

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

## ABRIDGED VERSION OF RIGHTS SHARE OFFER DOCUMENT

Date: **November 22, 2016**

For Rights Offer of **125,683,593** Ordinary Shares of **BDT 10 each** issuing at **BDT 20 each**, including a premium of **BDT 10 per share**, amounting to **BDT 2,513,671,860** offered on the basis of **1R:2** (i.e. one rights share against two existing shares held on the record date)



### IDLC Finance Limited

Bay's Galleria (1<sup>st</sup> Floor), 57, Gulshan Avenue, Dhaka 1212  
Telephone: 8834990, Fax: 8834377, Website: [www.idlc.com](http://www.idlc.com)

## Record Date & Subscription Period

**RECORD DATE FOR ENTITLEMENT OF RIGHTS: December 15, 2016**

### SUBSCRIPTION

Opens on : **January 01, 2017**

Closes on : **January 19, 2017**

(Both days inclusive & within banking hour)

## Manager to the Issue



### City Bank Capital Resources Limited

10 Dilkusha C/A, 1<sup>st</sup> Floor, Jiban Bima Tower, Dhaka 1000  
Telephone: 9565911, Fax: 9585377, Website: [www.cbcrcl.com](http://www.cbcrcl.com)

## Credit Rating Status

Particulars	Long Term	Short Term
Entity Rating	<b>AAA</b>	<b>ECRL-1</b>
Date of Rating	<b>April 15, 2016</b>	<b>April 15, 2016</b>
Validity of Rating	<b>April 14, 2017</b>	<b>April 14, 2017</b>
Rating By	<b>Emerging Credit Rating Limited</b>	



## Auditors' Information

### ACNABIN, Chartered Accountants

BDBL Bhaban (Level 13 & 14)  
12 Kawran Bazar C/A, Dhaka 1215

## Disclaimer

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

## Fully Underwritten By

### AAA Finance & Investment Limited

Amin Court (4th Floor)  
62-63, Motijheel C/A, Dhaka 1000

### Alpha Capital Management Limited

National Scout Bhaban (5th Floor), 70/1 Inner Circular Road, Kakrail, Dhaka 1000

### BetaOne Investments Limited

Level 4, Green Delta Aims Tower, 51-52, Mohakhali C/A, Dhaka 1212

### BMSL Investment Limited

Sadharan Bima Tower (7th Floor), 37/A Dilkusha C/A, Dhaka 1000

### CAPM Advisory Limited

Tower Hamlet (9th Floor)  
16 Kemal Ataturk Avenue  
Banani C/A, Dhaka 1213

### Citizen Securities & Investment Limited

Al-Razi Complex, 8th Floor  
166-167 Shaheed Nazrul Islam Sarani, Purana Paltan, Dhaka 1000

### City Bank Capital Resources Limited

Jiban Bima Tower (1st Floor), 10 Dilkusha C/A, Dhaka 1000

### EBL Investments Limited

59, Motijheel C/A (1st Floor), Dhaka 1000

### EC Securities Limited

Kazi Tower (5th Floor)  
VIP Road, 86 Naya Paltan, Dhaka 1000

### Grameen Capital Management Limited

Grameen Bank 1st Building (2nd Floor), Mirpur 2, Dhaka 1216

### GSP Investments Limited

1, Paribagh, Mymensingh Road, Dhaka 1000

### ICB Capital Management Limited

Green City Edge (5<sup>th</sup> & 6<sup>th</sup> Floor), 89 Kakrail, Dhaka 1000

### IDLC Investments Limited

D R Tower (4th Floor), 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan, Dhaka 1000

### IIDFC Capital Limited

Eunoos Trade Centre (Level 7), 52-53 Dilkusha C/A, Dhaka 1000

### IL Capital Limited

Printers Building (14th Floor), 5, Rajuk Avenue, Dhaka 1000

### LankaBangla Investments Limited

City Center, Level 24, 90/1 Motijheel C/A, Dhaka 1000

### MTB Capital Limited

MTB Tower (Level 3)  
111 Kazi Nazrul Islam Avenue  
Bangla Motor, Dhaka 1000

### Prime Bank Investment Limited

Peoples Insurance Bhavan (11th Floor), 36 Dilkusha C/A, Dhaka 1000

### Prime Finance Capital Management Limited

PFI Tower (6th Floor)  
56-57 Dilkusha C/A, Dhaka 1000

### Roots Investment Limited

Diganta Tower (1st Floor)  
12/1 R.K. Mission Road  
Dhaka 1203

### Sigma Capital Management Limited

87, Rashed Khan Menon Road, Level 16  
Eskaton, Dhaka 1000

### Southeast Bank Capital Services Limited

Eunoos Center (Level 9)  
52-53 Dilkusha C/A, Dhaka 1000



## Special Note

Please read the Rights Share Offer Document carefully which includes “risk factors” before taking your investment decision.

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 “IDLC Finance Limited” and crossed. The pay order/demand draft for payment of share price must be drawn on a company in the same town to which the application form has been submitted. It is to be noted that all transactions above tk.1.00 lac must be effected through demand draft/crossed cheque/pay orders.

Shareholders who are unable to subscribe within the subscription period on any valid ground, may submit application to the issuer within 15 (fifteen) days of closing of subscription showing the reasons and the issuer shall settle those applications within 05 (five) days of receipt of the application with intimation to the Commission.

