

ANNUAL REPORT 2019

Towards Financial Sustainability



IIDFC

Industrial and Infrastructure Development Finance Company Limited

Financial Solutions Under one Umbrella



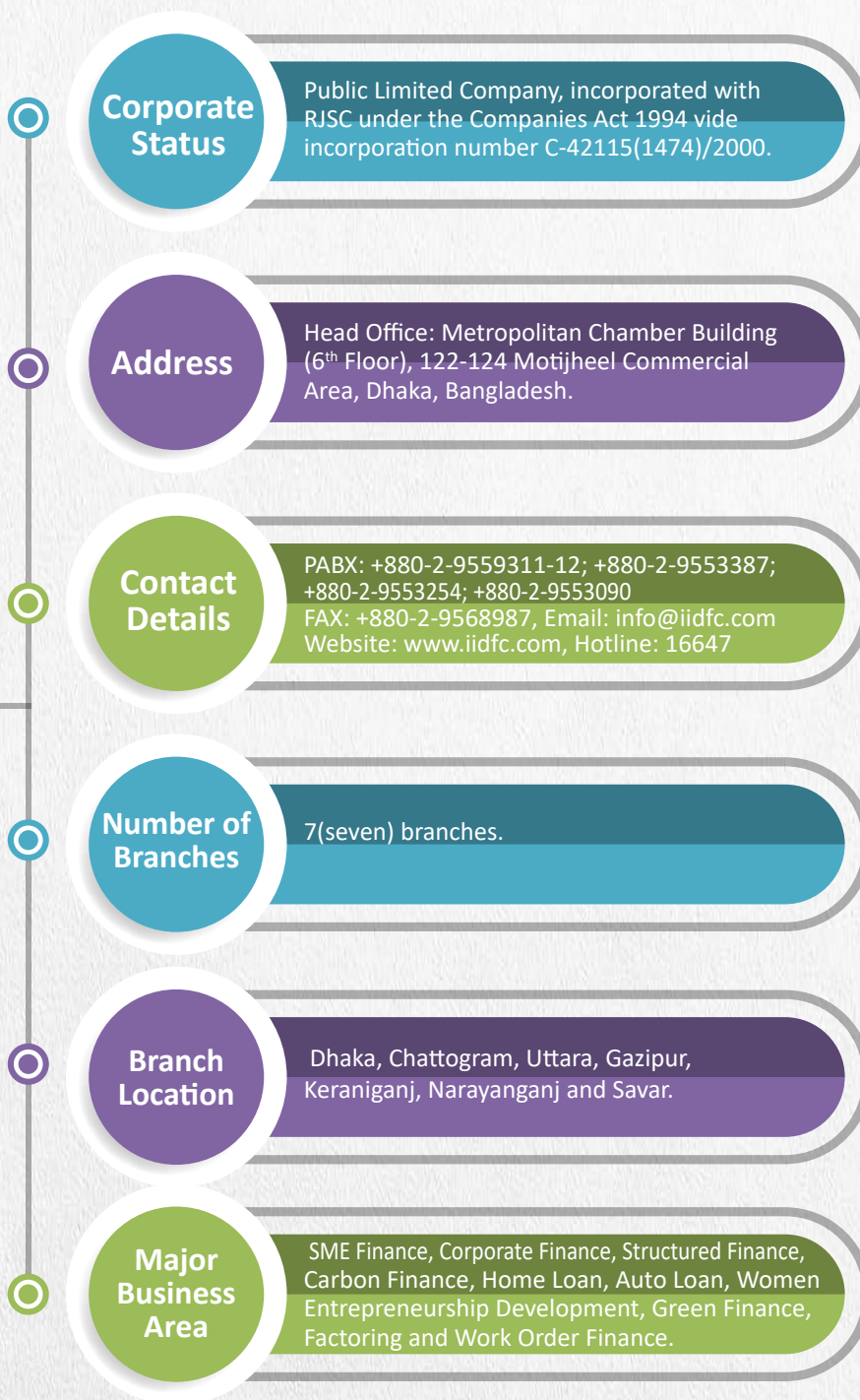
Look back

Industrial and Infrastructure Development Finance Company (IIDFC) Limited is a leading Non-Bank Financial Institution (NBFI), promoted by wide array of financial institutions like ten commercial banks, from both public sector and private sector, three insurance companies and Investment Corporation of Bangladesh (ICB). The Board of Directors of IIDFC consists of senior bankers, insurance personalities, successful entrepreneurs and retired civil servants with high professional and academic backgrounds having experience in private and public sector operation. The management of IIDFC consists of highly qualified, experienced and competent professionals.

IIDFC was incorporated in Bangladesh on 19 December 2000 as a Public Limited Company. The Company was licensed under the Financial Institutions Act 1993, by Bangladesh Bank on 23 January 2001 and started operation from May 2001. The registered office of the Company is situated at Metropolitan Chamber Building (6th Floor), 122-124, Motijheel C/A, Dhaka, Bangladesh.



CORPORATE PROFILE





SUBSIDIARIES OF IIDFC

IIDFC Securities Limited A TREC Holder of Dhaka Stock Exchange Limited

**CORPORATE STATUS:**

Public Limited Company, incorporated with RJSC under the Companies Act 1994 on 28 March 2010 vide incorporation number C-83521/10.

**CONTACT DETAILS:**

Registered Address: Head Office located at PFI Tower (3rd Floor), 56-57 Dilkusha C/A Dhaka-1000, Bangladesh.
PABX: +880-2-9560526, FAX: +880-2-9570756,
Email: info@iidfcsecurities.com, Website: www.iidfcsecurities.com

**NUMBER OF BRANCHES:**

2 (two) Branches and 1 (one) extension office of Head office.

BRANCH LOCATION:

Dhaka, Chattogram and Gulshan

**MAJOR BUSINESS AREA:**

Stock Broker, Stock Dealer and Depository Participant (DP) for dealing of shares and securities, commercial papers, bonds, debentures, debenture stocks, etc.

IIDFC Capital Limited A full-fledged Merchant Bank

**CORPORATE STATUS:**

Public Limited Company, incorporated with RJSC under the Companies Act 1994 on 30 November 1995 vide incorporation number C-H.C 2097

**CONTACT DETAILS:**

Registered Address: Head Office located at PFI Tower (3rd Floor), 56-57 Dilkusha C/A Dhaka-1000, Bangladesh.
PABX: +880-2-9514637-8, FAX: +880-2-9514641
Email: icl@iidfc.com, Website: www.iidfccapitaltd.com

