

# RIGHTS SHARE OFFER DOCUMENT

Date: May 29, 2019

Rights Offer of 117,806,840 Ordinary Shares of Tk.10.00 each at an issue price of Tk.12.00 each including a premium of Tk.2.00 per share, totaling Tk.1,413,682,080 offered on the basis of 01(One)[R]:02(Two) i.e. One Rights Share against Two existing shares held on the record date after considering 8% stock dividend for the year 2018.

SUBSCRIPTION
Opens on : July 10, 2019
Closes on: July 31, 2019
(Within Banking hours)

Credit Rating Status		
	Long Term	Short Term
Entity Rating	AA1	ST-1
Outlook	Stable	
Date of Rating	July 19, 2018	
Validity of Rating	June 30, 2019	
Rating assigned by: Credit Rating Agency of Bangladesh Limited (CRAB)		

Record Date: June 25, 2019

## MANAGER TO THE ISSUE



Amin Court, 4th Floor (Suite # 403-405),  
31, BirUttam Shahid Ashfaqueus Samad Road  
(Previous 62-63, Motijheel C/A), Dhaka-1000  
Phone: +88029559602, +88029567726, Fax: 880-2-9558330  
Web-site: www.aaafinancebd.com, E-mail: info@aaafinancebd.com

## FULLY UNDERWRITTEN BY

<b>AAA Finance &amp; Investment Ltd.</b> Amin Court (4th Floor), Suite 403-405, 62-63, Motijheel C/A, Dhaka 1000	<b>BetaOne Investments Ltd.</b> Medona Tower (Level - 13) 28, Mohakhali C/A Dhaka-1213	<b>IIDFC Capital Limited</b> Eunoos Trade Centre (Level 7) 52-53, Dilkusha C/A Dhaka -1000	<b>CAPM Advisory Limited</b> Tower Hamlet, 9th Floor, 16 Kemal Ataturk Avenue, Banani C/A, Dhaka-1213
<b>BRAC EPL Investments Ltd.</b> Concord Baksh Tower Plot # 11/A, Road # 48, Block # CWN(A) Kemal Ataturk Avenue, Gulshan-2, Dhaka-1212	<b>EBL Investments Limited</b> Jiban Bima Bhaban (Ground Floor), 10, Dilkusha C/A, Dhaka-1000	<b>BLI Capital Limited</b> Rupayan Trade Centre (10th Floor) 114, Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000	<b>Prime Bank Investment Ltd.</b> Tajwar Center (5th Floor) House: 34, Road No: 19/A, Banani, Dhaka-1213
<b>Banco Finance and Investment Limited</b> Shefali Complex (4th Floor) 218/3/A, West Kafilul, Sher-e- Bangla Nagar, Dhaka-1207	<b>Swadesh Investment Management Limited</b> UTC Building, 11th Floor, 8, Panthapath, Kawran Bazar Dhaka-1215	<b>LankaBangla Investments Ltd.</b> City Centre, (Level 24) 90/1 Motijheel C/A, Dhaka 1000	<b>Sandhani Life Finance Ltd.</b> 16 Motijheel C/A, 2nd floor Dhaka-1000



## IPDC FINANCE LIMITED

Registered Office:

Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka - 1212  
Tel: +88 09612885533, 16519 +(88-02) 55068930-7, Fax: 55068928, 55068930  
Email: email@ipdcibd.com, Website: www.ipdcibd.com, Facebook: ipdcfinance

As per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

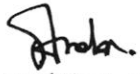
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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited


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 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

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 12.06.19  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited




**Definition and Elaboration of the abbreviated words and technical terms used in the Rights Share Offer Document**

AAA	:	AAA Finance & Investment Ltd.
Allotment	:	Allotment of Share
BB	:	Bangladesh Bank
CDBL	:	Central Depository Bangladesh Ltd.
Commission	:	Bangladesh Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
EPS	:	Earnings Per Share
IPDC	:	IPDC Finance Limited
Issue	:	Rights Issue
Issue Manager	:	AAA Finance & Investment Ltd.
Issuer Company	:	IPDC Finance Limited
NAV	:	Net Assets Value
Offering Price	:	Price of the Securities of IPDC Finance Limited
Registered Office	:	Head Office of the Company
RI	:	Rights Issue
Rights Issue Rule	:	Securities and Exchange Commission (Rights Issue) Rules, 2006
RJSC	:	Registrar of Joint Stock Companies & Firms
BSEC	:	Bangladesh Securities and Exchange Commission
Securities	:	Shares of IPDC Finance Limited
Securities Market	:	The Share Market of Bangladesh
Sponsor	:	The Sponsor Shareholder of IPDC Finance Limited
Stockholder	:	Shareholder
Subscription	:	Application Money
AKFED	:	Aga Khan Found for Economic Development
GoB	:	Government of Bangladesh
CAGR	:	Cumulative average growth rate

  
Monammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
12.06.19  
**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
**Monimul Islam**  
Managing Director & CEO  
IPDC Finance Limited

## Corporate Directory& Background

### IPDC FINANCE LIMITED



Hosna Center (4th Floor), 106 Gulshan Avenue  
Gulshan, Dhaka – 1212, Bangladesh

### RIGHTS ISSUE OF SHARES

Date: June 26, 2019

Dear Shareholder(s)

We are happy to offer you an opportunity to participate in Rights Issue of Shares of IPDC Finance Limited. The honorable shareholders of IPDC in the 13th Extra Ordinary General Meeting held on 25 March 2018 approved as issuance of One Rights Share against Two existing shares held on the record date (1R:2) at an issue price of Tk.13.00 each including a premium of Tk.3.00 per share.

Subsequently, the Board of Directors in its 177<sup>th</sup> meeting held on 10 February 2019 recommended revision of the term and amount of the proposed Rights Offer that it will issue 117,806,840 number of shares at a price of BDT 12.00 each including premium of BDT 2.00 per share totaling **BDT 1,413,682,080.00** at a ratio of 01[R]:02, i.e. one rights share for every two shares held on the record date of entitlement considering 8% stock dividend for the year 2018 as approved in the 37<sup>th</sup> AGM held on 31 March 2019. It is mentionable here that the premium of the issue has been reduced from BDT 3.00 to BDT 2.00 per share considering the greater interest of the shareholders of the Company. Later, the recommendation of the Board has been approved in the 15th Extra Ordinary General Meeting (EGM) held on March 31, 2019. The purpose of issuance of Rights Shares is to cope with the business growth, and strengthen the capital base of the Company with capital adequacy compliances. It is hereby stated that after the completion of the proposed rights issue, the paid up capital of the company will stand at BDT. 3,534,205,210.

With the passage of time IPDC has completed another accounting year 2018, and today the company is one of the country's leading NBFIs in the private sector, contributing significantly to the national economy. The Board of Directors recommended 7.0% cash dividend and 8% stock dividend for the year 2018. Due to satisfactory growth of business activities and services, the Company has earned an Operating Income of BDT.1,874.53 million for the year ended on 31<sup>st</sup> December 2018. This extra-ordinary success has been achieved through efficient conduct of investible funds by the management, under the direction of the Board of Directors as well as patronization and active participation of all our valued shareholders and customers.

To maintain further growth and increase the capital base of your IPDC, we hope, you would come forward with your full support and assistance to make the offer a success.

A self-explanatory Rights Share Offer Document prepared in the light of the Securities and Exchange Commission (Rights Issue) Rules, 2006 of the Bangladesh Securities and Exchange Commission is enclosed for your kind information and evaluation.

On behalf of the Board of Directors,

Sd/-

**Mominul Islam**  
Managing Director & CEO

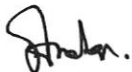
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**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

<b>Registered Name</b>	<b>IPDC Finance Limited</b> (Previously named as Industrial Promotion and Development Company of Bangladesh Limited)
<b>Date of Incorporation</b>	28 November 1981
<b>Legal Status</b>	Public limited company incorporated in Bangladesh under the Company Act 1913 (now the Companies Act 1994)
	Licensed as Financial Institution under Financial Institutions Act 1993 from Bangladesh Bank on 07 February 1995.
<b>Date of Listing</b>	Listed with the Dhaka and Chittagong Stock Exchange Limited since 03 December 2006
<b>Authorized Capital</b>	BDT. 800 Crore
<b>Paid up Capital</b>	BDT. 218.16 Crore
<b>Number of Branches</b>	12(Twelve) Branches including Head Office
<b>Statutory Auditor</b>	<b>Hoda Vasi Chowdhury &amp; Co,</b> <b>Chartered Accountants</b> BTMC Bhaban (7th-8th Level), 7-9 Kazi Nazrul Islam Avenue Karwan Bazar Commercial Area, Dhaka- 1217, Bangladesh
<b>Tax Consultants</b>	<b>Snehasish Mahmud &amp; Co</b> <b>Chartered Accountants</b> Plot No. 10, 3rd Floor, Road No. 9 Block J, Baridhara, Dhaka 1212
	<b>Amin Uddin and Associates</b> Home Tech Tower (1 <sup>st</sup> Floor) 100, Azimpur Road Dhaka-1205, Bangladesh
<b>Legal Advisor</b>	A Rahman & Associates Law & Remedy Mamun Chowdhury & Associates Sarder Jinnat Ali Voyance Legal Emadullah Shahidul Islam (Sylhet)
<b>Rating Agency</b>	<b>Credit Rating Agency of Bangladesh Limited (CRAB)</b> D H Tower, 5 Panthapath Level 15, Dhaka- 1215, Bangladesh
<b>Corporate Governance Auditors</b>	<b>S. F. Ahmed &amp; Co (SFACO)</b> <b>Chartered Accountants</b> House 51 (3rd Floor) Road-9, Block-F, Banani Dhaka-1213, Bangladesh
<b>Manager to the Proposed Rights Issue</b>	<b>AAA Finance &amp; Investment Ltd.</b> Amin Court, 4th Floor (Suite # 403-405) 31, Bir Uttam Shahid Ashfaqus Samad Road, Dhaka-1000, Bangladesh
<b>Bankers to the Proposed Rights Issue</b>	<b>Investment Corporation of Bangladesh</b> 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17), Dhaka-1000
	<b>BRAC Bank Limited</b> 1 Gulshan Avenue, Dhaka 1212, Bangladesh

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

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**Prodip Kumar Basak**  
**Director**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**



## THE RIGHTS OFFER

### The Company

IPDC Finance Limited (Previously named Industrial Promotion and Development Company of Bangladesh Limited) is the first private sector Financial Institution in Bangladesh incorporated on 28 November 1981 and started commercial operation in the year 1983. The Company is publicly listed financial Institution and established under the ambit of the Financial Institutions Act 1993 from Bangladesh Bank on 07 February 1995. Since its inception in 1981 to 2018, IPDC has played a pivotal role in reshaping the private sector industrialization of the country through innovative financial products and services. Today IPDC is a diversified financial institution with a wide range of products and services covering corporate finance and advisory services, SME finance, supply chain finance, retail wealth management and retail finances. During the span of time 1981 to 2018, the Company has been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions.

### Mission

To enable our customers and communities to live unbound and to live to their fullest potential by extending innovative financial solutions in a friendly, timely, transparent and cost-effective manner.

### Vision

To become the most passionate financial brand in the country with special focus on youth, women and under- served areas.

### Corporate Philosophy and Business Model

The corporate philosophy of IPDC centers on their corporate missions, business domain and management goals. The Company devotes talent and technology to the creation of value for their stakeholders. Every day, the team of the Company brings this philosophy to life and to their work and their philosophy cannot be bound by a few words or issues. Yet some of these are narrated in the following way:

### Customers

IPDC is customer-friendly and fully responsive to customer needs and expectations. They carry out required research, analysis and survey to find out what the customers expect. They leverage technology and expertise to provide best services and convenience to the customers. IPDC spends money on things that matter to them and add value to the IPDC in terms of image and profit. That is why the customer-base has been steadily expanding over the years.

### Human Resource

Employees of the company are smart, professional, well-qualified, energetic and sincere. They are passionate about what they do. Since they enjoy their work, it becomes easy for them to work hard. They not only follow set models, but also create models. They completely own what they plan and do.

### Communication

The philosophy of IPDC is to reduce lines and layers of communication. They believe in free flow of ideas within the Management Team. The Senior Management Team is also open to ideas suggested by the lower level executives and officers. At the same time, decision making process is short but quick here.

### Control Mechanism

In IPDC, control mechanism is practiced at all levels. They strive to control the behavior of the employees. Their control mechanism is closely linked to efficiency, quality, innovation and responsiveness to customers.



### Quality and Productivity

IPDC believes in the process of delivery of service, co-ordination is the essence of business. Their philosophy is to achieve goals through a combination of budgetary control, pay for performance, incentive system, unique corporate culture that continuously stresses key values.

### Building Future

The philosophy of IPDC is to make decisions today to improve performance tomorrow. They know a company which is successful has to continue to be successful. They do not fear their future; they shape it by their corporate conduct.

### SUBSIDIARIES OF IPDC

IPDC has no subsidiary or associate company.

## HIGHLIGHT OF THE RIGHTS OFFER, RISK FACTORS, AND MANAGEMENT PLANS FOR REDUCTION OF SUCH RISK [Rule-8(c)]

### The Rights Issue

The Board of Directors of IPDC Finance Limited in its 177<sup>th</sup> meeting held on February 10, 2019 recommended Rights Offer of 117,806,840 Ordinary Shares of Tk.10.00 each at an issue price of Tk.12.00 each including a premium of Tk. 2.00 per share, totaling Taka 1,413,682,080 offered on the basis of 01(One)[R]:02(Two) i.e. One Rights Share against Two existing shares held on the record date. The recommendation of the Board was approved in the 15th Extra Ordinary General Meeting (EGM) held on March 31, 2019. The purpose of issuance of Rights Shares is to cope with the business growth and strengthen the capital base of the Company with capital adequacy compliances. It is hereby stated that after the completion of the proposed rights issue, the paid-up capital of the Company will stand at BDT. 3,534,205,210.

### Issue Price

The Issue Price per share has been fixed in the Extra Ordinary General Meeting of the Company held on March 31, 2019 at Tk.12.00 each including a premium of Tk. 2.00 per share, totaling Taka 1,413,682,080 offered on the basis of 01(One) [R]:02(Two) i.e. one Rights Share against two existing shares held on the record date subject to approval of the Bangladesh Securities and Exchange Commission.

### RISK FACTORS AND MANAGEMENT'S PLAN FOR REDUCTION OF SUCH RISKS

For IPDC, risk is the potential of creating loss for the Company as well as for the stakeholders. The risk arises from the occurrence of some expected or unexpected events in the economy or the financial markets. Risk can also arise from staff oversight or a malafide intention which causes erosion in asset value and, consequently, reduces the Company's intrinsic value. As a financial institution, the major risks inherent in IPDC are as under:

### Credit Risk

Credit risk is stated as a borrower may fail to meet its obligations in accordance with agreed terms, which will ultimately lead to the reduction of IPDC's profitability and shareholders' return. There are three components in credit risk, namely default risk, recovery risk and concentration risk. Default risk is the likelihood that the counterparty will default on its obligation to make timely principal and/or interest payments whereas recovery risk is uncertainty as to

the fraction of the exposure, in the event of default, that can be recovered through bankruptcy proceedings or some other form of settlement. Concentration risk accrues from lending heavily to a singly counterparty or sector.

### Management Perception

IPDC has established different levels of approval authority for each loan application, depending on the size of business and length of credit line. The Company approves each loan considering the purpose of loan application, the repayment ability of the applicant, business feasibility, management capacity and collateral. IPDC carries out risk assessment at both pre-sanction and post-sanction stages. It uses Credit Risk Grading system and Internal Risk Rating systems as pre-sanction assessment tools. In the post-sanction stage, IPDC performs several analyses both in micro and macro-level. Its credit risk management system is designed to identify and analyze risks at early stage and to set and monitor prudent limits, to learn and evolve continuously to face a rapidly changing risk environment. Besides, the Board of Directors periodically reviews and approves the credit risk strategy and credit risk policy considering the risk appetite and the level of profitability it expects to achieve over the periods and define and review the delegation of credit approvals.

### Market Risk

Market risk can be defined as the risk of losses in balance sheet positions arising from adverse movements in market rates or prices such as interest rates, equity prices, foreign exchange rates, commodity prices and general spreads. Net interest income is the difference between the interest IPDC receives from loans and investments and the interest IPDC pays on deposit liabilities and borrowings. The extent of profitability of the Company depends largely on net interest income. Changes in interest rates may adversely affect IPDC's profitability by narrowing or eliminating spread. Interest rates are sensitive to many factors, including general economic conditions and the policies of government and regulatory authorities.

### Management Perception

Although IPDC cannot avoid all adverse impacts of changes in interest rate that arises due to change in economic conditions or government regulation, but IPDC takes all available measures to insulate its profitability. IPDC has an Asset and Liability Committee (ALCO) for monitoring and maintaining interest rate risk at a minimum level with minimum fluctuation through interest rate sensitivity analysis. Market fluctuations may occasionally exceed predicted levels. To ensure IPDC's ability to manage and respond to these fluctuations, the company regularly conducts simulations of radical market movements (stress tests). Such stress tests ensure that the company is prepared to respond should similar situations occur in future. IPDC also monitors interest rate movements in its portfolio on a daily basis as well as monthly basis through management reports.

### Liquidity Risk

In financial industry, the impact of liquidity management is very significant. Liquidity risk arises when liquid assets are not enough to meet maturing obligations or organization's inability to defray its liability. The Company may lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution.

### Management Perception

The objective of IPDC's liquidity risk management framework is to ensure that IPDC can always fulfill its payment obligations and can manage liquidity and funding risks within its risk appetite. Liquidity risk management is the main responsibility of the ALCO. The ALCO consists of treasury, business units, finance, credit risk departments. At IPDC, a top-down and bottom-up approach for liquidity risk management is used. IPDC manages its liquidity mainly through domestic money and capital markets including repurchase markets. The Company seeks to minimize its liquidity costs in line with the market situation by closely managing the liquidity position on a daily basis and restricting the holding of cash held above an appropriate level at any given time. As part of liquidity management, IPDC adheres to its funding plan, and exercises due care in using medium-term borrowings.

### Industry Risk

Industry risk refers to the impact that the country's industrial policy as well as the level of intra-sector competition can have on the performance of a specific company. For IPDC, this risk is particularly caused by facing increasing level of competition from foreign and domestic financial institutions, leading to negative impact on the financial health of the company. There are 34 NBFIs currently operating in our country

### Management Perception

To manage industry risk, the management of IPDC Finance Ltd. is concentrating heavily on diversifying its product lines while introducing new ones. By properly addressing customers' need and developing new products, IPDC is trying to increase its market share. Moreover, it prioritizes capacity building to address key issues by enhancing professional capabilities of the employees and introducing modern infrastructural facility.

### Capital Adequacy Risk


Capital Adequacy Risk is such a risk factor where a financial institution does not have sufficient capital reserves to do the business or to absorb unexpected losses arising from credit, market and operational risks.

### Management Perception

IPDC's capital management policy is crafted to ensure that the Company maintains an adequate level of capital to support growth strategies and meets regulatory requirements and market expectations. Financial Institutions in Bangladesh will be required to comply with Basel III (International Settlements) Accord by 2019 in line with phase wise arrangement of Bangladesh Bank starting from 2015, which will result in changes to capital adequacy requirements. The new accord has introduced 3 different ratios to thrust liquidity risk and leverage risk. The ratios are liquidity coverage ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio. This in turn will have a direct effect on IPDC's capital adequacy ratio. IPDC has crafted its process to suit with the new capital adequacy accord.


### Operational Risk

Operational risk is the risk of financial losses related to breakdown in internal control and corporate governance processes. Such breakdown can be the result of human error, inadequate or failed internal processes and technical systems, fraud, or any other adverse internal events. Operational Risk has the most devastating impact on the organization and is difficult to anticipate.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### Management Perception

IPDC has an operational risk management framework to ensure that the Company has in place appropriate policies, work processes and procedures. This requires gathering information pertaining to operational risks so as to avoid operational failures and minimize relevant losses; while enabling IPDC to quickly respond to and pursue new business opportunities with appropriate risk controls and monitoring. The Company's operational risk management policy embraces the concepts of risk identification, risk assessment, risk monitoring, and risk mitigation and control. The primary responsibility for managing this risk rests with each operating unit, through the adoption of proper internal control measures in the operating environment.

### History of Non-Operation

This risk arises when a NBFI ceases to carry out its commercial operation.

### Management Perception:

IPDC has Finance commences its business in 1983 and it has no history of non-operation till now. The Company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws implemented by the Government. Besides, the company's financial strength is satisfactory. It has very experienced Board of Directors and Management team to make the company more efficient and stronger for commercial operations.

### Reputation Risk

For IPDC, reputational risks entail the risk of possible damage to its brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with IPDC's values and beliefs.

### Management Perception

While it's widely accepted that damage to a financial institution's reputation is financially harmful, there are no proven measures to monitor reputational risk that has a measurable impact on financial stability. However, IPDC takes a proactive approach in this regard and ensures that its policies are strictly maintained in its operations which in turn helps to ensure that the company is not subject to any reputational risks. Besides, it has adopted practices like quality public reporting, effective communication and brand building, customer feedback incorporation into business policy for effective reputation management.


### Strategic Risk

It is the possible losses that might arise from adverse business decisions, substandard execution of business strategies and failure to respond properly to changes in the external environment. Strategic risks can arise from inadequate assessment of strategic plans, ineffective implementation of strategic plans and unexpected changes to assumptions underlying strategic plans.

### Management Perception

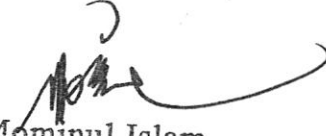
IPDC measures its strategic risks on three broad sections:

- Positioning Risks: Measuring financial performance against strategic plan

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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IPDC Finance Limited



- Execution Risks: Monitoring key strategic positions as well as the pipeline of resources to fill up those positions. Reviewing IT systems and processes to ensure sufficient capacity to grow the business.
- Consequence Risks: Conducting market research to gauge the performance of IPDC relative to the market.

Regular Management Committee meetings, IT Steering Committee meetings, Business Transformation Governance meetings take place where the members review business performance and progress towards strategic plans and revisits plans when necessary in response to the changing environment.

#### **Compliance Risk**

Compliance Risk is defined as the current or prospective risk of legal sanction and material financial loss due to the company's failure to comply with laws, its own regulations, code of conduct, and standards.

#### **Management Perception**

IPDC fosters a compliance-oriented culture throughout the organization. This has been armored through strong communications, proper training, signing and declaration of the IPDC's code of conduct, repeated communication from senior management and continuous monitoring. In general, compliance culture is embedded in the day to day business processes and practices of the Company.

#### **Money Laundering Risk**

Money laundering risk is associated with the money laundering and terrorist financing and the failure to meet the regulatory obligations. Financial institutions are required to report large cash transactions and other suspicious activities that might be signs of money laundering

#### **Management Perception**

IPDC follows robust KYC procedure and organizes training sessions for all employees to create awareness about the risks and mitigation practices.

#### **Social and Environmental Risk**


Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financial transaction.

#### **Management Perception**


Environmental and Social Risk Management Guidelines have been incorporated in IPDC's credit manual in line with the ESRM Guidelines issued by Bangladesh Bank. IPDC always considers the environmental issues while financing. Through its effective environmental risk management, IPDC tries to address the environmental and social issues more effectively in credit risk appraisal process.

Vetted

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 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

**DATE OF OPENING AND CLOSING OF SUBSCRIPTION LISTS [Rule-8(d)]**

Subscription opens for the rights shares offer on **July 10, 2019** and subscription closes for the rights shares offer on **July 31, 2019**.

**PURPOSE OF RAISING FUND THROUGH RIGHTS ISSUE [Rule-8(e)]****PURPOSE OF THE RIGHTS ISSUE**

IPDC Finance Limited was established in 1981. In last few years, the Loans and Advances of the company has grown significantly from BDT 6,415.78 million in 2015 to BDT 44,325.28 million in 2018 (CAGR of 90.46% over the past 3 years) with the risk-weighted asset increasing every year and CAR (Capital Adequacy Ratio) diminishing sharply from 49.15% in 2015 to 14.01% in 2018 against regulatory requirement of minimum 10.0%. IPDC intends to exploit future market opportunities which will require additional capital. Therefore, to meet the capital adequacy requirement while growing the Balance Sheet and strengthen the financial strength of the company, the Board of Directors and the Shareholders of IPDC Finance Limited have decided to raise paid up capital of the Company through issuance of 117,806,840 Rights Shares of BDT. 12.00 each totaling BDT 1,413,682,080.00 including premium BDT. 2.00 per share at the ratio of 1:2 i.e, 1 (one) Right Share for 2 (two) existing shares held.

Sd/-

**Benozeer Ahmed**  
Chief Financial Officer


Sd/-

**Mominul Islam**  
Managing Director & CEO

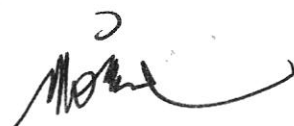
**STATEMENT REGARDING DATE OF AGM HELD AND DIVIDEND DECLARED IN THE LAST 5(FIVE) YEARS BY THE COMPANY**

Financial Year	Date of Dividend Declaration	Rate (%)		Declared Dividend	
		Cash	Stock	Total Amount (TK.)	Total Paid (Tk.)
2018	31 March 2019	7%	8%	327,241,224	327,241,224
2017	25 March 2018	-	20%	363,601,360	363,601,360
2016	2 May 2017	-	20%	303,001,130	303,001,130
2015	30 March 2016	-	20%	252,500,940	252,500,940
2014	4 May 2015	5%	10%	172,159,737	172,159,737

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**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

  
**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

## NAMES OF SERVICES RENDERED BY THE COMPANY [RULE-8(f)]

As a strategic orientation of the company, IPDC has organized its business activities into three broad strategic business units: Corporate, SME and Retail. Details of Products and services offered by the business units are given below:

### Loan Products

To fulfill the long-cherished dreams and to meet the essentials of life, IPDC Finance is offering the following loan products:

### Retail Finance

Its retail finance division offers a substantive and thoughtful variety of personal financial services to fulfill the needs of individuals.

- **Home Loans:** With a wide choice of home loan options, the home and mortgage division aim to meet the need that is on top of every individual aspiration: creating own home. With that aim in mind, IPDC has launched a new and easy to afford home loan product for people outside Dhaka named 'Affordable Home Loan'.
- **Auto Loans:** The auto loan division specializes in providing car financing products and solutions for both individuals and institutions.
- **Personal Loans:** The personal loan unit offers loans for fulfilling a wide range of personal needs and requirements. Now, IPDC is also offering a personal loan named 'Consumer White Goods Finance' for purchasing home appliance, furniture and even trips.

### Small and Medium Enterprises (SMEs)

IPDC offers loan products to Small and Medium Enterprises (SMEs) with a competitive interest rate and flexible repayment options. It has also tailored designed SME loan products for women entrepreneurs to support them:

- **Term Loans:** Small and medium enterprises requiring financing for capital and operating expenditures such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.
- **Short-term Financing:** IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements.
- **Work Order Finance:** To execute a work order in a timely manner and to overcome the liquidity shortage, IPDC offers work order financing.
- **Factoring:** IPDC offers businesses factoring finance to receive cash quickly on their receivables for relieving the first party of a debt for less than the total amount providing them with working capital to continue trading.
- **Joyee:** Loan for female entrepreneurs at 8% interest rate throughout the year.

- **Lease Finance:** IPDC provides lease financing to small and medium enterprises against large industrial engines, industrial machineries and equipment, commercial equipment, generators, vehicles, and vessels among others.

### Corporate Finance and Advisory

IPDC's corporate finance and advisory division provides the full spectrum of corporate financial services. Products under corporate finance include the following:

- **Lease Finance:** It provides lease financing against industrial machineries and equipment, commercial equipment, generators, vehicles, vessels and large industrial engines, among others. Term Loans: Term loans are specially crafted for meeting long-term business purposes. These are normally provided to meet capital and operating expenditures requirements of our customers such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.
- **Project and Syndication Financing:** For projects requiring large-scale investments, IPDC provides syndication services under which it forms consortiums with banks / financial institutions to raise funds. Under this arrangement, IPDC acts as the lead financing arranger. Project financing can be applicable to both greenfield as well as brownfield expansions.
- **Short-term Financing:** IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements. Investments in Preference and Common Shares: IPDC subscribes to client preference shares or acquires common stock if clients are raising funds, thereby helping them meet their funds requirements.

### Deposit Products

Under liability schemes, IPDC offers its depositors the flexibility to either invest in deposit schemes or savings schemes. A brief narration of its various products under retail deposit finance is given below:

### Savings Schemes

IPDC offers the clients the most secured and profitable investment that they are looking for through the savings schemes.

- **Deposit Premium Scheme:** A fixed amount is deposited every month which is capitalized annually. Total amount can be withdrawn after then end of the term.
- **Millionaire Deposit Scheme:** A monthly scheme with flexible long-term tenure that gives maturity value of BDT 1 million.
- **Ultiflex Deposit Scheme:** The most flexible deposit scheme in the market in which customers can deposit any amount of money anytime they wish with a fixed rate. The minimum tenure is 2 years.

### Deposit Schemes

The hard-earned small savings of the customers are given the best value through the deposit schemes of IPDC Finance.



- **Annual Profit Scheme:** A fixed amount no less than BDT 10,000 must be deposited in which mode of interest payment is annual.
- **Cumulative Profit Scheme:** A fixed amount no less than BDT 10,000 must be deposited in which interest is paid at maturity.
- **Fixed Deposit General:** A fixed amount no less than BDT 10,000 must be deposited in which minimum tenure is 3 months and interest is paid at maturity.
- **Monthly Profit Scheme:** A fixed amount no less than BDT 50,000 must be deposited in which minimum tenure is 3 months and interest is paid on monthly basis.
- **Double Money Deposit Scheme:** A fixed amount no less than BDT 50,000 must be deposited in which the deposited amount is doubled after a certain period.
- **Quarterly Profit Schemes:** A fixed amount no less than BDT 50,000 must be deposited in which minimum tenure is 1 year and interest is paid on quarterly basis.

#### Club Royal

Through Club Royal, IPDC provides privileged and priority services, including personal financial advice to their high-value customers. It is one of the few in the country's non-banking financial services industry to provide this exclusive convenience and engagement platform to their top customers.

Vetted



**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission  
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**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.



