

# **International Leasing and Financial Services Ltd.**

## **Brief Overview of the Company**

1. Date of Incorporation: January 15, 1996
2. Authorized Capital: Tk. 300 million.
3. Paid up Capital: Tk. 157.89 million (Pre IPO) [Excluding bonus shares issued after Balance Sheet date of Tk. 22.11 million].

## **Details of the Issue**

<b>Description</b>	<b>Ordinary Shares</b>	<b>Offer Value In Taka</b>	<b>Premium per share (Tk.)</b>	<b>Premium in Taka</b>	<b>Capital in Taka</b>
Pre-IPO Placement	–			–	–
Public Offering	500,000	100	150	75,000,000	50,000,000

## **Paid up Capital after IPO**

<b>Particulars</b>	<b>Ordinary Shares</b>	<b>Face Value (Tk.)</b>	<b>Capital in Taka</b>
Pre-IPO Paid up capital	1,578,892	100	157,889,200
Bonus Shares issued after Balance Sheet date	221,108	100	22,110,800
IPO	500,000	100	50,000,000
Paid up capital after IPO	2,300,000	100	230,000,000

## **Board of Directors:**

<b>Sl.No</b>	<b>Name of Individual Directors</b>	<b>Designation</b>	<b>Directorship/Sponsorship/Ownership with other Companies</b>
1	Mr. Mahbub Jamil	Chairman	<ul style="list-style-type: none"><li>• Singer Bangladesh Ltd.</li><li>• Electrical and System Services Company Ltd.</li></ul>
2	Mr. Sajidur Rahman Khan Alternate to Mr. Gavin J. Walker	Alternate Director	<ul style="list-style-type: none"><li>• <b>Singer Bangladesh Ltd.</b></li><li>• Electrical and System Services Company Ltd.</li></ul>
3	Mr. Itrat Hossain Alternate to Mr. Theo Renard	Alternate Director	<ul style="list-style-type: none"><li>• Singer Bangladesh Ltd.</li></ul>

4	Mr. M. Matiul Islam	Director	<ul style="list-style-type: none"> <li>Industrial and Infrastructure Development Finance Company Ltd.</li> <li>Credit Rating and Information Services Limited</li> </ul>
5	Mr. Jamal Uddin Ahmad	Director	<ul style="list-style-type: none"> <li>Ahmad &amp; Ahmad (Chartered Accountants)</li> <li>Jeroms Group of Companies</li> <li>Credit Rating and Information Services Limited</li> <li><b>National Housing Finance And Investments Limited</b></li> </ul>
6	Mr. Mizanur Rahman*	Director	<ul style="list-style-type: none"> <li>Shaw Wallace Bangladesh Ltd.</li> <li>House of Consultants</li> <li>Electrical and System Services Company Ltd.</li> <li>Avant Grade Limited.</li> <li>SW Shipping Limited</li> </ul>
7	Mr. Mustafizur Rahman	Managing Director	

### Performance at a Glance:

(Tk. In million)

Particulars	31-12-2001	31-12-2002	31-12-2003	31-12-2004	31-12-2005	30-06-2006 for 6 months
Operating Revenue	366.48	553.22	863.23	480.47	673.58	379.92
<i>Growth</i>		50.96%	56.04%	-44.34%	40.19%	
Operating Expenses	326.35	481.35	744.10	339.73	540.75	349.27
<i>Growth</i>		47.50%	54.59%	-54.34%	59.17%	
Operating Profit	40.13	71.87	119.13	140.74	132.83	30.65
<i>Growth</i>		79.09%	65.76%	18.14%	-5.62%	
Net Profit after tax	24.04	50.86	78.13	122.57	144.84	27.16
<i>Growth</i>		111.56%	53.62%	56.88%	18.17%	
Total Assets	1604.41	2403.35	3482.41	4829.25	5611.49	5725.69
<i>Growth</i>		49.80%	44.90%	38.68%	16.20%	2.04%
Net Assets	114.40	151.19	229.32	331.05	466.42	430.42
<i>Growth</i>		32.16%	51.68%	44.36%	40.89%	-7.72%
NAV per share	138.16	182.60	245.09	262.09	295.41	239.12
<i>Growth</i>		32.16%	34.23%	6.93%	12.71%	-19.05%
* Pre IPO NAV per share (Diluted)	63.56	83.99	127.40	183.92	259.12	239.12
EPS	29.03	61.43	83.50	97.04	91.74	15.09
<i>Growth</i>		1.12	0.36	0.16	-0.05	
Post IPO EPS (Diluted)					62.97	11.81