## Availability of Rights Share Offer Document

Company	Contact person	Contact Number
<b>IDLC Finance Limited</b> Bay's Galleria (1st Floor), 57, Gulshan Avenue, Dhaka 1212	<b>Mr. Mohammad Jobair Rahman Khan ACA</b> Head of Statutory Reporting & Taxation and Group Company Secretary	Tel: +880 2 8834990 Fax: +880 2 8834377 Website: www.idlc.com
Manager to the Issue	Contact person	Contact Number
<b>City Bank Capital Resources Limited</b> 10 Dilkusha C/A, 1st Floor, Jiban Bima Tower, Dhaka 1000	<b>Mr. Ershad Hossain</b> Managing Director & CEO	Tel: +880 2 9565911 Fax: +880 2 9585377 Website: www.cbcr.com
Stock Exchanges	Available at	Contact Number
<b>Dhaka Stock Exchange Limited</b> 9/F Motijheel C/A, Dhaka 1000	DSE Library	Tel: +880 2 9564601, +880 2 9576210-18
<b>Chittagong Stock Exchange Limited</b> CSE Building, 1080, Sheikh Mujib Road, Agrabad, Chittagong 4100	CSE Library	Tel: 031-720871-3 031-714632-3

Rights Share Offer Document would also be available on the web site of BSEC ([www.sec.gov.bd](http://www.sec.gov.bd)), DSE ([www.dsebd.org](http://www.dsebd.org)), CSE ([www.cse.com.bd](http://www.cse.com.bd)), IDLC Finance Limited ([www.idlc.com](http://www.idlc.com)) and Issue Manager ([www.cbcr.com](http://www.cbcr.com)) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.



## The Company

IDLC Finance Limited, the country's largest Non-Banking Financial Institution, was formed jointly by, International Finance Corporation, German Investment Corporation, Korea Development Bank, Aga Khan Fund for Economic Development and other local and international institutions. The single product leasing business which started in 1986 with five staff members has today evolved into a multi-product business which has diversified into Corporate, SME, Retail and Capital Market segments.

IDLC's corporate ethics are grounded in good governance, statutory compliance and transparency. The Company is committed to sustainable business practices and strong financial performance. IDLC has been regularly recognized by independent bodies for the values underpinning its business and is proud to be a standard bearer for the Bangladesh Financial Sector.

Since 2011, the IDLC Group has embarked on a journey to grow its capabilities and become larger and better – launching new technology, new products, new branches, new sales teams, new sales channels, etc.

## Nature of Business

The company operates the following business segments

- SME
- Corporate
- Consumer
- Capital Market

### SME Division

IDLC's SME division is a priority business segment for the Company. Sound business strategies, focused customer acquisition efforts, high-quality service and a superior risk adjusted appetite enabled SME portfolio CAGR of 40% over the last five years, clearly one of the fastest growth rates in the industry. Significant investments in human resources and infrastructure – the two most critical building blocks – have resulted in the creation of a robust structure that will facilitate sustainable growth, going forward.

In one of the most pioneering initiatives in the sector, the SME division launched a pilot under the automated credit appraisal system, a mechanism that will not only reinforce the quality of our services but also save paper and contribute to environmental preservation. The system will be synced with a data warehousing system and front end customer relationship management which will facilitate lead management, prospect management and help in information-driven business decisions.

At the SME division, our vision is to be the best SME financier in the country. We will continue to innovate and launch newer products and services to serve the SME market, which is both underserved and unserved in many areas. We believe that technology is at the forefront of our priorities and by the end of 2016 we hope to integrate online appraisal system into smartphones to be used by all our relationship managers for faster and more accurate decision-making. We will continue to focus on extending the ambit of non-financial services and invest significantly in the capacity development of our talent pool.



## **Consumer Division**

IDLC's Consumer division is one of the key drivers of sustainability. The division enjoys a proven track record in Bangladesh's consumer finance industry and enjoys a high recall for its superior service standards, high levels of transparency, dedicated sales force and robust customer experience. The division has not only been a frontline player in the national consumer market but has also contributed to the corporate bottom-line significantly over the last few years. The division's two-pronged functions include funds mobilization for the company as per requirements and grow the asset business sustainably.

The Consumer division offers term deposit products to cater to the needs of various individuals as well as institutions. It also offers consumer loans to its targeted customer segments. As a result of continuous and focused efforts, the division possesses a significant market-share in home loans and car loans businesses. The division has been able to consistently grow its home and car loan portfolios due to its sound business strategy, faster loan processing time and other unique selling propositions.

## **Corporate Division**

IDLC's corporate division has made significant inroads into the confederation of local corporate conglomerates, large corporate houses and multinationals. This was made possible by our integrated relationship management approach, strong customer orientation, innovative product offerings and superior service delivery. Progressively, the division has also widened its geographical coverage, deepening its niche market comprising established corporate houses and upcoming enterprises. In parallel, the division also diversified its product basket to cater to specific customer funding requirements comprising, but not limited to:

- Establishment of greenfield projects
- Capacity augmentation programmes
- Commercial space acquisition
- Meeting seasonal demand through working capital

Our wide array of products includes simple lease finance, term loans, working capital finance (with suitable tenor), asset finance, project finance, green finance under Bangladesh Bank schemes and participation in syndication arrangements, among others.

The robust infrastructure and resources that we have created helped our operations remain relatively insulated from economic headwinds and even domestic unrest (most visible during the beginning of 2015). Resultantly, our division posted positive growth during the year under review. In the backdrop of our focus on sustainable growth is embedded our integrated relationship approach, deep understanding of business dynamics and customer risk profile and the growth aspirations of our clients.