**BUSINESS:**

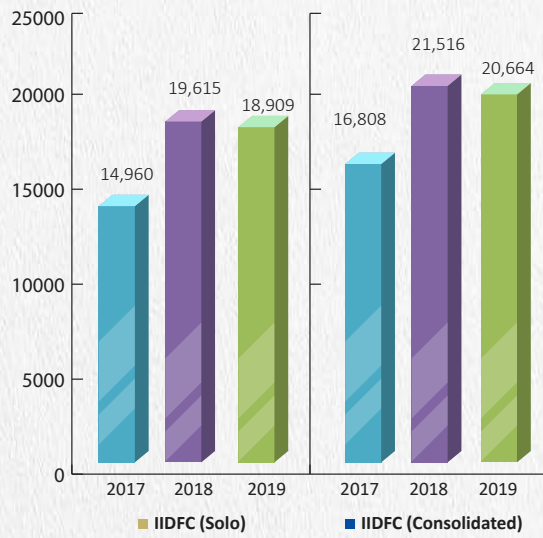
Merchant Banking and Advisory Service

**MAJOR BUSINESS AREA:**

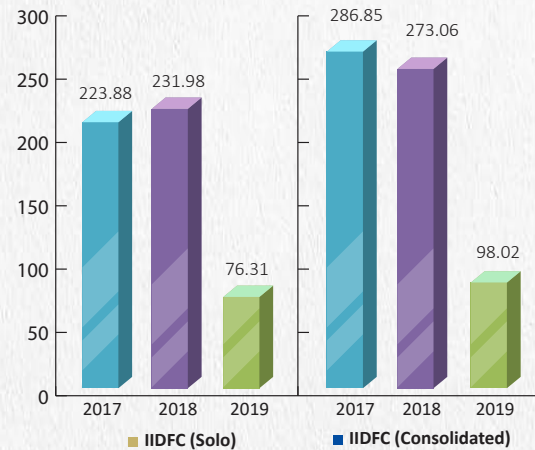
Portfolio Management, Issue Management
Underwriting and Corporate Advisory Service

CORE FINANCIAL HIGHLIGHTS

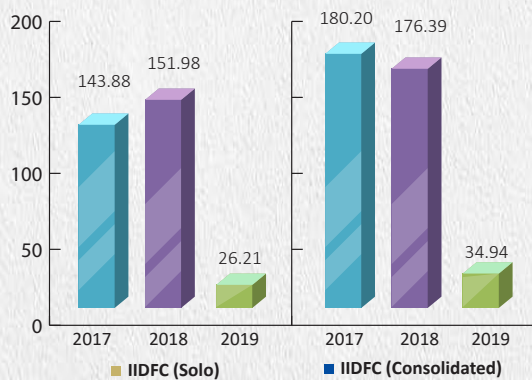
**Investment (BDT in Million)
(Loans and Leases)**



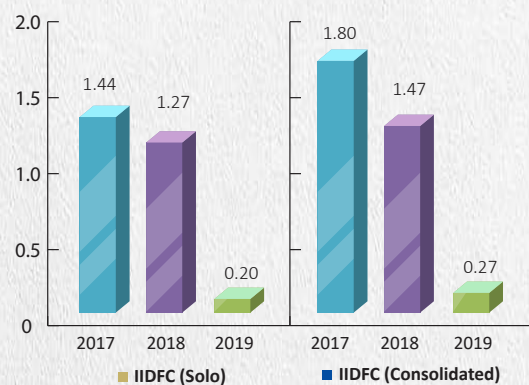
Profit Before Tax (BDT in Million)

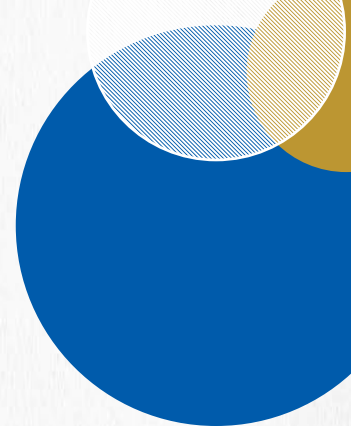


Profit After Tax (BDT in Million)



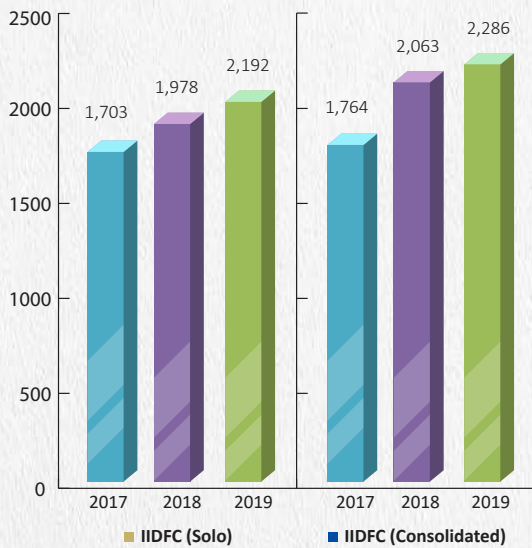
Earning Per Share (BDT)



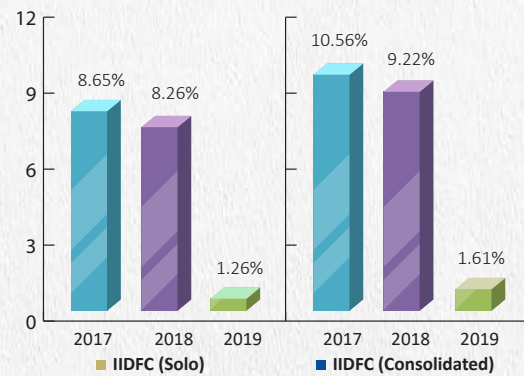


CORE FINANCIAL HIGHLIGHTS

Equity (BDT in Million)



Return on Average Equity (%)



Net Asset Value (NAV) Per Share

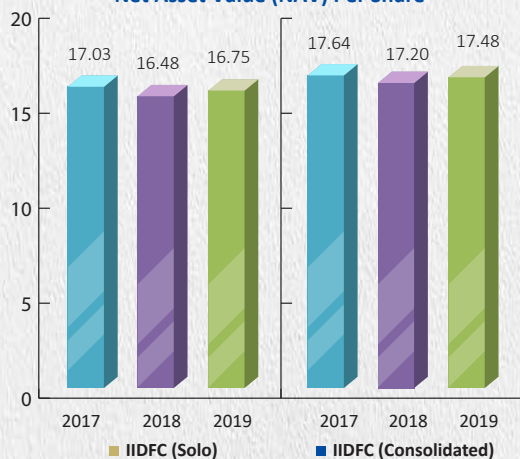




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Notice of the 19th Annual General Meeting

Notice is hereby given to all shareholders of the Company that the 19th Annual General Meeting of Industrial and Infrastructure Development Finance Company Limited will be held at 11.00 a.m. on Thursday, 17 December 2020 through video conference (**ZOOM**) to discuss the following businesses:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2019 and Auditors' Report and Directors' Report thereon;
2. To approve dividend for the year 2019 as recommended by the Board of Directors;
3. To elect/re-elect Directors of the Company;
4. To appoint Auditors for the year 2020 and fix their remuneration; and
5. To transact any other business with the permission of the Chair.

Dated, Dhaka
01 December 2020

By order of the Board
Sd/-
Lingkon Mondal, FCA
Company Secretary (CC)

NOTES:

1. Members holding shares on the date of the Annual General Meeting will be entitled to the dividend declared in that Annual General Meeting.
2. A member entitled to attend & vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly filled-in and stamped, must be submitted at least 72 hours before commencement of the Annual General Meeting at Metropolitan Chamber Building (6th Floor), 122-124 Motijheel C/A, Dhaka-1000.
3. Members are requested to notify change of address, if any, to the Company.

INTEGRATED REPORT

For better understanding of all stakeholders including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy-makers, we are delighted to publicize “Integrated Report” with the Annual Report 2019 of IIDFC Limited and its fully owned subsidiaries namely IIDFC Securities Limited and IIDFC Capital Limited.

Purpose

IIDFC publishes the report annually. An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long-term. The primary purpose of this report is to explain how an organization creates value over time. Therefore, it contains relevant information, both financial and other issues.