**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

### JUSTIFICATION FOR THE ISSUE PRICE OF RIGHTS SHARES [Rule-8(g)]

The issue price at BDT 12.00 each including a premium of BDT 2.00 each is justified as per guidelines set by the BSEC. Details are as below:

#### Net Assets Value per Share

The Rights Offer of the ordinary shares of BDT 12.00 has been determined by assessing the Net Assets Value. The Net Assets Value (NAV) per share based on audited accounts as on December 31, 2018 stands at BDT. 17.20. The detailed calculations are as follows:

Particulars	As of December 31, 2018 (Figures in BDT)
Paid up capital	2,181,608,160
Share premium	167,014,000
Statutory reserve	550,461,309
Assets revaluation reserve	310,864,292
Retained earnings	541,979,610
<b>Total shareholders' equity</b>	<b>3,751,927,371</b>
Outstanding no. of ordinary shares as on December 31, 2018	218,160,816
<b>Net Asset Value per share considering asset revaluation reserve</b>	<b>17.20</b>
<b>Net Asset Value per share without considering asset revaluation reserve</b>	<b>15.77</b>

#### Earning Based Value per Share

Earnings per share of IPDC Finance Limited stands at BDT 2.06 and net profit after tax is BDT 450.00 million as per audited accounts for the year ended December 31, 2018. In calculating the historical earnings based value, previous five years' net profit after tax, no. of shares outstanding and EPS as per audited accounts of respective years are as follows:

Financial year	No. of outstanding shares	Weight (%)	Net Profit After Tax	Weighted Net Profit After Tax
2014	114,773,158	14.48%	165,506,131	23,969,721.43
2015	126,250,473	15.93%	240,190,349	38,264,596.32
2016	151,500,567	19.12%	303,086,561	57,941,469.72
2017	181,800,680	22.94%	335,425,303	76,948,453.00
2018	218,160,816	27.53%	450,003,237	123,879,931.37
<b>Total</b>	<b>792,485,694</b>	<b>100.00%</b>	<b>1,494,211,581</b>	
a. Weighted Net Profit After Tax from 2014 to 2018				<b>321,004,172</b>
b. Number of shares as on 31 December 2018				218,160,816
c. Weighted average earnings per share (a/b)				1.47
d. Average sector PE for the last 6 months (Aug'18- Feb'19)				13.98
e. Average market PE for the last 6 months (Aug'18- Feb'19)				15.43
f. Earnings based value per share (Tk.) (c*d) [ Lower of sector PE and Market PE considered]				<b>20.56</b>

\*Calculation of relevant P/E multiple: (Source: DSE Monthly Review)

Average P/E of Market and Financial Institution		
Month	Market	Financial Institution
September 2018	15.17	13.63
October 2018	15.06	13.68
November 2018	14.61	12.88
December 2018	15.19	13.98
January 2019	16.38	15.25
February 2019	16.19	14.43
<b>Average</b>	<b>15.43</b>	<b>13.98</b>

### Average Market Price

Market price of the share of IPDC Finance Limited at the last trading day of preceding six months (October 2018 to March 2019) has been presented in the following table. The price of the shares remained much higher during the period under review than the issue price of BDT 12.00 per share (including premium of BDT 2.00 per share).

Month	Market price in BDT
October 2018	39.50
November 2018	37.70
December 2018	38.10
January 2019	42.90
February 2019	38.90
March 2019	35.90
<b>Average</b>	<b>38.83</b>

(Source: DSE Monthly Review, Closing price)

The average price of preceding six months (October 2018 to March 2019) stands at **BDT 38.83**

### Justification of offering price under different Methods

Name of Method	Amount in BDT
Net Assets Value per Share with Assets Revaluation Reserve	17.20
Net Assets Value per Share without Assets Revaluation Reserve	15.77
Earning Based Value per Share	20.56
Average Market Price	38.83

**Cash flows statement, profit and loss account, balance sheet, changes in equity and notes to the accounts of the issuer, together with certificate from the auditors as in Form-C [RULE-8(h)]**


**Auditor's Report to the Shareholders of  
IPDC Finance Limited**

Vetted

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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



# Independent Auditor's Report to the Shareholders of IPDC Finance Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2018 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.


### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

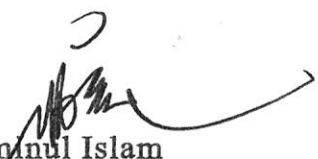
### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for loans, advances and leases</b>	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end the Company reported total gross loans, advances and leases of BDT 44,325,273,003 (2017: BDT 34,466,955,374) and provision for loans and advances of BDT 648,174,156 (2017: BDT 384,780,931).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>
See note no 8 and 14 to the financial statements	

  
**Mohammad Ubaydur Rahman, FCS**  
 Managing Director  
 AAA Finance & Investment Ltd.

  
**Pradip Kumar Basak**  
 Director  
 Bangladesh Securities and Exchange Commission

  
**Momtazul Islam**  
 Managing Director & CEO  
 IPDC Finance Limited

Impairment assessment of unquoted investments	
In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process</p> <p>We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value.</p> <p>Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no 7 to the financial statements	
Revaluation of property, plant and equipment	
During the year ended 31 December 2018, the company has undertaken revaluation of its land and building. As a result of this revaluation exercise, the fair value of land and building have increased by Tk 150,195,033 and Tk 75,145,543 respectively. Determination of fair value in absence of any quoted price and active market require significant judgment	<p>We assessed the process of revaluation taken by the company.</p> <p>We reviewed revaluation report of the independent valuer along with relevant documents.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Company.</p>
See note no 9 and 18 to the financial statements	
IT systems and controls	
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>


#### Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.


Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

  
**Prodip Kumar Basak**  
**Director**  
**Page 20**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

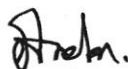
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission


  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:


- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collect to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 950 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, 10 February 2019

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

  
Momtazul Islam  
Managing Director & CEO  
IPDC Finance Limited




**IPDC Finance Limited**  
**Balance Sheet**  
**as at 31 December 2018**


Property and assets	Notes	2018 <u>Taka</u>	2017 <u>Taka</u>
<b>Cash</b>	5		
In hand (including foreign currencies)		395,000	370,000
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)		487,078,154	376,472,857
		<u>487,473,154</u>	<u>376,842,857</u>
<b>Balance with other Banks and Financial Institutions</b>	6		
Inside Bangladesh		3,271,928,101	2,903,301,362
Outside Bangladesh		-	-
		<u>3,271,928,101</u>	<u>2,903,301,362</u>
<b>Money at call and short notice</b>		-	-
<b>Investments</b>	7		
Government securities		-	-
Other investments		868,808,367	662,732,580
		<u>868,808,367</u>	<u>662,732,580</u>
<b>Loans, advances and leases</b>	8		
Loans, cash credits, overdrafts, etc.		44,325,273,003	34,466,955,374
Bills purchased and discounted		-	-
		<u>44,325,273,003</u>	<u>34,466,955,374</u>
<b>Fixed assets including land, building, furniture and fixture</b>	9	545,053,212	267,048,183
<b>Other assets</b>	10	1,008,892,664	608,309,595
<b>Non banking assets</b>	11	3,752,405	3,752,405
<b>Total assets</b>		<u>50,511,180,906</u>	<u>39,288,942,356</u>
<b>Liabilities and capital</b>			
<b>Liabilities</b>			
Borrowings from other Banks, Financial Institutions and agents	12	5,916,890,787	4,214,082,142
<b>Deposits and other accounts</b>	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		37,066,078,306	29,746,862,008
Bearer certificate of deposits		-	-
Other deposits		-	-
		<u>37,066,078,306</u>	<u>29,746,862,008</u>
<b>Other liabilities</b>	14	3,776,284,442	2,217,459,284
<b>Total liabilities</b>		<u>46,759,253,535</u>	<u>36,178,403,434</u>
<b>Shareholders' equity</b>			
Paid up capital	15	2,181,608,160	1,818,006,800
Share premium	16	167,014,000	167,014,000
Statutory reserve	17	550,461,309	460,460,662
Assets revaluation reserve	18	310,864,292	120,483,652
Retained earnings	19	541,979,610	544,573,808
<b>Total shareholders' equity</b>		<u>3,751,927,371</u>	<u>3,110,538,922</u>
<b>Total liabilities and shareholders' equity</b>		<u>50,511,180,906</u>	<u>39,288,942,356</u>

Vetted

CS

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

	<u>Notes</u>	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
<b>Off-balance sheet items</b>			
<b>Contingent liabilities</b>	20		
Acceptances and endorsements		-	-
Letters of guarantee		105,148,614	76,890,865
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Total contingent liabilities</b>		<u>105,148,614</u>	<u>76,890,865</u>
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<u>-</u>	<u>-</u>
<b>Total off-balance sheet items including contingent liabilities</b>		<u>105,148,614</u>	<u>76,890,865</u>
<b>Net Assets Value (NAV) per share</b>	43	<u>17.20</u>	<u>14.26</u>

The annexed notes from 1 to 48 and Annexures A,B and C are an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Managing Director & CEO

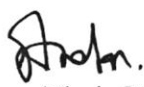
Sd/-  
Company Secretary

As per our report of same date.

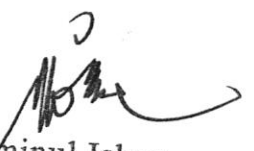
Dhaka, 10 February 2019

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**IPDC Finance Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2018**

	Notes	2018	2017
Particulars		Taka	Taka
Interest income	22	5,080,019,093	2,991,122,584
Less: Interest paid on deposits and borrowings, etc.	23	3,381,689,412	1,918,530,631
<b>Net interest income</b>		<b>1,698,329,681</b>	<b>1,072,591,953</b>
Investment income	24	63,347,080	65,463,411
Commission, exchange and brokerage	25	89,224,663	82,161,056
Other operating income	26	23,632,007	25,291,114
<b>Total operating income</b>		<b>1,874,533,431</b>	<b>1,245,507,534</b>
Salary and allowances	28	382,732,193	284,838,827
Rent, taxes, insurance, electricity, etc.	29	43,444,674	32,636,022
Legal expenses	30	41,936,136	19,400,067
Postage, stamp, telecommunications, etc.	31	9,160,192	7,274,963
Stationery, printing, advertisements, etc.	32	101,248,787	111,818,455
Managing Director's salary and allowances	33	13,679,676	11,554,496
Directors' fees	34	2,409,361	2,785,591
Auditors' fees	35	540,500	678,500
Charges on loan loss		-	-
Depreciation and repair of assets	36	68,212,215	49,842,359
Other expenses	37	88,252,460	51,981,149
<b>Total operating expenses</b>		<b>751,616,194</b>	<b>572,810,429</b>
<b>Profit before provision</b>		<b>1,122,917,237</b>	<b>672,697,105</b>
Provision for loans and advances	38	263,393,225	158,288,646
Provision for diminution in value of investments	39	(1,045,775)	665,214
Other provisions		-	-
<b>Total provision</b>		<b>262,347,450</b>	<b>158,953,860</b>
<b>Profit before tax</b>		<b>860,569,787</b>	<b>513,743,245</b>
Provision for taxation			
Current tax	14.4	406,187,365	176,707,827
Deferred tax	40	4,379,185	1,610,115
		410,566,550	178,317,942
<b>Net profit after tax</b>		<b>450,003,237</b>	<b>335,425,303</b>
<b>Appropriations</b>			
Statutory reserve	17	90,000,647	67,085,061
General reserve		-	-
Proposed dividend		-	-
		90,000,647	67,085,061
<b>Retained surplus</b>		<b>360,002,590</b>	<b>268,340,242</b>
<b>Earnings per share (EPS)</b>	41	<b>2.06</b>	<b>1.54</b>

The annexed notes from 1 to 48 and Annexures A, B and C are an integral part of these financial statements.

**Vetted**

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Managing Director & CEO


Sd/-  
Company Secretary

As per our report of same date.




**Prodip Kumar Basak**  
**Director**  
 Bangladesh Securities and Exchange Commission

Dhaka, 10 February 2019

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
 AAA Finance & Investment Ltd.

Sd/-  
Hoda Vasi Chowdhury & Co  
 Chartered Accountants

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

**IPDC Finance Limited**  
**Cash Flow Statement**  
**for the year ended 31 December 2018**

	Note	2018 Taka	2017 Taka
<b>A) Cash flows from operating activities</b>			
Interest received		5,126,780,043	2,993,769,049
Interest paid		(2,825,424,863)	(1,645,056,246)
Dividend received		35,914,111	27,686,721
Fee and commission received		89,224,663	82,161,056
Recoveries of loan previously written off		20,689,836	24,135,000
Payment to employees		(400,177,834)	(292,627,358)
Payment to suppliers		(275,395,890)	(268,631,227)
Income taxes paid		(281,745,290)	(135,257,010)
Receipt from other operating activities		954,511	1,128,929
Payment for other operating activities		-	-
<i>Cash generated from/(used in) operating activities before changes in operating assets and liabilities</i>		<u>1,490,819,287</u>	<u>787,308,914</u>
<b>Changes in operating assets and liabilities</b>			
Statutory deposits		-	-
Sale of trading securities		-	-
Loans and advances to other banks		17,997,600	106,649,072
Loans and advances to customers		(9,876,315,228)	(15,093,009,356)
Other assets		(41,868,860)	(4,294,343)
Deposits from other banks and financial institutions		2,410,387,500	3,940,000,000
Deposits from customers		4,908,828,798	8,627,671,592
Other liability accounts of customers		-	-
Trading liabilities		85,774,406	1,896,583,218
Other liabilities		166,178,999	148,738,583
<i>Cash received/(paid) from operating assets and liabilities</i>		<u>(2,329,016,785)</u>	<u>(377,661,234)</u>
<i>Net cash from operating activities</i>		<u>(838,197,498)</u>	<u>409,647,680</u>
<b>B) Cash flows from investing activities</b>			
Proceeds from sale of securities		-	-
Payments for purchase of securities		(206,075,787)	(97,000,000)
Net increase in purchase of property, plant and equipment		(100,220,972)	(67,344,490)
Sale proceeds of property, plant and equipment		6,706,067	29,200
<i>Net cash (used in)/ from investing activities</i>		<u>(299,590,692)</u>	<u>(164,315,290)</u>
<b>C) Cash flows from financing activities</b>			
Receipts from issue of loan and debt securities		535,062,759	472,239,248
Payments for redemption of loan and debt securities		-	-
Receipts from issue of ordinary share		-	-
Receipts/(payments) of long term loan		1,081,971,476	703,810,735
Dividends returned/(paid) in cash		10,991	(6,220)
<i>Net cash (used in)/ from financing activities</i>		<u>1,617,045,226</u>	<u>1,176,043,763</u>
<b>D) Net increase in cash (A+B+C)</b>		479,257,036	1,421,376,153
<b>E) Effect of changes in exchange rate over cash and cash equivalents</b>		-	-
<b>F) Cash and cash equivalents at 1 January</b>		3,280,144,219	1,858,768,066
<b>G) Cash and cash equivalents as at 31 December (D+E+F)</b>		<u>3,759,401,255</u>	<u>3,280,144,219</u>
<b>Net operating cash flow per share</b>		<u>(3.84)</u>	<u>1.88</u>

Vetted

44

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

Page 26  
**Prodip Kumar Basak**  
**Director**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

**IPDC Finance Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2018**

<u>Particulars</u>	<u>Paid up capital</u> <u>Taka</u>	<u>Statutory</u> <u>reserve</u> <u>Taka</u>	<u>Share</u> <u>premium</u> <u>Taka</u>	<u>Assets revaluation</u> <u>reserve</u> <u>Taka</u>	<u>Retained</u> <u>earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance as at 1 January 2018	1,818,006,800	460,460,662	167,014,000	120,483,652	544,573,808	3,110,538,922
Surplus/(deficit) on account of revaluation of assets	-	-	-	225,340,576	-	225,340,576
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(1,004,572)	1,004,572	-
Deferred tax liability	-	-	-	(33,955,364)	-	(33,955,364)
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2018	-	-	-	-	450,003,237	450,003,237
Dividend	-	-	-	-	-	-
Issuance of bonus share	363,601,360	-	-	-	(363,601,360)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the year	-	90,000,647	-	-	(90,000,647)	-
Balance as at 31 December 2018	2,181,608,160	550,461,309	167,014,000	310,864,292	541,979,610	3,751,927,371
Balance as at 31 December 2017	1,818,006,800	460,460,662	167,014,000	120,483,652	544,573,808	3,110,538,922

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

Prodip Kumar Basak  
Director  
Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



**IPDC Finance Limited**  
**Liquidity Statement**  
(Assets and liabilities maturity analysis)  
as at 31 December 2018

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	487,473,154	-	-	-	-	487,473,154
Balance with other banks and financial institutions	1,279,326,431	979,520,000	1,013,081,670	-	-	3,271,928,101
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	125,631,250	478,517,717	264,659,400	868,808,367
Loans and advances	4,771,858,184	7,228,368,699	8,089,257,054	18,525,513,952	5,710,275,114	44,325,273,003
Fixed assets including land, building, furniture and fixture	-	-	-	-	545,053,212	545,053,212
Other assets	-	-	-	-	1,008,892,664	1,008,892,664
Non banking assets	-	-	3,752,405	-	-	3,752,405
<b>Total assets</b>	<b>6,538,657,769</b>	<b>8,207,888,699</b>	<b>9,231,722,379</b>	<b>19,004,031,669</b>	<b>7,528,880,390</b>	<b>50,511,180,906</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,022,970,194	535,756,523	2,208,634,030	2,109,530,040	40,000,000	5,916,890,787
Deposits	4,729,710,310	7,307,861,406	5,877,713,133	6,828,699,635	12,322,093,823	37,066,078,307
Other accounts	-	-	-	-	-	-
Provision and other liabilities	519,371,440	274,936,876	655,289,901	304,628,434	2,022,057,790	3,776,284,441
<b>Total liabilities</b>	<b>6,272,051,944</b>	<b>8,118,554,805</b>	<b>8,741,637,064</b>	<b>9,242,858,109</b>	<b>14,384,151,613</b>	<b>46,759,253,535</b>
<b>Net liquidity gap</b>	<b>266,605,825</b>	<b>89,333,894</b>	<b>490,085,315</b>	<b>9,761,173,560</b>	<b>(6,855,271,223)</b>	<b>3,751,927,371</b>

Vetted

Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**IPDC Finance Limited**  
**Notes to the financial statements**  
**as at and for the year ended 31 December 2018**

**1. Reporting entity**

**1.1 Company profile**

With a mandate to promote economic growth in the country, IPDC Finance Limited (Formerly named as Industrial Promotion and Development Company of Bangladesh Limited) hereinafter also referred as "IPDC" or the "Company" was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The Company also registered itself as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The registered office of the Company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The Company became a listed company on 3 December 2006 with both the Dhaka Stock Exchange and the Chittagong Stock Exchange in Bangladesh. The Company has twelve branch offices located at Gulshan, Dhanmondi, Motijheel, Uttara, Chittagong, Narayanganj, Bogra, Gazipur, Sylhet, Comilla, Mymensingh and Jessore.

**1.2 Nature of business**

The Company specialises in providing long term and short term financing, project financing, lease financing, supply chain finance, work order finance, mortgage finance, equity financing, syndication finance and Small & Medium Enterprises (SME), asset backed securitisation and related consultancies. The Company also started retail business to increase its activities in retail segment including consumer white goods financing.

**2. Basis of preparation**

**2.1 Statement of compliance**

The Financial Reporting Act, 2015 (FRA) has been enacted during the year 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is empowered to issue financial reporting standards for public interest entities such as Financial Institutions (FIs). The Financial Institutions Act, 1993 has been amended as required to comply for the preparation of their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as adopted in Bangladesh are still applicable.

Accordingly, the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 1987. In case of any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, which differ with those of IFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors has authorised these financial statements on 10 February 2019.

Vetted



**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission



**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.



**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

## 2.2 Disclosure of departure from few requirements of IASs/IFRSs due to mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations differ with the requirements of IASs/IFRSs. As such the Company has departed from those contradictory requirements of IASs/IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below; along with financial impact where applicable.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs.  The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.	Presentation of financial statements is not fully aligned with all requirements of IAS.
2.	Current/ Non-current distinction	IAS 1 "Presentation of Financial Statement"	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non current segmentation of assets and liabilities.	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regards.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
3.	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
4.	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of non financial institutional assets items in any IFRS; hence there is no requirement for disclosure of non financial institutional assets items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, non financial institutional assets must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
5.	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.

*Abdur.*

*Verified*

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
6.	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure- A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
7.	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities-Balance with Bangladesh Bank (BB)" as per IAS is shown as cash & cash equivalent.
8.	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year net provision charged for loan and advances was BDT 262.34 million and deferred tax assets of BDT 98.37 not recognised on this temporary difference as per BB circular.



*Udaypur Rahman*

*Prodip Kumar Basak*

*Mominul Islam*

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
9.	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.
10.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.	As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.  Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, provision has been kept for 2018 equivalent to BDT 263.39 million as per Bangladesh Bank guidelines among which BDT 102.85 million is general provision on good loan. Also, as at 31 December 2018, accumulated provision for lease, loan and advances stand at BDT 664.64 million.

*Vetted*

*Shaha.*

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
11.	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	As per requirements of IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.	As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	During this year there is no impact in the financial statements due to this departure as the net assets value is higher than cost for all unlisted equity investment and full provision was kept for the listed equity investment.
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	At year end, interest suspense account has increased to BDT 135.06 million from 37.26 million resulting increase of BDT 97.8 million of interest suspense. This amount has been shown as other liabilities in note 14.2.
13.	Presentation and disclosure of Financial Statements and Financial Instruments	IFRS 9 "Financial Instruments"	IFRS 9 require specific presentation and disclosure relating to all financial instruments.	As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 9 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IAS.

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### 2.3 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency which is the Company's functional currency.

### 2.4 Use of estimates and judgments

The preparation of these financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ending 31 December 2018 is included in the following notes:

- |                |  |
|----------------|--|
| a) Note 10.1.2 | Deferred tax assets  |
| b) Note 14.1   | Cumulative provision for loans, advances and investments           |
| c) Note 14.3   | Measurement of defined benefit obligation (provision for gratuity) |
| d) Note 14.4   | Provision for corporate tax  |
| e) Note 14.8   | Provision for expenses   |
| f) Note 14.9   | Deferred tax liabilities   |
| g) Note 18     | Assets revaluation reserve   |
| h) Note 20     | Letters of guarantee (contingent liabilities)                      |
| i) Note 36.1   | Depreciation and amortisation                                      |

### 2.5 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

### 2.6 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

### 2.7 Branch accounting

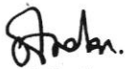
The Company has twelve branches, having no overseas branch as at 31 December 2018. Accounts of the branches are maintained at the head office from which these financial statements are drawn up.

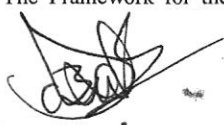
### 2.8 Reporting period

The financial period of the Company was determined from 1 January to 31 December each year and is followed consistently.

### 2.9 Directors' responsibility statement

The Board of Directors is responsible for the preparation and presentation of the financial statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements'.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

## 2.10 Consistency

In accordance with the IFRS framework for the presentation of the financial statements together with IAS 1: *Presentation of Financial Statements* and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company applies the disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed in accordance with the requirement of IAS 8. The Company has applied the same accounting and valuation principles for the year 2018 as in financial statements for 2017.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

### 3.1 Lease finance

As per IAS 17: *Leases*, the transactions for leasing operation have been recorded under finance lease method of accounting since all the risks and rewards associated with ownership of the assets leased to lessee under agreements are transferred substantially other than the legal title and all leases are full pay-out leases.

The aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition costs including interest during the period of acquiring the lease asset, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the period in which such costs are incurred.

The unearned lease income is usually amortised to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealised income is suspended where necessary in compliance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

### 3.2 Direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance and unrealised principal for long-term finance, auto loan, home loan and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

### 3.3 Investments

Investment comprises of investment in equity, corporate bond and government securities. Investment in equity is classified broadly in three categories and investment in government securities is classified into held for trading and held to maturity.


#### 3.3.1 Investment in equity

##### 3.3.1.1 Unlisted shares

Equity finance consists of equity participation in the form of unlisted ordinary shares recognised at cost. Adequate provision is maintained, if required, for diminution in value of shares as per the latest available audited financial statements as on the closing of the period on an individual investment basis.

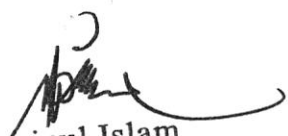
##### 3.3.1.2 Listed shares

Investments in cumulative marketable ordinary shares held for trading or held for dividend income are shown under other assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 3.3.1.3 Preference shares

Investment in cumulative preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

### 3.3.2 Investment in Government securities

#### 3.3.2.1 Held to maturity

Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for trading.

#### 3.3.2.2 Held for trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short term trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any changes in fair value is recognised in the profit and loss account for the period in which it arises.

### 3.4 Revenue recognition

#### 3.4.1 General

As per IFRS 15: *Revenue from Contracts with Customers*, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

#### 3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognised as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mention Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank circulars and directives.

#### 3.4.3 Dividend income

##### 3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

##### 3.4.3.2 Preference shares


Dividend income on cumulative preference shares is recognised on accrual basis.

##### 3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised only when such gain is realised through the shares selling in the market.

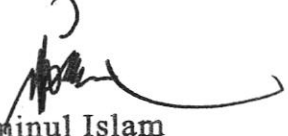
#### 3.4.4 Interest on long term finance and short term finance

Interest on long term finance and short term finance is recognised as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognised as income but credited to interest suspense account as per Bangladesh Bank circulars and directives.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



#### 3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis.

#### 3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

#### 3.4.7 Grant income

As per IAS 20: *Accounting for Government Grants and Disclosure of Government Assistance*, grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable. Any grant received against any capital expense is recognised as deferred income and is subsequently adjusted with depreciation expense over the period of the assets.

#### 3.5 Interest suspense

Lease income as well as interest income on long term finance, short term finance, lease finance, channel finance, auto loan etc. under category of classified and Special Mention Account (SMA) are not recognised as revenue but credited to interest suspense account.

#### 3.6 Fixed assets including land, building, furniture and fixture

##### 3.6.1 Own assets

Fixed assets except land and building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. On the other hand, land and building are stated under revaluation model. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per IAS 16: Property, plant and equipment.

##### 3.6.2 Subsequent expenditure on fixed assets including land, building, furniture and fixture

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

##### 3.6.3 Depreciation/amortisation on fixed assets including land, building, furniture and fixture

Depreciation is provided to allocate the cost of the assets after commissioning over the period of their expected useful life, in accordance with the provisions of IAS 16: *Property, plant and equipment*. Full month's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged on the month of disposal. Depreciation is calculated on the cost of assets in order to write off such cost over the estimated useful life of such asset. Depreciation/amortisation has been provided at the following rates on straight line basis for current and comparative period:

	<u>Useful life (years)</u>
Building	34*
Motor vehicles	5
Furniture and fixture	8
Equipment and appliances	5
Software	5

\*The remaining useful life of building after revaluation.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 3.6.4 Impairment

The carrying amount of the entity's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment existed at the reporting date.

### 3.6.5 Disposal of fixed assets including land, building, furniture and fixture

On disposal of item of fixed assets including land, building, furniture and fixture, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

### 3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per IFRS: 5 Non-current Assets Held for Sale and Discontinued Operations.

### 3.7 Intangible assets

The intangible assets comprise the value of accounting software licensed for the Company, other than software applied to the operating systems of computers. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per IAS 38: Intangible Assets. Intangible assets acquired separately are recorded on initial recognition at costs and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### 3.7.1 Subsequent expenditure on intangible assets

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

#### 3.7.2 Amortisation of intangible assets

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible assets i.e. acquisition cost of softwares are amortised within five years of acquisition.

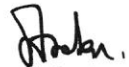
### 3.8 Borrowing costs

All borrowing costs are recognised as expense in the period in which they are incurred in accordance with the IAS 23: *Borrowing Costs*.

### 3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the period. Resulting exchange differences are recognised in the profit and loss account.

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Page 39  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Monirul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

#### 3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 37.5%) that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

#### 3.10.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- b) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.


The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.


### 3.11 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IFRS 9 : *Financial Instruments* and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for loans, advances and investments.

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 3 dated 8 April 2015, loans, advances and investment are written off to the extent that (i) there is 100% provision is maintained (ii) against which legal cases are pending and (iii) prior approval of board is required for write off. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognised where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

### 3.12 Employee benefits

#### 3.12.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the Company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

#### 3.12.2 Defined benefit plan

The Company operates an funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of six month continuous service with the Company from the date of joining. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service up to ten year and one & half month basic pay for more than ten years. The Company has provided for the same in the financial statements accordingly.

#### 3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### 3.12.4 Other employee benefit obligation

The Company operates a group life insurance and hospitalisation insurance schemes for its permanent employees.

### 3.13 Accrued expenses, provisions and payables

Liabilities are recognised for goods and services received, whether paid or not, for those goods and services. Payables are not interest bearing and are stated at their actual value.

Provisions and accrued expenses are recognised in the financial statements when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be probable to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 3.14 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash at bank and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

### 3.15 Cash flow statement

Cash flow statement has been prepared in accordance with the IAS 7: *Statement of Cash Flows* under direct method as recommended in the DFIM circular no. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 3.16 Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

## 4. General

### 4.1 Related party disclosure

As per IAS 24: *Related Party Disclosures*, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

### 4.2 Litigation

The Company is not a party to any material law suits except those arising in the normal course of business. The Company has filed necessary law suits against some of the default clients for non-performance in loans and advances repayment. The Company, however, has made adequate provision against such doubtful finances.

### 4.3 Guarantees, commitments and contingencies

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

### 4.4 Statutory reserve

As per Financial Institution Regulations, 1994, Non-Bank Financial Institutions (NBFIs) are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with.


### 4.5 Borrowings from other banks, financial institutions and agents

Borrowings include short term and long term borrowings from banks and non-bank financial institutions. These are stated at amounts outstanding on the reporting date. Interest expense on these borrowings is charged to the profit and loss account on accrual basis.

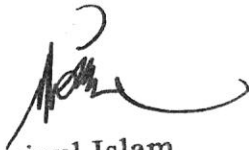
### 4.6 Dividend payments

Proposed dividends are not recognised as a liability in the balance sheet in accordance with IAS 10: *Events After the Reporting Period*.

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



#### 4.7 Risk management

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Company covers core risk areas of credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various risks.

##### 4.7.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the company. However, they delegate authority to the Managing Director & CEO or other officers. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the company. The Credit Manual contains the core principles for identifying, measuring, approving and managing credit risk in the company. The policy covers corporate, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

##### 4.7.2 Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. The Company is managing these risk through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures.

