Ltd. over the last five years (1999-2003). To make the analysis as much as significant and reliable we try to measure their operation with some other related companies. In view of that, we have selected two other top leasing companies: Industrial Development Leasing Company of Bangladesh Ltd. (IDLC), and United Leasing Company Ltd. IDLC and United Leasing is one of the top most largest leasing and investment companies in Bangladesh. Both of the companies have a profound role to shore up the economy of Bangladesh.

◆ 5.1.1: Assessment of Business Performance of UFIL with IDLC and United Leasing: —

First of all, we compare the UFIL's business performance with IDLC and United Leasing. The business performances of these three companies for the year 2003 are in the following table:

Table 5-1: - Lease Contract Execution

Taka in million			
Particulars	UFIL	IDLC	United Leasing
Contract Executed	1122.85	1732.00	1754.00

The table 5-1 shows that the business performance of UFIL is not in good spirits compare with IDLC and United Leasing. In the table the business performance are founded on the contract execution for the year 2003. The amount of contract execution is showed as taka in million. United leasing does better from the other two leasing companies. It executes Tk. 1754 million that is much higher than the UFIL. IDLC also executes Tk. 1732 million, where UFIL executes only Tk. 1122.85 million. Both the companies, IDLC and United Leasing, perform very close to each other. But UFIL's business performance is far from that. So comparing to business performance UFIL's position is not in the same level than other two companies.



But all of we know that UFIL's business growth in 2003 was substantially higher over the preceding years. So in near future UFIL can achieve the targeted level of business performance and can able to give good competition to the other leasing companies. The table can also be described graphically:

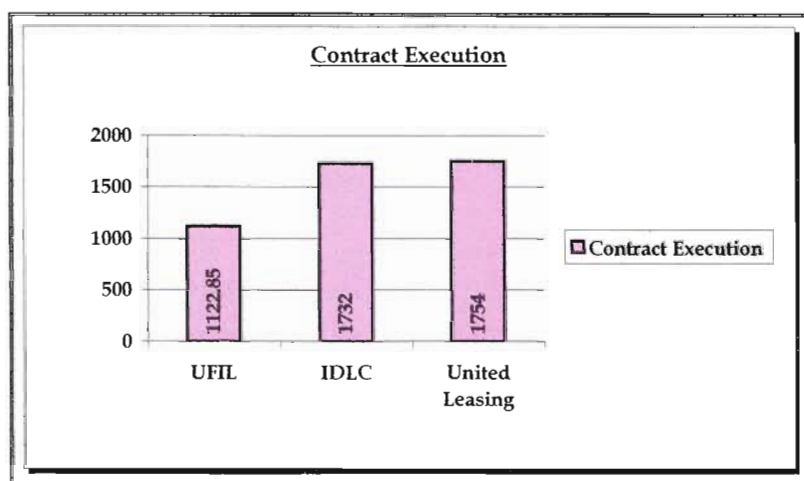


Figure: 5-1

◆ 5.1.2: Comparing the Financial Ratios of UFIL with IDLC and United Leasing: —

For making the comparative assessment as much relevant we evaluate the financial ratios of these three companies: UFIL, IDLC, and United Leasing. The assessment is derived from the information of the year 2003. In the following table, it shows the financial ratios of UFIL, IDLC, and United Leasing for the year 2003:

Table 5-2: - Financial Ratios

<u>Particulars</u>	<u>UFIL</u>	<u>IDLC</u>	<u>United Leasing</u>
Debt equity ratio (times)	4	7.7	6.55
Financial expense coverage ratio (times)	1.96	1.6	1.94



EPS of Tk. 100 each (Taka)	83.52	80.56	158
Dividend per Share (Taka)	25	30	55
Return on equity (%)	31.77	22.1	19.36
Price earning ratio	8.17	10.72	5.38

Table 5-2 illustrates the comparison of financial ratios among the three companies for the year 2003. Here, we pick some most imperative ratios that will help us to make the evaluation analysis straightforward and realistic. The table shows us:

- ❖ As all of we know that UFIL is leveraged firm, they are using more debt relative to equity. Comparing with the other two companies we find out that IDLC and United Leasing uses more debt (7.7 and 6.55) than UFIL. Table 6-2 reflects that IDLC is more highly leveraged firm than United Leasing and UFIL. The proportion of debt equity of IDLC is 7.7:1, which indicates that they use Tk.7.7 debt over Tk.1 equity. United Leasing as well as using more debt over equity. Therefore, along with debt equity ratio we see that IDLC and United Leasing is more risky companies than UFIL. The above discussion can be shown as graphically:

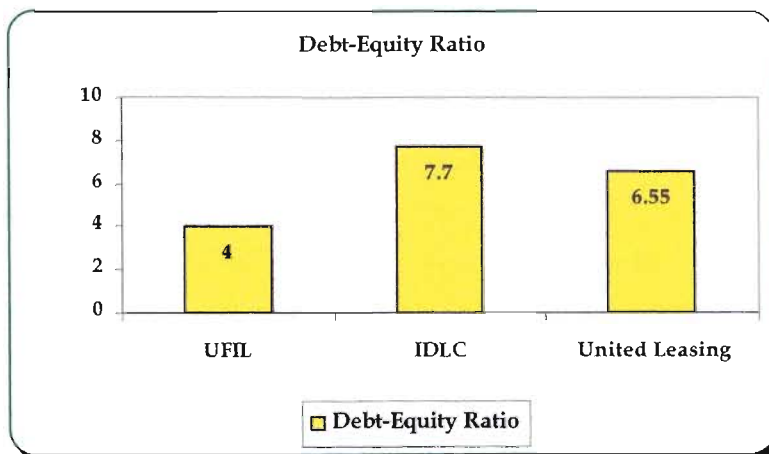


Figure: 5-2



- ❖ According to financial expense coverage ratio, we discover UFIL's financial expense coverage ratio is 1.96 that is higher than the IDLC and United Leasing. Financial expense coverage ratio of IDLC and United Leasing is consequently 1.60 and 1.94. So, here IDLC has lower financial expense coverage ratio than the others. So, we can say that UFIL financial expense coverage ratio is better than the others. Because the ratio shows that the availability of the profit to meet the financial expenses of the company. Therefore, UFIL has superior position to meet the financial obligations than the others.

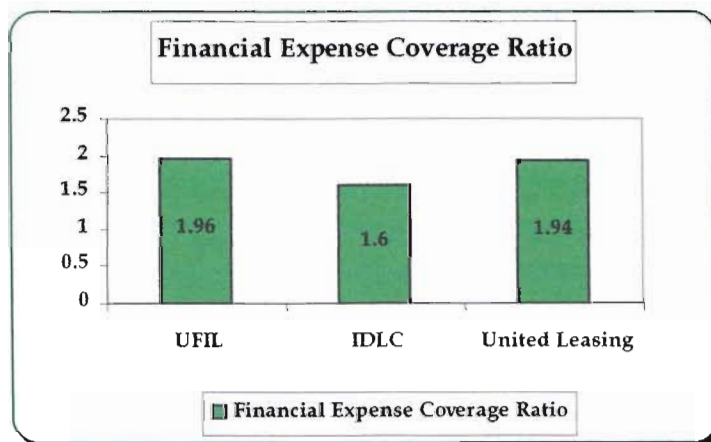


Figure: 5-3

- ❖ The table shows that the EPS of United Leasing is much higher than the UFIL and IDLC that is Tk.158. and after that the position is UFIL, its EPS is Tk.83.52, which is higher than IDLC (Tk.80.56). Now, we can say that the EPS of United Leasing is very well than UFIL and IDLC. But the market position of UFIL is optimistic than IDLC. The whole scenario can be shown in graph:

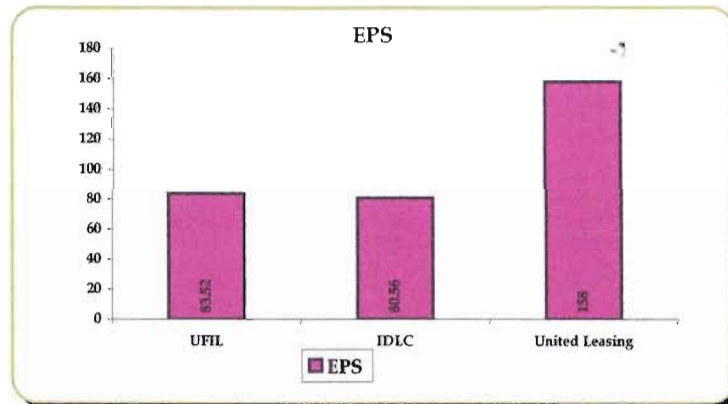


Figure: 5-4

- ❖ The DPS of UFIL is Tk.25, which is lower than the IDLC and United Leasing (tk.30 and tk.55). As all of we know that the company uses dividend when they needs finance. Therefore, the company paid larger dividend to raise more external financing through borrowing or through the sale of common or preferred stock. From the above table, we can see that the UFIL is paying lesser amount of dividend than the others. Actually, here, United Leasing paid more dividend than IDLC and UFIL. So it is clear that United Leasing needs more external finance than IDLC and UFIL. After that the place is to IDLC (tk.30). The graphical presentation is in follows:

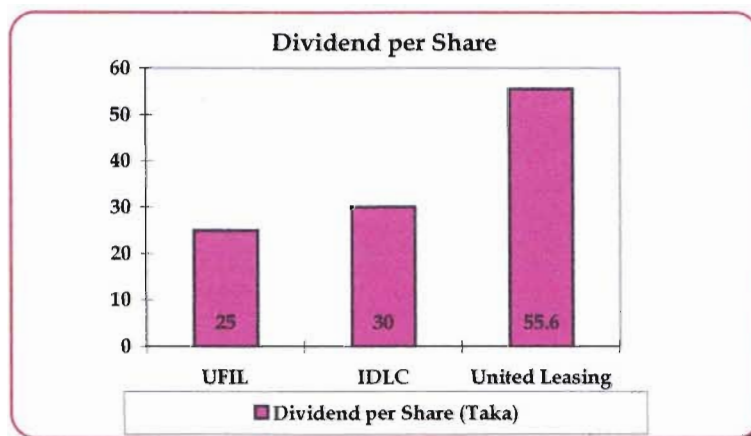


Figure 5-5



- ❖ The percentage of return on equity of UFIL (31.77%) is higher than the IDLC and United Leasing (22.1% and 19.36%). According to the ROE, UFIL is in better position than IDLC and United Leasing. UFIL earns 31.77 percent of return on equity, whereas IDLC earns 22.1 percent and United Leasing earns 19.36 percent on equity. The total scene can be depicted in the graph:

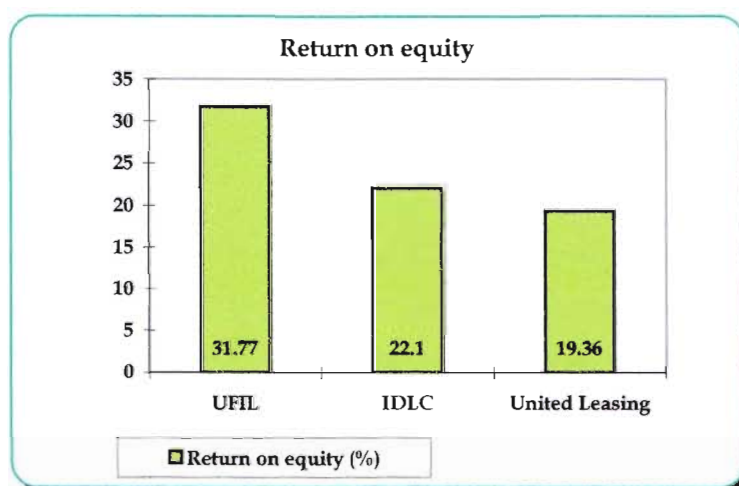


Figure 5-6

- ❖ Price/Earning ratio measures the amount investors are willing to pay for each Taka of the firm's earnings. The P/E ratio of UFIL is 8.17, whereas the P/E ratio of IDLC and United Leasing are 10.72 and 5.38. P/E ratio actually gives an idea about a firm's market value but not an exact true measurement. Here, the market value of IDLC is higher than the UFIL and United Leasing. UFIL's market value as well as optimistic, because the investors are willing to pay tk.8.17 for each tk.1 of earnings of UFIL. The graphical presentation are in follows:

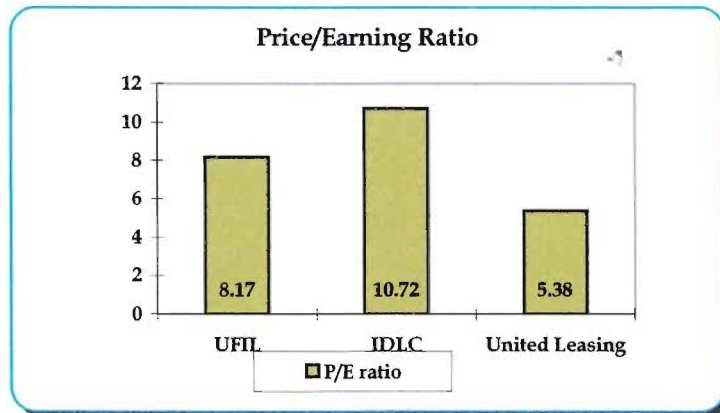


Figure 5-7

From the analysis of P/E ratio, we see that IDLC has better market value than UFIL and United Leasing. After that the position is to UFIL and then United Leasing. So, we can say that UFIL has well built position in lease and financing market.

◆ 5.1.3: Appraising the Common-Size Statement of UFIL with IDLC and United Leasing: —

In previous chapter we have discussed the longitudinal analysis of common-size statement of UFIL over the last five years. Now in this chapter we again analyze the common-size statement of UFIL with the common-size statement of IDLC and United Leasing for the year 2003. This type of analysis is known as “Cross-Sectional Analysis”. The purpose of cross-sectional analysis is to compare the performance of companies for a specific time period. The cross-sectional analysis helps to give an insight looks of the companies. Common-size statement analysis has provided a starting point for analysis.

Table: 5-3: Cross-Sectional Analysis of Common-Size Balance Sheets Statements

UFIL, IDLC, and United Leasing
Common-Size Statement Balance Sheets (Comparative)
For the year ended December 31, 2003

Particulars	As selected items			Common-Size (%)		
	UFIL	IDLC	United Leasing	UFIL	IDLC	United
Accounts Receivables & adv.	136,803,063	376,879,804	303,446,414	5.65%	6.49%	7.06%
Current maturity of leased asset	74,303,866	1,446,236,657	1,145,829,983	3.07%	24.91%	26.64%
Current maturity of direct finance	125,216,371	640,755,403	57,896,664	5.17%	11.04%	1.35%
Cash and cash equivalents	325,977,897	147,861,977	636,791,739	13.45%	2.55%	14.81%
Current Assets	662,301,197	2,611,733,841	2,143,964,800	27.33%	44.98%	49.85%
Fixed assets	22,382,693	20,135,317	14,553,466	0.92%	0.35%	0.34%
Leased assets	1,424,351,401	2,286,197,812	1,792,378,608	58.78%	39.38%	41.67%
Direct Finance	252,617,224	773,195,920	210,372,867	10.43%	13.32%	4.89%
Investment in shares	61,350,676	114,562,133	139,728,483	2.53%	1.97%	3.25%
	1,760,701,994	3,194,091,182	2,157,033,424	72.67%	55.02%	50.15%
Total Assets	2,423,003,191	5,805,825,023	4,300,998,224	100.00%	100.00%	100.00%
Current liabilities and Provision:						
Current maturity of Longterm loans	204,982,491	1,481,123,704	600,377,306	8.46%	25.51%	13.96%
Accrued expense and payables	86,203,247	237,978,048	181,216,191	3.56%	4.10%	4.21%
Current Liabilities and Provision	610,023,629	2,220,222,373	1,831,290,443	25.18%	38.24%	42.58%
Long-term Liabilities	1,462,431,115	3,003,560,303	1,899,961,355	60.36%	51.73%	44.17%
Total Liabilities	2,072,454,744	5,223,782,676	3,731,251,798	85.53%	89.97%	86.75%
Total Stockholder's Equity	350,548,447	582,042,347	569,746,426	14.47%	10.03%	13.25%
Total Liabilities & Stockholder's equity	2,423,003,191	5,805,825,023	4,300,998,224	100.00%	100.00%	100.00%