Recipient

An integrated report benefits all stakeholders, including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy-makers, interested in an organization’s ability to create value over time. Integrated reporting is also an important tool in improving the understanding of the relationship between financial and non-financial factors that determine a company’s performance and of how a company creates sustainable value in the longer term.

Range of the report

The report covers the period of one year from 01 January 2019 to 31 December 2019. It includes the primary activities of IIDFC, our business mix, key support areas and subsidiaries’ operations. The report ranges beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value. We also present information relevant to the way we create value for other key stakeholders, including our staff, clients, regulators and society.

Our integrated reporting process, as well as the contents of this report, is guided by the Integrated Reporting Checklist of the Institute of Chartered Accountants of Bangladesh (ICAB) which resemblance with the International Integrated Reporting Council (IIRC)-a global alliance of regulators, investors, companies, standard setters, the accounting professionals and NGOs.

In line with requirements of the following regulators and legislations, we are explaining Company’s operations and financial performance in the Audited Financial Statements for the year ended 31 December 2019:

- i. International Financial Reporting Standard (IFRS)
- ii. Financial Institutions Act 1993
- iii. Defined rules and regulations of Bangladesh Bank
- iv. Securities and Exchange Commission Rules 1987
- v. The Companies Act 1994
- vi. Other applicable laws and regulations prevailing in Bangladesh.

Key concepts

Value creation

Value creation is the consequence of how we apply and leverage our capitals in delivering financial performance and value for all stakeholders while making tradeoffs.

Materiality

We apply the principle of materiality in assessing what information is to be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on IIDFC and its ability to be a sustainable business entity that consistently delivers value to shareholders and our key stakeholders.

Our capitals

Our relevance as a Financial Institution today and in future as well as our ability to create long-term values are interrelated and fundamentally dependent on the forms of capital available to us, how we use them in value adding activities and the value we deliver.

Financial

Our Shareholders' Equity and funding from investors and clients that are used to support our business and operational activities, including credit extension.

Personnel

Our human resources invest their collective knowledge, skills and experience to enable innovative and competitive solutions for our clients.

Infrastructure

Our business structure and operational processes, including our physical and digital infrastructure, our products, as well as our information technology that provides the framework and mechanics of how we do business and create value.

Intellectual Property

Our brand value, research & development, innovation capacity and reputation.

Uniformity and Consistency

In order to draw meaningful conclusions about the trends of IIDFC's financial performance and position over time, we prepared the financial statements for the year 2019 on the same basis as we prepared in the year 2018. We applied same accounting policies, standards and calculating methods consistently from one period to another in order to improve the reliability and relevance of financial statements. We also complied similar accounting policies of the same line of business of the Country.

Outside Assurance Associates of IIDFC

In addition to the internal assurance from management and the Board, we got confidence from the certification of:

- ✓ Hoda Vasi Chowdhury & Co., Chartered Accountants, for Certification of the Auditors Report of the Financial Statements.
- ✓ FAMES & R, Chartered Accountants, for Certification of both the Auditors Report of the Provident Fund and Gratuity Fund Financial Audit.
- ✓ National Credit Rating Limited for both the Entity Rating and Bond Rating.

Dissemination and Availability of Auditors' Report for the Stakeholders

In compliance with the regulatory requirement, we disseminate Auditors' Report to the Shareholders, Board of Directors, Employees, Government and its Agencies, Depositors, Investors, Suppliers and other Stakeholders both the hard and soft copy, as the case may be, before holding Annual General Meeting. We also make available the soft copies of Financial Statements, both present and past, in our website (www.iidfc.com) for easy access of the Stakeholders.

Management Acknowledgement

The Management acknowledges its responsibility of:-

- i. ensuring the integrity of this integrated report, which in the Management's opinion addresses all the issues that are material to IIDFC;
- ii. applying collective minds to the preparation and presentation of the integrated report for fair presentation of the integrated performance of IIDFC; and
- iii. preparing the contents of this report based on the checklist of the SAFA which resemblance with the IIRC.



Profile of the Company



VISION OF IIDFC:

“To deliver utmost financial solutions with innovation, creative values and service excellences in order to ensure superior financial performance and maximum stakeholders’ value”



MISSION OF IIDFC:

Our competent and motivated team will ensure best financial services with a commitment for:

- ✓ Offering innovative products and services
- ✓ Creating an exciting and stimulating work environment
- ✓ Improving the quality of life in the communities we serve
- ✓ Maintaining high ethical standards, integrity and compliance
- ✓ Optimizing return growth and creating value for shareholders
- ✓ Ensuring synergy by utilizing expertise both from private and public sector
- ✓ Mobilizing private sector resources through large scale project implementation



STRATEGIC BUSINESS OBJECTIVES

Strategic business objectives are statements that indicate critical or important organizational strategy to achieve long term goal. The strategic objectives of IIDFC are as follows:

- To be a fully compliant Financial Institution
- To achieve sustainable and incremental portfolio growth
- To have branch network in major cities of the country
- To maintain high quality portfolio
- To optimize return on investment
- To diversify the portfolio, focusing on SME finance
- To digitize the operation
- To bring professionalism through efficient HR management
- To ensure better working environment
- To ensure adequate capital base as per BASEL requirement
- To strengthen the brand value
- To maximize the return to shareholders



CORE VALUES

Core values are the fundamental beliefs of an organization, guiding principles that dictate behavior and help to understand the difference between right and wrong. It also helps a company to determine whether it is in the right path and fulfilling its goals by creating extraordinary customer services. The core values of IIDFC are -

- ▶ Providing extraordinary customer services
- ▶ Offering innovative products/services towards value addition for customer
- ▶ To ensure continuous efforts for innovation
- ▶ Working for stakeholders value additions
- ▶ Partnering customers for national and industrial growth
- ▶ To ensure full dedication for Total Quality Management
- ▶ Improve and maintain workplace safety
- ▶ To ensure financial sustainability and stable growth
- ▶ To ensure excellent manpower and full utilization of HR
- ▶ To streamline core business processes
- ▶ Striving for full compliance
- ▶ To ensure good corporate culture
- ▶ Ensuring transparency and full disclosure reporting
- ▶ To create a performance-focused culture
- ▶ To ensure efficient resource management
- ▶ To improve productivity with cross-functional teams
- ▶ Investing for employee retention and capacity building
- ▶ To ensure ICT driven operation
- ▶ To diversify the growth opportunity and improve revenue streams



ETHICAL PRINCIPLES

The Ethical Principles of financial institutions are those principles which are intended to be applied in all kinds of affairs relating to customers, shareholders, employees and other stakeholders which assure sustainability of existing reputation and reliability as well as intend to maximize the customer loyalty. The broad ethical principles of IIDFC can be elaborated as -

Principle 1: Competence

Individuals across IIDFC have to develop and maintain the relevant knowledge, skills and behaviour to ensure that their activities are conducted professionally and proficiently. This includes acting with diligence, as well as obtaining, and regularly updating, the appropriate qualifications, training, expertise and practical experience.

Principle 2: Integrity

All concerns across the organization shall be honest and open in all their dealings. This includes behaving in an accountable and trustworthy manner, and avoiding any acts that might damage the reputation or bring discredit to the industry at any time.

Principle 3: Fairness

Organizations and individuals across the Company shall act responsibly and embrace a culture of fairness and transparency. Transparency means that the Company provides the general public and the markets with all relevant information on its strategy, assessments and policy decisions as well as its procedures in an open, clear and timely manner and fairness is to make full disclosure about a product or service before it is provided to the customer.