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self Assessment Anti Fraud Internal Control Check list. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the company's Internal control are monitored on an ongoing basis, Key/high risk items are identified and monitored as part of daily activities.


##### 4.7.3 Interest rate risk

Interest rate risk is the risk to earnings or capital of the company arising from movement of interest rates. The movement of interest rates affects companies' reported earnings and capital by changing:

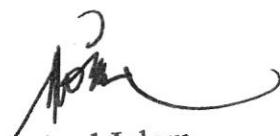
- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The company deploys several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 4.7.4 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Responsibility of managing and controlling liquidity of the company lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, the company prepares structural liquidity profile, maturity profile of term deposit, cash flow modelling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the company and regulators.

#### 4.7.5 Market risk

Risk Management Unit (RMU) is responsible for overall monitoring, control and reporting of market risk while treasury mid office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the company are monitored by RMU and periodically reported to company's Risk Management Committee (RMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

#### 4.7.6 Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the company; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Mark to Market is the tool the company applies for making full provision against losses arisen from changes in market price of securities.

As of 31 December 2018, the company sets aside Tk. 7.00 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities.

#### 4.7.7 Information and communication technology risk

IPDC adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, IPDC IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g. Data Centre, Disaster Recovery Site, etc.). Besides, IPDC has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

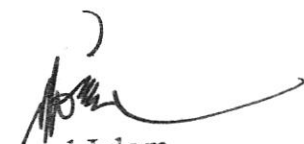
IPDC has Business Continuity Committee (BCC) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all IPDC employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.



Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.



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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission



Momtazul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 4.8 Contingent liabilities and contingent assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits can reliably be estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

#### 4.9 Liquidity statement

The Liquidity Statement of assets and liabilities as on the reporting date has been prepared on residual maturity term in accordance with DFIM Circular no. 06 dated 26 July 2011, as per following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/maturity schedule.
- d) Fixed assets are on the basis of Bangladesh Bank instruction
- e) Other assets are on the basis of Bangladesh Bank instruction
- f) Borrowings from other banks and financial institutions as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their residual maturity period
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

#### 4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 45 of these financial statements.

#### 4.11 Comparatives and reclassification


Comparative information have been disclosed in respect of 2017 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the comparatives have been rearranged/restated/reclassified whenever considered necessary to conform to current period's presentation.

#### 4.12 Integral component of financial statements


The financial statements of the Company include the following components:

- i) Balance sheet as at 31 December 2018
- ii) Profit and loss account for the year ended 31 December 2018
- iii) Cash flow statement for the year ended 31 December 2018
- iv) Statement of changes in equity for the year ended 31 December 2018
- v) Notes to the financial statements as at and for the year ended 31 December 2018

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 4.13 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime will be started and the guidelines on BAFI will have come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all financial institutions for the purpose of statutory compliance. In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

#### 4.14 Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as, IAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

#### 4.15 Others

- (a) The Company publishes its quarterly accounts as per IAS 34 "Interim Financial Reporting" and the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018.
- (b) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.
- (c) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.
- (d) Company Balances shown in the accounts are duly reconciled.


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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.



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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission




Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 4.16 Compliance of International Financial Reporting Standard (IFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departures (note 2.2)
Operating Segments	IFRS-8	Applied with some departures (note 2.2)
Financial Instruments	IFRS-9	Applied with some departures (note 2.2)
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in Other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied with some departures (note 2.2)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied with some departures (note 2.2)
Leases	IFRS-16	Not applicable
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.2)
Inventories	IAS-2	Not applicable
Statement of Cash Flows	IAS-7	Applied with some departures (note 2.2)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events After the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Applied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Cost	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not applicable
Separate Financial Statements	IAS-27	Not applicable
Investments in Associates	IAS-28	Not applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not applicable
Financial Instruments: Presentation	IAS-32	Applied with some departures (note 2.2)
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairments of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS-39	Applied with some departures (note 2.2)
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Company.

**Vetted**

  
**Mohammad Ubaydur Rahman, FCS**  
 Managing Director  
 AAA Finance & Investment Ltd.

  
**Prodip Kumar Basak**  
 Director  
 Bangladesh Securities and Exchange Commission

  
**Momtazul Islam**  
 Managing Director & CEO  
 IPDC Finance Limited



5. Cash	Notes	2018 Taka	2017 Taka
Cash in hand	5.1	395,000	370,000
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	5.2	487,078,154	376,472,857
		<u>487,473,154</u>	<u>376,842,857</u>

#### 5.1 Cash in hand

In local currency	395,000	370,000
In foreign currency	-	-
	<u>395,000</u>	<u>370,000</u>

#### 5.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)

Bangladesh Bank		
In local currency	487,078,154	376,472,857
In foreign currency	-	-
	<u>487,078,154</u>	<u>376,472,857</u>
Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
	<u>487,078,154</u>	<u>376,472,857</u>

#### 5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004 and FID circular no. 06 dated 06 November 2003 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other Banks and financial institution, investment at call, unencumbered treasury bills, prize bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below:

##### Cash Reserve Requirement (CRR)

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from Banks and financial institutions.

Required reserve (2.5%)	581,945,357	413,082,121
Actual reserve maintained (2018:2.59%, 2017: 2.73%)	602,538,790	450,624,008
Surplus/(deficit)	<u>20,593,433</u>	<u>37,541,887</u>

##### Statutory Liquidity Reserve (SLR)

The Company requires to maintain SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from Banks and Financial Institutions.

Required reserve (5%)	1,338,295,804	930,532,593
Actual reserve maintained (2018:12.83%, 2017: 10.57%)	3,433,806,838	1,968,216,391
Surplus	<u>2,095,511,034</u>	<u>1,037,683,798</u>
Total surplus	<u>2,116,104,466</u>	<u>1,075,225,685</u>



Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 5.3.1 Actual reserve maintained -including CRR

	Note	2018 Taka	2017 Taka
Cash in hand*		395,000	296,000
AB Bank Limited		426,975,149	501,737,908
Prime Bank Limited		104,253,730	30,610,960
BRAC Bank Limited		5,642	480,278
Mercantile Bank Limited		4,093,493	4,690,752
Eastern Bank Limited		376,636	877,583
Dutch Bangla Bank Limited		7,069,695	648,264
AB Bank Limited		1,574,055	1,542,832
Dhaka Bank Limited		469,111,001	334,752,305
United Commercial Bank Limited		1,690,546	554,832
Standard Chartered Bank		30,454	30,876
NRB Global Bank Limited		-	150,000,000
EXIM Bank Limited		235,000,000	220,000,000
National Bank of Pakistan		14,500,000	15,087,250
Standard Bank Limited		391,020,000	341,834,847
Jamuna Bank Limited		500,000,000	-
Modhumoti Bank Limited		110,500,000	-
One Bank Ltd.		350,000,000	-
Social Islami Bank Ltd.		350,000,000	-
Balance with Bangladesh Bank		467,211,436	365,071,702
		<u>3,433,806,838</u>	<u>1,968,216,391</u>

\*Cash in hand balance is the balance of the day of CRR maintained for the month of December.

### 6. Balance with other Banks and Financial Institutions

Inside Bangladesh	6.1	3,271,928,101	2,903,301,362
Outside Bangladesh		-	-
		<u>3,271,928,101</u>	<u>2,903,301,362</u>

#### 6.1 Inside Bangladesh

##### In current deposit accounts with

United Commercial Bank Limited	762,559	414,213
AB Bank Limited	12,855	14,350
Standard Chartered Bank	962	-
Prime Bank Limited	184	1,218,548
Eastern Bank Limited	14,682	-
Mutual Trust Bank Limited	-	19,457,840
Basic Bank Limited	11,448	-
	<u>802,690</u>	<u>21,104,951</u>

##### Short term deposit accounts with

Dutch Bangla Bank Limited	20,022,255	3,712,970
Prime Bank Limited	3,141,109	2,699,413
AB Bank Limited	1,769,929	1,733,024
Standard Chartered Bank	30,876	30,876
Mercantile Bank Limited	6,649,974	11,144,009
BRAC Bank Limited	4,913,183	718,834
Dhaka Bank Limited	37,230,944	3,172,185
United Commercial Bank Limited	6,373,371	786,193
Eastern Bank Limited	670,901	224,705
	<u>80,802,542</u>	<u>24,222,209</u>

##### Short term placement

Meghna Bank Limited	200,000,000	-
Peoples Leasing and Financial Service Limited	28,500,000	-
International Leasing and Financial Services Limited	16,500,000	290,000,000
	<u>245,000,000</u>	<u>290,000,000</u>

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	Note	2018 Taka	2017 Taka
Short term deposit accounts (in foreign currency) with			
AB Bank Limited		1,367	1,367
		<u>1,367</u>	<u>1,367</u>
Fixed deposit accounts with			
Prime Bank Limited		101,430,636	27,767,106
Dhaka Bank Limited		466,073,238	312,307,847
AB Bank Limited		426,797,628	501,563,035
NRB Global Bank Limited		-	150,000,000
EXIM Bank Limited		235,000,000	220,000,000
Social Islami Bank Limited		350,000,000	500,000,000
Jamuna Bank Limited		500,000,000	500,000,000
National Bank of Pakistan		14,500,000	14,500,000
Modhumoti Bank Limited		110,500,000	-
One Bank Limited		350,000,000	-
Standard Bank Limited		391,020,000	341,834,847
		<u>2,945,321,502</u>	<u>2,567,972,835</u>
		<u>3,271,928,101</u>	<u>2,903,301,362</u>

## 6.2 Maturity grouping of balance with other Banks and financial Institutions

### Repayable:

On demand	-	-
Within one month	1,279,326,431	1,123,557,944
Within one to three months	979,520,000	1,561,668,996
Within three months to one year	1,013,081,670	218,074,422
Within one to five years	-	-
More than five years	-	-
	<u>3,271,928,101</u>	<u>2,903,301,362</u>

## 7. Investments

Government securities	7.1	-	-
Other investments	7.2	868,808,367	662,732,580
		<u>868,808,367</u>	<u>662,732,580</u>


### 7.1 Government securities


Treasury bill	-	-
National investment bond	-	-
Bangladesh bank bill	-	-
Government notes/bond	-	-
Others	-	-
	<u>-</u>	<u>-</u>


### 7.2 Other investments

In ordinary shares:			
Quoted		7,000,000	7,000,000
Unquoted		4,500,000	4,500,000
		<u>11,500,000</u>	<u>11,500,000</u>
Redeemable preference shares		509,762,500	353,265,346
Investment in shares		521,262,500	364,765,346
Investment in corporate bonds		347,545,867	297,967,234
		<u>868,808,367</u>	<u>662,732,580</u>

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 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

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 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominal Islam  
 Managing Director & CEO  
 IPDC Finance Limited

Details of other investments are as follows:

	2018		2017	
	<u>Cost</u> <u>Taka</u>	<u>Market value</u> <u>Taka</u>	<u>Cost</u> <u>Taka</u>	<u>Market value</u> <u>Taka</u>
<b>In ordinary shares - quoted</b>				
Bangladesh Electric Meter Limited	7,000,000	4,305,000	7,000,000	4,305,000
	<u>7,000,000</u>	<u>4,305,000</u>	<u>7,000,000</u>	<u>4,305,000</u>
<b>In ordinary shares - unquoted</b>				
Quality Feeds Limited	1,500,000	1,500,000	1,500,000	1,500,000
Alliance Bags Limited	3,000,000	3,000,000	3,000,000	3,000,000
	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
<b>In redeemable preference shares</b>				
Premium Seed Limited	4,000,000	4,000,000	4,000,000	4,000,000
Confidence Salt Limited	-	-	2,265,346	2,265,346
Summit Barisal Power Limited	128,000,000	128,000,000	128,000,000	128,000,000
Summit Narayanganj Power Unit II Limited	144,000,000	144,000,000	144,000,000	144,000,000
Star Ceramics Limited	33,762,500	33,762,500	75,000,000	75,000,000
Ace Alliance Power Limited	200,000,000	200,000,000	-	-
	<u>509,762,500</u>	<u>509,762,500</u>	<u>353,265,346</u>	<u>353,265,346</u>
<b>In corporate bonds</b>				
Impress Newtex Composite Textiles Limited	163,879,092	163,879,092	197,967,234	197,967,234
Golden Harvest Agro Industries Limited	94,200,000	94,200,000	100,000,000	100,000,000
Paramount Textile Limited	89,466,775	89,466,775	-	-
	<u>347,545,867</u>	<u>347,545,867</u>	<u>297,967,234</u>	<u>297,967,234</u>
	<u>868,808,367</u>	<u>866,113,367</u>	<u>662,732,580</u>	<u>660,037,580</u>

Unquoted shares are primarily recognised at cost. Adequate provision has been maintained against the unquoted shares whose book value is lower than the cost.


### 7.3 Maturity grouping of investments

	<u>Notes</u>	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
<i>Repayable:</i>			
On demand		-	-
Within one month		-	-
Within one to three months		-	-
Within three months to one year		125,631,250	48,515,346
Within one to five years		478,517,717	386,741,809
More than five years		264,659,400	227,475,425
		<u>868,808,367</u>	<u>662,732,580</u>

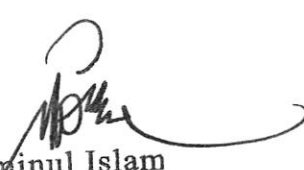
### 8. Loans, advances and leases

Loans, cash credits, overdrafts, etc.	8.1	44,325,273,003	34,466,955,374
Bills purchased and discounted		-	-
		<u>44,325,273,003</u>	<u>34,466,955,374</u>

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 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
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 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

8.1 Loans, cash credits, overdrafts, etc.	Notes	2018 Taka	2017 Taka
In Bangladesh:			
Long term loan		15,090,512,048	10,095,779,669
Lease finance	8.1.1	5,876,561,033	5,002,202,609
Short term loan		11,685,397,424	11,403,845,203
Channel finance		2,262,239,107	1,300,084,291
Mortgage finance		6,458,022,927	4,202,937,705
Auto loan		2,419,381,624	1,892,708,160
Secured retail loan		249,979,685	250,440,327
Personal loan		210,860,735	274,448,957
Staff loan		71,999,919	44,508,453
Consumer finance		318,501	-
		44,325,273,003	34,466,955,374
Outside Bangladesh		-	-
		44,325,273,003	34,466,955,374

#### 8.1.1 Lease finance

Gross lease receivables	7,258,963,874	6,065,216,928
Less: Unearned lease interest income	1,517,013,970	1,124,131,508
Net lease receivables	5,741,949,904	4,941,085,420
Add: Overdue lease rentals	134,611,129	61,117,189
	5,876,561,033	5,002,202,609

#### 8.2 a) Net loans and advances including bills purchased and discounted

Total loans and advances receivables	8	44,325,273,003	34,466,955,374
Less: Provision against loans and advances (specific and general)	8.9(b)	648,174,156	384,780,931
Less: Cumulative balance of interest suspense	14.2	131,957,855	34,154,548
		43,545,140,992	34,048,019,895


#### b) Rate of net classified loans and advances

Gross loans and advances	44,325,273,003	34,466,955,374
Classified loans and advances	947,649,323	213,869,730
Unclassified loans and advances	43,377,623,680	34,253,085,644
Total provision	648,174,156	384,780,931
Interest suspense	131,957,855	34,154,548
Total provision and interest suspense	780,132,011	418,935,479
Net classified loans and advances	167,517,312	(205,065,749)
Rate of classified loans and advances	2.14%	0.62%
Rate of net classified loans and advances	0.38%	-0.59%


#### 8.3 Residual maturity grouping of loans and advances including bills purchased and discounted

Repayable:			
On demand		-	-
Up to one month		4,771,858,184	5,122,744,036
More than one month but less than three months		7,228,368,699	5,065,072,856
More than three months but less than one year		8,089,257,054	6,996,715,457
More than one year but less than five years		18,525,513,952	13,561,809,739
More than five years		5,710,275,114	3,720,613,286
		44,325,273,003	34,466,955,374

Vetted

  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited



**8.4 Loans and advances including bills purchased and discounted are classified into the following broad categories**

	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
<b>Loans and advances</b>		
Insite Bangladesh		
Loans and advances	44,325,273,003	34,466,955,374
Cash credit	-	-
Secured overdraft	-	-
	<u>44,325,273,003</u>	<u>34,466,955,374</u>
Outside Bangladesh	-	-
	<u>44,325,273,003</u>	<u>34,466,955,374</u>
<b>Bills purchased and discounted</b>		
Payable in Bangladesh	-	-
Payable outside Bangladesh	-	-
	<u>-</u>	<u>-</u>
	<u>44,325,273,003</u>	<u>34,466,955,374</u>

**8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration**

Loans and advances to the allied concerns of the directors

-	-
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Advances to Chief Executive and other Senior Executives

Managing Director & CEO	6,732,577	7,555,719
Senior Executives (Senior Manager & above)	39,745,516	16,383,001
Other staffs	25,521,826	9,125,392
	<u>71,999,919</u>	<u>33,064,112</u>

Advances to customers' group

Agricultural loan	6,651,283,703	3,095,560,858
Large corporate	23,621,603,641	20,258,210,706
Small and medium enterprise	4,801,202,013	4,415,076,096
Retail loan	9,179,183,727	6,620,535,149
Others	-	44,508,453
	<u>44,253,273,084</u>	<u>34,433,891,262</u>
	<u>44,325,273,003</u>	<u>34,466,955,374</u>

**8.5.1 Disclosure on large loan**

Loan sanctioned to any individual or enterprise or any organisation of a group, amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished below. Total capital of the Company as at 31 December 2018 was Taka 3,751.92 million against that of Taka 3,110.54 million as at 31 December 2017.

Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each

7	12
---	----

Amount of outstanding loans and advances  
[to the client as mentioned above]

4,976,145,346	6,834,093,530
---------------	---------------

Amount of classified loans and advances  
[out of the amount as mentioned above]

-	-
---	---

Measures taken for recovery [for the amount as mentioned above]

-	-
---	---

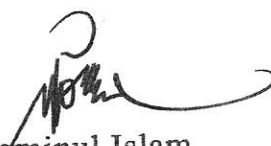
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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd




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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission



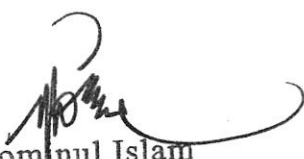
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

8.6 Industry-wise loans and advances including bills purchased and discounted	2018 Taka	2017 Taka
Agro-based industries	3,612,172,181	3,196,506,120
Banks and non-banking financial institutions	623,211,091	599,668,406
Chemicals, pharmaceuticals and allied products	2,034,758,520	1,383,245,126
Engineering and building materials	3,921,226,427	2,732,202,406
Food and allied products	3,039,111,523	2,177,245,444
Glass, ceramic and other non-metallic products	191,747,042	704,435,000
Hotel, tourism and leisure	77,031,859	972,775
Information and communication technologies	1,181,048,530	1,018,620,246
Paper converting and packaging, printing and publishing	1,472,059,592	1,242,584,744
Ready made garments and knitwear	4,529,404,853	3,750,446,470
Social sector	994,117,188	353,174,366
Tannery, leather and rubber products	322,608,799	1,402,271,017
Textile	2,034,997,108	1,296,051,534
Transport and aviation	1,860,486,832	1,789,818,131
Others	18,431,291,458	12,819,713,589
	<u>44,325,273,003</u>	<u>34,466,955,374</u>
8.7 Geographical location-wise loans and advances including bills purchased and discounted		
Dhaka Division	36,153,020,977	31,087,117,691
Chittagong Division	5,391,485,817	2,477,868,362
Khulna Division	708,118,399	114,647,651
Rangpur Division	703,279,601	-
Rajshahi Division	873,081,609	420,451,721
Sylhet Division	269,034,537	293,536,776
Barisal Division	5,508,854	-
Mymensingh Division	221,743,209	73,333,173
	<u>44,325,273,003</u>	<u>34,466,955,374</u>
8.8 Broad economic sector-wise segregation of loans and advances including bills purchased and discounted		
Government and autonomous bodies	-	-
Bank and non-banking financial institutions	623,211,091	599,668,406
Other public sector	-	-
Private sector	43,702,061,912	33,867,286,968
	<u>44,325,273,003</u>	<u>34,466,955,374</u>

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 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodyot Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Momtazul Islam  
 Managing Director & CEO  
 IPDC Finance Limited


## 8.9 a) Classification of loans and advances including

	2018 Taka	2017 Taka
<b>Unclassified loans and advances</b>		
Standard-Non SME (including staff loans)	36,937,814,679	29,577,200,399
Standard-SME	6,104,183,203	4,593,691,611
Special mention account	335,625,798	82,193,634
<b>Total unclassified loans and advances</b>	<b>43,377,623,680</b>	<b>34,253,085,644</b>
<b>Classified loans and advances</b>		
Substandard	710,984,700	125,147,072
Doubtful	36,797,595	3,334,742
Bad/loss	199,867,028	85,387,916
<b>Total classified loans and advances</b>	<b>947,649,323</b>	<b>213,869,730</b>
<b>Total loans and advances</b>	<b>44,325,273,003</b>	<b>34,466,955,374</b>

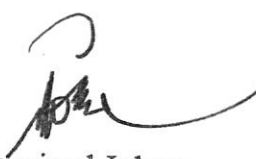
## b) Classification and provisioning of loans and advances including bills purchased and discounted

Classification / status of loans and advances	Amount of outstanding loans and advances as at 31 December 2018	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2018	31 December 2017
<b>Unclassified loans and advances</b>	<u>Taka</u>	<u>Taka</u>		<u>Taka</u>	<u>Taka</u>
<b>General provision</b>					
Standard-Non SME	36,937,814,679	36,937,814,679	1.0%	369,378,147	295,771,998
Standard - SME	6,104,183,203	6,104,183,203	0.25%	15,260,458	11,484,229
Special mentioned account	335,625,798	308,574,440	5.0%	15,428,722	3,842,118
	43,377,623,680	43,350,572,322		400,067,327	311,098,345
<b>Specific provision</b>					
Sub-standard	710,984,700	530,998,253	20%	106,199,651	14,912,357
Doubtful	36,797,595	15,376,477	50%	7,688,240	1,494,635
Bad/loss	199,867,028	80,352,708	100%	80,352,708	17,298,094
	947,649,323	626,727,438		194,240,599	33,705,086
<b>Total provision required</b>				594,307,926	344,803,431
<b>Total provision maintained</b>				648,174,156	384,780,931
<b>Total provision surplus</b>				53,866,230	39,977,500

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 Prodeep Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

**8.10 Particulars of loans and advances including bills purchased and discounted**


	2018 Taka	2017 Taka
Loans considered good in respect of which the Company is fully secured	9,308,307,331	7,143,854,877
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee	15,957,098,281	12,572,015,207
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors	19,059,867,391	14,751,085,290
Loans adversely classified; provision not maintained there against	44,325,273,003	34,466,955,374
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *	71,999,919	33,064,112
Loans due from companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in case of private companies as members	-	-
Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other persons*	71,999,919	33,064,112
Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members	-	-
Due from other Non-Banking Financial Institutions (NBFIs)	600,302,597	7,118,302
Amount of classified loans and advances on which interest has not been charged to profit & loss account	947,649,323	213,869,730
(Decrease)/increase in specific provision	160,535,513	15,514,536
Amount of loan and advances written off during the year	-	-
Amount realised against loans and advances previously written off	20,689,836	24,135,000
Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet	80,352,708	17,298,094
Interest creditable to the interest suspense account during the year	135,064,389	37,261,082

\* Amount represents loans to employees of the Company only.

**8.11 a) Cumulative amount of written off loan**

Opening balance	467,999,190	492,134,190
Add: Amount written off during the year	-	-
Less: Adjustment/recovered during the year	20,689,836	24,135,000
Closing balance	447,309,354	467,999,190
b) Amount of written off loan for which lawsuit has been filed for its recovery	447,309,354	467,999,190

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**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

  
**Prodip Kumar Basak**  
**Director**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

9. Fixed assets including land, building, furniture and fixture

	Notes	2018 Taka	2017 Taka
Land		279,435,033	129,240,000
Building		90,474,767	20,922,500
Motor vehicles		70,563,509	50,806,187
Furniture and fixture		68,409,397	62,704,654
Equipment and appliances		134,521,666	106,305,477
Accounting software		24,289,127	21,496,542
		667,693,499	391,475,360
Less: Accumulated depreciation and amortisation		146,927,483	124,427,177
		520,766,016	267,048,183
Capital work in progress		24,287,196	-
		545,053,212	267,048,183

Details are shown in Annexure - A

During the year ended 31 December 2018, the company has undertaken revaluation of its land and building. As a result of this revaluation exercise, the fair value of land and building have been increased by Tk. 150,195,033 and Tk. 75,145,543 respectively. Referred to note 18 for further details.

10. Other assets

Non-income generating other assets

Stationery, stamps, printing materials in stock		1,178,831	1,040,462
Advance rent and advertisement		9,710,289	5,304,489
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		167,101,212	88,625,907
Security deposits		10,464,580	8,664,580
Preliminary expenses, formation and organisation expenses, renovation/development expenses and prepaid expenses		950,784	902,365
Others	10.1	819,486,968	503,771,792
		1,008,892,664	608,309,595

10.1 Others

Advance tax	10.1.1	764,145,889	482,400,599
Deferred tax assets	10.1.2	-	1,506,386
Sundry assets	10.1.3	55,341,079	19,864,807
		819,486,968	503,771,792

10.1.1 Advance tax

Advance payment of tax represents corporate income tax paid to the Government Exchequer by way of advance tax under section 64 and tax deducted at sources from different heads of income by the third parties and tax paid under section 74 of the Income Tax Ordinance, 1984, which would be adjusted with the corporate tax liability of the Company.

10.1.2 Deferred tax assets

Deferred tax assets have been recognised in accordance with the provision of IAS 12: *Income Taxes* based on temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:

**Deferred tax asset on gratuity provision**


Carrying amount of building at balance sheet date	-	3,765,965
Tax base	-	-
Taxable temporary differences on building	-	3,765,965
Tax rate	37.50%	40.00%
Deferred tax asset on gratuity provision	-	1,506,386

Movement of deferred tax assets is as follows:

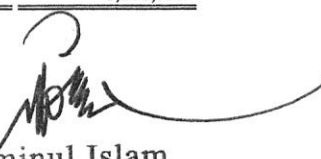
Opening balance	1,506,386	-
Income/(expense) during the year	(1,506,386)	1,506,386
Closing balance	-	1,506,386

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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



## 10.1.3 Sundry assets

Note

2018

2017

Taka

Taka

City corporation tax  
Hosna Centre Owners' Society  
Advance - others

145,530

166,324

677,067

677,067

54,518,482

19,021,416

55,341,079

19,864,807

## 11. Non banking assets

3,752,405

3,752,405

This represents the mortgaged property (land) acquired from a default client by virtue of verdict given by the competent court and ownership has been transferred in favor of the Company. The land is mutated in the name of the Company.

## 12. Borrowings from other banks, financial institutions and agents

Inside Bangladesh  
Outside Bangladesh

12.1

5,916,890,787

4,214,082,142

-

-

5,916,890,787

4,214,082,142

## 12.1 Inside Bangladesh

## Long term loan

## Unsecured long term loan

Borrowing under Refinance Project  
SABINCO

1,370,828,032

460,073,235

194,524,909

250,000,000

1,565,352,941

710,073,235

## Secured long term loan

UBICO  
BASIC Bank Limited

50,000,000

-

176,691,770

-

226,691,770

-

## Total long term loan

1,792,044,711

710,073,235

## Short term loan

## Unsecured short term loan

Uttara Bank Limited  
National Credit and Commerce Bank Limited  
Meghna Bank Limited  
Standard Bank Limited  
Jamuna Bank Limited  
Lankan Alliance Finance Limited

300,000,000

500,000,000

-

50,000,000

200,000,000

-

-

100,000,000

-

500,000,000

50,000,000

-

550,000,000

1,150,000,000

## Secured short term loan

Eastern Bank Limited  
Standard Chartered Bank

300,000,000

300,000,000

990,000,000

-

1,290,000,000

300,000,000

## Total short term loan

1,840,000,000

1,450,000,000

## Zero Coupon Bond

## Unsecured

Zero Coupon Bond

807,302,007

472,239,248

807,302,007

472,239,248

## Subordinated Bond

## Unsecured

Subordinated Bond

200,000,000

-

200,000,000

-


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Bangladesh Securities and Exchange Commission



Mominul Islam  
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IPDC Finance Limited

	Notes	2018 Taka	2017 Taka
<b>Bank overdraft</b>			
<u>Secured</u>			
Prime Bank Limited		26,928,931	10,799,829
Dhaka Bank Limited		124,223,974	370,415,122
AB Bank Limited		42,373,534	49,902,967
Woori Bank Limited		164,577,358	150,062,012
Bank Alfalah Limited		180,833,638	179,887,360
Standard Chartered Bank		92,975,565	109,292,238
Eastern Bank Limited		192,503,904	201,344,894
Mercantile Bank Limited		-	8,673
One Bank Limited		778,168	-
Mutual Trust Bank Limited		32,348,997	56,564
		<u>857,544,069</u>	<u>1,071,769,659</u>

**Money at call and short notice**

<u>Unsecured</u>			
Sonali Bank Limited		190,000,000	180,000,000
Agrani Bank Limited		-	150,000,000
Meghna Bank Limited		40,000,000	-
National Credit and Commerce Bank Limited		30,000,000	-
Southeast Bank Limited		50,000,000	-
Janata Bank Limited		110,000,000	180,000,000
		<u>420,000,000</u>	<u>510,000,000</u>
		<u>5,916,890,787</u>	<u>4,214,082,142</u>

**12.2 Security against borrowings from other banks and financial institutions**

Secured	2,374,235,839	1,371,769,659
Unsecured	3,542,654,948	2,842,312,483
	<u>5,916,890,787</u>	<u>4,214,082,142</u>

Secured loans are covered by first equitable mortgage of all present and future immovable properties and by floating charges on movable assets of the Company ranking pari-passu among the lenders and lien against Fixed Deposit Receipt.