□ **Common-Size Statement Analysis of Balance sheets (Comparative): -**

The table 5-3 shows the cross-sectional analysis of the common-size statement balance sheet for the year 2003 of the three companies. The procedure of calculation is same as longitudinal analysis. That is the base is total asset, which means that all the components are expressed as the percentage of total assets.

Looking at the common-size balance sheets in table 5-3, we immediately see that:

- According to the financial strength, none of the three companies are not in sound position. UFIL's cash and investments of 15.99% of total assets, IDLC's at 4.52% of total assets, and United Leasing 18.05% of total asset, while the total liabilities of UFIL is at 85.53%, IDLC at 89.97%, and United Leasing at 86.75% of total assets. So, we can easily find out that each of the companies percentage of cash and investment of total assets cannot exceeds the percentage of total liabilities of total assets. But here, the percentage is higher of United Leasing (18.05% of total asset) and than of UFIL (15.99% of total asset). But the financial potency of the three companies is not so satisfactory condition for the year 2003.
- The cash and cash equivalents of UFIL are at 13.45% of total assets. But United Leasing's cash and cash equivalents are at 14.81% of total assets, while IDLC at only 2.55% of total assets.
- UFIL have superior fixed asset 0.92% of total assets than IDLC (0.35% of total asset) and United Leasing (0.34% of total assets).
- According to investment in shares, United Leasing has the highest investment in shares, which is at 3.25% of total assets. After that UFIL has 2.53% of total assets, while IDLC has only 1.97% of total assets.



- United Leasing and IDLC have little bit higher accrued and payables than UFIL. UFIL's accrued and payables are at 3.56% of total assets, while IDLC at 4.10% of total assets.
- United Leasing has accounts receivables and advances 7.06% of total asset that is higher than IDLC and UFIL. IDLC has 6.49% of total assets and UFIL has 5.65% of total assets.
- UFIL's current maturity of long-term debt equal at 8.46% of total assets, whereas IDLC at 25.51% of total assets and United Leasing at 13.96% of total assets.
- UFIL has the highest ratio (14.47%) of equity of total assets. Comparing IDLC and United Leasing, we find out that United Leasing has 13.25% of total asset and IDLC at 10.03% of total asset.

These are the evaluation of balance sheets of UFIL, IDLC and United Leasing. Here, we see that UFIL has in optimistic position, because the analysis depicts that the inclination of UFIL is rising comparing with other two top most leasing and financing companies: IDLC and United Leasing. The analysis give a picture of the UFIL's competition strength with its rival, it can give a strong competition to the others and can survive very optimistically in the market.

Table: 5-4: Cross-Sectional Analysis of Common-Size Income Statements.

Uttara Finance And Investment Ltd.
Common-Size Income Statements (Comparative Income Statements)
For the year ended December 31, 2003.

	Comparative Income Statement			Common-Size (%)		
	Amounts in Tk.	Amounts in Tk.	Amounts in Tk.			
Particulars	UFIL	IDLC	United	UFIL	IDLC	United
Operational Revenue	693,429,687	1,811,555,376	1,425,864,024	100%	100%	100%
Less: Operating exp.	403,475,388	1,163,029,939	935,119,785	58.19%	64.20%	65.58%
Operating Profit	289,954,299	648,525,437	490,744,239	41.81%	35.80%	34.42%
Income from Merchant banking	1,998,033	(1,563,495)	-	0.29%	-0.09%	-
Income from Operation	291,952,332	646,961,942	490,744,239	42.10%	35.71%	34.42%
Non operational Income	18,023,766	5,624,867	(777,079)	2.60%	0.31%	-0.05%
Earning before Int. and taxes	309,976,098	652,586,809	489,967,160	44.70%	36.02%	34.36%
Interest Expense	189,202,670	431,751,508	252,823,763	27.29%	23.83%	17.73%
Earning before taxes and provision	120,773,428	220,835,301	237,143,397	17.42%	12.19%	16.63%
Provision for classified asset	7,048,948	-	-	1.02%	-	-
Earning before taxes	113,724,480	220,835,301	237,143,397	16.40%	12.19%	16.63%
Provision for taxes	13,500,000	100,000,000	126,822,034	1.95%	5.52%	8.89%
Net Income	100,224,480	120,835,301	110,321,363	14.45%	6.67%	7.74%



□ Common-Size Statement Analysis of Income Statements (Comparative):

The common-size income statements of UFIL, IDLC, and United Leasing are in the table 5-4. Here, the base is the operating revenue that means that all the components of income statement are articulated as the percentage of operating revenue.

Table 5-4 shows the findings of the income statements:

- ✘ . UFIL has the lowest ratio of operating expenses to operational revenue at 58.19%, whereas IDLC at 64.20% and United Leasing at 65.58% are much higher.

- ✘ UFIL reports the highest income from merchant banking (.29% of operational revenue), while IDLC reports negative .09%.