Principle 4: Confidentiality

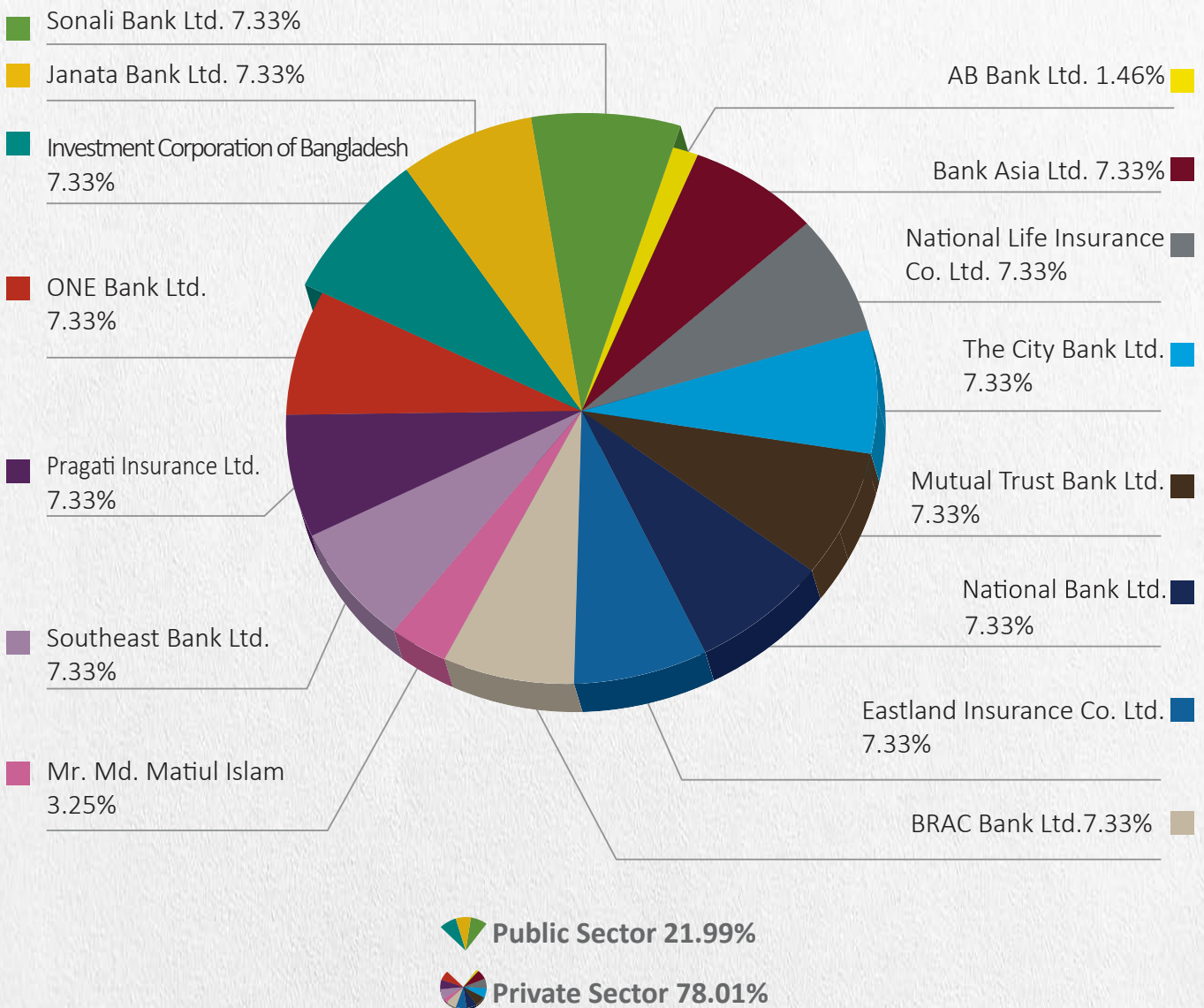
Organizations and individuals across IIDFC shall protect the confidentiality and sensitivity of information provided to them. This includes using it for its intended purposes only and not divulging information to any unauthorized persons, including third parties, without the necessary consent from those involved unless disclosure is required by law or regulation.

Principle 5: Objectivity

All individuals across the Company shall not allow any conflict of interest, bias or undue influence of others to override their business and professional judgement. They shall declare, to those concerned, all matters that could impair their objectivity.



SHAREHOLDING STRUCTURE



MILESTONE EVENTS

2000	Incorporation with RJSC, Bangladesh.
2001	Issuance of License by Bangladesh Bank as Non-Bank Financial Institution. Commencement of commercial operation.
2003	Launching of first ever Zero Coupon Bond by IIDFC in Bangladesh.
2004	Syndication of 1st commercial loan of BDT 100 crore for BRAC.
2006	Term Loan Syndication for Warid Telecom International Ltd. [BDT 300 Crore] signed in Abu Dhabi.
2008	Opening of 2nd Branch in Chattogram on 28 August 2008.
2009	Commencing operation of Brokerage Services. Signed agreement with the World Bank & Govt. of Denmark for delivery of 250,000 tons of Carbon Emission Reductions (CER) generated by IIDFC's CDM Project for environment-friendly brick manufacturing. Formation of IIDFC Capital Limited. IIDFC's CDM project got recognition at the 15th Global Climate Conference (COP 15) held at Copenhagen, Denmark. Introduction of first ever ACI Convertible Zero Coupon Bond in Bangladesh (BDT 100 Crore).
2010	IIDFC was awarded "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the Country.
2011	Signing of agreement between IIDFC and National Small Industries Corporation Ltd. (NSIC), India for the development of small industries in Bangladesh. Organizing a SME Technology Fair by IIDFC and NSIC on 2011 to accommodate collaboration between SMEs of the two countries. First ever CDM Project in the brick manufacturing sector of Bangladesh got registered with UNFCCC (August 18, 2011) with IIDFC acting as the Bundling Agent and Focal Point.
2012	Signing of a US\$ 6 million loan facility with the Asian Development Bank (November 15, 2012) to improve industrial energy efficiency in 6 different sectors of Bangladesh.
2014	Arranged Term Loan Facility of BDT 1,000.4 million and USD 6.35 million for Fiber @ Home under syndication arrangement, which is first ever World Bank Financing in IT sector through IPFF cell of Bangladesh Bank.
2015	Arranged BDT 3,420.00 million through issuance of 8 (eight) Commercial Papers (both in secured and unsecured mode) for different economic sectors i.e. Textile, Automobile, Steel & Iron and ICT sector. Arrangement of Tier II Capital for Social Islami Bank Limited through issuance of SIBL Mudaraba Subordinated Bond of BDT 3,000.00 million. IIDFC entered into an Agreement (CERPA) with ADB to sell 160,000 tons of Emissions Reduction during 2016-2020 generated by its 2 Energy Efficient Brick Manufacturing CDM projects on 09 April, 2015.
2016	IIDFC became a Participatory Financing Institution in the "PPP Financing Partnership Program" through signing a MoU with "PPP Authority" on November 3, 2016. Opening of 3 rd Branch at Uttara, Dhaka on May 05, 2016. Invited by the World Bank, IIDFC participated in the Carbon Expo 2016 held in Cologne, Germany and showcased the benefits of its Clean Development Mechanism (CDM) Brick Manufacturing project and emphasized on the necessity of large-scale GHG mitigation projects in Bangladesh. IIDFC participated in the BRICS Annual Financial Summit held in Goa, India on October 14-16, 2016 and focused on the scopes of future collaboration between the financial institutions of BRICS member countries.
2017	Opening of 4 th & 5 th Branch at Keraniganj and Gazipur on April 30, 2017 and May 23, 2017 respectively.
2018	IIDFC signed Master Facility Agreement (MFA) with Bangladesh Bank as PFI (Participatory Financial Institution) in IPFF-II (Investment Promotion and Financing Facility II) project. The project is facilitated by Bangladesh Bank and Funded by the World Bank (IDA). Opening of 6 th & 7 th Branch in Narayanganj and Savar on January 28, 2018 and March 27, 2018 respectively.
2019	IIDFC became a financing partner to the syndication facility of BDT 250.00 million under IPFF II raised for Bangladesh Technocity Limited. The Governor of Bangladesh Bank handed over the IPFF II Fund cheque to the Managing Director of IIDFC Ltd.