**12.3 Residual maturity grouping of borrowings from other banks, financial institutions and agents**

<i>Repayable:</i>			
On demand		420,000,000	1,960,000,000
Within one month		602,970,194	21,540,761
Over one month but within three months		535,756,523	53,053,848
Over three months but within one year		2,208,634,030	1,261,398,015
Over one year but within five years		2,109,530,040	918,089,518
Over five years		40,000,000	-
		<u>5,916,890,787</u>	<u>4,214,082,142</u>


**13. Deposits and other accounts**

Term deposits	13.1	23,278,311,204	18,397,580,787
FDR from Banks & NBFIs		13,520,387,500	11,110,000,000
Other deposits		267,379,602	239,281,221
		<u>37,066,078,306</u>	<u>29,746,862,008</u>

**13.1 Term deposits**

**Product wise break-up of term deposit**

Annual Profit Scheme	11,295,079,587	7,672,888,940
Quarterly Profit Scheme	284,692,466	168,729,486
Monthly Profit Scheme	691,141,494	188,426,315
Cumulative Profit Scheme	454,674,111	480,711,416
Fixed Deposit FDR GEN	10,552,723,546	9,886,824,630
	<u>23,278,311,204</u>	<u>18,397,580,787</u>

  
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**Momtazul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

### 13.2 Residual maturity grouping of deposits and other accounts

	Notes	2018 Taka	2017 Taka
<i>Repayable:</i>			
On demand		-	-
Within one month		4,729,710,310	3,655,513,671
Over one month but within six months		11,075,842,672	10,229,013,942
Over six months but within one year		2,109,731,866	2,403,496,735
Over one year but within five years		6,828,699,635	6,534,918,060
Over five years but within ten years		12,322,093,823	6,923,919,600
		<u>37,066,078,306</u>	<u>29,746,862,008</u>

There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.

### 14. Other liabilities

Cumulative provision for loans, advances and investments	14.1	664,645,706	402,298,256
Cumulative interest and dividend suspense	14.2	135,064,389	37,261,082
Provision for gratuity	14.3	-	3,765,965
Dividend payable		13,285,212	13,274,221
Provision for corporate tax	14.4	1,161,030,375	754,843,010
Deposit against lease	14.5	330,830,830	205,071,036
Provision for finance charge	14.6	1,192,177,496	647,724,759
Withholding tax and VAT		80,786,374	44,707,243
Liabilities for special accounts	14.7	56,353,015	52,012,941
Provision for expenses	14.8	68,912,463	30,078,155
Deferred tax liabilities	14.9	47,564,420	10,736,257
Account payable for purchase of office equipment		2,826,018	4,690,027
Accrued Interest on Subordinated Bonds		273,052	-
Accrued Interest on Zero Coupon Bond		22,535,092	10,996,332
		<u>3,776,284,442</u>	<u>2,217,459,284</u>

#### 14.1 Cumulative provision for loans, advances and investments

Specific provision for classified loans and advances	14.1.1	194,240,598	33,705,085
General provision against unclassified loans and advances	14.1.2	453,933,558	351,075,846
Provision for investments	14.1.3	16,471,550	17,517,325
		<u>664,645,706</u>	<u>402,298,256</u>

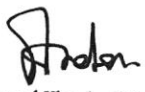
##### 14.1.1 Specific provision for classified loans and advances

Opening balance		33,705,085	15,060,648
Specific provision made/(release) for the year	38	160,535,513	18,644,437
Fully provided debt written-off during the year		-	-
Closing balance (i)		<u>194,240,598</u>	<u>33,705,085</u>

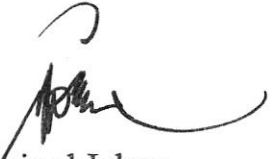
##### 14.1.2 General provision against unclassified loans and advances

Opening balance		351,075,846	211,431,637
Provision made during the year	38	102,857,712	139,644,209
		<u>453,933,558</u>	<u>351,075,846</u>
Adjustment during the year		-	-
Closing balance (ii)		<u>453,933,558</u>	<u>351,075,846</u>
Total specific and general provision of loans and advances (i+ii)		<u>648,174,156</u>	<u>384,780,931</u>

Vetted

  
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**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

#### 14.1.3 Provision for investments

	Notes	2018 Taka	2017 Taka
Opening balance		17,517,325	16,852,111
Provision made/(released) for investment in share	39	(1,045,775)	665,214
Provision made/(released) for investment in Govt. securities		-	-
Total provision made/(released) during the year		(1,045,775)	665,214
Closing balance		16,471,550	17,517,325
Total specific and general provision of loans, advances and investments		664,645,706	402,298,256

Breakdown of cumulative provision for loans, advances and investment:

Provision for loans and advances	648,174,156	384,780,931
Provision for investments in equity	16,471,550	17,517,325
Provision for marking to market of Govt. securities	-	-
	664,645,706	402,298,256

#### 14.2 Cumulative interest and dividend suspense

Opening balance	37,261,082	34,614,617
Amount transferred to suspense account during the year	336,726,216	80,562,104
	373,987,298	115,176,721
Amount recovered from suspense account during the year	(238,922,909)	(77,915,639)
	135,064,389	37,261,082
Amount written-off/waiver during the year	-	-
Closing balance	135,064,389	37,261,082

Breakdown of cumulative interest and dividend suspense:

Interest suspense against loans and advances	131,957,855	34,154,548
Dividend suspense against investment in redeemable preference shares	3,106,534	3,106,534
	135,064,389	37,261,082

#### 14.3 Provision for gratuity

Opening balance	3,765,965	-
Provision made during the year	13,403,905	17,324,882
	17,169,870	17,324,882
Payment made during the year	(14,803,906)	(13,558,917)
Adjustment of excess provision	(2,365,964)	-
Closing balance	-	3,765,965

#### 14.4 Provision for corporate tax

Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 37.5% on its business income.

Opening balance	754,843,010	581,285,949
Provision made during the year	406,187,365	176,707,827
	1,161,030,375	757,993,776
Adjustment made during the year for completed assessments	-	(3,150,766)
Closing balance	1,161,030,375	754,843,010

Income tax return for the year 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been duly submitted under section 82BB (Universal Self Assessment) of Income Tax Ordinance 1984. Out of which, assessment against year 2012 is pending at the honorable High court and assessment against year 2014 is pending at Commissioner Appeal of Income Tax Ordinance. The additional demand of income tax for those pending years are disputed by the Company and there are reasonable grounds to believe that on ultimate settlement of these pending tax assessments, there shall be no additional provision requirement.

#### 14.5 Deposit against lease

Receipts against lease represent lease deposits received from lessees against finance on the stipulation that the amount will be adjusted with the outstanding rentals/installments. Lease deposits are made up as under:

Opening balance	205,071,036	96,424,338
Receipts during the year	162,530,394	128,068,306
	367,601,430	224,492,644
Adjusted during the year	(36,770,600)	(19,421,608)
Closing balance	330,830,830	205,071,036

Purpose of taking lease deposits is to secure the finance provided to the clients. No interest is payable on lease deposits.

**14.6 Provision for finance charge**

Notes

2018

2017

Taka

Taka

Accrued interest expenses on term deposits	1,181,794,135	639,807,307
Accrued interest expenses on secured overdraft	500,780	2,866,068
Accrued interest expenses on long term borrowings	1,981,011	2,135,417
Accrued interest expenses on call borrowings	291,667	255,000
Accrued interest payable on refinance project	7,609,903	2,660,967
	<u>1,192,177,496</u>	<u>647,724,759</u>

**14.7 Liabilities for special accounts**

Account payable special account - IPO	1,118,356	1,118,356
Account payable special account - DEG	14,171,390	14,774,282
Account payable special account - other	41,063,269	36,120,303
	<u>56,353,015</u>	<u>52,012,941</u>

**14.8 Provision for expenses**

Legal fees	4,627,718	2,866,717
Office services	38,047,265	11,115,097
Promotion and publicity	13,976,799	14,762,795
Office rent	910,800	227,700
Professional fees	10,809,381	427,346
Audit fees	540,500	678,500
	<u>68,912,463</u>	<u>30,078,155</u>

**14.9 Deferred tax liabilities**

**i) Deferred tax liability on furniture and fixture**

Carrying amount at balance sheet date	150,856,216	121,077,154
Tax base	134,047,043	112,500,551
Taxable temporary differences	16,809,173	8,576,603
Tax rate	37.50%	40.00%
<b>Deferred tax liability furniture and fixture</b>	<u>6,303,440</u>	<u>3,430,641</u>

**ii) Deferred tax liability on building and land revaluation**

Carrying amount of building at balance sheet date	90,474,767	16,731,029
Tax base	10,251,891	11,390,990
Taxable temporary differences on building	80,222,876	5,340,039
Tax rate	37.50%	40.00%
<b>Deferred tax liability on building</b>	<u>30,083,579</u>	<u>2,136,016</u>

Revaluation reserve on land	279,435,033	129,240,000
Tax rate	4.00%	4.00%
<b>Deferred tax liability on land revaluation</b>	<u>11,177,401</u>	<u>5,169,600</u>
<b>Total deferred tax liabilities on building and land revaluation</b>	<u>41,260,980</u>	<u>7,305,616</u>

<b>Total deferred tax liability (i+ii)</b>	<u>47,564,420</u>	<u>10,736,257</u>
--	-------------------	-------------------

Movement of deferred tax liabilities is as follows:

Opening balance	10,736,257	7,619,756
Add: Debited to asset revaluation reserve	33,955,364	-
Add: Expense/(income) during the year	2,872,799	3,116,501
Closing balance	<u>47,564,420</u>	<u>10,736,257</u>

**15. Share capital**

**Authorised**

800,000,000 ordinary shares of Taka 10 each

8,000,000,000 4,000,000,000

**Issued, subscribed and fully paid up**

218,160,816 (2017: 181,800,680) ordinary shares of Tk 10 each

2,181,608,160 1,818,006,800

Vetted

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

15.2 Given below the history of raising of share capital of IPDC Finance Limited

Year of allotment	Particulars of allotment	Number of Shares Issued		Paid up Shares (Cumulative)	Amount of Shares Capital (BDT)	Amount of Shares Capital (BDT) (Cumulative)
		Bonus Shares	Subscription			
1981	First (Subscription to the memorandum & Articles of association) at the time of incorporation *	-	50	50	500	500
1982	Subscription	-	8,999,950	9,000,000	89,999,500	90,000,000
1999	400% Stock Dividend	36,000,000	-	45,000,000	360,000,000	450,000,000
2004	Subscription	-	2,801,400	47,801,400	28,014,000	478,014,000
2006	IPO	-	13,900,000	61,701,400	139,000,000	617,014,000
2007	10% Stock Dividend	3,085,070	-	64,786,470	30,850,700	647,864,700
2008	10% Stock Dividend	6,478,640	-	71,265,110	64,786,400	712,651,100
2009	10% Stock Dividend	7,126,510	-	78,391,620	71,265,100	783,916,200
2010	10% Stock Dividend	7,839,160	-	86,230,780	78,391,600	862,307,800
2011	10% Stock Dividend	8,623,070	-	94,853,850	86,230,700	948,538,500
2013	10% Stock Dividend	9,485,385	-	104,339,235	94,853,850	1,043,392,350
2014	10% Stock Dividend	10,433,923	-	114,773,158	104,339,230	1,147,731,580
2015	20% Stock Dividend	11,477,315	-	126,250,473	114,773,150	1,262,504,730
2016	20% Stock Dividend	25,250,094	-	151,500,567	252,500,940	1,515,005,670
2017	20% Stock Dividend	30,300,113	-	181,800,680	303,001,130	1,818,006,800
2018	20% Stock Dividend	36,360,136	-	218,160,816	363,601,360	2,181,608,160

Paid up capital as at 31 December 2018 is made up of 25,701,400 numbers of ordinary shares paid up in cash and 192,459,416 ordinary shares through issuance of bonus shares.

Initially, IPDC increased its authorized share capital to BDT 2,000 crore however, subsequently it has been changed to BDT 800 crore through a special resolution taken on its 14th EGM held on 19 September 2018. Bangladesh Bank has also approved this subsequent increase authorized share capital to BDT 800 crore. IPDC duly submitted the revised files to Registrar of Joint Stock Companies and Firms (RJSC).

15.2 Paid up capital of the company is held as follows

	2018 Taka	2017 Taka
<b>Foreign</b>		
Aga Khan Fund for Economic Development (AKFED)	241,115,490	200,929,580
	<u>241,115,490</u>	<u>200,929,580</u>
<b>Domestic</b>		
BRAC	545,402,020	454,501,690
Ayesha Abed Foundation	218,160,810	181,800,680
RSA Capital Limited	109,080,390	90,900,330
Government of the People's Republic of Bangladesh (GoB)	477,326,350	397,771,960
General shareholders	590,523,100	492,102,560
	<u>1,940,492,670</u>	<u>1,617,077,220</u>
	<u>2,181,608,160</u>	<u>1,818,006,800</u>

15.3 Number of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

a. Foreign sponsors

	2018		2017	
	Number	% of holding	Number	% of holding
AKFED	24,111,549	11.05	20,092,958	11.05
	<u>24,111,549</u>	<u>11.05</u>	<u>20,092,958</u>	<u>11.05</u>

b. Local sponsors

	2018		2017	
	Number	% of holding	Number	% of holding
BRAC	54,540,202	25.00	45,450,169	25.00
Ayesha Abed Foundation	21,816,081	10.00	18,180,068	10.00
RSA Capital Limited	10,908,039	5.00	9,090,033	5.00
GoB	47,732,635	21.88	39,777,196	21.88
	<u>134,996,957</u>	<u>61.88</u>	<u>112,497,466</u>	<u>61.88</u>

General Shareholders

	2018		2017	
	Number	% of holding	Number	% of holding
	59,052,310	27.07	49,210,256	27.07
	<u>59,052,310</u>	<u>27.07</u>	<u>49,210,256</u>	<u>27.07</u>
	<u>218,160,816</u>	<u>100.00</u>	<u>181,800,680</u>	<u>100.00</u>

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



15.4 Composition of shareholding is as follows:

	2018		2017	
	Number	% of holding	Number	% of holding
Institutional shareholding (including GoB)	191,241,002	88.00	158,251,986	84.00
Individual shareholding	26,919,814	12.00	23,548,694	16.00
	218,160,816	100.00	181,800,680	100.00

15.5 Classification of shareholders by holding

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 shares	3,340	522,867	0.24%
501 to 5,000 shares	2,595	4,803,238	2.20%
5,001 to 10,000 shares	385	2,811,736	1.29%
10,001 to 20,000 shares	230	3,281,977	1.50%
20,001 to 30,000 shares	74	1,839,230	0.84%
30,001 to 40,000 shares	40	1,428,984	0.66%
40,001 to 50,000 shares	30	1,398,317	0.64%
50,001 to 1,00,000 shares	57	4,246,413	1.95%
1,00,001 to 1,000,000 shares	45	12,467,339	5.71%
over 1,000,000	15	185,360,715	84.97%
<b>Total</b>	<b>6,811</b>	<b>218,160,816</b>	<b>100.00</b>

The shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 03 December 2006 and traded at Tk. 38.10 and Tk. 38.50 at the close of 31 December 2018 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively.

15.6 Capital adequacy ratio

In accordance with the Financial Institution Regulations, 1994 and Bangladesh Bank's DFIM circular no. 05 dated 24 July 2011, every Non-Banking Financial Institution which is registered in Bangladesh had to increase its paid up capital to Tk. 1,000 million within 30 June 2012. The Company fulfilled this condition within the stipulated time and as at 31 December 2018, total capital of the Company was Tk. 3,751.93 million out of which paid up capital is Tk. 2,181.61 million.


In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, financial institutions are required to maintain at least 10% Capital Adequacy Ratio (CAR) in line with the guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions, which has come fully into force from 1 January 2012. As of 31 December 2018, the CAR of the Company is 14.01% against the required CAR of 10%. Details are as follows:

	2018 Taka	2017 Taka
Tier -1 capital (A)	3,441,063,079	2,990,055,274
Tier -2 capital (B)	708,473,268	333,339,724
Eligible capital (C=A+B)	4,149,536,347	3,323,394,998
Total risk weighted assets	29,615,056,540	21,951,734,758
Minimum capital requirement	2,961,505,654	2,195,173,476
Capital surplus	1,188,030,693	1,128,221,522
Capital adequacy ratio	14.01%	15.14%

16. Share premium

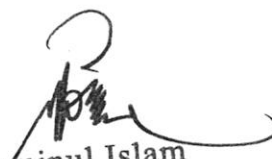
167,014,000 167,014,000

Share premium against 280,140 number of ordinary shares issued in 2004 and 1,390,000 number of ordinary shares issued in 2006 @ Tk. 100 per share i.e. at year end 2018 total number of shares would be 16,701,400 @ Tk. 10 per share as the Company changed the denomination of shares from Tk. 100 to Tk. 10 each in 2011 in compliance with the Bangladesh Securities and Exchange Commission's order number SEC/CMRRCD/2009-193/109 dated 15 September 2011.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

17. Statutory reserve

This comprises of the cumulative balance of statutory reserve as required by section 9 of the Financial Institutions Act, 1993 and regulations 4(d) and 6 of the Financial Institution Regulations, 1994.

	Note	2018 Taka	2017 Taka
Opening balance		460,460,662	393,375,601
Transferred from profit during the year		90,000,647	67,085,061
Closing balance		<u>550,461,309</u>	<u>460,460,662</u>

18. Assets revaluation reserve

Opening balance	120,483,652	124,501,939
Revaluation during the year		
Land	150,195,033	-
Building	75,145,543	-
Adjustment of excess depreciation on building	(1,004,572)	(4,018,287)
Deferred tax liability on land revaluation	(33,955,364)	-
	<u>310,864,292</u>	<u>120,483,652</u>

IPDC Finance Limited owns real estate property (commercial space including car parking) for its own use as office premises situated at Hosna Center (4th floor), 106 Gulshan Avenue, Dhaka. This property was revalued at fair value in accordance with IAS 16: *Property, Plant and Equipment* which requires regular valuation of property to ensure that the value reflects current market condition.

The property was first revalued in 2005 and subsequently in 2014, since then significant changes took place in local real estate market, as a result with the consent of the Board of Directors of IPDC Finance Limited, ACNABIN Chartered Accountant as professionally qualified valuer had conducted the assignment of valuation for determining the fair value of the property, which has subsequently conveyed to management for incorporating in the financials of 2018 after being adopted in the Board. The revaluation was done in accordance with the guideline of Bangladesh Securities and Exchange Commission (BSEC) circular no SEC/CMRRCD/2009-193/150/Admin.

19. Retained earnings

Opening balance	544,573,808	575,216,409
Net profit after tax for the year	450,003,237	335,425,303
Transfer to statutory reserve	(90,000,647)	(67,085,061)
Dividend	-	-
Issuance of bonus shares	(363,601,360)	(303,001,130)
Transfer from revaluation reserve	1,004,572	4,018,287
Closing balance	<u>541,979,610</u>	<u>544,573,808</u>

20. Contingent liabilities

Acceptances and endorsements		-	-
Letters of guarantee	20.1	105,148,614	76,890,865
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>105,148,614</u>	<u>76,890,865</u>

20.1 Letters of guarantee

In the normal course of business, the Company incurs certain contingent liabilities (letters of guarantee). No material losses are anticipated as a result of these transactions. These contingent liabilities are quantified below:

Director	-	-
Government	-	-
Bank and financial institutions	105,148,614	76,890,865
Others	-	-
	<u>105,148,614</u>	<u>76,890,865</u>

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**21. Particulars of profit and loss account**

	Notes	2018 Taka	2017 Taka
<u>Income</u>			
Interest, discount and other similar income	22	5,080,019,093	2,991,122,584
Dividend income	24	28,728,723	28,979,009
Fees, commission and brokerage	25	89,224,663	82,161,056
Gains less losses arising from dealing securities	24	34,618,357	36,484,402
Gains less losses arising from investment securities		-	-
Gains less losses arising from dealing in foreign currencies		-	-
Income from non financial institutional assets		-	-
Other operating income	26	23,632,007	25,291,114
Profit less losses on interest rate changes		-	-
		<u>5,256,222,843</u>	<u>3,164,038,165</u>
<u>Expenses</u>			
Expenses related to deposits, fee, commission etc.	23	3,381,689,412	1,918,530,631
Charges on loan loss		-	-
Administrative expenses	27	710,642,067	541,700,054
Other operating expenses		-	-
Depreciation and amortisation	36.1	40,974,127	31,110,375
		<u>4,133,305,606</u>	<u>2,491,341,060</u>
Profit before provision		<u>1,122,917,237</u>	<u>672,697,105</u>

**22. Interest income**

<u>Interest income on loans and advances</u>			
Interest on lease finance		687,239,749	433,493,997
Interest on long term loan		1,579,776,765	942,230,888
Interest on short term loan		1,389,858,487	860,410,919
Interest on channel finance		202,614,777	121,615,328
Interest on mortgage finance		623,206,565	298,415,071
Interest on secured retail loan		27,637,153	12,143,247
Interest on auto loan		274,219,008	161,925,346
Interest on staff loan		2,993,426	2,297,719
Interest on personal loan		30,486,158	34,850,836
Interest on Consumer Finance		3,267	-
		<u>4,818,035,355</u>	<u>2,867,383,351</u>
<u>Interest income on balance with other banks and financial institutions</u>			
Interest on fixed deposits		230,297,819	95,843,966
Interest on overnight and treasury placements		27,853,556	25,800,556
Interest on STD accounts		3,832,363	2,094,711
		<u>261,983,738</u>	<u>123,739,233</u>
		<u>5,080,019,093</u>	<u>2,991,122,584</u>

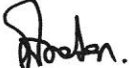
**23. Interest paid on deposits and borrowings etc.**

Interest expenses on term deposits		3,060,385,896	1,757,356,337
Interest expenses on borrowings	23.1	321,303,516	161,174,294
		<u>3,381,689,412</u>	<u>1,918,530,631</u>

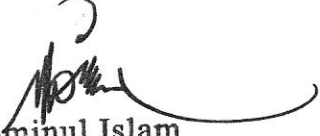
**23.1 Interest expenses on borrowings**

<u>Local banks and financial institutions</u>			
Interest expenses on short term loan		117,964,254	74,107,881
Interest expenses on long term loan		69,871,672	10,052,885
Interest expenses on call borrowings		29,453,611	34,037,875
Interest expenses on bank overdrafts		38,372,978	31,979,319
Interest expenses on zero coupon bond		65,367,945	10,996,334
Interest expenses on Subordinated Bonds		273,056	-
		<u>321,303,516</u>	<u>161,174,294</u>
<u>Foreign banks and financial institutions</u>			
Interest expenses on long term lines of credit		-	-
		<u>321,303,516</u>	<u>161,174,294</u>

Vetted

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

  
**Prodip Kumar Basak**  
**Director**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

**24. Investment income**

Notes

2018

2017

Taka

Taka

Dividend income

Dividend income on cumulative preference shares  
Dividend income on listed shares  
Dividend income on un-listed shares

28,274,973	28,451,766
3,750	2,243
450,000	525,000
28,728,723	28,979,009

Interest on treasury bills, bonds and debentures

Interest income on Govt. treasury bonds  
Interest income on corporate bonds

-	-
34,618,336	36,484,402

Capital gain on sale of listed shares

34,618,336	36,484,402
21	-
34,618,357	36,484,402
63,347,080	65,463,411

**25. Commission, exchange and brokerage**

Application Fee  
Documentation Fee  
Processing Fee

340,268	633,186
35,936,401	51,076,553
52,947,994	30,451,317
89,224,663	82,161,056

**26. Other operating income**

Transfer price/sale of leased assets  
Other earnings  
Loan loss recovery  
Gain/(loss) sale of fixed assets

26.1

145,400	169,348
809,111	959,581
20,689,836	24,135,000
1,987,660	27,185
23,632,007	25,291,114

**26.1 Gain/(loss) sale of fixed assets**

Some items of fixed assets which were impaired, sold or adjusted during the period as under:

Sale proceeds  
Cost price of the sold/adjusted items  
Accumulated depreciation  
Written down value  
Gain/(loss) on sale of fixed assets

6,706,067	29,200
17,598,953	5,789,340
(12,880,546)	(5,787,325)
4,718,407	2,015
1,987,660	27,185

**27. Administrative expenses**

Salary and allowances  
Rent, taxes, insurance, electricity, etc.  
Legal expenses  
Postage, stamp, telecommunications, etc.  
Stationery, printing, advertisements, etc.  
Managing Director's salary and allowances  
Directors' fees  
Auditors' fees  
Repair and Maintenance  
Other expenses

28  
29  
30  
31  
32  
33  
34  
35  
36.2  
37

382,732,193	284,838,827
43,444,674	32,636,022
41,936,136	19,400,067
9,160,192	7,274,963
101,248,787	111,818,455
13,679,676	11,554,496
2,409,361	2,785,591
540,500	678,500
27,238,088	18,731,984
88,252,460	51,981,149
710,642,067	541,700,054

**28. Salary and allowances**

382,732,193	284,838,827
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**28.1 Number of employees and remuneration thereof**

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 740 at the end of 31 December 2018 as against 538 in 2017.


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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

29. Rent, taxes, insurance, electricity, etc.	Notes	2018	2017
		Taka	Taka
Office rent		26,789,968	19,423,365
Rates and taxes		270,274	312,530
Insurance		7,423,128	5,613,722
Utilities - electricity, gas, water, etc.		8,961,304	7,286,405
		<u>43,444,674</u>	<u>32,636,022</u>
<b>30. Legal expenses</b>			
Professional fees		31,617,549	8,400,547
Legal documents		9,619,729	9,413,743
Legal Notice Publication		698,858	1,585,777
		<u>41,936,136</u>	<u>19,400,067</u>
<b>31. Postage, stamp, telecommunications, etc.</b>			
Postage, stamps etc.		2,090,329	1,529,723
Telephone		2,960,879	3,662,986
Internet expenses		4,108,984	2,082,254
		<u>9,160,192</u>	<u>7,274,963</u>
<b>32. Stationery, printing, advertisements etc.</b>			
Printing Expenses		2,687,106	4,500,121
Stationery Expenses		1,974,125	1,603,200
Publicity and advertisement		96,587,556	105,715,134
		<u>101,248,787</u>	<u>111,818,455</u>
<b>33. Managing Director's salary and allowances</b>			
Basic salary		7,490,311	6,180,000
House rent allowance		958,176	720,000
Medical allowance		358,773	204,000
Festival bonus		1,250,000	1,030,000
Performance bonus		1,000,000	1,000,000
Leave fare assistance		1,248,385	1,029,996
Company's contribution to provident fund		749,031	618,000
Gratuity		625,000	772,500
		<u>13,679,676</u>	<u>11,554,496</u>
<b>34. Directors' fees</b>			
Honorarium for attending meeting		938,400	1,306,400
Incidental expenses for attending meeting		1,470,961	1,479,191
		<u>2,409,361</u>	<u>2,785,591</u>


Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated Tk. 8,000 per meeting in accordance with Bangladesh Bank's DFIM circulars number 13 and 03 dated 30 November 2015. In addition, as per policy the Company also bears travelling, accommodation and other related costs of directors who attend Board Meeting from overseas.

<b>35. Auditors' fees</b>			
Auditors' remuneration for interim audit		-	172,500
Auditors' remuneration for annual audit		540,500	506,000
		<u>540,500</u>	<u>678,500</u>
<b>36. Depreciation and repair of assets</b>			
Depreciation and amortisation	36.1	40,974,127	31,110,375
Repair and maintenance	36.2	27,238,088	18,731,984
		<u>68,212,215</u>	<u>49,842,359</u>

Vetted



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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

### 36.1 Depreciation and amortisation

	2018 Taka	2017 Taka
Building	1,401,807	1,401,805
Motor vehicles	12,003,590	7,775,967
Furniture and fixture	4,628,006	4,797,402
Equipment and appliances	19,048,590	14,169,932
Software	3,892,134	2,965,269
	<u>40,974,127</u>	<u>31,110,375</u>

Details are shown in Annexure - A.

### 36.2 Repair and maintenance

Office premises	5,734	334,960
Vehicles-fuel	5,438,178	5,166,906
Vehicles-repair and maintenance	6,129,219	3,836,938
Office equipment	15,664,957	9,393,180
	<u>27,238,088</u>	<u>18,731,984</u>

### 37. Other expenses

Staff training	8,819,491	7,841,081
Membership fees, subscription and donations	5,809,007	6,724,340
News papers, periodicals, learning materials etc.	210,691	202,021
Recruitment expenses	2,296,707	2,625,458
Traveling, conveyance and hotel expenses	17,935,156	10,710,698
Entertainment and public relation	5,229,707	3,281,466
Annual General Meeting expenses	10,404,091	7,009,624
Security and cleaning services	7,521,978	6,949,444
Sundry office maintenance*	26,413,237	4,283,259
Bank Charges	3,443,525	2,182,648
Other operational expenses	168,870	171,110
	<u>88,252,460</u>	<u>51,981,149</u>

\*Sundry office maintenance includes application money of BDT 22,899,996 for increase of authorised share capital.

### 38. Provision for loans and advances

Provision for classified loans and advances	160,535,513	18,644,437
Provision for unclassified loans and advances	102,857,712	139,644,209
	<u>263,393,225</u>	<u>158,288,646</u>

### 39. Provision for diminution in value of investment

Provision made for investment in share	(1,045,775)	665,214
Provision made for marking to market on Govt. securities	-	-
	<u>(1,045,775)</u>	<u>665,214</u>

### 40. Provision for deferred tax

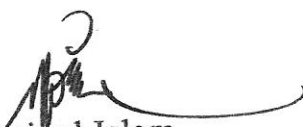
Expense on deductible temporary differences	-	-
Expense/(income) on taxable temporary differences	4,379,185	1,610,115
Revaluation adjustment of previous year through deferred tax	-	-
	<u>4,379,185</u>	<u>1,610,115</u>

Vetted



  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

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 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited



41. Earnings per share (EPS)

2018  
Taka

2017  
Taka

Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended 31 December 2018 as per IAS 33: *Earnings per share*.

Net profit after tax	450,003,237	335,425,303
Weighted average number of outstanding shares	218,160,816	218,160,816
Basic earning per share (restated-2017)	2.06	1.54

**Diluted Earnings Per Share (DEPS)**

No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.

42. Board meetings

During the year 2018 a total of 9 (nine) Board Meetings were held against 10 in the year 2017.

43. Net asset value (NAV) per share

Net asset	3,751,927,371	3,110,538,922
Number of share outstanding	218,160,816	218,160,816
NAV per share (restated-2017)	17.20	14.26

44. Net operating cash flow (NOCF) per share

Net operating cash flow	(838,197,498)	409,647,680
Number of share outstanding	218,160,816	218,160,816
NOCF per share (restated-2017)	(3.84)	1.88

45. Events after the balance sheet date

The Board of Directors of the Company in its 177th meeting held on 10 February 2019 recommended 7% (percent) cash and 8% (percent) stock dividend.