- ✘ UFIL has the most significant non-operational income (2.60% of operational revenue), while IDLC at 0.31% and United Leasing at negative 0.05%. Here, we see that United Leasing incurred loss from non-operational income in the 2003.

- ✘ Interest expense of UFIL is higher than the others, it is at 27.29% of operational revenue, whereas IDLC at 23.83% and United Leasing at 17.73% of operational revenue.

- ✘ As United Leasing has a higher provision for taxes than both UFIL and IDLC, which is at 8.89% of operational revenue. Here, UFIL has lower provision for taxes (1.95% of operational revenue), its net income is 14.45% of operational revenue that is highest than the IDLC (6.67% of operational revenue) and United Leasing (7.74% of operational revenue).

From the analysis of common-size income statements of UFIL, IDLC, and United Leasing for the year 2003, we detect that UFIL is in optimistic position than both IDLC and United Leasing for that particular year. In this year it reports 14.45% of



operational revenue, where other two companies are far lower.

In the year 2003, UFIL's operating expenses are lower than the other two companies; it is at 58.19% of operational revenue. It also earns profit from the merchant banking, while IDLC reports loss. Though UFIL's interest expenses are higher at 27.29% of operational revenue than both IDLC and United Leasing, it earns much higher profit from non-operational income at 2.60% of operational revenue, while United Leasing informed loss from non-operational income 0.05% of operational revenue and IDLC earns profit at 0.31% of operational revenue. Therefore, we can say that in a present time UFIL is a cheerful growing company in leasing and financing market. And, UFIL is now one of the strongest competitive firms in the market among the others.

CHAPTER~6

❖ *Conclusion*

6.1 *Major Problems of UFIL*

6.2 *Suggestions for Pulling
through the Problems of UFIL*

6.3 *Conclusion*



6.1: Major Problems of UFIL:—

6.1.1: The Major Problems in Basic Elements of UFIL:

Though UFIL is now a successful leasing company, it has some sort of problems in basic elements of the organization. These problems are environmental problem, technological problem, and strategic problem in HRM, problems in workforce diversity management. Now we are moving to the discussion of these problems:

6.1.1.0: The Environmental Problems of UFIL: -

It is very obvious that the environment really have a significant importance to every one, whether it is about individual or about company. Environment means the every thing, every function that is performed around the organization. As all of we know that every organization have its own environment. UFIL has also its own environment, culture. But it has some organizational environment problems.

❖ Internal Environmental Problems:

Here, we imply the internal environment of UFIL of its working place, its organizational culture. UFIL is really very doing well company, but its working place of employees are not proper for working for 9 to 10 hours, because the space of the work place is not sufficient enough. The work places are not so modified, therefore, sometimes it creates too much complexity, even sometimes it creates embarrassing situation for the employees, whether they are men or women. UFIL does not have any separate prayer room for the female employees and for the male employees, and that is really very much disreputable. One thing is most important and that is UFIL does not have any personal washroom for the female employees, which is definitely dishonorable. These things give an indirect and sometimes direct unenthusiastic impact on the working desire. For this reason, UFIL may loose some efficient, intelligent workers.

Regarding the culture, UFIL's cultural problem is not so acute, but the conflict is there. And it has an oblique downbeat impact on the objectives of the company. We know that the culture is an amorphous concept that defies objective measurement or observation. It is really very necessary to understand the importance of the organizational culture, because it is the organization's internal



environment, and it plays a major role in shaping managerial behavior. But, there has some, not so extreme, miscommunication between the employees and the company. Therefore, some employee, especially new recruited employee, cannot realize that what things UFIL considers important, how the company does things, and some other important things.

❖ External Environmental Problems:

External environmental problem of UFIL is its customers, its rivals and its strategic allies also. As all of we know that customers (lessee) are the main element of UFIL, because their lease rental is one of its major earnings. But, sometimes some customers do not pay their rentals at the due time, which really have a direct off-putting impact on the funding position of UFIL. This obscure situation makes the total leasing process disorderly.

UFIL's rivals, at the present time, are now become its strategic allies that is the syndication facilities. But, still they are its competitors. Nevertheless, UFIL does not have so much undeviating problems from them.

❖ 6.1.1.1: Technological Problems of UFIL: -

At the inception most of the work of UFIL is done manually that is most of its business was paper based, which is very much time consuming. Therefore, the company could not make possible all of its objectives. But, at current time, UFIL makes its entire business computer based, in order that all the activities or business can be run as much as sooner. Since the existing technology of UFIL is not so developed, they still have some kind of, but extreme, problems. UFIL try to carry out all of its information, data, or accounts on an advanced computer technology. But the work is still not so satisfactory. As a result, there has a possibility of misplaced of the information, or data, or important documents. At this instant, in UFIL, all the documents of leasing is done trough basic way. Therefore, the transferring of information, or relevant data, or documents from one departments to another is not done in an efficient way. Actually, currently, the entire work is not done in a systematic or organized way.



6.1.1.2: Strategic Problems of HRM of UFIL: -

UFIL have some sort of training program for its employees, but the planning is not so bright. UFIL does not have some specific work for interns, which is really a major problem for the interns and for the company as well. Because internees are comes here to learn some thing. So if UFIL cannot able to give them some work, it will be harsh for its reputation. Therefore, it may loose some appropriate, intelligent, and efficient worker. UFIL have some predicament regarding the human resource planning. In present time, I found that it recruits a person in an operation department whose academic practice is not fit for this job, and the person even does not know how to operate the basic program of the computer. But, UFIL recruits the person for the very responsible position. So, it is really obvious that it have some HRM planning problems.