PRODUCTS AND SERVICES

SME Finance



IIDFC promotes cottage, micro, small and medium entrepreneurs in manufacturing, trading and service industries through its different products under SME Finance Scheme. The aim is to provide quality services to the entrepreneurs with potential and innovative ideas.

- Term Loan
- Lease Finance
- Women Entrepreneur Finance
- Factoring and Work Order Finance
- Working Capital Loan
- Commercial Vehicle Loan
- Commercial Rental Business Loan (Abashan)
- Commercial Space Loan

Corporate Finance



Under the umbrella of Corporate Department, IIDFC offers a wide range of financial products and services for corporate clients to support the existing industries as well as for promoting new ventures and infrastructure development projects.

- Project Finance
- Lease Finance
- Short Term Loan/Working Capital Loan
- Long Term Loan
- Commercial Auto Loan
- Work Order Finance
- Participation in Syndicated Loan
- Green Finance

Structured Finance



IIDFC's Structured Finance Department leads the syndication market and has acted as Arranger to a number of large syndication facilities. Structured Finance encompasses syndicated fund arrangement including cross-border syndication and other financial advisory services.

- Loan Syndication
- Working Capital Syndication
- Arrangement of Fund through Zero Coupon and Coupon Bearing Bond
- Arrangement of Commercial Paper
- Arrangement of Convertible and Non-convertible Preference Shares
- Corporate advisory service

Consumer Finance



IIDFC provides secured and unsecured consumer loan in the form of home loan, auto loan, loan for household durables and loan against deposit based on the creditworthiness, collateral qualities and other financial parameter of the borrower.

- Home Loan
- Auto Loan
- Loan against Deposit
- Loan for Household Durables

PRODUCTS AND SERVICES

Carbon Finance & Green Finance



IIDFC introduced Carbon Finance, a market based mechanism to support and finance environment friendly technologies and initiatives in the country, back in 2007. It pioneered the introduction of HHK technology in the brick making sector and has been managing 2 (two) emissions trading projects registered with the UN since then. The projects have so far reduced emission of 200,000 tons of CO₂. IIDFC also works with Energy Efficiency, Renewable Energy and Waste Management financing through different specialized funds.

- Clean Development Mechanism (CDM) project preparation, validation, monitoring and verification support
- Emissions Trading
- Energy Efficiency Improvement Consulting
- Green Finance

Deposit Schemes



IIDFC collects fund through term deposit from both individual and institutional investors. It offers attractive returns to the depositors assuring top most security of their money. The depositors are also allowed to take loan against deposits. IIDFC also offers long term savings in the form of Millionaire Savings Scheme (MSS) and Monthly Deposit Scheme (MDS) for different tenure with attractive return at the maturity.

- Monthly Earning Scheme
- Quarterly Earning Scheme
- Half Yearly Earning Scheme
- Yearly Deposit
- Half yearly Deposit
- 2 years and above deposit
- Double Money Program
- Triple Money Program
- Monthly Deposit Scheme
- Millionaire Savings Scheme



DIRECTORS' REPORT

Introduction

1. I have the honor to present to you the Audited Financial Statements of the Company for FY 2019 with the following integral components, namely, Balance Sheet as at 31st December 2019, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity for the year ended 31st December 2019, Liquidity Statement as on that date and the Auditors' observations thereon.
2. The General Election which was held in December 2018 predictably slowed down the business activities in the last half of 2018 and the overall business climate remained stagnant during the first half of 2019, which had a negative impact on the banking and NBFi sector. As such, the strategy of IIDFC in 2019 was that of consolidation rather than attaining quick growth. The management put more emphasis on getting safer businesses rather than any business so as to keep the Non Performance of new clients as low as possible. Although this strategy resulted in low profit this year, this conservative strategy will strengthen the balance sheet of the company in the long run.

COVID-19 Scenario

3. Further, at this stage, a few words about the unprecedented global crisis due to the COVID-19 Pandemic may not be out of place. The crisis has resulted in economic contraction of a size and number never experienced before. The crisis has badly impacted the loan recovery as well as the interest charges on loans and advances and Bangladesh Bank had to declare a moratorium of 9 months from January to September 2020 on monthly and quarterly installment payments.

4. The basic accounting principles followed in the preparation of the financial statements were:
- The Loans and Advances at gross amount are shown as 'assets' while 'Interest Suspense' and 'Loan Loss Provision' against classified advances are shown as liabilities. Interest Suspense is deducted from interest income and 'Loan Loss Provision' is shown as expenses in the Profit and Loss Account.
 - Income from Lease Finance and Direct Finance are recorded on the accrual method of accounting whereas fee-income of Structured Finance is recognized on cash basis.
 - Investment in marketable and non-marketable securities is shown at cost and separate provision made for the diminution of their value.
 - The financial statement of the Company and its subsidiaries has been consolidated in accordance with Bangladesh Financial Reporting Standards.
 - The contingent liabilities of Letters of Guarantee and LC commitments have been shown as Off-Balance Sheet items.

5. The Auditors' Report is qualified. Some of their important observations including qualification point were as follows:
- The Company maintained total provision of BDT 757,137,429 against loans and advances as on 31 December 2019. Some non-performing loans and advances were needed to be classified as per audit. As a result, additional provision of BDT 294,261,015 is required to be kept and corresponding interest income of BDT 113,187,301 needed to be kept in suspense account.

(The Auditor's reference above was in respect of 19 accounts of which, in respect of 7 accounts, BDT 11.40 crore have already been provided for and transferred to interest suspense including provision account in 2020. Hopefully, we will be able to either regularize or provide for the balance 12 accounts during the next 3 months of 2020.)

Other important observations are as;

- the expenditures incurred and payments made were for the purpose of the Company's business for the year;
 - 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;
 - We have reviewed risk weighted assets of the Company over 80 percent and we have spent around 1080 person hours for the audit of the books and accounts of the Company;
 - 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;
 - 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; and
 - all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.
6. Bangladesh registered a GDP growth of 8.15 percent in FY19, which is the highest in the South Asian Region and in the country's history. The strong growth was led by both domestic and external demand reflected in 10.50 percent growth in export and 9.60 percent growth in remittance. On the other hand, domestic credit grew by 12.40 percent, lower than the targeted growth of 15.90 percent for FY19 and actual growth of 14.60 percent in FY18. Private sector credit grew by 11.30 percent in FY19, much lower than the targeted growth of 16.50 percent for FY19 and actual growth of 16.90 percent in FY18. Higher growth of government borrowing from the banking system narrowed down the sources of credit to the private sector. At the end of June 2019, total deposit of FIs stood at Tk. 45,810.00 crore as against Tk. 48,010.00 crore at the end of December 2018 which is a contraction of 4.58 percent.