Vetted



Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.



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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission



Moninul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 46. Disclosure on Audit Committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the FID Circular No. 10 dated 18 September 2005 and DFIM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. The committee was formed comprising 5 (five) members of the Board.

Sl. no.	Name	Status with the company	Status with the committee	Educational qualification
i)	Mr. Salahdin Irshad Imam	Independent Director	Chairman	BA Hons, Harvard University.
ii)	Mr. Amin H. Manekia	Director	Member	MBA (major in Finance & Marketing), Babson College, USA.
iii)	Mr. Md. Enamul Hoque	Director	Member	Diploma in Software Application, City & Guild, London and BIAM; Master's in Bangla Literature, University of Dhaka.
iv)	Ms. Nasreen Sattar	Independent Director	Member	Senior Cambridge-St. Xavier Covent, Bachelor of Arts, Holy Cross College.
v)	Ms. Tamara Hasan Abed	Director	Member	MBA in Finance from Columbia Business School, Columbia University, NY, USA BSc in Economics from London School of Economics, London, UK

The company secretary acts as secretary to Audit Committee.

The Audit Committee of the Board conducted 5 (five) meetings from 1 January 2018 to 31 December 2018 in which among others, the following salient issues were discussed:

- The Committee reviewed of the periodical inspection reports on credit assessment, operational, financial procedure and branch operations of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the management for proper and prompt resolution of the irregularities/objections stated therein;
- The Committee reviewed internal audit plan for the year 2018;
- The Committee reviewed the draft financial statements for the year 2018 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;
- The Committee reviewed the management letter issued by the external auditors and management's responses thereto;
- The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2018 and recommended them to the Board of Directors for their approvals;
- The Committee reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- The Committee reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;
- The Committee reviewed the inspection report of Bangladesh Bank with responses from the management for the year ended 31 December 2017;
- The Committee recommended regarding re-appointment of external auditors of the Company considering suitability and global acceptability; and
- The Committee placed its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance of rules and regulation of the regulatory bodies.

#### 47. Related party/(ies) disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per BAS 24: Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

Details of related party/(ies) transactions are as follows:

Related party	Relationship	Nature of transaction	Figures in Taka	
			Outstanding balance	
			2018	2017
Aga Khan Education Bangladesh Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	467,606,733	408,116,424
Aga Khan Education Service Bangladesh Employees Provident Fund	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	2,500,000	Nil
Aga Khan Foundation, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	298,385,491	307,812,544
AKF-DJ Nazrana	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	17,167,374	15,900,000
Ismailia Co-Operative Society Ltd	This is a part of Aga Khan Development Network - AKDN	Scheme deposit receipt	56,861,545	17,980,227
Industrial Promotion Services (Bangladesh) Limited	This is a part of Aga Khan Fund for Economic Development - AKFED	Term deposit receipt	26,998,833	25,596,619
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad are also Director of Guardian Life Insurance Limited and BRAC is the sponsor shareholder of the company	Term deposit receipt	377,556,193	241,284,418
		Group life insurance premium of the employees	3,886,571	2,835,181
BRAC	Sponsor shareholder of IPDC	Term deposit receipt	569,710,425	533,710,000
BRAC University	Related concern of BRAC	Term deposit receipt	533,759,850	410,220,000
Sufia Khatun Foundation	Related concern of BRAC	Term deposit receipt	27,993,475	25,297,750
BRAC Net Limited	Related concern of BRAC	Term deposit receipt	232,677,404	216,058,303
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term deposit receipt	16,755,013	15,729,500
BRACNet Limited Employees Provident Fund	Related concern of BRAC	Term deposit receipt	12,553,837	11,817,000
Education Trust Fund	Related concern of BRAC	Term deposit receipt	1,048,381,803	643,749,875
RSA Capital Employees Provident Fund	Shareholder of IPDC	Term deposit receipt	3,728,000	2,000,000
Morseda Chowdhury	Associate Director, BRAC	Auto Loan	2,941,913	Nil
Sir Fazle Hasan Abed	Founder and chairman of BRAC	Term deposit receipt	1,200,000	Nil
Lady Syeda Sarwat Abed	Founder and director of the BRAC Institute of Languages (BIL), BRAC University, Spouse of Sir Fazle Hasan Abed	Term deposit receipt	600,000	Nil
Nasreen Sattar	Independent Director of IPDC	Term deposit receipt	8,500,000	Nil
Fauzia Binte Ahmed	Mother in law of Managing Director & CEO	Term deposit receipt	2,468,636	1,607,775
Benazir Huq	Spouse of Managing Director & CEO	Term deposit receipt	6,946,883	1,672,741
Mr. Mominul Islam	Managing Director & CEO of IPDC	Term deposit receipt	577,801	2,386,202
		Home loan	6,732,577	7,476,268
		Employee loan	-	79,452
		Personal Loan	1,349,221	1,680,408

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

Prody Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

#### 48. Directors information

##### 48.1 Name of the Directors and the entities in which they have interested as at 31 December 2018

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
i)	Dr. Muhammad Musa	Chairman	BRAC	BRAC Net	Chairman
				Brac Kumon	Chairman
				Affordable Healthcare Trust	Chairman
				BRAC	Executive Director
ii)	Mr. Md. Enamul Hoque	Director	GoB	Chittagong Dry Dock Limited	Director
				Sanofi Bangladesh Limited	Director
				Institute of Cost and Management Accountants of Bangladesh (ICMAB)	Director
iii)	Mr. A. Gaffar Khan	Director	GoB	N/A	N/A
iv)	Ms. Nasreen Sattar	Independent Director	N/A	Consumark Limited	Chairman
v)	Mr. Salahdin Irshad Imam	Independent Director	N/A	Panigram Resort Limited	Chairman
				Radius Enterprises	Proprietor
				Tiger Tours Limited	Shareholder
				Tropical Conservation	Chairman
				Brotee (NGO)	Member of Executive Committee
				IVP Limited (India)	Director
vi)	Mr. Amin H. Manekia	Director	AKFED	DCB Bank Limited India	Director
				Aga Khan Health Services India Limited	Chairman
				Prince Aly Khan Hospital	President
				BRAC EPL Stock Brokerage Limited	Director
vii)	Ms. Tamara Hasan Abed	Director	BRAC	BRAC Services Limited	Director
				Bangladesh Netting Factory Limited	Member
				BRAC Karnafuli Tea Company Limited	Director
				BRAC Kaiyacherra Tea Company Limited	Director
				BRAC Kodala Tea Estate	Director
				BRAC Industries Limited	Director
				BRAC Environmental Enterprises Limited	Director
				BRAC EPL Investments Limited	Director
				Ayesha Abeda Foundation	Executive Trustee
				BRAC University	Member of the Board of Trustee and Syndicate
viii)	Mr. Shameran Abed	Director	Ayesha Abed Foundation	BRAC IT Services Limited (biTS)	Director
				bKash Limited	Director
				Guardian Life Insurance Limited	Director
ix)	Mr. Tushar Bhowmik	Director	BRAC	BRAC Services Limited	Director
				BRAC Industries Limited	Director
x)	Mr. Sameer Ahmad	Director	RSA Capital Ltd.	Equinox Limited	Director
				RSA Capital Limited	Director
				RSA Advisory Limited	Director
xi)	Mr. Mominul Islam	Managing Director & CEO	Ex-officio	None	N/A

48.2 Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest that subsisted at any time during the year or at the end of the year. None

48.3 Shares issued to Directors and Executives without consideration or exercisable at discount None

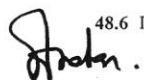
48.4 Nature, type and elements of transactions with the related party Note: 47

48.5 Lending policies in respect of related party:

- Amount of transactions regarding loans & advances, deposits, guarantees and commitment
- Amount of provision against loans and advances given to related party
- Amount of guarantees and commitments arising out of the statement of affairs

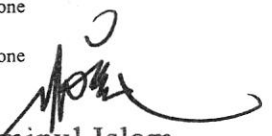
Note: 47  
None  
None

48.6 Investments in securities of the Directors and their related concerns None

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

IPDC Finance Limited  
Fixed assets including land, building, furniture and fixture

Figures in Taka

Category of asset	Cost/valuation						Depreciation/amortisation					Carrying amount as at 31 December 2018
	Balance as at 1 January 2018	Revaluation reserve	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 December 2018	Balance as at 1 January 2018	Rate	Charged during the year	Adjustment during the year	Balance as at 31 December 2018	
Land	129,240,000	150,195,033	-	-	-	279,435,033	-	-	-	-	-	279,435,033
Building	20,922,500	75,145,543	-	5,593,276	-	90,474,767	4,191,469	6.67%	1,401,807	5,593,276	-	90,474,767
Motor vehicles	50,806,187	-	32,131,875	-	12,374,553	70,563,509	18,019,863	20.00%	12,003,590	7,832,880	22,190,573	48,372,936
Furniture and fixture	62,704,654.0	-	12,727,189	4,092,911	2,929,535	68,409,397	30,594,579	12.50%	4,628,006	2,837,634	32,384,951	36,024,446
Equipment and appliances	106,305,477.0	-	26,418,118	(4,092,911)	2,294,840	134,521,666	59,023,926	20.00%	19,048,589	2,210,030	75,862,485	58,659,181
Software	21,496,542	-	2,792,585	-	-	24,289,127	12,597,340	20.00%	3,892,134	-	16,489,474	7,799,653
Capital work in progress- Software	-	-	24,287,196	-	-	24,287,196	-	0.00%	-	-	-	24,287,196
Balance as at 31 December 2018	391,475,360	225,340,576	98,356,963	5,593,276	17,598,928	691,980,695	124,427,177		40,974,126	18,473,820	146,927,483	545,053,212

Figures in Taka

Category of asset	Cost/valuation						Depreciation/amortisation					Carrying amount as at 31 December 2017
	Balance as at 1 January 2017	Revaluation reserve	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 December 2017	Balance as at 1 January 2017	Rate	Charged during the year	Adjustment during the year	Balance as at 31 December 2017	
Land	129,240,000	-	-	-	-	129,240,000	-	-	-	-	-	129,240,000
Building	20,922,500	-	-	-	-	20,922,500	2,789,664	6.67%	1,401,805	-	4,191,469	16,731,031
Motor vehicles	33,137,998	-	26,308,000	-	8,639,811	50,806,187	15,900,574	20%	7,775,967	5,656,678	18,019,863	32,786,324
Furniture and fixture	54,639,506	-	9,517,231	-	1,452,083	62,704,654	26,492,739	12.50%	4,797,402	695,562	30,594,579	32,110,075
Equipment and appliances	81,212,354	-	28,049,376	-	2,956,253	106,305,477	47,121,982	20%	14,169,932	2,267,988	59,023,926	47,281,551
Software	16,398,750	-	5,097,792	-	-	21,496,542	9,632,071	20%	2,965,269	-	12,597,340	8,899,202
Balance as at 31 December 2017	335,551,108	-	68,972,399	-	13,048,147	391,475,360	101,937,030		31,110,375	8,620,228	124,427,177	267,048,183


Details of disposals/adjustments-for 2018

Asset category	Cost	Accumulated depreciation	Book value	Sale price/ adjustment	Profit/(loss) on disposal	Mode of disposal	Buyer
	Taka	Taka	Taka	Taka	Taka		
Motor vehicles	12,374,553	7,832,880	4,541,673	6,438,452	1,896,780	As per policy of the Company	Employees/Outsider
Furniture and fixture	2,929,535	2,854,810	74,725	82,225	7,500	As per policy of the Company	Outsider
Equipment and appliances	2,294,840	2,192,997	101,843	185,223	83,380	As per policy of the Company	Outsider
	17,598,928	12,880,687	4,718,241	6,705,900	1,987,660		

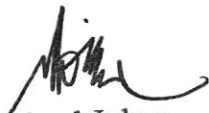
## Annexure - B

## Highlights on the overall activities of the Company as at and for the periods 2018 and 2017

Sl. no.	Particulars	2018	2017
1	Paid up capital (Taka)	2,181,608,160	1,818,006,800
2	Total capital (Taka)	3,751,927,371	3,110,538,922
3	Capital surplus (Taka)	1,188,030,693	1,128,221,522
4	Total assets (Taka)	50,511,180,906	39,288,942,356
5	Total deposits (Taka)	37,066,078,306	29,746,862,008
6	Total loans and advances (Taka)	44,325,273,003	34,466,955,374
7	Total contingent liabilities and commitments (Taka)	105,148,614	76,890,865
8	Credit to deposit ratio	1.2:1	1.16:1
9	Percentage of classified loans against total loans, advances	2.14%	0.62%
10	Net profit after tax and provision (Taka)	450,003,237	335,425,303
11	Amount of classified loans and advances at the end of the period/year (Taka)	947,649,323	213,869,730
12	Provisions kept against classified loan (Taka)	194,240,598	33,705,085
13	Provisions surplus against classified loan (Taka)	53,866,230	39,977,500
14	Cost of fund	9.14%	7.18%
15	Interest earning assets (Taka)	48,466,009,471	38,032,989,316
16	Non-interest earning assets (Taka)	2,045,171,435	1,255,953,040
17	Return on investment (ROI)	13.11%	11.40%
18	Return on asset (ROA)	1.00%	1.08%
19	Income from investment (Taka)	63,347,080	65,463,411
20	Earning per share (Taka)	2.06	1.54
21	Net income per share (Taka)	2.06	1.54
22	Price earning ratio (Times)	18.50	32.53

  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodyot Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited




## IPDC Finance Limited


## Reconciliation of Net Profit with Cash Flows from Operating Activities

	<u>2018</u> <u>Taka</u>	<u>2017</u> <u>Taka</u>
Net profit after tax	450,003,237	335,425,303
<b>Adjustments for non-cash items:</b>		
Add: Depreciation expenses	40,974,127	31,110,375
Add: Provision for loans, advances and investments	262,347,450	158,953,860
Less: Gain on sale of fixed assets	(1,987,660)	(27,185)
Add/(Less): Accrued expenses	556,264,549	273,474,385
Add/(Less): Accrued income	(78,475,305)	(37,776,690)
Add/(Less): Provision for Current Tax	406,187,365	176,707,827
Add/(Less): Deferred Tax	4,379,185	1,610,115
	<u>1,639,692,948</u>	<u>939,477,990</u>
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in Loans and advances to other banks	17,997,600	117,850,243
(Increase)/Decrease in Loans and advances to customers	(9,876,315,228)	(15,104,210,527)
(Increase)/Decrease in Other assets	(41,868,860)	(2,432,879)
Increase/(Decrease) in Deposits from other banks and financial institutions	2,410,387,500	(135,257,010)
Increase/(Decrease) in Deposits from customers	4,908,828,798	12,567,671,592
Increase/(Decrease) in Trading liabilities	85,774,410	1,896,583,218
Increase/(Decrease) in Payable and accrued expenses	38,834,308	3,765,965
Increase/(Decrease) in Interest suspense	97,803,307	2,646,465
Increase/(Decrease) in Other liabilities	162,413,033	(23,324,496)
Payment of Corporate tax	(281,745,314)	146,877,119
Cash received/(paid) from operating assets and liabilities	<u>(2,477,890,446)</u>	<u>(529,830,310)</u>
Net cash from operating activities	<u>(838,197,498)</u>	<u>409,647,680</u>

Vetted

  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

## FORM- C

[As per Rule 8 (h), 8 (i) and 8 (t) of SEC (Rights Issue) Rules 2006]

### Auditors' report to the shareholders

We have audited the accompanying financial statements of IPDC Finance Limited (the "Company") for year ended 31 December 2018 in accordance with the Bangladesh Standards of Auditing, and we state that we have obtained all the information and explanations which we have required and after due verification thereof, we report that, in our opinion:

- (a) These financial statements have been drawn up in accordance with the requirements of the Securities and Exchange Rules, 1987 as amended, the Company Act, 1994 and other relevant laws where applicable and the International Accounting Standards, as applicable in Bangladesh.
- (b) These financial statements which are in agreement with the books of account of the issuer Company give a true and fair view of the state of its affairs as at 31 December 2018 and of the result of its operation and cash flows for the period then ended.
- (c) Proper books of account have been kept by the Company as required by the relevant laws.
- (d) The expenditure incurred was for the purposes of the issuer Company's business.

We also certify that the above issuer Company has declared the following dividend for each of the following five years immediately preceding the issue of rights share offer document under the Securities and Exchange Commission (Rights issue) Rules, 2006, and the Company has duly paid off the following amounts of the declared dividend mentioned against respective year:

Financial Year	Date of Dividend Declaration	Rate (%)		Declared Dividend	
		Cash	Stock	Total Amount (TK.)	Total Paid (Tk.)
2018	31 March 2019	7%	8%	327,241,224	327,241,224
2017	25 March 2018	-	20%	363,601,360	363,601,360
2016	2 May 2017	-	20%	303,001,130	303,001,130
2015	30 March 2016	-	20%	252,500,940	252,500,940
2014	4 May 2015	5%	10%	172,159,737	172,159,737

Dhaka, 15 April 2019

Sd/-


Vetted

Hoda Vasi Chowdhury & Co  
Chartered Accountants

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.


  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**Summarized cash-flows statement, profit and loss account and balance sheet, and dividend declared and paid for each of the 5 (five) years immediately preceding the issue of rights share offer document or for such shorter period during which the issuer was in commercial operation [RULE-8(i)]**


**Auditors' Report in pursuance of Section-135(1) under Para-24 of part-II of the Third Schedule of the Companies Act, 1994**

Vetted

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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**AUDITORS' REPORT**  
**OF**  
**IPDC Finance Limited**  
**Under section 135 (1) and paragraph 24 (1) (3) and 25 of Part-II of Third Schedule of the Companies Act 1994**  
**AND**  
**Under Rules 8 (i) of Securities and Exchange Commission (Right Issue) Rules, 2006**

We have examined the Financial Statements of IPDC Finance Limited (the "Company") for the year ended 31 December 2018 and those financial statements of IPDC Finance Limited for the years ended 31 December 2016, 31 December 2015, 31 December 2014 were audited by Rahman Rahman Huq, Chartered Accountants, and those for the year ended 31 December 2017 were audited by Hoda Vasi Chowdhury, Chartered Accountants.

The presentation of these financial statements is the responsibility of the Company's management.

Our responsibility is to review the relevant audited financial statements and confirm that the related information have been correctly extracted from those audited financial statements.

We have reviewed the relevant audited financial statements and confirm that the related information have been correctly extracted from those audited financial statements.

**a. Dividend declared:**

	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
Stock dividend (Bonus share) %	8.00%	20.00%	20.00%	20.00%	10.00%
Cash dividend %	7.00%	0.00%	0.00%	0.00%	5.00%

**b. Enclosures :**


- (i) The Statement of Profit and Loss Account of the Company for the year ended 31 December 2018 and for immediately preceding four years. (*Annexure - A*)
- (ii) The Statement of Balance Sheet of the Company as at 31 December 2018 and for immediately preceding four years. (*Annexure - B*)
- (iii) The Statement of Cash Flows of the Company for the year ended 31 December 2018 and for immediately preceding four years. (*Annexure - C*)

Dhaka, 31 March 2019

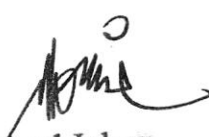
Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Vetted

Page 79

  
**Mohammad Ubaydur Rahman, FCS**  
**Managing Director**  
**AAA Finance & Investment Ltd.**

  
**Prodip Kumar Basak**  
**Director**  
**Bangladesh Securities and Exchange Commission**

  
**Mominul Islam**  
**Managing Director & CEO**  
**IPDC Finance Limited**

**AUDITOR'S REPORT IN PURSUANCE OF SECTION -135 (1) UNDER PARA-24 (1) OF PART-II OF THE THIRD SCHEDULE OF THE COMPANIES ACT, 1994****IPDC Finance Limited**

Auditor's report in pursuance of section 135 (1) under para 24 (1) of Part – II of the Third Schedule of the Companies Act 1994  
[ As per Securities and Exchange Commission (Right Issue) Rules, 2006, Rule 7 (2) (h) and 8 (i) ]

We, as the auditor and having examined the financial statements of IPDC Finance Limited for the year ended 31 December 2018 and based on the audited financial statements of the company for the years ended 31 December 2017, 2016, 2015 and 2014 and other figures extracted from the said audited financial statements as certified, report the following in pursuance to Section 135 (1) and paragraph 24 (1) (3) and 25 of part -II of the Schedule-III of the companies Act, 1994 and Rule 7 (2) (h) and 8 (i) of Securities and Exchange Commission (Right Issue) Rules, 2006, report:

1. IPDC Finance Limited was incorporated on 28 November 1981 and has been listed with the Dhaka and Chittagong Stock Exchange Limited since 03 December 2006.

2. Comparative Balance Sheet / Comparative Statement of Assets & Liabilities are as under:

Particulars	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka	Taka
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>					
In hand (including foreign currencies)	395,000	370,000	270,000	150,000	150,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	487,078,154	376,472,857	226,125,597	82,047,426	84,621,526
	487,473,154	376,842,857	226,395,597	82,197,426	84,771,526
<b>Balance with other banks and financial institutions</b>					
In Bangladesh	3,271,928,101	2,903,301,362	1,632,372,469	1,063,034,059	736,811,385
Outside Bangladesh	-	-	-	-	-
	3,271,928,101	2,903,301,362	1,632,372,469	1,063,034,059	736,811,385
<b>Money at call and short notice</b>					
<b>Investments</b>					
Government securities	-	-	-	-	415,000,000
Other investments	868,808,367	662,732,580	565,732,580	187,048,680	300,037,536
	868,808,367	662,732,580	565,732,580	187,048,680	715,037,536
<b>Loans, advances and leases</b>					
Loans, cash credits, overdrafts, etc.	44,325,273,003	34,466,955,374	19,480,595,090	6,415,776,969	5,676,790,793
Bills purchased and discounted	-	-	-	-	-
	44,325,273,003	34,466,955,374	19,480,595,090	6,415,776,969	5,676,790,793
<b>Fixed assets including land, building, furniture and fixture</b>					
Other assets	545,053,212	267,048,183	233,614,078	207,043,649	224,130,901
<b>Non financial institutional assets</b>					
	1,008,892,664	608,309,595	434,487,396	243,385,260	302,568,585
	3,752,405	3,752,405	3,752,405	3,752,405	3,752,405
<b>Total assets</b>	<b>50,511,180,906</b>	<b>39,288,942,356</b>	<b>22,576,949,615</b>	<b>8,202,238,448</b>	<b>7,743,863,131</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
Borrowings from other banks, financial institutions and agents	5,916,890,787	4,214,082,142	1,141,448,941	27,064,552	398,377,801
<b>Deposits and other accounts</b>					
Current accounts and other accounts	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings deposits	-	-	-	-	-
Term deposits	37,066,078,306	29,746,862,008	17,179,190,416	4,744,692,563	3,997,390,887
Bearer certificate of deposits	-	-	-	-	-
Other deposits	-	-	-	-	-
	37,066,078,306	29,746,862,008	17,179,190,416	4,744,692,563	3,997,390,887
<b>Other liabilities</b>					
	3,776,284,442	2,217,459,284	1,481,196,639	955,869,475	1,056,286,355
<b>Total liabilities</b>	<b>46,759,253,535</b>	<b>36,178,403,434</b>	<b>19,801,835,996</b>	<b>5,727,626,590</b>	<b>5,452,055,043</b>
<b>Shareholders' equity</b>					
Paid up capital	2,181,608,160	1,818,006,800	1,515,005,670	1,262,504,730	1,147,731,580
Share premium	167,014,000	167,014,000	167,014,000	167,014,000	167,014,000
Statutory reserve	550,461,309	460,460,662	393,375,601	332,758,289	284,720,219
Assets revaluation reserve	310,864,292	120,483,652	124,501,939	127,086,739	127,086,739
Retained earnings	541,979,610	544,573,808	575,216,409	585,248,100	565,255,550
<b>Total shareholders' equity</b>	<b>3,751,927,371</b>	<b>3,110,538,922</b>	<b>2,775,113,619</b>	<b>2,474,611,858</b>	<b>2,291,808,088</b>
<b>Total liabilities and shareholders' equity</b>	<b>50,511,180,906</b>	<b>39,288,942,356</b>	<b>22,576,949,615</b>	<b>8,202,238,448</b>	<b>7,743,863,131</b>
<b>OFF BALANCE SHEET ITEMS</b>					
<b>Contingent liabilities</b>					
Acceptances and endorsements	-	-	-	-	-
Letters of guarantee	105,148,614	76,890,865	30,046,913	11,612,000	5,590,000
Irrevocable letters of credit	-	-	-	-	-
Bills for collection	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-
<b>Total contingent liabilities</b>	<b>105,148,614</b>	<b>76,890,865</b>	<b>30,046,913</b>	<b>11,612,000</b>	<b>5,590,000</b>
<b>Other commitments</b>					
Documentary credits and short term trade-related transactions	-	-	-	-	-
Forward assets purchased and forward deposits placed	-	-	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-	-	-
<b>Total other commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>	<b>105,148,614</b>	<b>76,890,865</b>	<b>30,046,913</b>	<b>11,612,000</b>	<b>5,590,000</b>
<b>Net Assets Value (NAV) per share</b>	<b>17.20</b>	<b>17.11</b>	<b>18.32</b>	<b>19.60</b>	<b>19.97</b>
<b>Net Assets Value (NAV) per share (Restated)</b>	<b>-</b>	<b>14.26</b>	<b>12.72</b>	<b>11.34</b>	<b>10.51</b>


## 3. Comparative Statement of Profit and Loss Account are as follows:

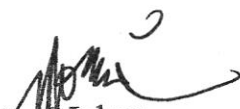
Particulars	2018	2017	2016	2015	2014
	Taka	Taka	Taka	Taka	Taka
<b>Operating Income</b>					
Interest income	5,080,019,093	2,991,122,584	1,482,385,809	804,863,230	929,287,424
Less: Interest paid on deposits and borrowings, etc.	3,381,689,412	1,918,530,631	844,243,048	373,422,243	513,098,917
<b>Net interest income</b>	<b>1,698,329,681</b>	<b>1,072,591,953</b>	<b>638,142,761</b>	<b>431,440,987</b>	<b>416,188,507</b>
Investment income	63,347,080	65,463,411	47,231,755	55,405,731	86,812,815
Commission, exchange and brokerage	89,224,663	82,161,056	36,184,345	7,577,541	5,636,658
Other operating income	23,632,007	25,291,114	119,839,040	145,480,822	71,394,084
<b>Total operating income</b>	<b>1,874,533,431</b>	<b>1,245,507,534</b>	<b>841,397,901</b>	<b>639,905,081</b>	<b>580,032,064</b>
Salary and allowances	382,732,193	284,838,827	137,340,136	90,183,739	82,353,556
Rent, taxes, insurance, electricity, etc.	43,444,674	32,636,022	22,084,194	13,986,678	13,235,518
Legal expenses	41,936,136	19,400,067	16,488,390	12,659,979	20,566,503
Postage, stamp, telecommunications, etc.	9,160,192	7,274,963	3,841,842	3,235,851	3,055,616
Stationery, printing, advertisements, etc.	101,248,787	111,818,455	77,712,650	13,150,848	12,613,516
Managing Director's salary and allowances	13,679,676	11,554,496	11,554,496	11,195,905	7,879,996
Directors' fees	2,409,361	2,785,591	2,859,894	3,896,477	3,536,254
Auditors' fees	540,500	678,500	678,495	506,000	460,000
Charges on loan loss	-	-	-	-	-
Depreciation and repair of assets	68,212,215	49,842,359	35,274,127	27,812,852	26,217,998
Other expenses	88,252,460	51,981,149	31,953,270	17,491,096	14,991,402
<b>Total operating expenses</b>	<b>751,616,194</b>	<b>572,810,429</b>	<b>339,787,494</b>	<b>194,119,425</b>	<b>184,910,359</b>
<b>Profit before provision</b>	<b>1,122,917,237</b>	<b>672,697,105</b>	<b>501,610,407</b>	<b>445,785,656</b>	<b>395,121,705</b>
Provision for loans and advances	263,393,225	158,288,646	29,570,375	164,468,055	36,966,734
Provision/(reversal) for diminution in value of investments	(1,045,775)	665,214	4,042,367	(62,882,555)	13,348,821
Other provisions	-	-	-	-	-
<b>Total provision</b>	<b>262,347,450</b>	<b>158,953,860</b>	<b>33,612,742</b>	<b>101,585,500</b>	<b>50,315,555</b>
<b>Profit before tax</b>	<b>860,569,787</b>	<b>513,743,245</b>	<b>467,997,665</b>	<b>344,200,156</b>	<b>344,806,150</b>
Provision for taxation					
Current tax	406,187,365	176,707,827	158,237,631	105,822,441	182,882,958
Deferred tax	4,379,185	1,610,115	6,673,473	(1,812,634)	(3,582,939)
	<b>410,566,550</b>	<b>178,317,942</b>	<b>164,911,104</b>	<b>104,009,807</b>	<b>179,300,019</b>
<b>Net profit after tax</b>	<b>450,003,237</b>	<b>335,425,303</b>	<b>303,086,561</b>	<b>240,190,349</b>	<b>165,506,131</b>
<b>Appropriations</b>					
Statutory reserve	90,000,647	67,085,061	60,617,312	48,038,070	33,101,226
General reserve	-	-	-	-	-
Proposed dividend	-	-	-	-	-
	<b>90,000,647</b>	<b>67,085,061</b>	<b>60,617,312</b>	<b>48,038,070</b>	<b>33,101,226</b>
<b>Retained surplus</b>	<b>360,002,590</b>	<b>268,340,242</b>	<b>242,469,249</b>	<b>192,152,279</b>	<b>132,404,905</b>
<b>Earnings Per Share (Basic)</b>	<b>2.06</b>	<b>1.85</b>	<b>2.00</b>	<b>1.90</b>	<b>1.44</b>
<b>Earnings Per Share (Restated)</b>	<b>-</b>	<b>1.54</b>	<b>1.39</b>	<b>1.10</b>	<b>0.76</b>

Vetted



Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Momtazul Islam  
Managing Director & CEO  
IPDC Finance Limited