## **Capital Market Operation**

IDLC Finance Limited's capital market operations have so far been covered by its two wholly-owned subsidiaries, IDLC Securities Limited (IDLC SL) and IDLC Investments Limited (IDLC IL). Going forward, the Capital Market Operations will further be strengthened by the newly formed IDLC Asset Management Limited. Though the Group's capital market businesses were significantly impacted in the melt down of 2010 and the challenges that were brought forth by several global events, the operations have come out stronger since then with the full absorption of the impairment losses suffered on account of certain open exposures in the margin lending portfolio. Today, all the businesses have created robust platforms in terms of technology, processes, practices and human resources and are rightly positioned to capture the upturn as and when the political climate becomes harmonious and stable.



- **IDLC Securities Limited**

IDLC SL, one of the top brokerages of Bangladesh, commenced operations in 2006. The Company provides brokerage services to more than 13,900 retail, institutional and foreign investors through sophisticated and reliable trading platforms of both the Dhaka and Chittagong stock exchanges. It also serves around 2,500 customers of its enlisted merchant banks as a panel broker. It possesses a proven track record of delivering quality-led customer services in strict compliance with prevailing rules and regulations. It maintains high standards for both corporate and employee ethics.

The Company also offers premium brokerage services to High Net Worth (HNWs), Institutional and foreign investors. Premium brokerage services is a prime bundle of research and advisory support in addition to execution brokerage.

Moreover, the Company has the most reliable online trading system under its in-house developed Order Management Unit (OMU), which was launched in 2010 with the principal objective is to facilitate those investors who prefer online trading, thereby democratizing market access.

- **IDLC Investments Limited**

IDLC Finance commenced its merchant banking operations in 1999 through participating in underwriting of IPOs. The Company managed its first IPO as issue manager in 2003. It also managed the first IPO under the book-building method in the capital market history of Bangladesh. Aligning with regulatory requirements, the merchant banking operation was carved out and transferred to IDLC Investments Limited, a fully-owned subsidiary of IDLC Finance, which was established in 2011. The products suite of the IDLC Investments Limited are Investment banking (IPO, RPO, rights issue, corporate advisory on pre-IPO capital raising, underwriting, pre-IPO placement of forthcoming IPOs and mergers and acquisitions), research, discretionary portfolio management (DPM) and margin loans.

- **IDLC Asset Management Limited**

IDLC Asset Management Limited (AML) was incorporated in Bangladesh on 19 November 2015 vide registration no. C-127068/2015 as a private company limited by shares under the Companies Act, 1994. The registered office of the Company is situated at D.R. Tower (4th Floor), 65/2/2, Bir Protik Gazi Dostogir Road, Paltan, Dhaka. It is a subsidiary Company of IDLC Finance Ltd that holds 99.99% ownership of the Company. The principal objective of the company is to carry out the business of asset management, primarily, through launching and managing mutual funds to cater to the diverse needs of investors. Besides, institutional fund management, IDLC AML also aims at creating avenues for alternative investments through private equity and venture capital.



## Purpose of the Rights Issue

The purpose of issuance of Rights Shares is to strengthen the capital base of the Company and subsequently maintain a healthy Capital Adequacy Ratio (CAR) as per the “Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions” under BASEL Accord. The proceeds to be received from Rights issue will be invested to increase the lending portfolio of the Company as well as to maintain its smooth growth.

Sd/-

**Arif Khan**  
CEO and Managing Director  
IDLC Finance Limited

Sd/-

**Mohammad Jobayer Alam**  
Head of Treasury & Strategic Planning  
IDLC Finance Limited

## Implementation Schedule

Total rights issue proceeds will be utilized as follows:

Use of rights share proceeds	Amount	Tentative time
Investment in SME lending portfolio	BDT 1,500.00 million	Within 6 (six) months after receiving right issue fund
Investment in Consumer lending portfolio	BDT 600.00 million	Within 6 (six) months after receiving right issue fund
Investment in Corporate lending portfolio	BDT 413.67 million	Within 6 (six) months after receiving right issue fund
<b>Total</b>	<b>BDT 2,513.67 million</b>	

Sd/-

**Arif Khan**  
CEO and Managing Director  
IDLC Finance Limited

Sd/-

**Mohammad Jobayer Alam**  
Head of Treasury & Strategic Planning  
IDLC Finance Limited

## Shareholding Position

Name of Shareholders	No. of Shares*	As a % of Total
<b>Sponsors/Directors:</b>		
<b><u>The City Bank Limited and its wholly owned subsidiaries</u></b>	<b>60,854,056</b>	<b>24.21</b>
-The City Bank Limited	25,137,225	10.00
-City Bank Capital Resources Limited	24,885,352	9.90