Overall Performance of IIDFC

7. The overall economic activities in the private sector experienced a slowdown in 2019. The impact was felt by IIDFC too. The Company's portfolio of loans and advances experienced contraction in 2019. The portfolio decreased 3.60 percent to Tk. 1,890.88 crore in 2019 from Tk.1,961.47 crore in 2018. Company's consolidated operating income stood at Tk. 88.84 crore at the end of 2019 including income from investment, commission, exchange, brokerage and others of Tk. 11.55 crore registering 13.42 percent growth from Tk. 78.33 crore in 2018. Company's non-consolidated operating income stood at Tk. 77.50 crore including income from investment and others of Tk. 4.53 crore registering 20.55 percent growth from Tk. 64.29 crore in 2018. The NPL rate increased from 7.47 percent in 2018 to 9.06 percent in 2019.

8. IIDFC's Non-Consolidated Profit before Provisioning and Tax was Tk. 49.17 crore in 2019 as against Tk. 38.93 crore in 2018, but due to heavy provisioning of Tk. 41.54 crore for Loans and Advances, Profit after tax was only Tk. 2.62 crore in 2019 as against Tk. 15.20 crore in 2018, representing a reduction in net profit of 82.76 percent. IIDFC's Consolidated Profit before Provisioning and Tax was Tk. 51.39 crore in 2019 as against Tk. 44.37 crore in 2018 and Profit after tax was Tk. 3.49 crore in 2019 as against Tk. 17.64 crore in 2018 representing a reduction in profit of 80.19 percent.

9. Although the non-consolidated profit before tax and provisioning saw a significant (26.28 percent) rise, the reason behind contraction in net profit was due to keeping of heavy provisions for loans and advances in the accounts. As there was substantial scope to take provisions, the management prudently decided to register the provision against loans and advances to strengthen the financial foundation of the company.

10. The total disbursement of fund during the year was Tk. 793.85 crore as against Tk. 1,059.58 crore in 2018 registering a contraction of 25.08 percent. The year was a challenging one for generating new businesses as competition was high and prime target clients had better interest rate offers on financing facilities from the banks. Even in this challenging scenario, the management of IIDFC Ltd. was able to make good disbursements through laudable efforts.

Portfolio of Corporate Finance Department

11. The total disbursement by the Corporate Finance Department in 2019 was Tk. 598.67 crore and at the end of the year, the corporate portfolio stood at Tk. 1,044.55 crore which is a decrease of Tk.95.67 crore and 8.39 percent in portfolio size from the previous year. The department's loss of business resulted in reduction of the overall portfolio of IIDFC as this department is the largest contributor to the company's revenue with a share of 55.24 percent of the total business portfolio of IIDFC Ltd.

12. Most of the large corporate houses refrained from making fresh investments in 2019. On top of that, GoB's decision to start the process of curbing the lending rates of the banks to a maximum 9.00 percent p.a. provided the corporate houses with added leverage to bargain for lower interest rates. There were opportunities for providing corporate loans to corporate clients with weaker financial bases, but the department decided to put emphasis on credit worthiness, business reputation and financial strength of the clients to solidify the quality of the portfolio.

Portfolio of SME Finance Department

13. In 2019, the total disbursement of the SME Department was Tk. 164.89 crore which was Tk. 212.75 crore in 2018. Although total SME disbursement experienced a 22.50 percent contraction, the total SME portfolio saw an increase of Tk. 10.08 crore from the previous year which is a growth of 1.78 percent. At the end of 2019, the total SME portfolio stood at Tk. 576.21 crore as compared to Tk. 566.13 crore in 2018.

Portfolio of Structured Finance Department

14. The total disbursement of the Structured Finance Department in 2019 was Tk. 25.00 crore as against Tk. 20.25 crore in 2018. The total portfolio of the department stood at Tk. 203.77 crore at the end of 2019 as against Tk. 186.83 crore in 2018. As most of the big business houses refrained from making large investments, scope for arranging syndication for large financing requirements was rather low. Even then, the department was successful in landing two syndication deals, funds for which will be arranged under IPFF II of the World Bank.

Function of Treasury Department

15. The year 2019 was an especially challenging time for treasury management as the competition was overwhelming. Even then, the Treasury Department managed to fulfill its obligations and meet up all its commitments in a timely and efficient manner. The dependency on bank borrowing was 49.24 percent in 2019 of total deposits and other accounts against 47.41 percent in 2018. The public deposits on 31 December 2019 stood at Tk. 644.97 crore against Tk. 772.07 crore in 31 December 2018.

Function of Carbon Finance

16. IIDFC's successful contribution towards the environment comes in the form of CDM project titled "Improving Kiln Efficiency in the Brick Making Industry in Bangladesh". The project introduced Hybrid Hoffman Kiln (HHK) technology in the brick making sector back in 2007. Currently the project has 6 (six) operational HHK Brick Factories. The HHK Brick manufacturing factories bundled under the CDM (Clean Development Mechanism) project have generated around 35,000 units of GHG Emission Reductions during the period of January – December 2019 against 42,122 units generated in 2018. The reported emission reduction is to be verified by an Auditor appointed by us and finally certified by UNFCCC. The certified CERs will be delivered to the Asian Development Bank (ADB) under an agreement signed in 2015.

IIDFC Securities Limited

17. The long-term loan of IIDFC Securities Limited (ISL) from the parent Company, which was Tk. 58.36 crore in 2018, has slightly reduced in 2019 to Tk. 57.38 crore. The investment in securities was Tk. 34.93 crore on which the dividend income was Tk. 1.05 crore and realized capital gains was Tk. 0.51 crore. The Company managed to generate after tax profit of Tk. 0.67 crore. The retained earnings of the Company stood at Tk. 10.66 crore as against Tk. 10.00 crore in the previous year.

IIDFC Capital Limited

18. The other subsidiary, IIDFC Capital Limited, had an operating income of Tk. 2.00 crore and operating expense of Tk. 1.74 crore resulting in an operating profit before tax of Tk. 0.27 crore and the net profit after tax of Tk. 0.21 crore. The accumulated loss of the Company came down from Tk. 3.13 crore to Tk. 2.92 crore in 2019. The subsidiary Company suffered losses on account of high negative equity on margin loans and unrealized interest income. Nevertheless, the Company could reduce its loan liability to the parent Company from Tk.1.50 crore in 2018 to Tk. 1.44 crore in 2019.

Human Resources

19. In December 2019, the number of employees of the Company was 136 as against 120 a year ago. Despite new recruitment of 30 employees in various positions, the number of employees increased by 10 due to resignation of 20 executives from Corporate Finance, SME, SAM, Treasury Department etc. Apart from following a comprehensive recruitment process for identifying the best among the available candidates, we allow our employees to participate in training programs offered by Bangladesh Bank, Bangladesh Bank Training Academy, Financial Excellence Limited, BIBM, Infrastructure Development Company Limited (IDCOL), INTIMATE, BIAC, ICAB, ACTIVA, ICB. During 2019, as many as 57 staff members participated in the various Training programs, Workshop, Conference, Discussion meeting & Seminar to upgrade their professional skill and knowledge.