## 4. Comparative Statement of Cash Flows are as follows:

Particulars	2018 Taka	2017 Taka	2016 Taka	2015 Taka	2014 Taka
<b>A) Cash flows from operating activities</b>					
Interest received	5,126,780,043	2,993,769,049	1,359,196,164	744,371,527	1,074,390,248
Interest paid	(2,825,424,863)	(1,645,056,246)	(621,414,546)	(442,516,367)	(534,159,993)
Dividend received	35,914,111	27,686,721	14,205,527	13,071,710	38,542,464
Fee and commission received	89,224,663	82,161,056	36,184,345	7,577,541	5,636,658
Recoveries of loan previously written off	20,689,836	24,135,000	119,081,510	144,185,099	69,482,960
Payment to employees	(400,177,834)	(292,627,358)	(167,594,083)	(97,364,774)	(88,831,896)
Payment to suppliers	(275,395,890)	(268,631,227)	(144,192,754)	(95,303,127)	(68,871,863)
Income taxes paid	(281,745,290)	(135,257,010)	(141,525,976)	(47,506,104)	(24,375,003)
Receipt from other operating activities	954,511	1,128,929	27,065,893	41,505,987	56,845,980
Payment for other operating activities	-	-	-	-	-
<i>Cash generated from/(used in) operating activities before changes in operating assets and liabilities</i>	<u>1,490,819,287</u>	<u>787,308,914</u>	<u>481,006,080</u>	<u>268,021,492</u>	<u>528,659,555</u>
<b>Changes in operating assets and liabilities</b>					
Statutory deposits	-	-	-	-	-
Sale of trading securities	-	-	-	415,000,000	-
Loans and advances to other banks	17,997,600	106,649,072	82,103,527	91,721,472	44,425,470
Loans and advances to customers	(9,876,315,228)	(15,093,009,356)	(13,196,815,126)	(860,097,377)	(337,360,453)
Other assets	(41,868,860)	(4,294,343)	(17,873,608)	4,475,086	80,238
Deposits from other banks and financial institutions	2,410,387,500	3,940,000,000	6,970,000,000	200,000,000	-
Deposits from customers	4,908,828,798	8,627,671,592	5,464,497,851	547,301,676	(429,702,521)
Other liability accounts of customers	-	-	-	-	-
Trading liabilities	85,774,406	1,896,583,218	1,114,420,610	(359,185,382)	(15,598,575)
Other liabilities	166,178,999	148,738,583	235,871,797	15,007,366	193,832,240
<i>Cash received/(paid) from operating assets and liabilities</i>	<u>(2,329,016,785)</u>	<u>(377,661,234)</u>	<u>652,205,051</u>	<u>54,222,841</u>	<u>(544,323,601)</u>
<i>Net cash from operating activities</i>	<u>(838,197,498)</u>	<u>409,647,680</u>	<u>1,133,211,131</u>	<u>322,244,333</u>	<u>(15,664,046)</u>
<b>B) Cash flows from investing activities</b>					
Proceeds from sale of securities	-	-	94,283,334	105,817,987	205,933,333
Payments for purchase of securities	(206,075,787)	(97,000,000)	(472,967,234)	-	-
Net increase in purchase of property, plant and equipment	(100,220,972)	(67,344,490)	(44,671,973)	(15,997,985)	(40,819,028)
Sale proceeds of property, plant and equipment	6,706,067	29,200	3,712,700	950,000	-
<i>Net cash (used in)/ from investing activities</i>	<u>(299,590,692)</u>	<u>(164,315,290)</u>	<u>(419,643,173)</u>	<u>90,770,002</u>	<u>165,114,305</u>
<b>C) Cash flows from financing activities</b>					
Receipts from issue of loan and debt securities	535,062,759	472,239,248	-	-	-
Payments for redemption of loan and debt securities	-	-	-	-	-
Receipts from issue of ordinary share	-	-	-	-	-
Receipts/(payments) of long term loan	1,081,971,476	703,810,735	(36,221)	(12,127,867)	(3,316,554)
Dividends paid in cash	10,991	(6,220)	4,844	(77,237,894)	(26,131,007)
<i>Net cash (used in)/ from financing activities</i>	<u>1,617,045,226</u>	<u>1,176,043,763</u>	<u>(31,377)</u>	<u>(89,365,761)</u>	<u>(29,447,561)</u>
<b>D) Net increase in cash &amp; cash equivalent (A+B+C)</b>	<u>479,257,036</u>	<u>1,421,376,153</u>	<u>713,536,581</u>	<u>323,648,574</u>	<u>120,002,698</u>
<b>E) Opening cash and cash equivalents</b>	<u>3,280,144,219</u>	<u>1,858,768,066</u>	<u>1,145,231,485</u>	<u>821,582,911</u>	<u>701,580,213</u>
<b>F) Closing cash and cash equivalents (D+E+F)</b>	<u>3,759,401,255</u>	<u>3,280,144,219</u>	<u>1,858,768,066</u>	<u>1,145,231,485</u>	<u>821,582,911</u>
<b>*Closing cash and cash equivalents</b>					
Cash in hand	395,000	370,000	270,000	150,000	150,000
Balance with Bangladesh Bank and its agent bank(s)	487,078,154	376,472,857	226,125,597	82,047,426	84,621,526
Balance with other banks and financial institutions	3,271,928,101	2,903,301,362	1,632,372,469	1,063,034,059	736,811,385
	<u>3,759,401,255</u>	<u>3,280,144,219</u>	<u>1,858,768,066</u>	<u>1,145,231,485</u>	<u>821,582,911</u>
<b>Net operating cash flow per share</b>	<b>(3.84)</b>	<b>2.25</b>	<b>7.48</b>	<b>2.55</b>	<b>(0.14)</b>

## 5. The history of dividend declared by the Company was as follows:

Stock Dividend	8.00%	20.00%	20.00%	20.00%	10.00%
Cash Dividend	7.00%	-	-	-	5.00%

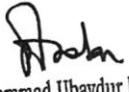
## 7. The Company does not have any subsidiary

7. No proceeds or part of proceeds of the issue of share shall be applied directly or indirectly by the Company in the purchase of any other business or an interest thereon.

8. Figures relating to previous years have been re-arranged wherever considered necessary.

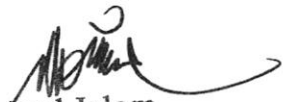
Vetted

Dhaka, 31 March 2019

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants
  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

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 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

**LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS****[Rule-8(j)]**

With a mandate to promote economic growth in the country, IPDC Finance Limited (Formerly named as Industrial Promotion and Development Company of Bangladesh Limited) was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The Company also registered itself as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The Financial Institute has started commercial operations from 1983 and has successfully completed almost 36(Thirty Six) years of operation.

**IMPLEMENTATION SCHEDULE [Rule-8(k)]**

The proceeds received from right issue will be invested in the following manner:

Particulars	Amount in Taka	Implementation Period
Disbursement of loans in Retail segment	400,000,000	Within 6 (six) months after receiving total fund of Rights Offer
Disbursement of loans in SME segment	400,000,000	Within 6 (six) months after receiving total fund of Rights Offer
Disbursement of loans in Corporate segment	613,682,080	Within 6 (six) months after receiving total fund of Rights Offer
<b>Total</b>	<b>1,413,682,080</b>	


**Sd/-****Benozeer Ahmed**

Chief Financial Officer

**Sd/-****Mominul Islam**

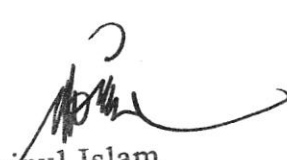
Managing Director &amp; CEO

**Vetted**

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**QUANTITY OF SHARES HELD BY EACH DIRECTOR AND PERSONS WHO HOLD 5% OR MORE OF THE PAID-UP SHARE CAPITAL OF THE ISSUER ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT[RULE-8(I)]**

SL. No.	Name of Shareholders	Name of Nominated Person	Status	% of Shareholding
1	BRAC	Dr. Muhammad Musa	Director	25.0000%
		Ms. Tamara Hasan Abed	Director	
		Mr. Tushar Bhowmik	Director	
2	Government of Bangladesh	Mr. A Gaffar Khan	Director	21.8796%
		Mr. Salahuddin Mahmud	Director	
3	Ayesha Abed Foundation	Mr. Shameran Abed	Director	10.0000%
4	RSA Capital Ltd.	Mr. Sameer Ahmad	Director	5.0000%
5	Uttara Finance and Investments Ltd.		Shareholder	9.0000
6	Independent Director	Ms. Sonia Bashir Kabir	Independent Director	-
7	Independent Director	Mr. Salahdin Irshad Imam	Independent Director	-
8	Managing Director & CEO	Mominul Islam	Managing Director & CEO	-

Independent directors do not hold any share of the Company and appointed as per BSEC's Corporate Governance Code.

**COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY**

Name of shareholders		No. of share held	Percentage (%)
Directors and Sponsors	BRAC	58,903,418	25.0000%
	GoB	51,551,245	21.8796%
	Ayesha Abed Foundation	23,561,367	10.0000%
	RSA Capital Ltd.	11,780,682	5.0000%
<b>Sub Total</b>		<b>145,796,712</b>	<b>61.8796%</b>
General Public		89,816,969	38.1204%
<b>Total</b>		<b>235,613,681</b>	<b>100.0000%</b>

**NAME, ADDRESS, DESCRIPTION AND OCCUPATION OF DIRECTORS, MANAGING DIRECTOR, MANAGERS AND COMPANY SECRETARY OF THE COMPANY [RULE-8(m)]**

**Details of Board of Directors:**

Name of Directors	Represented by	Age (Years)	Educational Qualification	Address	Occupation
BRAC	Dr..Muhammad Musa	61	MBBS from Chittagong Medical College, MPH from Johns Hopkins University, School of Hygiene and Public Health, USA, PGD from the Netherlands Universities Foundation for International Development, Wageningen Agriculture University	BRAC Centre, 75, Mohakhali, Dhaka 1212	Executive Director: BRAC  Chairman: bracNet, brackUMON, Affordable Healthcare Trust
	Ms. Tamara Hasan Abed	44	BSc (Economics) from the London School of Economics and Political Science, London, UK MBA in Finance from Columbia Business School, Columbia University, NY, USA	BRAC Heights, House # 392, Road # 11, Block-C, Bashundhara R/A, Dhaka-1229	Director: BRAC EPL Stock Brokerage Ltd., BRAC Services Ltd., Bangladesh Netting Factory Ltd., BRAC Karnafuli Tea Company Limited, BRAC Kaiyacherra Tea Company Limited, BRAC Kodala Tea Estate, BRAC Industries Ltd., BRAC Environmental Enterprises Ltd., BRAC EPL Investments Limited  Executive Trustee: Ayesha Abed Foundation  Member of the Board of Trustees and Syndicate of BRAC University, edotco (BD) Co. Ltd.
	Mr. Tushar Bhowmik	52	M.Com (Accounting, University of Dhaka) FCA, Institute of Chartered Accountants of Bangladesh (ICAB)	Flat 74, House 4, Road 15, Sector 4, Uttara, Dhaka-1230	Director: BRACEPL Stock Brokerage Limited
Government of Bangladesh (GoB)	Mr. Salahuddin Mahmud	57	B.Sc (Hons) from University of Dhaka M.S.S. (IR) from University of Dhaka	Chalabon, Azampur, Dokkhinkhan, Dhaka-1800	Additional Secretary Ministry of Industries, Shilpa Bhaban, 91, Motijheel C/A  Director: SME Foundation Reckitt and Benckiser Bangladesh Ltd.
	Mr. A Gaffar Khan	52	B.ScAg(Hons), MA	Room No-303, Ministry	Additional Secretary (Macro Economic Wing),

				of Finance, Finance Building, Bangladesh Secretariat, Dhaka-1000.	Finance Division, Ministry of Finance
Ayesha Abed Foundation	Mr. Shameran Abed	37	Bachelor of Arts in Economics from Hamilton College, NY, USA Barrister-At-Law from Lincoln's Inn, London, UK	BRAC Centre (9th Floor), 75, Mohakhali, Dhaka-1212	Director: BRAC IT Services Ltd (BITS) bKash Ltd Guardian Life Insurance Senior  Director: Microfinance and Ultra Poor Graduation Programme, BRAC and BRAC International  Chairman: bKash Ltd. Trustee: Ayesha Abed Foundation
RSA Capital Ltd.	Mr. Sameer Ahmad	48	Bachelor of Arts, Economics & Political Science from Colorado College, Colorado Springs, Colorado, USA	6, Gulshan Avenue, (3rd Floor), Block- SW(H), Gulshan-1, Dhaka-1212	Director: Equinox Ltd RSA Capital Ltd RSA Advisory Ltd Apex Investment Ltd.
Independent Director	Ms. Sonia Bashir Kabir	53	Bachelor of Science (BS) degree from California State University and a Master of Business Administration (MBA) from Santa Clara University of Science	House-9, Road-3, Baridhara Diplomatic Zone, Gulshan-1, Dhaka-1212	Managing Director: Microsoft Bangladesh, Myanmar, Nepal, Bhutan and Laos,  Vice Chairperson: United Nations Technology Bank for Least Developed Countries  Co- Founder & Vice Chairman: D Money (Fin Tech) and Syntec (Health Tech).  Advisory/Board Member: School of Business & School of Computer Science in North South University, School of Business in Independent University Bangladesh, Bangladesh Computer Samity (BCS), Shakti Foundation for Disadvantaged Women (SFDW), Toru - Institute of Inclusive Innovation, Jaago Foundation (free education for street children) & Bangladesh Youth Leadership

Vetted

					Council (BYLC).
Independent Director	Mr. Salahdin Irshad Imam	70	BA (Hons) in Social Studies from Harvard University, Cambridge, MA, USA SPURS Fellow (Business Studies) Masachusetts Institute of Technology (MIT)	House # 54, Road # 84, Apt. 302, Gulshan-2, Dhaka-1212	Chairman: Panigram Resort Ltd. Tropical Conservation Proprietor: Radius Enterprises  Member of the Executive Committee: Brotee (NGO) Shareholder: Tiger Tours Ltd.
Managing Director & CEO	Mr. Mominul Islam	42	MS in Economics from North South University BBA from IBA, University of Dhaka.	Asset Rosalia, Flat # B1, Plot # 15, Sector # 4, Uttara Model Town, Dhaka 1230	Service

**Details of Top Management and Executives:**

Sl. No.	Name of Employee	Designation	Age (Years)	Educational Qualification	Address	Year of Experience	Occupation
1	Mominul Islam	Managing Director & CEO	42	MS in Economics, North South University BBA, IBA, University of Dhaka	House # 57, Road # 3, Sector # 5, Uttara- 1230, Dhaka North City Corporation	20	Service
2	Rizwan D. Shams	DMD & Head of Business Finance	37	MBA, Victoria University of Melbourne BBA, North South University	House # 362, Road # 27, Jigatola, Dhanmondi, Dhaka	16	Service
3	Kyser Hamid	DMD & Head of Retail Business	35	MBA, North South University BBA, University of Dhaka	Imperial, Flat-C-G, 302, Boro Mogbazar, Shantinagar, Ramna, Dhaka	13	Service
4	Shah Wareef Hossain	Chief Operating Officer	48	Masters in Applied Finance, Monash University (Melbourne) MBA, IBA, University of Dhaka BSC in Engineering, IIT (Delhi)	APT: 3A,3/8, Block:C, Lalmatia, Ps: Mohammadpur, Dhaka-1207	17	Service
5	Nawed Wahed Asif	Head of Treasury	41	MBA, IBA, University of Dhaka, BBA, IBA, University of Dhaka	Apt-5B, House-95 (new), Road-9A (new), Dhanmondi, R/A, Dhaka-1209	17	Service
6	Sharmeen F. Annie	Chief Human Resources	43	MBA, St. Cloud State University,	House-6, CENE, Road-	18	Service



		Officer		USA MSS, University of Dhaka BSS, University of Dhaka	104, Gulshan, Dhaka		
7	Benozeer Ahmed, FCMA, CPA(AUS)	Chief Financial Officer	40	MBA, University of Dhaka BBA, University of Dhaka	43, Flat-A3, Road-1, Block- 4, Niketon, Gulshan-1, Dhaka	15	Service
8	AshiqueHossain	Head of Credit Risk Management	40	MBA, North South University, BSC in Civil Engineering, BUET	House-12, Road-31, Sector-7, Uttara, Dhaka	15	Service
9	Mahzabin Ferdous	Head of Corporate Communication	33	BBA, North South University	Flat-A3, H-97, RD-10/2, Block- D, Niketon, Gulshan-1, Dhaka	11	Service
10	Samiul Hashim, Barrister at Law & Advocate (Supreme Court)	Company Secretary & Head of Legal Affairs	35	Bar Professional Training Course (BPTC), LL.M in International Commercial Law, North Umbria University LLB(Hons), University of London	45 New , Eskaton Road, Dhaka-1000	11	Service
11	Md. Ezazul Islam, ACA	Head of Internal Audit & Compliance	33	MBA, University of Dhaka BBA, University of Dhaka	Pa-110/1.South Badda, Dhaka	09	Service

#### Audit Committee

Sl. No.	Name	Designation	Position in the Audit Committee
1	Mr. Salahdin Irshad Imam	Independent Director	Chairman
2	Mr. Amin H. Manekia	Director	Member
3	Mr. Salahuddin Mahmud	Director	Member
4	Ms. Sonia Bashir Kabir	Independent Director	Member
5	Ms. Tamara Hasan Abed	Director	Member

Vetted

### Management Committee (MANCOM)

Sl. No.	Name	Designation	Position in the MANCOM
01	Mominul Islam	Managing Director & CEO	Chairman
02	Rizwan D. Shams	DMD & Head of Business Finance	Member
03	Kyser Hamid	DMD & Head of Retail Business	Member
04	Shah Wareef Hossain	Chief Operating Officer	Member
05	Nawed Wahed Asif	Head of Treasury	Member
06	Sharmeen F. Annie	Chief Human Resources Officer	Member
07	Benazeer Ahmed, FCMA, CPA (AUS)	Chief Financial Officer	Member
08	Ashique Hossain	Head of Credit Risk Management	Member
09	Mahzabin Ferdous	Head of Corporate Communication	Member
10	Samiul Hashim, Barrister at Law & Advocate (Supreme Court)	Company Secretary & Head of Legal Affairs	Secretary
11	Md. Ezazul Islam, ACA	Head of Internal Audit & Compliance	Member

### NAME OF THE PUBLIC LISTED COMPANY UNDER COMMON MANAGEMENT [Rule-8(n)]

As per [Rule-8(n)] of the Securities and Exchange Commission (Rights Issue) Rules, 2006; there is no Public Listed Company under the common management of the Company.

### NAME AND ADDRESS OF THE UNDERWRITER(S) ALONG WITH THE NUMBER OF SHARES UNDERWRITTEN BY EACH UNDERWRITER AND ALSO THE NAME AND ADDRESS OF ISSUE MANAGER, AUDITORS, LEGAL ADVISER AND BANKER TO THE RIGHTS ISSUE [Rule-8(o)]

A.	Issue Manager	AAA Finance & Investment Ltd. Amin Court, 4th Floor (Suite # 403-405), 31, Bir Uttam Shahid Ashfaqus Samad Road (Previous 62-63, Motijheel C/A), Dhaka-1000 Phone: +88029559602, +88029567726, Fax: 880-2-9558330 Web-site: www.aaafinancebd.com, E-mail: info@aaafinancebd.com
B.	Auditors	Hoda Vasi Chowdhury & Co, Chartered Accountants BTMC Bhaban (7th-8th Level), 79 Kazi Nazrul Islam Avenue Karwan Bazar Commercial Area, Dhaka- 1217, Bangladesh
C.	Legal Advisor	A Rahman & Associates Law & Remedy Mamun Chowdhury & Associates

		Sarder Jinnat Ali Voyance Legal Emadullah Shahidul Islam (Sylhet)
D.	Bankers to the Issue	<b>Investment Corporation of Bangladesh</b> 8, Rajuk Avenue, BDBL Bhaban, (Level 14 -17) Dhaka-1000, Bangladesh  <b>BRAC Bank Limited</b> 1, Gulshan Avenue, Dhaka 1212, Bangladesh

**IPDC Finance Limited** is going to rights issue by offering **117,806,840** no. of Ordinary Shares of Tk.10.00 each issuing at Tk.12.00 each including a premium of Tk. 2.00 per share, totaling **Tk.1,413,682,080**. As per Rule 3(d) & 6(1) of Securities and Exchange Commission (Rights Issue) Rules, 2006, the issuer of a listed security making rights offer shall appoint one or more underwriters licensed under Securities and Exchange Commission (Merchant Banker & Portfolio Manager) Regulation, 1996 to fully underwrite the rights issue on a firm commitment basis. Underwriting commission will be at 0.007% on the underwritten amount and there will be no additional commission for take up of unsubscribed portion of shares, if any. Following is the details of the underwriters of the rights issue:

Name of the Merchant Bank	Address	Number of share Underwritten	Amount Underwritten	Percentage
AAA Finance & Investment Ltd.	Amin Court (4th Floor), Suite 403-405, 62-63, Motijheel C/A, Dhaka 1000	32,006,840	384,082,080	27.17%
BANCO Finance and Investment Limited	Shefali Complex (4th Floor), 218/3/A, West Kafrul, Sher-e-Bangla Nagar, Dhaka-1207	25,000,000	300,000,000	21.22%
BRACEPL Investments Limited	Concord Baksh Tower, Plot # 11/A, Road # 48, Block # CWN(A) Kemal Ataturk Avenue, Gulshan-2, Dhaka-1212	15,000,000	180,000,000	12.73%
Swadesh Investment Management Limited	UTC Building, 11th Floor, 8, Panthapath, Kawran Bazar Dhaka-1215	15,000,000	180,000,000	12.73%
LankaBangla Investments Ltd.	City Centre, (Level 24) 90/1 Motijheel C/A, Dhaka 1000	84,00,000	100,800,000	7.13%
EBL Investments Limited	Jiban Bima Bhaban (Ground Floor), 10, Dilkusha C/A, Dhaka-1000	3,200,000	38,400,000	2.72%
IIDFC Capital Limited	Eunoos Trade Centre (Level 7) 52-53 Dilkusha C/A, Dhaka.	3,200,000	38,400,000	2.72%
Sandhani Life Finance Ltd.	16 Motijheel C/A, 2nd floor Dhaka-1000	3,200,000	38,400,000	2.72%
BLI Capital Limited	Rupayan Trade Centre (10th Floor) 114, Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000	3,200,000	38,400,000	2.72%
Prime Bank Investment Ltd	Tajwar Center (5th Floor) / House 34, Road No: 19/A, Banani, Dhaka-1213	3,200,000	38,400,000	2.72%
BetaOne Investments Limited	Medona Tower (Level - 13) 28, Mohakhali C/A Dhaka-1213	3,200,000	38,400,000	2.72%

CAPM Advisory Limited	Tower Hamlet, 9th Floor, 16 Kemal Ataturk Avenue, Banani C/A, Dhaka-1213	3,200,000	38,400,000	2.72%
<b>Total</b>		<b>117,806,840</b>	<b>1,413,682,080</b>	<b>100.00%</b>

#### Underwriters' Obligation

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters (for full unsubscribed amount) in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account has been credited. In any case, within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

#### **PARTICULARS ALONG WITH THE TERMS AND CONDITIONS OF THE MATERIAL CONTRACTS INCLUDING VENDORS' AGREEMENT, UNDERWRITING AGREEMENT, ISSUE MANAGEMENT AGREEMENT, AGREEMENT WITH THE IPDC TO THE ISSUE AND CONTRACT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT [Rule-8(p)]**

#### VENDORS' AGREEMENT

IPDC has not entered in to any vendor agreement till date.

#### UNDERWRITERS

Full amount of Rights Offer of IPDC Finance has been underwritten by 12 (Twelve) no. of underwriters as shown in the classified information part of ROD. Each underwriter will be paid underwriting commission @0.007% of the nominal value of shares underwritten by them out of the Rights Issue. Simultaneously, with the calling upon an underwriter to subscribe and pay for any number of shares, the company will pay no additional commission to that underwriter on the nominal value of shares required to be subscribed by them.

#### MANAGER TO THE ISSUE

AAA Finance & Investment Ltd. is appointed as Manager to the Issue of the Rights Issue of the Company. Accordingly, an agreement was made between the Issue Manager and the Company. The Company will pay a lump-sum issue management fee amounting to Tk. 1,000,000 (Ten lac) only to the Issue Manager.

Vetted

### **BANKERS TO THE ISSUE**


BRAC Bank Limited and Investment Corporation of Bangladesh (ICB) are the Bankers to the Issue who will collect the subscriptions money of the Rights Offer. The Bankers to the Issue will be paid commission @ 0.10% on the amount of subscription collected by them. But no commission will be paid to IPDC. The Rights Issue subscriptions money collected from the shareholders by the Bankers to the Issue will be remitted to the Company's STD Account Name **IPDC FINANCE LIMITED – RIGHTS ISSUE A/C** and Account no. **1501201650539001** with BRAC Bank Limited, Gulshan Branch.

### **CONTRACT FOR ACQUISITION OF PROPERTY**


After the balance sheet date 31.12.2018, the Company did not acquire any property or entered in to any agreement for acquisition of any property.

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Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**NUMBER OF RIGHTS SHARES THAT THE DIRECTORS ARE GOING TO SUBSCRIBE AND IN  
CASE THEY PROPOSE TO MAKE RENUNCIATION, THE REASONS AND EXTENT OF SUCH  
RENUNCIATION [RULE- 8(q)]**

**Directors Take-up of Rights Share Rule 8(q)**

We declare that the directors of IPDC Finance Limited are expected to exercise their full portion of Rights offer in the following way:

Name of Shareholders	Name of Nominated Person	Status	Number of Shares Held	Number of Shares to be Offered	Number of Shares to be Renounced
BRAC	Dr. Muhammad Musa	Director	58,903,418	29,451,709	-
	Ms. Tamara Hasan Abed	Director			
	Mr. Tushar Bhowmik	Director			
Government of Bangladesh	Mr. A Gaffar Khan	Director	51,551,245	25,775,622	-
	Mr. Salahuddin Mahmud	Director			
Ayesha Abed Foundation	Mr. Shameran Abed	Director	23,561,367	11,780,683	-
RSA Capital Ltd.	Mr. Sameer Ahmad	Director	11,780,682	5,890,341	-
Independent Director	Ms. Sonia Bashir Kabir	Independent Director	-	-	-
Independent Director	Mr. SalahdinIrshad Imam	Independent Director	-	-	-
Managing Director & CEO	Mominul Islam	Managing Director & CEO	-	-	-

Sd/-


**Mominul Islam**  
Managing Director and CEO

Sd/-


**Samiul Hashim**  
Company Secretary

**Vetted**

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**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

  
**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited



# BANKERS TO THE ISSUE OF RIGHTS SHARES OF IPDC FINANCE LIMITED

## BRAC Bank Limited

Region	SL. No	Branch Name	Address
Dhaka	1	Asad Gate Branch	1 No. Asad Gate, Dhaka-1207.
	2	Bashundhara Branch	Holding-193, Block -B, Safwan Road, Basundhara R/A, Dhaka- 1229.
	3	Donia Branch	342 Donia, Biswa Road, Jatrabari, Dhaka-1236.
	4	Eskaton Branch	Shahnaz Tower, 9 Eskaton Road, Dhaka.
	5	Bashabo Branch	Doric Hakim Tower. Holding No 213, Road No19, Atish Dipankar Road, Middle Bashabo, Dhaka-1214.
	6	Mirpur Branch	PlotNo 3, Road No 3, Block A, Section 11, Mirpur, Dhaka.
	7	Narayanganj Branch	147 BB Road, Narayanganj 1400.
	8	Nawabpur Branch	172, Nowabpur Road (1st Floor), Dhaka.
	9	Rampura Branch	455/1 West Rampura Dhaka-1219.
	10	Shymoli Branch	19-20 Ring road, Shymoli, Dhaka-1207.
	11	Uttara Branch	House No 1, Road No 15, Sector No 3, Uttara, Dhaka.
Chittagong	12	Agrabad Branch	Progoti House, 1070 Sheikh Mujib Road, Agrabad, Chittagong.
	13	CDA Avenue Branch	Hosna Kalam Complex, CDA Avenue, East Nasirabad, Chittagong.
	14	Halishohar Branch	House -12, Road -1, Halisharar Housing State, Chittagong.
	15	Kazirdeuri Branch	18, SS Khalid Road, KazirDeori, Khulshi, Chittagong.
	16	Momin Road Branch	02 Momin Road, Jamal Khan, Chittagong.
Rajshahi	17	Bogra Branch	Sheikh Mansion, 368/405, Ranagpur Road, Bogora-5800.
	18	Rajshahi Branch	House No- F-695, Kumarpara, P.O.-Ghoramara, Rajshahi-6100.
Khulna	19	Jessore Branch	1 Hatkhola (M.K) Road, Jessore-7400.
	20	Khulna Branch	"The Daily Probaha Bhaban", KDA Avenue, Khulna.
Barisal	21	Barisal Branch	F. Rahman Market (1st Floor), 79 Sardar Road, Barisal- 8200.
Sylhet	22	Zindabazar Branch	New Golden City Complex, East Zindabazar, Sylhet.

Vetted

**Investment Corporation of Bangladesh (ICB)**

Region	SL. No.	Branch	Address
Dhaka	1	Head Office	BDBL Bhaban (Level 14 -21), 8, DIT Avenue, Dhaka-1000
	2	Local Office	Kashfia Plaza ( 1 <sup>st</sup> Floor), 35/C, Nayapaltan, VIP Road, Dhaka-1000
Chittagong	3	Chittagong Branch	Ayub Trade centre, (Level-10), 1269/B, ShekhMujib Road, Agrabad C/A, Chittagong
Rajshahi	4	Rajshahi Branch	Dr. Gaffar Plaza (2nd Floor), Main Road, Shaheb Bazar, Ghoramara, Rajshahi-6100
	5	Bogra Branch	Afsar Ali Complex (4 <sup>th</sup> Floor), Rajabazar, Barogola, Bogra
Khulna	6	Khulna Branch	BDBL Bhaban(3 <sup>rd</sup> Floor) 25-26, K.D.A. Commercial Area, Khulna
Barisal	7	Barisal Branch	87/88, HemahyetUddin Road, Barisal
Sylhet	8	Sylhet Branch	Anondo Tower and Shopping Complex (2 <sup>nd</sup> Floor), Jail road, Sylhet

**Vetted**

**STATEMENT OF ACTUAL UTILISATION OF FUND RAISED BY PUBLIC OFFERING OF SHARES  
OR RIGHTS SHARES, IF ANY, PRIOR TO THE PROPOSED RIGHTS ISSUE VIS-A-VIS PLAN  
THEREOF [RULE- 8(r)]**

**UTILIZATION OF PREVIOUS IPO FUND**

In 2006 IPDC Finance Limited raised BDT 278.00 million through issuance of IPO of 1,390,000 ordinary shares at BDT 200.00 per share (including a premium of BDT 100.00 per share) and utilization of the proceeds is given below:

Particulars	BDT Million Amount
Business Growth (Investment in Loans, Lease and Advances)	220.30
Branch Expansion	57.70
<b>Total</b>	<b>278.00</b>


Sd/-  
**Benozeer Ahmed**  
Chief Financial Officer

Sd/-  
**Mominul Islam**  
Managing Director & CEO

*Vetted*

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

**A STATEMENT THAT A LOCK-IN ON THE RIGHTS SHARES OF THE DIRECTORS (INCLUDING THEIR RENOUNCED SHARES) FOR A PERIOD OF THREE YEARS FROM THE DATE OF CLOSURE OF THE RIGHTS SHARE SUBSCRIPTION SHALL BE OPERATIVE [Rule-8(u)]**

**Lock-In on Rights Share**

The Rights Shares of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of 3(Three) years from the date of closure of the rights share subscription. In the event of renunciation of rights shares by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period.