<b>Name of Shareholders</b>	<b>No. of Shares*</b>	<b>As a % of Total</b>
-City Brokerage Limited	10,831,479	4.31
<b><u>Transcom Group</u></b>	<b>33,515,443</b>	<b>13.33</b>
-Eskayef Bangladesh Limited	20,109,375	8.00
-Transcraft Limited	10,088,022	4.01
-Bangladesh Lamps Limited	3,318,046	1.32
Sadharan Bima Corporation	19,151,663	7.62
Mercantile Bank Limited	18,852,538	7.50
Reliance Insurance Co. Limited	17,595,702	7.00
<b>Sub-Total</b>	<b>149,969,402</b>	<b>59.66</b>
<b>General</b>		
<b>Institutions:</b>		
Bangladesh Fund	8,040,750	3.20
Investment Corporation of Bangladesh (ICB)	6,624,054	2.64
ICB Managed Funds	3,198,866	1.27
Eastern Bank Ltd. and its subsidiaries	7,256,186	2.89
LR Global	5,114,786	2.03
Marina Apparels Limited	2,513,671	1.00
Other Institutions	20,228,308	8.05
<b>Sub total</b>	<b>52,976,621</b>	<b>21.08</b>
<b>Individuals :</b>		
General Public(Individuals)	39,051,646	15.54
<b>Sub total</b>	<b>39,051,646</b>	<b>15.54</b>
<b>Foreign:</b>		
Institutions & Individuals	<b>9,369,518</b>	<b>3.73</b>
<b>Sub total</b>	<b>9,369,518</b>	<b>3.73</b>
<b>Total Holdings</b>	<b>251,367,187</b>	<b>100.00</b>

\*As on July 31, 2016



## Directors' Subscription in the Rights Offer

The Directors' and institutions/companies whose representatives constitute the Board of Directors of IDLC Finance Limited are expected to take up in the rights offered to those institutions/companies

Name of Directors' and Institutions whose representatives are Directors of IDLC Finance Limited	No. of Shares Held	No. of Shares to be Offered	No. of shares to be renounced
The City Bank Limited	25,137,225	12,568,612	-
Eskayef Bangladesh Limited	20,109,375	10,054,687	-
Transcraft Limited	10,088,022	5,044,011	-
Bangladesh Lamps Limited	3,318,046	1,659,023	-
Sadharan Bima Corporation	19,151,663	9,575,831	-
Mercantile Bank Limited	18,852,538	9,426,269	-
Reliance Insurance Company Limited	17,595,702	8,797,851	-
Mr. Mohammad Mahbubur Rahman FCA* (Nominated by The City Bank Limited as Director)	100	50	-

\*The Nominated Director holds the shares in his individual capacities.

## Bankers to the Issue

Investment Corporation of Bangladesh, BRAC Bank Limited, Mercantile Bank Limited, Mutual Trust Bank Limited, National Bank Limited and The City Bank Limited are the Bankers to the Issue for the rights offer. The following is the detailed branch list-

### Investment Corporation of Bangladesh

Sl no.	Branch Name	Sl no.	Branch Name
1	Barisal Branch, Barisal	5	Khulna Branch
2	Bogra Branch, Barisal	6	Local Office, Dhaka
3	Chittagong Branch, Chittagong	7	Rajshahi Branch, Rajshahi
4	Head Office, NSC Tower, Dhaka	8	Sylhet Branch, Sylhet

### BRAC Bank Limited

Sl no.	Branch Name	Sl no.	Branch Name
1	Agrabad Branch, Chittagong	12	Khulna Branch, Khulna
2	Asad Gate Branch, Dhaka	13	Manda Branch, Dhaka
3	Barisal Branch, Barisal	14	Mirpur Branch, Dhaka
4	Bashundhara Branch, Dhaka	15	Momin Road Branch, Chittagong
5	Bogra Branch, Bogra	16	Narayangonj Branch, Narayangonj
6	CDA Avenue Branch, Chittagong	17	Nawabpur Branch, Dhaka
7	Donia Branch, Dhaka	18	Rajshahi Branch, Rajshahi
8	Eskaton Branch, Dhaka	19	Rampura Branch, Dhaka
9	Halisohor Branch, Chittagong	20	Shyamoli Branch, Dhaka
10	Jessore Branch, Jessore	21	Uttara Branch, Dhaka
11	Kazirdeuri Branch, Chittagong	22	Zindabazar Branch, Sylhet



**Mercantile Bank Limited**

SI no.	Branch Name	SI no.	Branch Name
1	Agrabad Branch, Chittagong	14	Mirpur Branch, Dhaka
2	Banani Branch, Dhaka	15	Mohakhali Branch, Dhaka
3	Bijoy nagor Branch, Dhaka	16	Motijheel Branch, Dhaka
4	Bogra Branch, Bogra	17	Narayangonj Branch, Narayangonj
5	Comilla Branch, Comilla	18	Nayabazar Branch, Dhaka
6	Dhanmondi Branch, Dhaka	19	Progati Sarani Branch, Dhaka
7	Dinajpur Branch, Dinajpur	20	Rajshahi Branch, Rajshahi
8	Elephant Road Branch, Dhaka	21	Rangpur Branch, Rangpur
9	Feni Branch, Feni	22	Ring Road Branch, Dhaka
10	Gulshan Branch, Dhaka	23	Satmasjid Road Branch, Dhaka
11	Jessore Branch, Jessore	24	Sylhet Branch, Sylhet
12	Kawran Bazar Branch, Dhaka	25	Uttara Branch, Dhaka
13	Khulna Branch, Khulna		