Credit Rating

20. IIDFC's credit rating indicates its financial strength over the long term as well as short term period. As per the credit rating report prepared by National Credit Ratings Limited (NCRL), IIDFC's long term credit rating is AA+ (Double AA+) which indicates the company's strong capacity to meet financial obligations and the low risk associated with this company. The Short Term Rating is ST-1 which indicates strong and the highest rated capacity for timely serving of financial commitment. The summary of IIDFC's credit ratings for the year 2018 & 2019 is given below:

SURVEILLANCE ENTITY RATING-2019		
Date of Rating Declaration	Long Term	Short Term
June 26, 2019	AA+ (Double A Plus)	ST-1
Outlook	Stable	
Validity	October 30, 2020	
SURVEILLANCE ENTITY RATING-2018		
Date of Rating Declaration	Long Term	Short Term
June 26, 2018	AA+ (Double A Plus)	ST-1

Shareholders' Equity

21. The Shareholders' Equity, which was Tk.197.76 crore on December 31, 2018, stood at Tk. 219.16 crore as on December 31, 2019. The Consolidated Shareholders' Equity, which was Tk. 206.35 crore on December 31, 2018, stood at Tk. 228.61 crore as on December 31, 2019. The Capital Adequacy Ratio stands at 14.10 percent which is better than the target set by the Central Bank of Bangladesh at 10.00 percent for NBFIs.
22. The summary of the non-consolidated key financials of the Company as on December 31, 2019 as compared to December 31, 2018 are as follows:

Figures in Taka

Particulars	2019	2018
Profit before provision & tax	491,688,759	389,353,202
Less: Provision for Loans and Advances	415,376,868	157,370,069
Less: Provision for tax	50,102,642	80,000,000
Profit after provision & tax	26,209,249	151,983,133
Add: Retained earnings brought forward	130,023,941	117,437,434
Profit available for appropriation	156,233,190	269,420,567
Less: Appropriations:		
Statutory Reserve	5,241,850	30,396,627
General Reserve	1,000,000	1,000,000
Stock Dividend for the year 2018 & 2017	117,720,000	108,000,000
Total Appropriations	123,961,850	139,396,627
Profit available for dividend distribution	32,271,341	130,023,941

Proposed Dividend

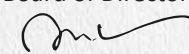
23. The Board did not recommend any dividend for the year 2019.
24. By operation of Article 99 of the Company's Articles of Association, the representative Directors of the following Companies shall stand retired from office at this 19th Annual General Meeting:

Serial	Name	Nominated by
01	Mr. Md. Abdus Salam Azad	Janata Bank Limited
02	Mr. Md. Abul Hossain	Investment Corporation of Bangladesh
03	Mr. Syed Mahbubur Rahman	Mutual Trust Bank Limited
04	Mr. Wakar Hasan	ONE Bank Limited
05	Mr. Syed M. Altaf Hussain	Pragati Insurance Limited

All the above Directors are eligible for re-election and have expressed their interest for being re-elected as Directors. The Board may recommend for their re-appointment as Directors. The issue may be placed before the AGM for necessary approval.

25. M/s. S.F. Ahmed & Co., Chartered Accountants, has expressed their interest to be the Auditors of the Company for the year 2020 until the conclusion of the following Annual General Meeting. In the light of the reluctance expressed by the former Auditor, the Board of Directors recommended M/s. S. F. Ahmed & Co., Chartered Accountants, to be appointed as Auditors of IIDFC Limited subject to approval of Bangladesh Bank. The audit fee may be fixed at BDT 375,000.00 (excluding VAT) only for the year 2020. The appointment of Auditors will be confirmed in the next AGM.
26. The Directors would like to express their gratitude to the esteemed shareholders, valued clients, the Bangladesh Bank, the Bangladesh Securities and Exchange Commission, the National Board of Revenue, the Registrar of Joint Stock Companies, the Dhaka Stock Exchange and other regulatory bodies for the co-operation extended to the Company during the year. The Directors also express their appreciation of the dedication and hard work of the management team and other staff members of the Company.

Thank you
On behalf of Board of Directors



Md. Matiul Islam
Chairman



From the Desk of CEO

Dear Shareholders and Stakeholders

The year 2019 was especially challenging for IIDFC Ltd. as the economy of Bangladesh suffered from slow growth in the private sector which in turn had negative impact on the Financial Institution Sector of the country. Although IIDFC Ltd. was able to attain a significant rise (26.28%) in the non-consolidated profit before tax and provision, the overall net profit experienced a contraction due to keeping of provisions in order to strengthen the financial foundation of the Company. There were also policy uncertainties as the government was pondering over implementing lending rate cap and deposit rate cap over all lending and depository products. The competition in this very saturated industry along with the bearish scenario in the capital market also took their tolls. Considering the overall economic challenges, the management of the Company emphasized on consolidation rather than expansion so as to retain the growth attained in the previous year and also to maintain a healthy portfolio.

Now, on the backdrop of this scenario, I have the honor and pleasure to present to you the Annual Report for the year ended December 31st, 2019 along with assessment of the business climate from the perspective of both Bangladesh and the World.

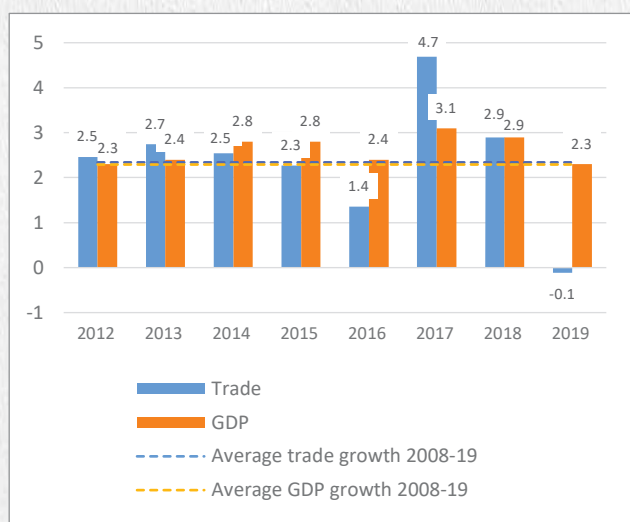
Global Economy

World trade growth sharply slowed down over the past year. Other than that, monetary policy shifts by major central banks and persistent uncertainty surrounding trade actions induced heightened investor risk aversion as well as financial market volatility. In many countries, there are signs that the deterioration in business confidence has started to dent investment growth. Trade tensions between China and the United States re-escalated in the last year following the announcement by the United States that it will impose tariffs on further USD 300 billion of imports from China. In retaliation, China introduced additional tariffs on USD

75 billion of imports from the United States. These developments triggered sharp movements in global equity markets, a decline in global oil prices and higher capital outflows from the emerging economies. As the trade disputes threaten to become even more pervasive, the global growth outlook has darkened along with it. Several developing countries, however, stand to benefit in the short term from a diversion in trade flows, as firms seek to source inputs from countries that are not directly affected by the tariffs. There are also indications that manufacturers are looking to relocate production from China to other countries, particularly those in the East Asian region.

The volume of global merchandise trade declined in 2019 for the first time since the financial crisis of 2008-09, weighed down by rising trade tensions and weakening economic growth. Merchandise trade volume declined by 0.10% in 2019, compared with 2.90% growth in 2018. World GDP growth slowed to 2.30%, down from that of 2.90% in the previous year. The US dollar-value of merchandise trade fell year-on-year to USD 18.89 trillion in 2019 dropping 3.00%. Although the first cases of COVID-19 were recorded in late 2019, the crisis did not contribute to the slowdown for the year. The pandemic is expected to lead to sharp declines in trade and GDP in 2020.