**Statement of lock-in on rights shares of Directors and other shareholders holding 5% or more shares**

SL. No.	Name of Shareholders	Name of Nominated Person	Status	% of Shareholding	Rights Share Portion	Date of Subscription Close	Expiry Date of Lock-in
1	BRAC	Dr. Muhammad Musa	Director	25.0000%	29,451,709		Lock-in 3 (three) years from the closing date of Subscription on
		Ms. Tamara Hasan Abed	Director				
		Mr. Tushar Bhowmik	Director				
2	Government of Bangladesh	Mr. A Gaffar Khan	Director	21.8796%	25,775,622		
		Mr. Salahuddin Mahmud	Director				
3	Ayesha Abed Foundation	Mr. Shameran Abed	Director	10.0000%	11,780,683		
4	RSA Capital Ltd.	Mr. Sameer Ahmad	Director	5.0000%	5,890,341		
5	Uttara Finance and Investments Ltd.		Shareholder	9.0000	21,205,230		
6	Independent Director	Ms. Sonia Bashir Kabir	Independent Director	-	-		
7	Independent Director	Mr. Salahdin Irshad Imam	Independent Director	-	-		
8	Managing Director & CEO	Mominul Islam	Managing Director & CEO	-	-		

Sd/-

**Mominul Islam**  
Managing Director & CEO

*Vetted*

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*Mohammad Ubaydur Rahman, FCS*  
Managing Director  
AAA Finance & Investment Ltd.

**Prodip Kumar Basak**  
Director  
Securities and Exchange Commission

**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

## TERMS AND CONDITIONS OF THE RIGHTS ISSUE

### Basis of the Offer

The Company records its share register of members on **June 25, 2019** for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares are now being offered on a rights basis to the shareholders holding shares on the record date at Tk.12.00 each (including a premium of Tk. 2.00 per share) in the ratio of 1[R]:2 i.e. one rights share for 02 (two) existing shares held on the record date.

### Entitlement

As a shareholder of the Company on the record date **June 25, 2019**, the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

### Acceptance of the Offer

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filling in Application Form-A and submitting the same along with the application money to Bankers to the Issue on or before the Closing Date of subscription of **July 31, 2019**.

### Renunciation

A shareholder may renounce all or part of the shares he/she is entitled to in favour of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form-B. Renouncee(s) shall fill in Form-C appropriately.

### General

All applications should be made on the printed form provided by the Company in this Rights Share Offer Documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money received in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

### Condition of Subscription

One Right share of Tk.12.00 each including a premium of Tk. 2.00 per share is offered against 02(two) shares held by existing Shareholder(s) whose name(s) appeared in the Company's Share Register at the record date as on **June 25, 2019**.

### Payment of Share Price

Payments for the full value of Shares applied for shall be made with designated branches of Bankers to the Issue by Cash/Pay Order/Demand Draft payable to "BRAC Bank Limited" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Bank in the same town to which the application form has been submitted.

### SUBSCRIPTIONS

Opens on: **July 10, 2019**

Closes on: **July 31, 2019**

(Within Banking hours)

Any changes or extension regarding subscription period will be notified through national dailies.

### Rectification

If the Bangladesh Securities and Exchange Commission raises any objection in any point/matter of the rights share offer documents or require any paper/document, the same shall be rectified/made/provided by the issuer as per directives of the BSEC prior to opening of subscription of the rights issue.

#### Other

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by **July 31, 2019** or by such later date as may be notified through national dailies to that effect.

**A DECLARATION THAT THE RIGHTS SHARES TO BE ISSUED IN  
DEMATERIALIZED FORM AND THE SUBSCRIBING SHAREHOLDERS HAVE TO  
APPLY WITH RESPECTIVE DEPOSITORY ACCOUNTS [Rule-8(v)]**

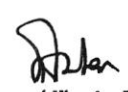
#### Issue of rights share in dematerialization form


A per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account Number in the application form.

Vetted

Page 99

  
**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Monirul Islam  
Managing Director & CEO  
IPDC Finance Limited

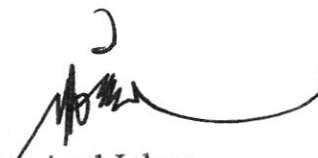


## Credit Rating Report

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Page 100  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

## Credit Rating Report (Surveillance)

## IPDC Finance Limited

## Analysts:

Shahtaj Noor

shahtaj.noor@crab.com.bd

Tahmina Islam

tahmina.islam@crab.com.bd

## Assigned Rating:

Long Term : AA<sub>1</sub>

Short Term : ST-1

Outlook : Stable

Date of Rating : 19 July 2018

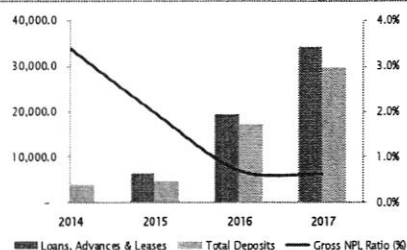
Valid Till : 30 June 2019

Methodology: CRAB's Fls Rating Methodology (www.crab.com.bd)

## Financial Highlights

--Year ended December 31--

(Mil. BDT)	2017	2016
Paid up Capital	1,818.0	1,515.0
Lease, Loans & Advances	34,467.0	19,480.6
Total Deposits	29,746.9	17,179.2
Gross NPL	213.9	137.5
(%)		
Net Interest Margin	3.7	4.5
Net Profit Margin	26.9	36.0
Cost to Income Ratio	46.0	40.4
Gross NPL Ratio	0.6	0.7
Risk Weighted CAR	15.1	22.1



RATING BASED ON: Audited financial statements up to 31 December 2017 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

## ■ PROFILE

IPDC Finance Limited formerly known as Industrial Promotion and Development Company of Bangladesh Limited (hereafter called IPDC or the Company) was incorporated in 1981 as the first private sector financial institution with a vision to be the most innovative financial institution of the country. Initially it was established by a distinguished group of shareholders; namely IFC, German Investment and Development Company (DEG), The Aga Khan Fund for Economic Development (AKFED), Commonwealth Development Corporation (CDC) and the Government of Bangladesh. In 2015, BRAC (25%), Ayesha Abed Foundation (10%) and RSA Capital Limited (5%) acquired 40% shares from AKFED with AKFED retaining 11.05% of the shares. The rest are owned by Government of People's Republic of Bangladesh (21.88%) and General Public (27.07%). The paid up capital of IPDC reached BDT 1,818.0 million at the end of 2017.

## ■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed AA<sub>1</sub> (Pronounced Double A One) rating in the long term and ST-1 rating in the short term of IPDC Finance Limited based on audited financials up to 31 December 2017 and other relevant information.

The rating reflects the issuer's sound assets quality, earning generation as well as capital adequacy. The Company also has strong ownership structure. On the other hand, principal concern of the Company are high large loan concentration, tight liquidity and high loan growth for the last couple of years as high loan growth usually possesses high risk unless strictly monitored.

Loan portfolio of IPDC grew significantly for the last two years (on an average of 140.3%). High growth of loans & advances may deteriorate asset quality unless strictly monitored. In 2017, gross non-performing loans (in absolute amount) increased by 55.5%. However, gross NPL ratio of IPDC remained low at 0.6% at the end of 2017 on the back of high growth of loan portfolio. SMA to total loans and advances was also low at 0.2% in 2017. IPDC maintained

BDT 384.8 million provision against classified and unclassified loans & advances in 2017. IPDC's top 20 large loan exposures held 29.2% of total loan portfolio at the end of 2017.

The paid up capital of IPDC reached BDT 1,818.0 million at the end of 2017. Total capital (tier 1+tier 2) of the Company reached BDT 3,323.4 million at the end of 2017. RWCAR of the Company dropped to 15.1% in 2017 from 22.1% in 2016 resulted from increased risk weighted asset due to high growth of loan portfolio.

The Company's asset was strongly funded by deposit (75.7% of total) followed by inter-bank borrowing (by 10.7% of total) and equity (by 8.6% of total). IPDC's total deposit grew by 73.2% in 2017 and reached BDT 29,746.9 million. For the last three years, the management gradually reduced its high cost large deposit and increased low cost small individual deposit. The Company also actively participates in call money market and was net borrower throughout the year of 2017 to take the advantage of interest arbitrage. Therefore, average cost of deposit & borrowing of IPDC remained almost stable at 7.3% in 2017.

Total operating income of the Company increased by 48.0% in 2017 and reached BDT 1,245.5 million on the back of high growth of net interest income due to high loan growth. On the other hand, total operating expense of IPDC increased substantially (by 68.6%) and reached BDT 572.8 million in 2017 mainly resulted from high personnel expense due to massive recruitment. Therefore, profit after tax of IPDC reached BDT 335.4 million at the end of 2017 registering growth of 10.7%.

The Company has high franchise strength and strong business links. It has considerable brand image in FI sector. As of 31 December 2017, BRAC holds 25% share of IPDC followed by Aga Khan Fund for Economic Development (11.05% of total), Ayesha Abed Foundation (10% of total) and RSA Capital Limited (5% of total).

#### ■ CORPORATE PROFILE

IPDC Finance Limited formerly known as Industrial Promotion and Development Company of Bangladesh Limited (hereafter called IPDC or the Company) was incorporated in 1981 as the first private sector financial institution with a vision to be the most innovative financial institution of the country. Initially it was established by a distinguished group of shareholders; namely International Finance Corporation (IFC), German Investment and Development Company (DEG), The Aga Khan Fund for Economic Development (AKFED), Commonwealth Development Corporation (CDC) and the Government of Bangladesh. In early 2004, AKFED acquired 70% stake in IPDC by purchasing the shares from IFC, CDC and DEG. IPDC went to IPO in 2006 and was listed with both DSE and CSE in 03 December 2006. Up to 2015, AKFED maintained the management control of the Company by holding 51% of the shares of IPDC. In 2015, BRAC (25%), Ayesha Abed Foundation (10%) and RSA Capital Limited (5%) acquired 40% shares from AKFED with AKFED retaining 11.05% of the shares. The rest are owned by Government of People's Republic of Bangladesh (21.88%) and General Public (27.07%). The paid up capital of IPDC reached BDT 1,818.0 million at the end of 2017. IPDC offers diversified financing and investment service including advisory services for retail as well as corporate customers. Currently, IPDC has 12 branches across the country.

#### ■ OPERATIONAL PERFORMANCE

##### Asset Evaluation

Table 1

Asset Composition of the Company

(Mil. BDT)	Year ended December 31--					
	2017			2016		
	Amount	%	Growth (%)	Amount	%	Growth (%)
Cash in hand and with BB	376.8	1.0	66.5	226.4	1.0	175.4
Balance with other Bank & FI's	2,903.3	7.4	77.9	1,632.4	7.2	53.6
Investment	662.7	1.7	17.1	565.7	2.5	202.5
Lease, Loans & Advances	34,467.0	87.7	76.9	19,480.6	86.3	203.6
Fixed Assets	267.0	0.7	14.3	233.6	1.0	12.8
Other Assets	612.1	1.6	39.7	438.2	1.9	77.5
Total	39,288.9	100.0	74.0	22,576.9	100.0	175.3

Total asset grew substantially (by 74.0%) and reached BDT 39,288.9 million. Company's total asset was mainly dominated by loans & leases (87.7% of total assets) with a growth rate of 76.9%. During the same duration, IPDC's investment portfolio marginally increased to BDT 662.7 million. Other assets of IPDC was BDT 612.1 million in 2017, major portion of which includes different advances, prepayment etc.

## Investment

Table 2

### Investment Portfolio of Company as of 31 December

(Mil. BDT)	2017		2016	
	Amount	% of Total	Amount	% of Total
Government Securities & Bonds	-	-	-	-
Other Investment	662.7	100.0	565.7	100.0
Unquoted Shares	4.5	0.7	4.5	0.8
Quoted Shares	7.0	1.1	7.0	1.2
Preference Shares	353.3	53.3	281.3	49.7
Corporate Bond	298.0	45.0	273.0	48.3
Total	662.7	100.0	565.7	100.0

Total investment portfolio of IPDC increased to BDT 662.7 million in 2017 from BDT 565.7 million in 2016. There was no holding of government investment at the end of 2017. In 2017, IPDC's total investment includes investment in quoted and unquoted shares, preference shares and corporate bond. Under the unquoted category, the Company holds shares of two different companies. IPDC held corporate bond of Impress Newtax Composite Textiles Ltd. amounting BDT 198.0 million and Golden Harvest Agro Industries Limited amounting BDT 100.0 million. The Company had only BDT 7.0 million quoted shares of Bangladesh Electric Meter Ltd. as the management does not encourage investment in speculative investment. In 2017, IPDC earned BDT 65.5 million from investment income major portion of which came from the capital gain on sale of listed share. IPDC had BDT 17.5 million provisions for investment at the end of 2017. The investment yield of the Company was 10.7% in 2017.

## ■ Credit Profile

CRAB reviews the fundamentals of managing credit risk including qualitative and quantitative analysis as a part of credit risk evaluation. Qualitative evaluation includes credit policy, credit and credit monitoring. CRAB addresses intrinsic risk, concentration risk as well as risk arising from large loan exposures.

## Credit Risk Management Process

IPDC has structured Credit Risk Manual specifying lease/loan appraisal and approval process for better control and monitoring purpose. In order to cater the risk, Independent Credit Risk Management unit has been formed where credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral and other credit support. Credit Administration unit of the Company ensures proper documentations and monitors the repayment performance on regular basis. Additionally, the Credit Committee regularly meets to review new credit proposal as well as performance of existing portfolios.

For the consumer and small business sectors, credit risks are managed on portfolio basis. Such products include home loan, credit cards, auto loans, commercial property loans, and SME business loans. Loans are underwritten under Product Program Guidelines (PPG) that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud.

## Credit Quality

The gross NPL ratio of the Company showed decreasing trend for the last five years on the back of substantial loan growth, cash recovery and write off. Although gross NPL in amount increased by 55.5%, gross NPL ratio reduced to 0.6% on the back of substantial growth in loan portfolio as well as high reschedule during the year. SMA to total loans and advances was also low at 0.2% at the end of 2017. Out of total NPL, 58.5% belonged substandard

category followed by to bad & loss (39.9% of total NPL) and doubtful category (1.6% of total NPL). During 2017, IPDC's cash recovery was BDT 42.6 million.

Table 3

**NPL Movement of the Company**

Mil. BDT	--Year ended December 31--					
	2017		2016		2015	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Opening balance of NPL	137.5	0.4	127.0	0.7	192.3	3.0
Add: Fresh NPL Generation	246.1	0.7	52.7	0.3	155.0	2.6
Less: Cash recovery	42.6	0.1	40.0	0.2	24.1	0.4
Less: Rescheduling	127.1	0.4	-	-	57.2	1.0
Less: Write off	-	-	2.2	0.0	139.0	2.2
Closing Balance of NPL	213.9	0.6	137.5	0.7	127.0	2.0

Besides strengthening its lending criteria as well as strong loan monitoring and recovery, IPDC has also maintained moderate provision surplus over required amount. In 2017, the Company's provision requirement for classified loans and advances was BDT 33.7 million against which was maintained by IPDC as specific provision. In addition, IPDC maintained BDT 351.1 million as general provision against unclassified loans and advances against the required provision of BDT 311.1 million. IPDC kept BDT 40.0 million as excess provision at the end of 2017. The gross NPL coverage ratio of the Company was 179.9% in 2017 (2016: 164.7%).

Table 4

**Loan Loss Provision of the Company**

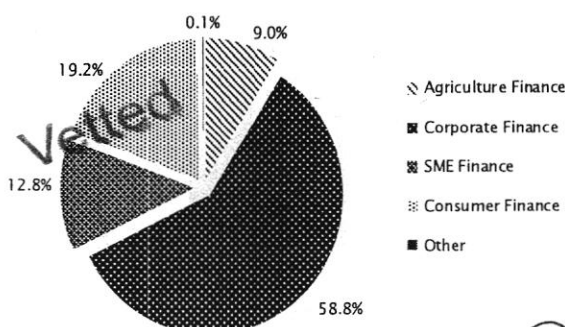
Mil. BDT	--Year ended December 31--			
	2017		2016	
	Amount	% of Total Loans	Amount	% of Total Loans
General Provision Held	351.1	1.0	211.4	1.1
Specific Provision Held	33.7	0.1	15.1	0.1
Total Provision Held	384.8	1.1	226.5	1.2
Required Provision	344.8	1.0	205.0	1.1
Provision Surplus	40.0	0.1	21.5	0.1

CRAB looks at pre-provision profit (PPP) to net loans for assessing the Company's ability to survive against unfavorable circumstances in future. The Company's pre-provision profit to net loan ratio in 2017 was 2.0%. Pre-provision profit to net loans of the Company indicates that 2.0% of currently performing loans can be written off without the Company having to make a charge on reserves and equity.

**Loan Portfolio Analysis**

IPDC's loan portfolio experienced substantial growth in 2017 (by 76.9%) and reached BDT 34,467.0 million. Moreover, Product wise concentration of the Company's loan portfolio shows that, corporate loans strongly dominated the loan portfolio in 2017 being 58.8% of total loan portfolio followed by consumer finance (by 19.2% of total) and SME finance (12.2% of total). Rest portion was shared by agriculture (by 9.0% of total) and other (0.1% of total). In 2017, contribution in large corporate had increased significantly resulted from the Company's changes in business model. From product wise NPL it has shown that, 2.2% of total agriculture

Graph 1: Productwise Loan Concentration as of December 2017





finance was classified at the end of 2017.

Table 5

## Sector Wise Segregation of Loans &amp; Advances with NPL

Year ended December 31, 2017						
(Mil. BDT)	Amount (a)	% of Total Loans	No. Borrowers	Sector Wise NPL (b)	% of Total NPL	Sector Wise NPL Rate (%) (b / a)
Trade and Commerce	2,334.25	6.77	225.00	15.60	7.29	0.67
Industry	20,026.74	58.10	641.00	51.70	24.17	0.26
A) Garments and Knitwear	3,750.45	10.88	91.00	10.20	4.77	0.27
B) Textile	1,296.05	3.76	38.00	-	-	-
C) Jute and Jute-Products	284.74	0.83	4.00	-	-	-
D) Food Production and Processing	2,177.25	6.32	65.00	-	-	-
E) Plastic Industry	1,128.14	3.27	43.00	-	-	-
F) Leather and Leather-Goods	274.13	0.80	26.00	-	-	-
G) Iron, Steel and Engineering	2,732.20	7.93	45.00	5.90	2.76	0.22
H) Pharmaceuticals & Chemicals	1,383.25	4.01	41.00	-	-	-
I) Cement and Allied Industry	19.29	0.06	3.00	-	-	-
J) Telecommunication and IT	1,018.62	2.96	21.00	3.20	1.5	0.31
K) Paper, Printing and Packaging	1,242.58	3.61	85.00	-	-	-
L) Glass, Glassware and Ceramic Industry	704.44	2.04	3.00	-	-	-
M) Ship Manufacturing Industry	-	-	-	-	-	-
N) Electronics and Electrical Goods	919.54	2.67	33.00	32.40	15.15	2.48
O) Power, Gas, Water and Sanitary Service	1,306.25	3.79	18.00	-	-	-
P) Transport and Aviation	1,789.82	5.19	125.00	-	-	-
Agricultural	2,911.77	8.45	112.00	68.60	32.07	2.36
Housing	4,271.33	12.39	625.00	3.80	1.78	0.09
Others	4,922.86	14.28	1,610.00	74.20	34.69	1.51
Grand Total	34,466.96	100.00	3,213.00	213.90	100.00	0.62

Sectors wise concentration distribution shows that loans and advances portfolio was dominated by loan to Housing business (by 12.4% of total loan) followed by Garments and Knitwear (by 10.9% of total loan) and Agriculture sector (by 8.5% of total). Sector wise NPL rate depicts that Agriculture sector financing experienced highest NPL rate with 32.1%. Moreover, 2.4% of total agro based loan was classified in 2017.

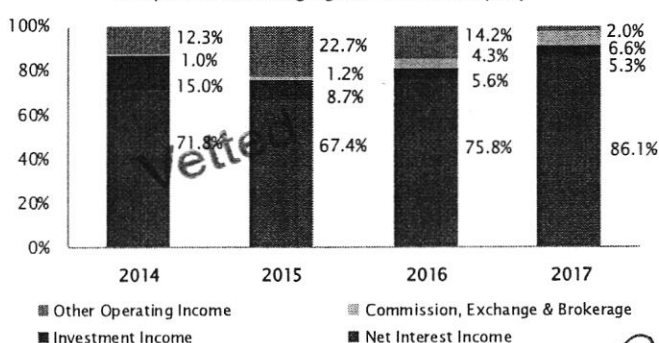
## Large Loan Exposure

As of 31 December 2017, IPDC's top 20 large loans outstanding exposures amounted to BDT 10,054.2 million which was 29.2% of total loan portfolio (2016: 26.2%). At the end of December 2017, all of these loans were reported as unclassified. There were 12 clients to whom IPDC sanctioned loans and advances with more than 15.0% of Company's total equity.

## Earnings and Volatility

In 2017, net interest income strongly dominated the operating income of the Company having an average of 73.0% of total for the last five years. It was observed that, net interest income dominated the total operating income by 86.1% followed by fees & commission income (by 6.6% of total) and investment income (by 5.3% of total) in 2017. Moreover, contribution of other operating income was 2.0% during the same duration. In 2017, IPDC realized capital gain on sale of listed shares of BDT 36.5 million.

Graph 2: Income Segregation of the Company





In 2017, loan portfolio of IPDC experienced substantial growth (by 76.9%). On the back of extensive loan growth in last two years interest income of the Company also experienced massive growth (by 101.8%) in 2017. During the same period, interest expense of the Company also increased by 127.2%. As an overall effect, net interest income of the Company grew notably (by 68.1%) in 2017 and reached BDT 1,072.6 million. In 2017, interest income of IPDC was dominated by interest on long term financing (by 32.9% of total) followed by short term finance (by 30.0% of total) & lease financing (15.1% of total). Investment income of the Company was BDT 65.5 million in 2017 which includes dividend, interest income and gain from sale of listed shares. During the year IPDC reported commission, exchange and brokerage income of BDT 82.2 million. Total operating income of the Company increased by 48.0% in 2017 and reached BDT 1,245.5 million.

Table 6

## Key Performance Indicators

	--Year ended December 31--					
	2017		2016		2015	
(Mil. BDT)	Amount	Growth (%)	Amount	Growth (%)	Amount	Growth (%)
Interest Income	2,991.1	101.8	1,482.4	84.2	804.9	(13.4)
Interest Expense	1,918.5	127.2	844.2	126.1	373.4	(27.2)
<b>Net Interest Income</b>	<b>1,072.6</b>	<b>68.1</b>	<b>638.1</b>	<b>47.9</b>	<b>431.4</b>	<b>3.7</b>
Investment Income	65.5	38.6	47.2	(14.8)	55.4	(36.2)
Commission, Exchange & Brokerage	82.2	127.1	36.2	377.5	7.6	34.4
Other Operating Income	25.3	(78.9)	119.8	(17.6)	145.5	103.8
<b>Total Operating Income</b>	<b>1,245.5</b>	<b>48.0</b>	<b>841.4</b>	<b>31.5</b>	<b>639.9</b>	<b>10.3</b>
<b>Total Operating Expenses</b>	<b>572.8</b>	<b>68.6</b>	<b>339.8</b>	<b>75.0</b>	<b>194.1</b>	<b>5.0</b>
Pre Provision Profit	672.7	34.1	501.6	12.5	445.8	12.8
Total Provision	159.0	372.9	33.6	(66.9)	101.6	101.9
<b>Profit (before tax)</b>	<b>513.7</b>	<b>9.8</b>	<b>468.0</b>	<b>36.0</b>	<b>344.2</b>	<b>(0.2)</b>
Tax Provision	178.3	8.1	164.9	58.6	104.0	(42.0)
<b>Net Profit (after tax)</b>	<b>335.4</b>	<b>10.7</b>	<b>303.1</b>	<b>26.2</b>	<b>240.2</b>	<b>45.1</b>

Total operating expense of IPDC also increased substantially (by 68.6%) and reached BDT 572.8 million in 2017. On an average, 49.9% of operating expenses comprised of personnel expenses and the rest are infrastructure cost and other overhead cost for the last 5 years. In 2017, personnel expense of IPDC grew by 99.1% as the Company recruited huge number of personnel during the year. Moreover, publicity and advertising expenses were 18.5% of total operating expenses in 2017. Nevertheless, the cost to income ratio and staff cost to income ratio of the Company increased to 46.0% and 23.8% respectively resulted from increased operating expenses.

Table 7

## Efficiency Ratios of the Company

Particulars	--Year ended December 31--				
	2017	2016	2015	2014	2013
Cost to Income Ratio (%)	46.0	40.4	30.3	31.9	32.0
Staff Cost to Income Ratio (%)	23.8	17.7	15.9	15.6	17.4

IPDC's pre provision profit reached BDT 672.7 million at the end of 2017 registering growth of 34.1%. Provision expenses of IPDC also increased during the same duration. As an overall effect, profit before tax of the Company reached BDT 513.7 million, whereas after tax profit was reported at BDT 335.4 million for the year 2017.

## Profitability

Though loan portfolio of IPDC experienced substantial growth, reflection in the profitability is yet to come. In 2017, Net Interest Income (NIM) of the Company reduced by 0.8 percentage point and stood at 3.7% where the Net Profit Margin of the Company deteriorated by 8.8 percentage points to 26.9%. ROAA of the Company decreased to 1.1% whereas ROAE of IPDC marginally decreased to 11.4% in 2017 on the back of increased leverage multiplier.

Table 8

## Profitability Ratios of the Company

Particulars	--Year ended December 31--			
	2017	2016	2015	2014
Net Interest Margin	3.7	4.5	6.2	6.6
Return on Average Asset (after tax)	1.1	2.0	3.0	2.1
Return on Average Equity (after tax)	11.4	11.5	10.1	7.6
Asset Utilization	4.0	5.5	8.0	7.5
Net Profit Margin	26.9	36.0	37.6	28.5
Leverage Multiplier (times)	10.5	5.9	3.3	3.6

## Capital Adequacy

The paid up capital of IPDC reached BDT 1,818.0 million at the end of 2017. Therefore, shareholders' equity grew by 12.1% in 2017 and reached BDT 3,110.5 million. Both shareholders' fund to total loans & advance and shareholders' fund to deposit & borrowing decreased substantially on the back of increased loan portfolio and deposit & borrowing than that of Shareholders' fund in 2017.

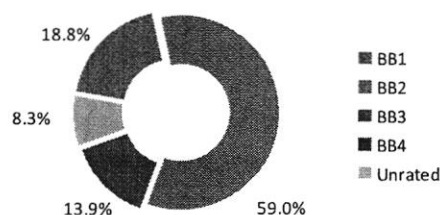
Table 9

## Capital Adequacy Ratios

Figures in %	--Year ended December 31--			
	2017	2016	2015	2014
Shareholders' Fund to Total Assets	7.9	12.3	30.2	29.6
Shareholders' Fund to Deposits & Borrowing	9.2	15.1	51.9	52.1
Shareholders' Fund to Loans & Advances	9.0	14.2	38.6	40.4
Risk Weighted Capital Adequacy Ratio	15.1	22.1	49.2	26.4
Internal Capital Generation	16.1	14.8	10.8	7.9

Total capital (tier 1+tier 2) of the Company reached BDT 3,323.4 million at the end of 2017. RWCAR of the Company dropped to 15.1% in 2017 from 22.1% in 2016 on the back of increased risk weighted asset. IPDC's risk weighted asset composition under credit risk was dominated by corporate loans. At the end of 2017, around 91.70% of IPDC's corporate loans was rated where 59.0% belongs to Bangladesh Bank (BB) Rating Grade BB1. Risk weighted asset of the rated client was BDT 9,555.8 million against actual exposure of BDT 19,910.0 million.

Graph 3: Rating-wise Segregation of Corporate Clients as of December 2017



## Funding and Liquidity

Table 10

## Deposits &amp; Borrowings

(Mil. BDT)	--Year ended December 31--					
	2017			2016		
	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Borrowings from Other Banks & FIs	4,214.1	12.4	269.2	1,141.4	6.2	4,117.5
Deposits & Other Accounts	29,746.9	87.6	73.2	17,179.2	93.8	262.1
Term Deposit	29,746.9	87.6	73.2	17,179.2	93.8	262.1
Total Deposits & Borrowings	33,960.9	100.0	85.4	18,320.6	100.0	283.9

The Company's asset was strongly funded by deposit (75.7% of total) followed by inter-bank borrowing (by 10.7% of total), equity (by 8.6% of total). IPDC's total deposit grew by 73.2% in 2017 and reached BDT 29,746.9 million.

Besides this, the Company's dependence on outside borrowing also increased during the same duration. Average cost of deposit & borrowing of IPDC remained stable at 7.3% at the end of 2017.