**Mutual Trust Bank Limited**

SI no.	Branch Name	SI no.	Branch Name
1	Agrabad Branch, Chittagong	19	Khatungonj Branch, Chittagong
2	Alankar Mour Branch, Chittagong	20	Kushtia Branch, Kushtia
3	Babu Bazar Branch, Dhaka	21	Mohammadpur Branch, Dhaka
4	Banani Branch, Dhaka	22	Moulvi Bazar Branch, Sylhet
5	Baridhara Branch, Dhaka	23	MTB Corporate Center Branch, Dhaka
6	Bogra Branch, Bogra	24	Narayangonj Branch, Narayangonj
7	C D A Avenue Branch, Chittagong	25	Pabna Branch, Pabna
8	Dania Branch, Dhaka	26	Pallabi Branch, Dhaka
9	Dhanmondi Branch, Dhaka	27	Panthapath Branch, Dhaka
10	Dholaikhal Branch, Dhaka	28	Principal Branch, Dhaka
11	Dilkusha Branch, Dhaka	29	Progati Sarani Branch, Dhaka
12	Elephant Road Branch, Dhaka	30	Rajshahi Branch, Rajshahi
13	Feni Branch, Feni	31	Rangpur Branch, Rangpur
14	Fulbaria Branch, Dhaka	32	Savar Branch, Dhaka
15	Gulshan Branch, Dhaka	33	Sonargaon Branch, Narayangonj
16	Habigonj Branch, Habigonj	34	Sylhet Branch, Sylhet
17	Jessore Branch, Jessore	35	Tongi Branch, Dhaka
18	Jubilee Road Branch, Chittagong	36	Uttara Model Town Branch, Dhaka

**National Bank Limited**

SI no.	Branch Name	SI no.	Branch Name
1	Agrabad Branch, Chittagong	15	Malibagh Branch, Dhaka
2	Banani Branch, Dhaka	16	Mirpur Branch, Dhaka
3	Barisal Branch, Barisal	17	Mohakhali Branch, Dhaka



4	Chawk Bazar Branch, Chittagong	18	Mohammadpur Branch, Dhaka
5	Dhanmondi Branch, Dhaka	19	Motijheel Branch, Dhaka
6	Elephant Road Branch, Dhaka	20	Mymensing Branch, Mymensing
7	Foreign Exchange Branch, Dhaka	21	Narayangonj Branch, Narayangonj
8	Gazipur Branch, Gazipur	22	North Brook Hall Branch, Dhaka
9	Gulshan Branch, Dhaka	23	Rajshahi Branch, Rajshahi
10	Islampur Branch, Dhaka	24	Rokeya Sarani Branch, Dhaka
11	Jatrabari Branch, Dhaka	25	Savar Bazar Branch, Savar
12	Kawran Bazar Branch, Dhaka	26	Sylhet Branch, Sylhet
13	Khatungong Branch, Chittagong	27	Uttara Branch, Dhaka
14	Khulna Branch, Khulna	28	Z. H. Sikder M.C. Branch, Dhaka

### **The City Bank Limited**

<b>Sl no.</b>	<b>Branch Name</b>	<b>Sl no.</b>	<b>Branch Name</b>
1	Agrabad Branch, Chittagong	14	Narsingdi Branch, Narsingdi
2	Andarkilla Branch, Chittagong	15	Nawabgonj Branch, Dhaka
3	Bandar Bazar Branch, Sylhet	16	Nawabpur Branch, Dhaka
4	Bangabandhu Road Branch, N'ganj	17	New Market Branch, Dhaka
5	Bogra Branch, Bogra	18	Pahartoli Branch, Chittagong
6	Cox's Bazar Branch, Chittagong	19	Pragati Sarani Branch, Dhaka
7	Imamgonj Branch, Dhaka	20	Principal Office Branch, Dhaka
8	Islampur Road Branch, Dhaka	21	Rajshahi Branch, Rajshahi
9	Jessore Branch, Jessore	22	Rangpur Branch, Rangpur
10	Johnson Road Branch, Dhaka	23	Shaymoli Branch, Dhaka
11	Khatungonj Branch, Chittagong	24	Sirajgonj Branch, Sirajgonj
12	Khulna Branch, Khulna	25	Tongi Branch, Gazipur
13	Moulvi Bazar Branch, Sylhet	26	Zinda Bazar Branch, Sylhet



**IDLC Finance Limited and Its Subsidiaries**  
**Auditor's Report in pursuance of Section 135 (1) and paragraph 24 (1) (3) and 25 of part-II**  
**of the Third Schedule of the Companies Act, 1994**  
**[As per Securities and Exchange Commission (Rights Issue) Rules, 2006, Rule 7 (2) (h) and 8 (i)]**

We, as the auditor and having examined the consolidated financial statements of IDLC Finance Limited and its subsidiaries for the year ended on 31 December 2015 and based on the audited consolidated financial statements thereof for the years ended 31 December 2014, 2013, 2012 and 2011 and other figures extracted from the audited financial statements as certified, report the following in pursuance of Section 135 (I) 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 (Rights Issue) Rules, 2006, report that:

1. IDLC Finance Limited was incorporated in Bangladesh as a public limited company on May 23, 1985 under the Companies Act 1913 and its name was Industrial Development Leasing Company of Bangladesh Limited.