6.1.2: The Operational Problems of UFIL:

In chapter 4 and chapter 5, we try to evaluates the UFIL's financial statements, and compare its financial statements with IDLC and United Leasing. After studying the reports, we depicts the subsequent operational problems of UFIL:

- ◆ UFIL executes the contracts Tk.1122.85 million in year 2003, whereas IDLC executes Tk.1732 million, and United Leasing executes Tk.1754 million. So, we see that UFIL is so far from its rivals.
- ◆ UFIL's financial strength is not so bright, but well. The strength curve going downward the year 2003.
- ◆ The liquidity ratio of UFIL is not so well. Its "current ratio", "cash ratio" is less than 1 percent that indicates the weaker position according to liquidity position.
- ◆ UFIL is a highly leveraged firm, so the company is highly risky firm as well.



- ◆ The “return on equity” of UFIL is also decreased in that particular year, which is also risky for the company. Because, we know that the company is highly leveraged firm, so they need more internal fund.
- ◆ In common-size statement analysis (longitudinal analysis), we see that in year 2003 the company is not so financially strong. Because, its cash and cash equivalents and investment in shares is at 15.99% of total asset that is much lower than the liabilities that is 85.53% of total asset.
- ◆ Stockholder’s equity also decreased in year 2003. It is at 14.47% of total asset, which much lower than the preceding year.
- ◆ Net income of UFIL is not well comparing with the earlier year. In year 2003 net income is at 14.45% of operational revenue, whereas in 2002 it was at 17.51% of operational revenue.
- ◆ P/E ratio of UFIL is 8.17, while IDLC is 10.72 and United Leasing is 5.38. So, regarding the market value UFIL is in good shape, but not so cheerful.

These are major operational problems of UFIL, which is detected from the study of the financial statements of UFIL, IDLC, and United Leasing. Already we have discussed about the basic element problems of UFIL. And those problems also have an indirect or direct impact on the overall operation of UFIL. As all of we know that the effective and efficient planning can be helpful to solve those above problems.



6.2: Suggestions for Pulling through the Problems of

UFIL: -

④. Suggestion for Resolving the Basic Element Problem of UFIL:

UFIL should take some immediate and effective initiatives to solve the basic element problems. Because of these problems UFIL may lose some enthusiastic, efficient, and of course intelligent employees. So, it is very necessary to understand the problems and find the solutions. The solutions are as follows:

- ◆ First of all UFIL should wide up the space of working place of the employees and renovate it as much as organized and definitely as much as better than the current situation.
- ◆ The working place should be modified. Here, we refer that UFIL can modernize each of its department. UFIL may décor each of the departments as much as comfortable. Therefore, it can décor the office by equipping a little bit higher fortifications for each of the employees working places. For this reason, employees can work comfortably, and the whole environment of the office should be looked like as much as posh and as much as enthusiastic. Thus, the overall looks encourage the employee's attitudes towards the work and responsibilities.
- ◆ UFIL should separate its monitoring department from the operation department; therefore, it does not haphazard the work of these two departments. And thus, UFIL's service quality also increases as well. Therefore, UFIL can monitor the rental payment very well, and can control the customer as well.
- ◆ UFIL must build a separate prayer rooms for the female and male employees, which is the right of the employees. And UFIL should protect the right of the employees.



- ◆ **UFIL must provide a personal washroom for the female employees, which is really very much necessary and sophisticated matters. UFIL should take care of this matter as much as faster.**
- ◆ **UFIL must fix the gaze on its organizational culture, which is the most important element of the foundation of the environment. UFIL should take some major plans so that employees can understand and realize the culture of the company. Thus, they can recognize the why UFIL stands for, how UFIL does it things, and what UFIL considers important, which very crucial to the UFIL.**
- ◆ **UFIL must improve its technology to compete with computerized world. Thus, UFIL need to use highly advanced software. First of all, UFIL should make all of its work in technically. All of its information, data, and documents should be stored in a highly advanced computer. So, the work can be done as much as faster and systematic way.**
- ◆ **UFIL must reorganize its HRM planning. As all of we know that UFIL is now undertaking a program to computerized all its business and financial activities. Consequently, they should not recruit these people who does not know the basic things of computer. Because if they do so, they need to trained them first that is really very much time consuming and so that UFIL does not have the right person as they want.**
- ◆ **UFIL must recruit the right person for the right job. They do not follow this statement, which are the most important things. So, UFIL should develop the attracting Human Resource Planning for the right, and qualified person.**
- ◆ **UFIL must provide its own training and development program to its employees. Thus, it can have highly efficient, and qualified employees. Though it has the training program, but the system is not so organized. So they should give the eye on it. This is really very much important for UFIL.**



- ◆ UFIL should take care of the interns. There have some special and specific work for internee. And definitely, UFIL should have the ability to provide the internee the basic things. For instance, the working place. It is really very much uncomfortable and discouraging for the officer and internee, if the officer needs to share his/her working place with internee. It will hamper the work of the officer, which is really so important for the company, for the officer, and for the internee as well. So, UFIL should take some planning program for the interns.