Particulars	31-12-2001	31-12-2002	31-12-2003	31-12-2004	31-12-2005	30-06-2006 for 6 months
Shareholders Equity	114.40	151.19	229.32	331.05	466.42	430.42
No. of Shares	828000	828000	935640	1263114	1578892	1800000
ROE	21.01%	33.64%	34.07%	37.02%	31.05%	6.31%
ROA	1.50%	2.12%	2.24%	2.54%	2.58%	0.47%
Net Profit Margin	6.56%	9.19%	9.05%	25.51%	21.50%	7.15%
Asset Utilization	22.84%	23.02%	24.79%	9.95%	12.00%	6.64%
Equity Multiplier	14.02	15.90	15.19	14.59	12.03	13.30
Short-term Debt	1183.31	1608.86	1676.69	2782.8	2374.25	2360.02
Long-term Debt	306.7	643.3	1576.4	1715.4	2770.82	2935.25
Total Debt	1490.01	2252.16	3253.09	4498.2	5145.07	5295.27
Total Debt to Total Asset	92.87%	93.71%	93.41%	93.14%	91.69%	92.48%
STD to Total Capital	73.75%	66.94%	48.15%	57.62%	42.31%	41.22%
LTD to Total Capital	19.12%	26.77%	45.27%	35.52%	49.38%	51.26%
Interest Expense	86.2	148.91	251.92	278.34	434.5	285.4
EBIT	126.34	220.77	371.05	419.08	567.34	316.06
Time Interest Earned Ratio	1.47	1.48	1.47	1.51	1.31	1.11
DuPont EPS	29.02	61.42	83.50	97.02	91.72	15.08

**\* Here pre-IPO total no. of shares arises 1,800,000 included bonus shares of 221,108 issued after balance sheet date of 2005 and approved on 05.07.06 by SEC.**  
**Measurement of Profitability**

**Credit Rating Report of ILFSL by CRISL is shown below:**

- **Long-Term Ratings: A-**
- **Short –Term Ratings: ST-3**

**Use of proceeds:**

The public issue to be executed is in compliance with relevant statutory requirements. The proceeds will strengthen the capital base of the Company and thus the ability to augment business expansion. The funds to be raised through this public issue will be generally used for investment and lending.

## **Risk Factors and Management Perception about Risks**

As with all investments, investors should be aware that there are risks associated with an investment in the Company. These risks could result in loss of income or capital investment. Investors are encouraged to seek independent financial advice.

### **Interest rate Risk**

**The Company's leases are generally structured at fixed rates for specified terms. Increase in interest rates of borrowings could narrow or eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the Company's business, financial condition and/or results of operations.**

*Although the consequences of unusual and abrupt increase in borrowing rate cannot be avoided but the Company will definitely take all the appropriate measures to minimize the negative consequences.*

### **Industry Risk**

**The Company is operating in a highly competitive market. Some of the competitors have more resources than those of the Company, including better image, broader range of products, complementary lines of business etc. It is difficult to predict in advance the move of the competitors in the coming years.**

*International Leasing And Financial Services Limited is always cautious in offering products and services at competitive terms and conditions. We have some innovative products with better competitive advantages.*

### **Market and technology related Risk**

**In the wide market of 21<sup>st</sup> century, advanced technology obsoletes the old service / product strategy. So the existing technology may not be efficient enough to cope with the future business trends and needs.**

*The Board always put emphasis on development and implementation of the state of the art technology and is always committed to invest in modern and updated information technology.*

### **Default of clients**

**A lessee or borrower may default in performing its lease or loan obligations and the Company may be unable to enforce its remedies. The Company's inability to collect receivables due or to repossess lease assets in the event of default by a lessee could have a material adverse effect on the Company's businesses, financial condition and/or results of operations.**

*International Leasing And Financial Services Limited follows a very methodical client selection and project appraisal process to make investment decision, which reduces the risk of default to a great extent. Moreover, we have a separate lease-monitoring department, which pursue the overdue clients in a very systematic way.*

### **Change in fiscal policy**

**The Company's leasing activities generate significant depreciation allowances that provide the Company with substantial tax benefits on an ongoing basis. In addition, the Company's lessees currently enjoy favorable tax treatment due to entitlement of depreciation. Any change of current tax laws may make lease financing less attractive and would have a material impact on the Company's business, financial condition and/or results of operations.**

*We have been putting our best efforts to manage our tax and accounting matters professionally. Unless a material change takes place in the fiscal policy, which would affect the leasing industry as a whole, we are prepared to address issues that may have any significant impact on the Company's business, financial condition and/or results of operations.*

### **Economic slowdown**

**The overall demand for the Company's products is linked to macro parameters like GDP growth, demand for project finance, healthy capital markets and the overall growth of Bangladesh economy. A slowdown in economic growth will have an adverse impact on the demand for credit and on quality of borrowers.**

*We always review the changes in the local as well as global economic factors so that we can take necessary steps to address its impact on business of our Company. Due to the availability of diversified products and services, the Company expects to minimize the effect of aforesaid issues.*

### **Change in regulatory policies**

**The company operates under the specific guidelines as laid down by the Bangladesh Bank as well as the Securities and Exchange Commission (SEC). Any sudden change of the guidelines/policies formulated by the Bangladesh Bank and / or the SEC may affect the business of the Company adversely.**

*Unless the regulatory authorities adopt any adverse policies which may materially affect the industry as a whole, the business of the Company will not be affected that much since we are always particular in complying with rules and regulations of the authorities.*