2. Comparative Consolidated Financial Position/Comparative Statement of Assets & Liabilities are as under:

	31.12.2015 Taka	31.12.2014 Taka	31.12.2013 Taka	31.12.2012 Taka	31.12.2011 Taka
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>					
In hand (including foreign currencies)	366,000	316,000	301,000	251,000	246,000
Balance with Bangladesh Bank & its agents (incl. foreign currencies)	891,503,744	728,597,992	744,189,114	565,343,055	417,207,356
	891,869,744	728,913,992	744,490,114	565,594,055	417,453,356
<b>Balance with other banks and financial institutions</b>					
Inside Bangladesh	12,543,322,538	7,256,039,490	7,111,427,413	3,275,459,753	2,133,007,415
Outside Bangladesh	-	-	-	-	-
	12,543,322,538	7,256,039,490	7,111,427,413	3,275,459,753	2,133,007,415
<b>Money at call and short notice</b>	-	-	-	40,000,000	670,000,000
<b>Investments</b>					
Government	300,000,000	300,000,000	-	-	-
Others	3,092,468,561	2,336,025,841	786,553,016	387,543,923	549,596,742
	3,392,468,561	2,636,025,841	786,553,016	387,543,923	549,596,742
<b>Loans and advances</b>					
Loans, cash credit, overdraft etc.	55,211,824,250	47,068,955,362	40,941,257,690	32,595,178,553	26,357,104,245
Bills purchased and discounted	-	-	-	-	-
	55,211,824,250	47,068,955,362	40,941,257,690	32,595,178,553	26,357,104,245
<b>Fixed assets including land, building, furniture &amp; fixtures</b>	537,098,683	380,542,124	395,723,936	471,830,413	355,694,293
<b>Other assets</b>	857,870,414	856,111,439	449,931,305	448,259,040	681,684,403
<b>Non-banking assets</b>	-	-	-	-	-
<b>Total Assets</b>	<b>73,434,454,190</b>	<b>58,926,588,248</b>	<b>50,429,383,474</b>	<b>37,783,865,737</b>	<b>31,164,540,454</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, fin. Institutions &amp; agents</b>	10,585,582,747	9,198,032,173	8,827,892,450	4,333,821,600	4,565,821,153
<b>Deposits and other accounts</b>					
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	-	-	-	-	-
Term deposits	46,038,675,236	35,240,301,090	29,063,880,082	22,008,203,723	16,828,267,206
Bearer certificate of deposits	-	-	-	-	-
Other deposits	1,585,890,057	1,354,817,959	1,123,559,002	990,695,376	810,581,392
	47,624,565,293	36,595,119,049	30,187,439,084	22,998,899,099	17,638,848,598
<b>Other liabilities</b>	7,438,343,943	6,605,605,660	6,051,291,971	5,757,851,191	4,979,398,082
<b>Total liabilities</b>	<b>65,648,491,983</b>	<b>52,398,756,882</b>	<b>45,066,623,505</b>	<b>33,090,571,890</b>	<b>27,184,067,833</b>
<b>Capital / Shareholders' equity</b>					
Paid-up capital	2,513,671,870	2,010,937,500	1,608,750,000	1,237,500,000	990,000,000
Share premium	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Statutory reserves	1,482,722,671	1,233,958,647	1,003,251,644	841,050,246	723,210,192
General reserves	1,000,000,000	1,000,000,000	811,250,000	811,250,000	811,250,000
Dividend equalisation reserves	46,500,000	46,500,000	46,500,000	46,500,000	46,500,000
Retained earnings	2,739,315,501	2,232,683,265	1,889,256,471	1,753,241,814	1,405,760,814
<b>Total equity attributable to equity holders of the company</b>	<b>7,785,960,042</b>	<b>6,527,829,412</b>	<b>5,362,758,115</b>	<b>4,693,292,060</b>	<b>3,980,471,006</b>
<b>Non-controlling interest</b>	<b>2,165</b>	<b>1,954</b>	<b>1,854</b>	<b>1,787</b>	<b>1,615</b>
<b>Total liabilities and Shareholders' equity</b>	<b>73,434,454,190</b>	<b>58,926,588,248</b>	<b>50,429,383,474</b>	<b>37,783,865,737</b>	<b>31,164,540,454</b>
<b>OFF - BALANCE SHEET ITEMS</b>					
<b>Contingent liabilities</b>					
Acceptances and endorsements	-	-	-	-	-
Letters of guarantee	118,488,520	465,240,778	277,501,181	1,051,435	-
Irrevocable letters of credit	-	-	-	127,193,600	126,958,540
Bills for collection	-	-	-	-	-
Indemnity bond	-	-	8,811,279	8,811,279	8,811,279
Corporate guarantee	500,000,000	500,000,000	500,000,000	500,000,000	-
	618,488,520	965,240,778	786,312,460	637,056,314	135,769,819
<b>Other commitments</b>					
Documentary credits and short term trade related transactions	-	-	-	-	-
Forward assets purchased and forward deposits placed	-	-	-	-	-
Un-drawn note issuance and revolving underwriting facilities	-	-	-	-	-
Un-drawn formal standby facilities, credit lines	-	-	-	-	-
Un-disbursed contracted loans and leases	607,054,854	699,924,252	723,861,867	94,523,911	1,274,012,995
	607,054,854	699,924,252	723,861,867	94,523,911	1,274,012,995
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>1,225,543,374</b>	<b>1,665,165,030</b>	<b>1,510,174,327</b>	<b>731,580,225</b>	<b>1,409,782,814</b>