The above suggestions can help the company to work out its basic element problems. If UFIL take those initiatives, they can improve more and can increase their goodwill as well

🌐. Suggestion for Resolving the Operational Problem of UFIL:

If UFIL can resolve its basic element problem, it will also indirectly solve its operational or financial problems. But, UFIL, obviously, take some plans to recoup the problems and these are:

- ◆ UFIL is now following the strategic allies, which is syndication. So it will help them to processed and executes more contracts. And this thing also helps the UFIL for high competition.
- ◆ UFIL should give the eyes on its profit, which is become lessen in the year 2003 at the percentage of operational revenue. That may be effect on its funding ability. So, they redeveloped its utilization of total income, which can help to solve this sort of problems.
- ◆ Though UFIL is highly leveraged firm, they should not so much worried about it. Because UFIL, now, is a growing firm.
- ◆ But UFIL should take a look on its "return on equity", which is lower than the previous year. Thus, the stockholder's equity also lowers than the



preceding year as well. That thing may effect on their internal fund. So, in order to increase the ROE, the company needs to increase its net income.

- ◆ The percentage of cash and cash equivalents and investment in shares (marketable securities) of total asset of UFIL is decreased from the earlier year and liabilities (the % of total asset) is much higher than the marketable securities. Therefore, it reflects the financial strength of the company that is not so well. Though, the actual balance sheet reveals that the marketable securities are increased (Tk.387, 328,573) and the total liabilities (Tk.2, 408,437,645) increased as well from the preceding year 2002. In 2002, marketable securities were tk.202, 287,944 and total liabilities were tk.1, 521,192,551. But, the longitudinal analysis of common-size statement shows that the availability of financial strength is not sufficient. So, UFIL should increase its percentage of marketable securities of total asset, or try to shrink its percentage of liabilities of total asset.
- ◆ UFIL 's P/E ratio is in middle position among the three companies that is 8.17 times, while IDLC is 10.72 and United Leasing is 5.38 times. From our analysis of debt management ratio, we know that UFIL is risk associated with Leverage Company. But here, IDLC is most risky firm than UFIL and United Leasing. IDLC's debt-equity ratio is 7.7 times, which is higher than UFIL (4times) and United Leasing (6.55). So, comparing with IDLC and United Leasing we can say that UFIL is an above-average leveraged firm.

These are the major suggestions for recouping the operational problems of UFIL. So, UFIL should take a looking forward these sorts of problems like basic organizational element problems, because these problems are really important. They should take care of these. UFIL should try to solve its operational and financing problem as much as faster and as much as earlier as possible. At a present time, UFIL is one of the growing company and profitable company in the market.



6.3: Conclusion: -

UFIL is one of the largest leasing Company in Bangladesh. It is really very much honorable to me to do my internship here. I have learned so many things here. Especially, the official work, which will help me a lot in my professional life. I have learned about the leasing matters practically, and other things as well. UFIL has so many talented employees. Thus, its success is obvious. And in present time, UFIL really does very well. Though they have some problems in their work, but now UFIL try to solve these problems as well to improve the company internal environment. Therefore, UFIL have accomplished the computerized program, by which UFIL does all of its business and financial activities. Therefore, UFIL can be able to do their company affairs as much faster and as much as accurate.

Now days, UFIL is one of the top leasing company in leasing market of Bangladesh. UFIL's main target is to improve the economy of Bangladesh. Therefore, UFIL take so many initiatives to help the economy of Bangladesh. Its organizational target is to be profitable company in Bangladesh. Now, they have achieved their target very confidently. It is obvious that Uttara Finance And Investment Ltd. Company has bright, optimistic and glorious future in leasing market.

Appendices

1. Bibliography
 2. Financial Statements
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Financial Statements of UFIL, IDLC, And United Leasing: -

The actual Balance Sheet of UFIL over the last five years:

Uttara Finance and Investment Ltd.

Balance Sheet (1999-2003)

Year Ended December 31

Particulars	Amounts in Taka				
	1999	2000	2001	2002	2003
Current maturity of term finance	63,368,457	75,325,383	103,820,409	83,004,796	125,216,371
Receivable from lessee	47,310,387	68,066,408	56,310,909	55,668,082	74,303,866
Investment in Shares	36,364,537	14,068,107	18,221,826	26,020,537	61,350,676
Advances, prepayments and receivables	38,835,096	78,436,453	68,430,332	94,111,327	136,803,063
Cash and Cash equivalents	37,209,689	52,794,599	238,209,685	176,267,407	325,977,897
Current Assets	223,088,166	288,690,950	484,993,161	435,072,149	723,651,873
Fixed asset at cost less depreciation	3,206,134	2,497,112	2,895,091	4,205,779	22,382,693
Leased Assets	446,980,949	597,714,889	793,437,217	1,266,090,290	1,424,351,401
Term finances net of current maturity	15,703,087	26,429,256	55,493,676	117,749,182	252,617,224
	465,890,170	626,641,257	851,825,984	1,388,045,251	1,699,351,318
Total Assets	688,978,336	915,332,207	1,336,819,145	1,823,117,400	2,423,003,191
Current Liabilities and Provision:					
Current maturity of loans	85,052,934	96,578,887	121,849,198	256,935,471	204,982,491
Current maturity of P/N	80,472,881	73,773,678	169,353,679	122,305,127	244,064,717
Advance lease rentals	19,913,771	14,809,732	9,046,050	23,418,240	15,748,174
Payable and accruals	158,060,572	236,879,571	458,836,752	294,156,331	78,542,056
Provision for taxation	18,025,000	25,525,000	35,525,000	45,525,000	59,025,000
Bank overdraft	-	-	-	55,000,000	
Dividend Payable	21,559,811	27,652,299	832,417	1,184,546	7,661,191
Total Current Liabilities	383,084,969	475,219,167	795,443,096	798,524,715	610,023,629
Terms Liabilities net of current maturity	158,953,047	272,722,148	308,542,645	722,667,836	1,438,414,016
Interest suspense accounts	-	18,676,192	14,656,224	21,600,882	24,017,099
Investor's Account	8,743,664	531,600	855,600		
Shareholder's Equity:					
Share capital	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000
Statutory reserve	13,430,757	20,228,046	34,055,742	52,656,219	72,701,115
General reserve	-	-	-	-	50,000,000
Proposed dividend	-	-	30,000,000	30,000,000	30,000,000
Retained earnings	4,765,899	7,955,054	33,265,838	77,667,748	77,847,332
Total Stockholder's Equity	138,196,656	148,183,100	217,321,580	280,323,967	350,548,447
Total Liabilities & Stockholder's equity	688,978,336	915,332,207	1,336,819,145	1,823,117,400	2,423,003,191