Table 11

## Month wise Call Market Operation of the Company

Mil.BDT

--For the Year 2017--

Particulars	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Call Lending (Monthly Average)	-	-	-	-	-	-	-	-	-	-	-	-
Avg. Interest Rate (%)	-	-	-	-	-	-	-	-	-	-	-	-
Call Borrowing (Monthly Average)	723.3	746.3	809.7	824.5	816.0	705.2	826.6	813.5	758.3	803.8	827.6	697.2
Avg. Interest Rate (%)	4.1%	4.1%	4.2%	4.3%	4.3%	4.4%	4.3%	4.3%	4.5%	4.5%	4.4%	4.5%
Net Lending/ (Borrowing)	(723.3)	(746.3)	(809.7)	(824.5)	(816.0)	(705.2)	(826.6)	(813.5)	(758.3)	(803.8)	(827.6)	(697.2)

The Company actively participates in call market operation to take the advantage of interest arbitrage. The above exhibit shows that; for most of the months call money rate was lower than cost of deposit of IPDC as the Company had no lending which depicts that IPDC was net borrower throughout the year.

Table 12

## Liquidity Profile of the Company

Mil.BDT

--As of 31 December 2017--

Particulars	Up to 1 month	1-3 months	3-12 months	1 to 5 years	More than 5 years	Total
Assets	6,246.7	6,626.7	7,643.5	13,948.6	4,823.4	39,288.9
Liabilities	5,882.9	6,260.0	8,224.9	7,664.8	8,145.8	36,178.4
Net Liquidity Gap	363.8	366.7	(581.4)	6,283.7	(3,322.3)	3,110.5
Cumulative Liquidity Gap	363.8	730.5	149.1	6,432.8	3,110.5	10,786.8
Gap as % of Liability (%)	6.2	5.9	(7.1)	82.0	(40.8)	8.6

The asset liability maturity of the Company shows that the Company possessed positive net liquidity gap except 3 to 12 months and more than 5 years maturity buckets. The Company's liquid asset to total deposit & borrowings was 9.7% in 2017 (2016: 10.1%). About 54.8% of total deposit of IPDC has maturity within twelve months.

## Interest Rate Risk

Table 13

## Interest Rate Risk Exposure of the Company

Mil.BDT

--As of 31 December 2017--

Particulars	Up to -1 Month	1- 3 Months	3 - 6 Months	6 - 12 Months
Int. Sensitive Assets	6,146.6	6,565.9	4,359.4	2,820.2
Int. Sensitive Liabilities	3,677.1	6,055.4	4,280.3	3,611.2
Gap	2,469.5	510.5	79.1	(791.0)
Cumulative Earning impact (1% point int. rate increase)	2.1	2.9	3.1	(0.8)
Cumulative Earning impact (1% point int. rate decrease)	(2.1)	(2.9)	(3.1)	0.8

Above table shows the maturity wise interest sensitive asset and liabilities and thereby the exposures to interest rate risk of the Company. IPDC had assets sensitive positions in all maturity buckets except 6 to 12 months maturity buckets. Gap indicates that if interest rate decreased the Company will be benefited in long term scenario. For 1 percentage point interest rate decrease, IPDC will gain BDT 0.8 million and will lose the same amount for 1 percentage point interest rate increase.

## ■ BRANCH NETWORK

Presently IPDC has 12 branches including the Head Office across the country. The Head office of the Company is located at Gulshan, Dhaka. The Company has 4 branches in Dhaka (Gulshan, Dhanmondi, Motijheel, Uttara), 1 each in Narayanganj, Gazipur, Bogra, Chittagong, Sylhet, Mymensingh, Jessore and Comilla. The selection of location for expanding the distribution network depends on products, customer segments.

## ■ MANAGEMENT

### Senior Management

The management of the Company is headed by Mr. Mominul Islam as Managing Director & CEO. Mr. Islam joined IPDC in 2006 as Head of Operations. He took the responsibility of Managing Director & CEO in January 2012. He has working experience with multinational banks. The Managing Director is supported by a group of experienced professionals comprising of one deputy managing director, the departmental heads and senior level executives.

For smooth functioning of the Company the following committees have been formed:

- **Management Committee (MANCOM);** comprising of 10 senior members of the management and is headed by Managing Director of the Company. The committee meets regularly to discuss relevant matter of the business of the Company. MANCOM held 29 meetings in 2017.
- **Asset Liability Management Committee (ALCO);** comprising of 10 members and is headed by the Managing Director. The committee meets regularly to monitor market risk and liquidity risks of the Company. It discusses latest position of deposits, cost of deposits, L/D ratio, interbank dependency, mobilization of wholesale funds, interest rate of peer companies, NPA position etc. ALCO held 12 meetings in 2017.

### Human Resource Management

Human Resources Division of the Company performs the functions of recruitment, placement, training & development, performance management, reward & incentive management, grievance and disciplinary management. IPDC has separate Human Resources Committee headed by the Managing Director of the Company for these purpose. The Company has approved service rules covering various policies on employment conditions, performance appraisal, training and development, salary and other perquisites, leave etc. Full time human resources strength of IPDC reached 362 in 2017 (2016: 203) where as total employee of the Company was 543 at the end of 2017. The Company organizes both internal and external training programs to enhance the skills and knowledge of the employee. In 2017, a total of 1,887 man days train were provided in home and abroad.

### Management Information System (MIS)

IPDC has a separate IT department with experienced and trained personnel. The department is headed by Deputy Managing Director. IPDC has implemented integrated banking software named "BankUltimus" developed by LEADS. The Company also uses other software for management information, regulatory requirement, activity monitoring and other operational processing. The Company continuously updates these systems to comply with enhancing requirements. The Company also has its own disaster recovery center. According to the management, IPDC is going to replace the Core Banking System in the year 2018.

## ■ CORPORATE GOVERNANCE

To assess the Company's corporate governance practices CRAB evaluates the quality of financial reporting and disclosures, strength of internal control system and internal audit function; the inclusion of appropriate qualified independent non-executive directors on Board of Directors, the formation of audit committee; delegation of power to executives and staff and protection of shareholders rights. CRAB evaluates how the Company complies with these corporate governance requirements.

### Financial Reporting and Disclosures

The financial statement of the Company was audited by chartered accountants firm Hoda Vasi Chowdhury & Co. According to them the financial statements of IPDC were prepared and presented in accordance with Bangladesh Financial Reporting Standards, the Bank Companies Act 1991, the Companies Act 1994, the Securities and



Exchange Rules 1987 and other applicable laws and regulations. According to the auditor the financial statements gave a true and fair view of the state of the Company as at December 31, 2017. IPDC also has complied with all conditions applicable to them imposed by the Bangladesh Securities & Exchange Commission as of December 2017.

### Board of Directors

The Board of IPDC comprises 11 members including the managing director of the Company. Dr. Muhammad Musa is the chairman and Mr. Amin H. Manekia is the vice-chairman of the Company. The Board held 10 meetings in 2017. The Board is involved in policy formulations, strategic direction setting, business plan approval and review of various activities and also providing necessary direction to the management for conducting businesses in a competitive and profitable manner. Board also ensures effective risk management across the Company. The Board has two sub committees:

#### ■ Executive Committee

The Executive Committee of the Board consists of 6 members and is headed by Mr. Sameer Ahmad as chairman. The Executive Committee reviews all the proposals for loans and advances that do not fall within the discretion of the Managing Director. It is also responsible for administration, investment aspect, expansion of business, property purchase of the Company, rescheduling of the loans etc. The Board confirms the decision of all Executive Committee meetings and assesses the operational results. The committee held 8 meetings in 2017.

#### ■ Audit Committee

The Audit Committee of the Board was duly constituted by the Company comprising 5 members of the BOD's. The Committee is headed by Mr. Salahdin Irshad Imam. He is an independent director of the Company. During 2017, the committee met 7 times to review and monitor regulatory compliance, financial reporting, internal control & internal audit functions, and other operational activities.

### ■ 1<sup>st</sup> Quarter Performance of the Company

From the 1<sup>st</sup> quarter performance of 2018 it has observed that, IPDC's loan portfolio experienced a marginal growth and reached BDT 34,609.3 million. In addition, total deposits of the Company decreased by 1.7% during the same duration. On the other hand, gross NPL (in absolute amount) increased marginally to BDT 216.2 million. Furthermore, profit after tax reached was 72.0 million at the end of 31 March 2018. Net interest income of IPDC was BDT 297.6 million at the end of Mar'18. Total operating income of IPDC jumped to BDT 338.1 million. RWCAR of IPDC dropped to 14.4% in Mar'18 from 15.1% in Dec'17 mainly resulted from increased credit risk due to high growth of loans & advances.

Table 14

#### 1<sup>st</sup> Quarter Performance of the Company

(Mil. BDT)	At the End of Mar'18	At the End of December, 2017
Loans	34,609.34	34,466.95
Deposit	29,235.50	29,746.86
Gross NPL	216.17	213.87
Gross NPL Ratio (%)	0.62%	0.62%
RWCAR (%)	14.42%	15.14%
	Jan'17 to Mar'18	Jan'16 to Mar'17
For Months	(3)	(3)
Net Interest Income	297.59	239.47
Total Operating Income	338.08	271.94
Profit before Provision	153.38	146.13
Provision	18.34	25.35
Profit/(loss) after Tax	71.98	62.95

## APPENDIX 1: DEFINITIONS OF SELECTED RATIOS

1. Loans and advances include Loans, Cash Credit, Overdrafts, Bill purchased and discounted unless mentioned otherwise.
2. Deposits include Deposits & other accounts and bills payables unless mentioned otherwise.
3. Average Assets, Average investment assets, Average Earning Assets and Average equity are calculated on the basis of opening and year end balances.
4. Interest Earning Assets include total loans & advances, money at call & short notice, balance with other banks & FIs, foreign currency balance with Bangladesh Bank and interest earning assets in Offshore Unit.
5. Net Loans & Advances has been calculated by deducting Specific Provision and Interest Suspense Accounts from Gross Loans & Advances.
6. Net Interest Margin = Net interest income / Average Interest Earning Assets.
7. Net Profit Margin = Net Profit after Tax / Operating Income
8. Asset Utilization = Operating Income / Average Assets
9. Leverage Multiplier = Average assets / Average Equity
10. Yield on Average Investment = Income from Investment / Average Investment Assets

## APPENDIX 2: RATING HISTORY

Date of Rating	Long Term	Short Term	Outlook
27 July 2017	: AA <sub>1</sub>	ST-1	Stable
18 August 2016	: AA <sub>2</sub>	ST-2	Stable
21 July 2015	: AA <sub>2</sub>	ST-2	Stable

Vetted



## ANNEXURE 1: SHAREHOLDING STRUCTURE

Table 1.1

## Shareholding Structure of the Company as of 31 December 2017

Government of the People's Republic of Bangladesh (GOB)	21.88%
BRAC	25.00%
Aga Khan Fund for Economic Development (AKFED)	11.05%
Ayesha Abed Foundation	10.00%
RSA Capital Limited	5.00%
Institutions	14.12%
Foreign	1.07%
General Shareholders	11.88%
Total	100.00%


## ANNEXURE 2: BOARD OF DIRECTORS

Table 2.1

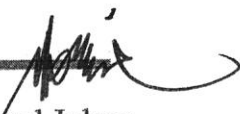
## Board of Directors of the Company as of 31 December 2017

Name	Designation	Nominated by
Dr. Muhammad Musa	Chairman	BRAC
Mr. Amin H. Manekia	Vice Chairman & Director	AKFED
Mr. Md. Enamul Hoque	Director	GoB
Mr. Narayan Chandra Das	Director	GoB
Ms. Tamara Hasan Abed	Director	BRAC
Mr. Shameran Abed	Director	Ayesha Abed Foundation
Mr. Mohammad Mamdudur Rashid	Director	BRAC
Mr. Sameer Ahmad	Director	RSA Capital
Ms. Nasreen Sattar	Independent Director	-
Mr. Salahdin Irshad Imam	Independent Director	-
Mr. Mominul Islam	Managing Director & CEO	Ex-Officio

Vetted

  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

**CRAB RATING SCALES AND DEFINITIONS**  
**LONG-TERM CREDIT RATING: FINANCIAL INSTITUTION**

RATING	DEFINITION
<b>AAA</b> Triple A (Extremely Strong Capacity & Highest Quality)	Financial Institutions rated 'AAA' have extremely strong capacity to meet their financial commitments. 'AAA' is the highest issuer credit rating assigned by CRAB. AAA is judged to be of the highest quality, with minimal credit risk.
<b>AA<sub>1</sub>, AA<sub>2</sub>, AA<sub>3</sub>*</b> Double A (Very Strong Capacity & Very High Quality)	Financial Institutions rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated Financial Institutions only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
<b>A<sub>1</sub>, A<sub>2</sub>, A<sub>3</sub></b> Single A (Strong Capacity & High Quality)	Financial Institutions rated 'A' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than Financial Institutions in higher-rated categories. A is judged to be of high quality and are subject to low credit risk.
<b>BBB<sub>1</sub>, BBB<sub>2</sub>, BBB<sub>3</sub></b> Triple B (Adequate Capacity & Medium Quality)	Financial Institutions rated 'BBB' have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Financial Institutions to meet their financial commitments. BBB rated FIs are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
<b>BB<sub>1</sub>, BB<sub>2</sub>, BB<sub>3</sub></b> Double B (Inadequate Capacity & Substantial Credit Risk)	Financial Institutions rated 'BB' are less vulnerable in the near term than other lower-rated Financial Institutions. However, they face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which might lead to inadequate capacity to meet their financial commitments. BB is judged to have speculative elements and is subject to substantial credit risk.
<b>B<sub>1</sub>, B<sub>2</sub>, B<sub>3</sub></b> Single B (Weak Capacity & High Credit Risk)	Financial Institutions rated 'B' are more vulnerable than the Financial Institutions rated 'BB', but the Financial Institutions currently have the capacity to meet their financial commitments. Adverse business, financial, or economic conditions are likely to impair the capacity or willingness to meet their financial commitments. B is considered speculative and weak capacity and is subject to high credit risk.
<b>CCC<sub>1</sub>, CCC<sub>2</sub>, CCC<sub>3</sub></b> Triple C (Very Weak Capacity & Very High Credit Risk)	Financial Institutions rated 'CCC' are currently vulnerable, and are dependent upon favourable business, financial, and economic conditions to meet their financial commitments. CCC is judged to be of very weak standing and is subject to very high credit risk.
<b>CC</b> Double C (Extremely Weak Capacity & Extremely High Credit Risk)	Financial Institutions rated 'CC' are currently highly vulnerable. CC is highly speculative and is likely in, or very near, default, with some prospect of recovery of principal and interest.
<b>C</b> Single C (Near to Default)	A 'C' rating is assigned to Financial Institutions that are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
<b>D</b> (Default)	'D' is in default. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

## SHORT-TERM CREDIT RATING: FINANCIAL INSTITUTION


RATING	DEFINITION
ST-1 Highest Grade	Financial Institutions rated in this category are considered to have the highest capacity for timely repayment of obligations. Financial Institutions rated in this category are characterised with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
ST-2 High Grade	Financial Institutions rated in this category are considered to have strong capacity for timely repayment. Financial Institutions rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-3 Average Grade	Financial Institutions rated in this category are considered to average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. Financial Institutions rated in this category are characterised with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-4 Below Average Grade	Financial Institutions rated in this category are considered to have below average capacity for timely repayment of obligations. Such capacity is highly susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories. Financial Institutions rated in this category are characterised with average liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-5 Inadequate Grade	Financial Institutions rated in this category are considered to have inadequate capacity for timely repayment of obligations susceptible to adverse changes in business, economic, or financial conditions. Financial Institutions rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-6 Lowest Grade	Financial Institutions rated in this category are considered to have obligations which have a high risk of default or which are currently in default. Financial Institutions rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

The rating committee of CRAB is the final authority to award a rating. The rating committee of CRAB is comprised of external independent persons who are not members of the board of the company and they ensure the independence of rating.


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**CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES TO THE  
SHAREHOLDERS OF IPDC FINANCE LIMITED**

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

  
Prodip Kumar Basak  
Page 115 Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

## **Report to the Shareholders of IPDC Finance Limited on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by IPDC Finance Limited for the year ended on 31 December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:


- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except those mentioned in the Statement of Compliance Status;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

**For S. F. Ahmed & Co.**  
Chartered Accountants


Dated, Dhaka;  
04 February 2019

Sd/-  
**Md. Enamul H. Choudhury**  
Partner

Vetted

  
**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

  
**Prodip Kumar Basak**  
Page 116  
Director  
Bangladesh Securities and Exchange Commission

  
**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited



## Status on Compliance of the Corporate Governance Guideline (CGG), 2018

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition no. 9.00)


Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors</b>			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the	√		




Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Board and approved by the shareholders in the Annual General Meeting (AGM);			
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	Not Applicable		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Not Applicable		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	No such event occurred		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the nonexecutive directors of the company;	√		

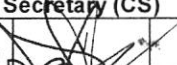
Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	No such event occurred		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Not Applicable		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Dividend Declared		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-</b>			
1(5)(xxiv)(a)	A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		

  
 Monammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited


Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Not Applicable		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not Applicable		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	The company does not have any subsidiary		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	The company does not have any subsidiary		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	The company does not have any subsidiary		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	The company does not have any subsidiary		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	The company does not have any subsidiary		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary			




Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	(CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);			
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	No such event occurred		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee for ensuring good governance in the company, the Board shall have at least following subcommittees			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	Not Applicable		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		

Vetted

Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission


  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

Vatted  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	No such event occurred		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
<b>5(3)</b>	<b>Chairperson of the audit committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	No such event occurred		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
<b>5(5)</b>	<b>The Audit Committee shall</b>			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	Not Applicable		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			
5(6)(a)(ii)(a)	Report on conflicts of interests;	No such event occurred		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system	No such event occurred		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	No such event occurred		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	<div> No such event occurred  Prodip Kumar Basak Director Bangladesh Securities and Exchange Commission</div>		
5(7)	Reporting to the Shareholders and General Investors			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;		Not Applicable	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;		Not Applicable	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).		Not Applicable	
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;		Not Applicable	
6(2)(b)	All members of the Committee shall be nonexecutive directors;		Not Applicable	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		Not Applicable	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;		Not Applicable	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;		Not Applicable	
6(2)(f)	The Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;		Not Applicable	
6(2)(g)	The company secretary shall act as the secretary of the Committee;		Not Applicable	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		Not Applicable	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.		Not Applicable	
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;		Not Applicable	
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;		Not Applicable	
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;		Not Applicable	

Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.


Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

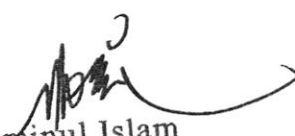
Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			Not Applicable
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			Not Applicable
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			Not Applicable
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			Not Applicable
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			Not Applicable
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			Not Applicable
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			Not Applicable
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			Not Applicable
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			Not Applicable
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the company and its goals;			Not Applicable
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			Not Applicable
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			Not Applicable
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			Not Applicable
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			Not Applicable
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			Not Applicable
6(5)(b)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			Not Applicable
<b>7</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Bookkeeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance.</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Will be applicable from the 37 <sup>th</sup> Annual General Meeting.		
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	√		

Vetted

  
 Mohammad Ubaydur Rahman, FCS  
 Managing Director  
 AAA Finance & Investment Ltd.

  
 Prodip Kumar Basak  
 Director  
 Bangladesh Securities and Exchange Commission  
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 Mominul Islam  
 Managing Director & CEO  
 IPDC Finance Limited

**FORM - A**

**[Rule 5 and rule 8(t)]**

**Declaration (due diligence certificate) about responsibility of the Issue Manager in respect of the rights share offer document of IPDC Finance Limited**

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

For AAA Finance & Investment Ltd.


Place: Dhaka

Dated: 31.03.2019


Sd/-

**Mohammad Obaydur Rahman, FCS**  
Managing Director

Vetted

  
Mohammad Obaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

  
Page 128  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited



**FORM - B****[Rule 6 and rule 8(t)]****Declaration (due diligence certificate) about responsibility of the Underwriter(s) in respect of the rights share offer document of IPDC Finance Limited**

This rights share offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

Place: Dhaka

For Underwriters

Sd/-  
**Mohammad Obaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

Sd/-  
**Deedarul Huq Khan**  
Chief Executive Officer  
BRAC EPL Investments Ltd.

Sd/-  
**Muhammad Nazrul Islam, FCMA**  
Managing Director & CEO  
Sandhani Life Finance Ltd.

Sd/-  
**Mohammed Atiquzzaman**  
Managing Director  
BetaOne Investments Ltd.

Sd/-  
**Mamun Ahmed**  
Director  
Swadesh Investment Management Limited

Sd/-  
**Tahid A Chowdhury**  
Managing Director  
EBL Investments Limited

Sd/-  
**Mohammad Saleh Ahmed**  
Chief Executive Officer  
IIDFC Investments Limited

Sd/-  
**Hassan Zabeed Chowdhury**  
Chief Executive Officer  
LankaBangla Investments Ltd.


Sd/-  
**Mhammad Hamdul Islam**  
Managing Director & CEO  
BANCO Finance and Investment Limited

Sd/-  
**Md Israil Hossain, ACS**  
Managing Director  
BLI Capital Limited


Sd/-  
**Tanveer Reza**  
Managing Director (CC)  
Prime Bank Investments Ltd.

Sd/-  
**Tania Sharmin**  
Managing Director & CEO  
CAPM Advisory Limited

**Vetted**

  
**Mohammad Obaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd.

  
Page 129  
**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited



**FORM - D****[Rule 8(t)]****Due diligence certificate by the directors about their personal responsibility in respect of the rights share offer document**

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006.

We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made.

In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/-  
**Dr. Muhammad Musa**  
(Nominated by BRAC)

Sd/-  
**Salahuddin Mahmud**  
(Nominated by GoB)

Sd/-  
**Sameer Ahmad**  
(Nominated by RSA Capital Limited)

Sd/-  
**Tamara Hasan Abed**  
(Nominated by BRAC)

Sd/-  
**A. Gaffar Khan**  
(Nominated by GoB)

Sd/-  
**Sonia Bashir Kabir**  
(Independent Director)

Sd/-  
**Mominul Islam**  
Managing Director & CEO

Sd/-  
**Tushar Bhowmik**  
(Nominated by BRAC)


Sd/-  
**Shameran Abed**  
(Nominated by Ayesha Abed  
Foundation)

Sd/-  
**Salahdin Irshad Imam**  
(Independent Director)

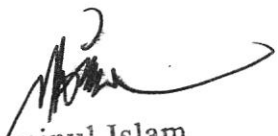
Dhaka  
Date: 31-03-2019

**IPDC FINANCE LIMITED**  
Hosna Center (4th Floor)  
106, Gulshan Avenue, Dhaka - 1212, Bangladesh

Vetted

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

  
Prodip Kumar Basak  
Director  
Page 130  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

## IPDC FINANCE LIMITED



Hosna Center (4th Floor)  
106 Gulshan Avenue, Dhaka - 1212, Bangladesh

Folio/BO Account No

Name

Address

### LETTER OF OFFER FOR RIGHTS ISSUE

Dear Shareholder (s)

We are happy to offer you an opportunity to participate in Rights Issue of Shares of IPDC Finance Limited. The honorable shareholders of IPDC in the 13th Extra Ordinary General Meeting held on 25 March 2018 approved as issuance of One Rights Share against Two existing shares held on the record date (1R:2) at an issue price of Tk.13.00 each including a premium of Tk.3.00 per share.

Subsequently, the Board of Directors in its 177<sup>th</sup> meeting held on 10 February 2019 recommended revision of the term and amount of the proposed Rights Offer that it will issue 117,806,840 number of shares at a price of BDT 12.00 each including premium of BDT 2.00 per share totaling **BDT 1,413,682,080.00** at a ratio of 01[R]:02, i.e. one rights share for every two shares held on the record date of entitlement considering 8% stock dividend for the year 2018 as approved in the 37<sup>th</sup> AGM held on 31 March 2019. It is mentionable here that the premium of the issue has been reduced from BDT 3.00 to BDT 2.00 per share considering the greater interest of the shareholders of the Company. Later, the recommendation of the Board has been approved in the 15th Extra Ordinary General Meeting (EGM) held on March 31, 2019. The purpose of issuance of Rights Shares is to cope with the business growth, and strengthen the capital base of the Company with capital adequacy compliances. It is hereby stated that after the completion of the proposed rights issue, the paid up capital of the company will stand at BDT. 3,534,205,210.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments. You may, however, renounce your rights in respect of all or part of your entitlement in favour of others in which case the Renunciation Form-B and Form-C annexed here to be submitted duly filled in by you and the renouncee(s) along with necessary payments. The rights cannot be exercised for fraction of a share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by P.O/DD/Cheque @ Tk.12.00 each (including a premium of Tk.2.00 per share) and to be deposited with any of the branches of Bankers to the Issue during Banking hours. Any extension of time will be notified through national dailies. Payments through P.O/DD/Cheque, must be payable to "IPDC Finance Limited" and must be drawn on a Bank in the same town where the Branch of Bankers to the Issue in which the application form has been submitted is situated. It is to be noted that all transactions above Tk. 1.00 lac must be effected through Demand Draft/Crossed Cheque/Pay Orders.

The offer will be deemed to have been declined if completed Application Form-A and/or Renunciation Form-B and Form-C with necessary payments have not been received by **July 31, 2019** or by such later date as may be notified through national dailies to that effect.

A self-explanatory Rights Share Offer Documents is attached for your kind information and evaluation.

By order of the Board

Sd/-

**Mominul Islam**  
Managing Director & CEO

**Mohammad Ubaydur Rahman, FCS**  
Managing Director  
AAA Finance & Investment Ltd

**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

**Mominul Islam**  
Managing Director & CEO  
IPDC Finance Limited

পুঁজিবাজার ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

Application Form - A

**IPDC FINANCE LIMITED**

Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka - 1212, Bangladesh

Rights Offer of 117,806,840 Ordinary Shares of Tk.10.00 each at an issue price of Tk.12.00 each including a premium of Tk.2.00 per share, totaling Taka **1,413,682,080.00** offered on the basis of **01(One)[R]:02(Two)** i.e. One Rights Share against 02(Two) existing shares held to the shareholders whose name appeared in the share register at the close of business on **June 25, 2019**.

**Application Period**

Opens on: **July 10, 2019**

Closes on: **July 31, 2019**

**FORM OF ACCEPTANCE AND APPLICATION FOR SHARES**

**The Managing Director & CEO**

IPDC Finance Limited

Hosna Center (4th Floor),

106 Gulshan Avenue, Dhaka-1212

Dated: ...../...../.....

Application Sl. No.....  
(Bank's Seal)

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and subject to the Memorandum and Articles of Associations of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @Tk. 12.00 per share (including a premium of Tk.2.00 per share) in cash or by Draft/Pay Order/Cheque No..... dated.....drawn on ..... Bank ..... Branch.

Folio/BO Account No.	No. of Shares held at the close of business on June 25, 2019	No. of Shares offered	No. of Shares Accepted	Total Amount Paid(Tk.)

Yours faithfully,

1. Name (in block letters):	Signature:
Address:	
2. Name (in block letters):	Signature:
Address:	

BO Account No.																			
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As per provision of the Depository Act, 1999 and regulations made thereunder, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier.

*Vetted*


**ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY**

Received Tk..... (Taka.....)  
only from Mr./Ms..... Folio/BO Account No.....  
for.....No.(s) of rights shares of IPDC Finance Limited in Cash/Pay  
order/Draft/Cheque No.....date.....of..... Bank ..... Branch.

Application Sl. No (IPDC's Seal)


(Bank Seal)

Signature of Receiving Officer  
Date

  
Monammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

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**Prodip Kumar Basak**  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

পুঁজিবাজার ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

Renunciation Form-B

**IPDC FINANCE LIMITED**

Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka - 1212, Bangladesh

Rights Offer of 117,806,840 Ordinary Shares of Tk.10.00 each at an issue price of Tk.12.00 each including a premium of Tk.2.00 per share, totaling Taka **1,413,682,080.00** offered on the basis of **01(One)[R]:02(Two)** i.e. One Rights Share against 02(Two) existing shares held to the shareholders whose name appeared in the share register at the close of business on **June 25, 2019**.

**Application Period**

Opens on: **July 10, 2019**

Closes on: **July 31, 2019**

**FORM OF RENUNCIATION**

The Managing Director & CEO  
IPDC Finance Limited  
Hosna Center (4th Floor),  
106 Gulshan Avenue, Dhaka-1212

Dated: ...../...../.....

Application Sl. No. ....  
(Bank's Seal)

Dear Sir,

I/We hereby renounce my/our rights to the shares offered to me/us as noted below in favor of person(s) accepting the same and signing in Application by Renouncee(s) and apply for allotment in his/her/their name(s).

Folio/BO Account No.	No. of Shares held at the close of business on June 25, 2019	No. of Shares offered	No. of Shares Renounced	Total Amount Paid(Tk.)

Yours faithfully,


1. Name (in block letters):	Signature:
Address:	
2. Name (in block letters):	Signature:
Address:	

Name(s) of Renouncee(s)	BO A/C NO.
1.Name:	
2.Name:	

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons


As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier. Incomplete or incorrectly filled application will be rejected.

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd

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Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited

পুঁজিবাজার ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

## Renunciation Form-C

### APPLICATION BY RENOUNCEE(S)

The Managing Director & CEO  
IPDC Finance Limited  
Hosna Center (4th Floor),  
106 Gulshan Avenue, Dhaka-1212

Dated: ...../...../.....

Application Sl. No. ....  
(Bank's Seal)

Dear Sir,

As the shareholder(s) at pre-page has/have renounced his/her/their rights to the shares offered, in my/our favor, I/We do hereby apply for the number of shares as renounced, by making payment of Tk. .... being the value of ..... Shares @ Tk.12.00 each.

Yours faithfully,

1. Signature:	2. Signature:
Name (In block letters):	Name (In block letters):
S/O. D/O. W/O.	S/O. D/O. W/O.
Address:	Address:
BO Account No.	BO Account No.

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

Signature of the Renouncer(s)	
Renouncer 1	Renouncer 2

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier. Incomplete or incorrectly filled application will be rejected.


### ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk. .... (Taka ..... ) only from Mr./Ms ..... Folio/BO Account No. .... for ..... No.(s) of rights shares of IPDC Finance Limited in Cash/Pay order/Draft/Cheque No. .... date ..... of ..... Bank ..... Branch.

Application Sl. No (IPDC's Seal)

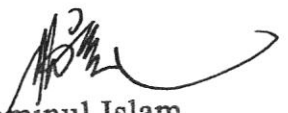
(Bank Seal)

Signature of Receiving Officer  
Date: .....

  
Mohammad Ubaydur Rahman, FCS  
Managing Director  
AAA Finance & Investment Ltd.

Page 134

  
Prodip Kumar Basak  
Director  
Bangladesh Securities and Exchange Commission

  
Mominul Islam  
Managing Director & CEO  
IPDC Finance Limited