**3. Comparative Consolidated Statements of Comprehensive Income (Profit & Loss Account) are as follows:**

	2015 Taka	2014 Taka	2013 Taka	2012 Taka	2011 Taka
Interest income	8,251,180,347	7,431,871,158	6,214,791,205	4,853,769,697	3,942,101,471
Interest on deposits and borrowings etc.	(4,833,191,104)	(4,543,097,395)	(4,137,607,275)	(3,102,879,252)	(2,364,389,738)
<b>Net interest income</b>	<b>3,417,989,243</b>	<b>2,888,773,763</b>	<b>2,077,183,930</b>	<b>1,750,890,445</b>	<b>1,577,711,733</b>
Investment income	372,098,181	48,365,964	53,480,772	57,894,350	(107,841,926)
Consolidated Financial Position	356,949,912	359,076,106	289,756,436	336,660,324	462,752,097
Other operating income	440,864,639	361,507,263	341,034,612	257,794,715	227,252,920
<b>Total operating income</b>	<b>4,587,901,975</b>	<b>3,657,723,096</b>	<b>2,761,455,750</b>	<b>2,403,239,834</b>	<b>2,159,874,824</b>
Salaries and allowances	899,165,319	673,111,344	580,093,725	514,968,850	431,010,582
Rent, taxes, insurance, electricity, etc.	135,714,936	121,724,427	105,891,802	102,436,907	108,031,424
Legal expenses	16,102,123	8,632,327	8,154,695	10,273,842	17,585,871
Postage, stamp, telecommunication, etc.	35,021,731	34,123,344	32,273,737	28,105,616	31,193,643
Stationery, printing, advertisements, etc.	85,711,998	115,003,057	83,619,162	75,103,834	45,356,398
Managing Director's salary and benefits	11,493,667	13,060,000	13,060,000	10,527,400	10,527,400
Directors' fees	1,409,400	1,132,750	977,000	839,500	753,250
Auditors' fees	690,000	690,000	667,000	602,250	1,023,450
Charges on loan losses	-	-	-	-	-
Depreciation and repair of Company's assets	178,307,014	164,341,322	159,787,545	146,733,769	106,104,413
Other expenses	284,171,561	331,829,477	258,888,748	168,513,040	161,874,299
<b>Total operating expenses</b>	<b>1,647,787,749</b>	<b>1,463,648,048</b>	<b>1,243,413,414</b>	<b>1,058,105,008</b>	<b>913,460,730</b>
<b>Profit before provision</b>	<b>2,940,114,226</b>	<b>2,194,075,048</b>	<b>1,518,042,336</b>	<b>1,345,134,826</b>	<b>1,246,414,094</b>
<b>Provision for loans / investments</b>					
General provision	49,183,322	45,031,836	(12,411,933)	69,764,096	39,600,062
Specific provision	276,007,148	(55,344,909)	197,172,371	69,144,373	(98,489,199)
Provision for diminution in value of investments	(13,579,695)	17,861,794	8,080,752	(45,961,809)	88,700,713
Other provision	-	-	-	-	-
<b>Total provision</b>	<b>311,610,775</b>	<b>7,548,721</b>	<b>192,841,190</b>	<b>92,946,660</b>	<b>29,811,576</b>
<b>Total profit before taxes</b>	<b>2,628,503,451</b>	<b>2,186,526,327</b>	<b>1,325,201,146</b>	<b>1,252,188,166</b>	<b>1,216,602,518</b>
<b>Provision for taxation</b>					
Current tax	1,171,629,363	959,575,652	637,030,392	529,448,423	730,035,667
Deferred tax	(2,350,493)	(18,558,222)	18,704,632	9,918,517	(13,716,103)
	1,169,278,870	941,017,430	655,735,024	539,366,940	716,319,564
<b>Net profit after taxation</b>	<b>1,459,224,581</b>	<b>1,245,508,897</b>	<b>669,466,122</b>	<b>712,821,226</b>	<b>500,282,954</b>
<b>Attributable to:</b>					
Shareholders of the Company	1,459,224,380	1,245,508,797	669,466,055	712,821,054	500,283,267
Non-controlling interest	201	100	67	172	(313)
	<b>1,459,224,581</b>	<b>1,245,508,897</b>	<b>669,466,122</b>	<b>712,821,226</b>	<b>500,282,954</b>
<b>Appropriations</b>					
Statutory reserve	248,764,024	230,707,003	162,201,398	117,840,054	160,845,796
General reserve	-	188,750,000	-	-	-
Dividend etc	-	-	-	-	-
	248,764,024	419,457,003	162,201,398	117,840,054	160,845,796
<b>Retained surplus</b>	<b>1,210,460,356</b>	<b>826,051,794</b>	<b>507,264,657</b>	<b>594,981,000</b>	<b>339,437,471</b>
<b>Earnings Per Share (EPS)</b>	<b>5.81</b>	<b>4.95</b>	<b>2.66</b>	<b>2.84</b>	<b>1.99</b>