The actual Income statement of UFIL over the last five years:

Table: 5-22:

Uttara Finance And Investment Ltd.
Income Statement
For the year ended 31 December

Particulars	Amounts in Taka				
	1999	2000	2001	2002	2003
Operational Revenue	211,454,021	247,647,650	397,245,905	531,180,779	693,429,687
Less: Operating exp.	137,614,403	130,521,121	232,051,646	300,306,407	403,475,388
Operating Profit from leasing and financing ope.	73,839,618	117,126,529	165,194,259	230,874,372	289,954,299
Income from Merchant banking	(296,502)	7,158,851	3,265,883	979,112	1,998,033
Income from Operation	73,543,116	124,285,380	168,460,142	231,853,484	291,952,332
Non operational Income	3,123,269	5,778,912	10,160,363	15,803,099	18,023,766
Earning before Int. and taxes	76,666,385	130,064,292	178,620,505	247,656,583	309,976,098
Interest Expense	41,601,595	58,046,071	95,761,106	145,369,263	189,202,670
Earning before taxes and provision	35,064,790	72,018,221	82,859,399	102,287,320	120,773,428
Provision for classified asset	1,917,143	30,531,777	3,720,919	(715,067)	7,048,948
Earning before taxes	33,147,647	41,486,444	79,138,480	103,002,387	113,724,480
Provision for taxes	5,000,000	7,500,000	10,000,000	10,000,000	13,500,000
Net Income	28,147,647	33,986,444	69,138,480	93,002,387	100,224,480

UFIL, IDLC, and United Leasing
Statements of Balance Sheets
For the year ended December 31, 2003

Particulars	As selected items					
	UFIL	IDLC	United Leasing			
Accounts Receivables & adv.	136,803,063	376,879,804	303,446,414			
Current maturity of leased asset	74,303,866	1,446,236,657	1,145,829,983			
Current maturity of direct finance	125,216,371	640,755,403	57,896,664			
Cash and cash equivalents	325,977,897	147,861,977	636,791,739			
Current Assets	662,301,197	2,611,733,841	2,143,964,800			
Fixed assets	22,382,693	20,135,317	14,553,466			
Leased assets	1,424,351,401	2,286,197,812	1,792,378,608			
Direct Finance	252,617,224	773,195,920	210,372,867			
Investment in shares	61,350,676	114,562,133	139,728,483			
	1,760,701,994	3,194,091,182	2,157,033,424			
Total Assets	2,423,003,191	5,805,825,023	4,300,998,224			
Current liabilities and Provision:						
Current maturity of Longterm loans	204,982,491	1,481,123,704	600,377,306			
Accrued expense and payables	86,203,247	237,978,048	181,216,191			
Current Liabilities and Provision	610,023,629	2,220,222,373	1,831,290,443			
Long-term Liabilities	1,462,431,115	3,003,560,303	1,899,961,355			
Total Liabilities	2,072,454,744	5,223,782,676	3,731,251,798			
Total Stockholder's Equity	350,548,447	582,042,347	569,746,426			
Total Liabilities & Stockholder's equity	2,423,003,191	5,805,825,023	4,300,998,224			

Uttara Finance And Investment Ltd., IDLC, And United Leasing
Income Statements (Comparative Income Statements)
For the year ended December 31, 2003.

Particulars	Income Statements		
	Amounts in Tk.	Amounts in Tk.	Amounts in Tk.
	UFIL	IDLC	United
Operational Revenue	693,429,687	1,811,555,376	1,425,864,024
Less: Operating exp.	403,475,388	1,163,029,939	935,119,785
Operating Profit	289,954,299	648,525,437	490,744,239
Income from Merchant banking	1,998,033	(1,563,495)	-
Income from Operation	291,952,332	646,961,942	490,744,239
Non operational Income	18,023,766	5,624,867	(777,079)
Earning before Int. and taxes	309,976,098	652,586,809	489,967,160
Interest Expense	189,202,670	431,751,508	252,823,763
Earning before taxes and provision	120,773,428	220,835,301	237,143,397
Provision for classified asset	7,048,948	-	-
Earning before taxes	113,724,480	220,835,301	237,143,397
Provision for taxes	13,500,000	100,000,000	126,822,034
Net Income	100,224,480	120,835,301	110,321,363

Source: Annual Report.