4. Comparative Consolidated Cash Flow Statement are as follows:

Particulars	31.12.2015 Taka	31.12.2014 Taka	31.12.2013 Taka	31.12.2012 Taka	31.12.2011 Taka
<b>A) Cash flows from operating activities</b>					
Interest received	7,265,516,269	6,680,026,625	5,591,374,257	4,431,115,070	3,942,101,471
Interest paid	(2,212,191,438)	(2,418,998,453)	(1,987,406,985)	(1,179,869,087)	(808,673,230)
Consolidated Financial Position	96,282,352	40,805,382	8,549,539	9,243,980	35,321,280
Fees and commission received	356,949,912	359,076,106	112,725,519	176,064,712	462,752,097
Paid to employees and suppliers	(1,502,411,831)	(1,329,683,793)	(1,111,245,456)	(943,174,630)	(822,419,115)
Payment of income tax	(822,263,674)	(695,710,617)	(416,529,491)	(490,367,150)	(618,989,790)
Received from other operating activities	704,398,111	363,130,219	379,458,099	306,356,540	75,607,237
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>3,886,279,701</b>	<b>2,998,645,469</b>	<b>2,576,925,483</b>	<b>2,309,369,435</b>	<b>2,265,699,950</b>
<b>Increase / (decrease) in operating assets and liabilities</b>					
Lease receivable	265,654,756	76,496,366	(879,056,166)	(932,337,066)	(440,112,207)
Long-term finance	(5,278,801,586)	(2,804,999,034)	(5,434,086,594)	(4,086,583,811)	(3,565,405,481)
Real estate finance	(2,383,834,215)	(3,652,126,335)	(2,907,844,063)	(1,283,146,569)	(1,374,426,696)
Car loans	(693,235,866)	(1,017,759,216)	(370,328,319)	(23,184,492)	(46,214,881)
Personal loan	19,086,626	23,654,351	24,460,953	24,543,838	126,415
Loan against deposit	(1,389,646)	127,887,279	188,706,744	(50,827,831)	(218,837,353)
Margin loan to portfolio investors	463,395,053	1,394,966,775	1,157,621,660	124,208,368	914,736,743
Short term finance	(344,010,256)	(131,782,937)	(22,336,384)	239,804,429	(353,521,833)
Net proceeds of investment in marketable securities	(87,711,139)	(935,762,941)	(420,277,509)	124,737,102	(51,829,620)
Other assets	794,171,349	201,629,478	696,615,938	613,503,228	365,286,434
Term and other deposits	11,029,446,244	6,407,679,965	7,188,539,985	5,360,050,501	4,637,502,043
Net drawdown of short term loan	(40,000,000)	(1,290,000,000)	2,440,000,000	(660,840,397)	180,840,397
Payable and accrued expenses	(2,626,981,541)	(1,547,480,875)	(2,044,678,546)	(1,563,949,678)	(1,447,251,667)
Deferred liability-employee gratuity	4,462,019	6,256,142	(63,179,069)	12,950,281	9,286,840
Portfolio investors' fund	(2,323,273)	(315,683,978)	(164,193,782)	208,922,265	(884,637,698)
Deferred tax liability	(5,687,038)	(10,206,563)	(5,390,052)	15,770,050	5,513,603
Interest suspense account	181,528,850	43,607,230	(11,617,001)	(7,416,465)	18,667,866
	1,293,770,336	(3,423,624,293)	(627,042,205)	(1,883,796,247)	(2,250,277,095)
<b>Net cash from operating activities</b>	<b>5,180,050,037</b>	<b>(424,978,824)</b>	<b>1,949,883,278</b>	<b>425,573,188</b>	<b>15,422,855</b>
<b>B) Cash flows from investing activities</b>					
Purchase of property and equipment	(313,654,913)	(122,318,386)	(65,690,141)	(248,760,240)	(155,981,199)
Disposal of property and equipment	24,004,794	9,473,570	15,331,940	17,755,463	43,398,941
Net proceeds of investment in non marketable securities	(668,731,581)	(913,709,884)	21,268,416	37,315,717	77,698,016
<b>Net cash used in investing activities</b>	<b>(958,381,700)</b>	<b>(1,026,554,700)</b>	<b>(29,089,785)</b>	<b>(193,689,060)</b>	<b>(34,884,242)</b>
<b>C) Cash flows from financing activities</b>					
Drawdown of term loans	4,165,756,728	4,109,392,162	3,516,955,456	1,812,599,238	1,248,068,525
Repayment of term loans	(2,738,206,155)	(2,449,252,439)	(1,462,884,607)	(1,383,758,396)	(1,520,055,293)
Payment against lease obligation	-	-	-	(93,337)	(2,697,263)
Share money in arrear	10	-	-	-	-
Dividend paid	(198,980,120)	(79,570,244)	(623)	(38,596)	(208,281,707)
<b>Net Cash from financing activities</b>	<b>1,228,570,463</b>	<b>1,580,569,479</b>	<b>2,054,070,226</b>	<b>428,708,909</b>	<b>(482,965,738)</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>5,450,238,800</b>	<b>129,035,955</b>	<b>3,974,863,719</b>	<b>660,593,037</b>	<b>(502,427,125)</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	-	-	-	-	-
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>7,984,953,482</b>	<b>7,855,917,527</b>	<b>3,881,053,808</b>	<b>3,220,460,771</b>	<b>3,722,887,896</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>13,435,192,282</b>	<b>7,984,953,482</b>	<b>7,855,917,527</b>	<b>3,881,053,808</b>	<b>3,220,460,771</b>
<b>Cash and cash equivalents at end of the year</b>					
Cash in hand (including foreign currencies)	366,000	316,000	301,000	251,000	246,000
Money at call and short notice	-	-	-	40,000,000	670,000,000
Balance with Bangladesh Bank and its agent bank (s)	891,503,744	728,597,992	744,189,114	565,343,055	417,207,356
Balance with other banks and financial institutions	12,543,322,538	7,256,039,490	7,111,427,413	3,275,459,753	2,133,007,415
	<b>13,435,192,282</b>	<b>7,984,953,482</b>	<b>7,855,917,527</b>	<b>3,881,053,808</b>	<b>3,220,460,771</b>

5. The history of dividend declared by the company is as follows: 25% Cash dividend 25% Stock and 10% Cash Dividend 25% Stock and 5% Cash Dividend 30% Stock Dividend 25% Stock Dividend

6. The company has following two subsidiaries and financial statements of these entities are consolidated properly:

<u>Name of Subsidiary</u>	<u>% of Ownership</u>
IDLC Investments Limited	99.99%
IDLC Securities Limited	99.99%
IDLC Asset Management Limited	99.99%

7. No proceeds or part of proceeds of the issue of shares 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.