Global Merchandise Trade Volume and Real GDP Growth

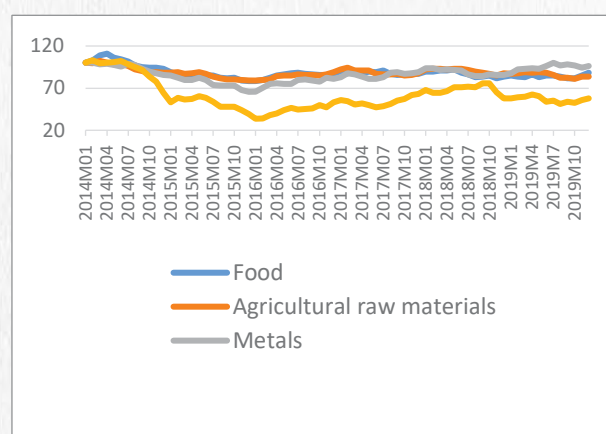


Source: WTO

Commodity price fluctuations in 2019 were dominated by fuel prices, which were down by 17.00% compared with 2018. The Fuel Price is expected to record further declines in 2020 as travel restrictions and social distancing measures to combat the COVID-19 pandemic have reduced energy demand.

Prices of food and agricultural raw materials recorded declines by 3.00% and 5.00% respectively in 2019. In 2019, metals prices were up by 7.00% over the previous year.

Prices of Primary Commodities (US\$ price indices, January 2014=100)

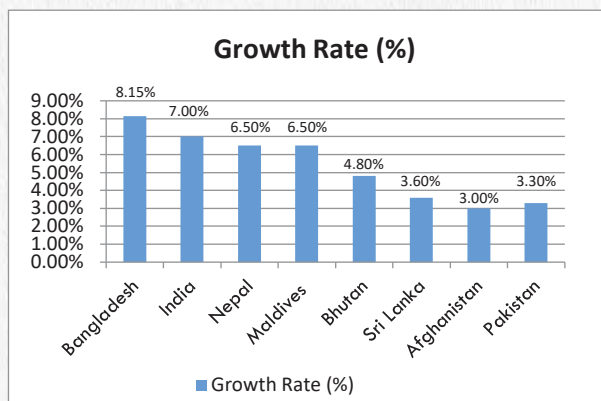


Source: IMF primary commodity prices

ECONOMY OF BANGLADESH

Robust growth momentum continued in the economy amid tepid global growth environment, with 8.15% real GDP growth (published by Bangladesh Bureau of Statistics (BBS)) for FY'19 against growth projection averaging 3.90% for the same period in emerging market and developing economies. This growth was mainly driven by public sector investments although both strong domestic and external demand (reflected in 10.10% export growth) had parts to play. Both the key FY'19 monetary program objectives, i.e., bringing down annual average CPI inflation to 5.60% by end of June 2019, from 5.80% at the end of June 2018, and supporting attainment of government's 7.80% real GDP growth target for FY'19 stood over-fulfilled; with end June CPI inflation at 5.50% and real GDP growth of 8.15% in FY19.

The comparable growth trajectories among the South Asian Countries are the following:

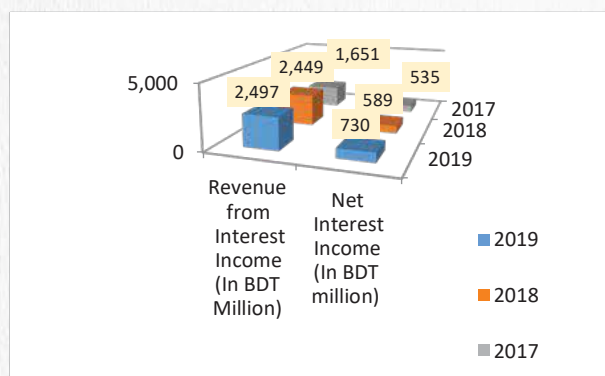


Source: South Asia Regional Update, August 2019, IMF

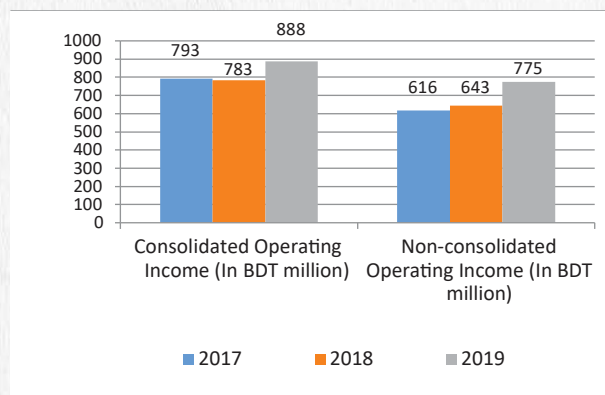
PERFORMANCE SUMMARY OF IIDFC LTD.

Although the beginning of the year 2019 presented many challenges for the Financing Industry, IIDFC Ltd. was able to meet those challenges and, by doing so, was able to consolidate much of the growth attained in 2018. The money market in Bangladesh was volatile throughout 2019. The probable policy of setting interest rate ceiling made the industry more challenging as spread decreased substantially. On top of that, extreme competition for good clients narrowed down opportunities to achieve sustainable growth. Dearth in Liquidity was another major constraint in the economy which resulted in a slow business climate. For the Liquidity Scenario, a number of borrowers failed to roll-over their financing facilities which resulted in failure from their part to uphold loan obligations. That in turn deteriorated the NPL situation of the whole industry. To control the rising NPL scenario, the management has already taken steps to strengthen loan recovery efforts. The company was able to disburse Tk 793.85 crore as against Tk 1,059.58 crore in 2018 even in the challenging scenario of 2019.

IIDFC's Revenue from Interest Income in 2019 grew by 1.95% year on year compared to 2018. The Net Interest Income after deduction of Cost of Fund experienced a good growth of 23.90% in 2019 compared to 2018 which indicates good management in a market where the interest spread has been following a decreasing trend for sometimes now.



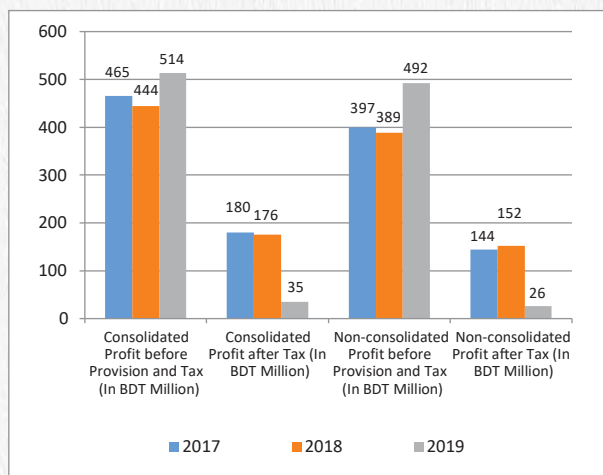
The business portfolio of the Company in 2019 decreased by 3.60% to Tk 1,890.88 crore in 2019 from Tk 1,961.47 crore in 2018. The Company's consolidated operating income stood at Tk 88.84 crore at the end of 2019 registering 13.42% growth from Tk 78.33 crore in 2018. The Company's non-consolidated operating income stood at Tk 77.50 crore registering 20.55% growth from Tk 64.29 crore in 2018.



The NPL rate of the Company increased from 7.47% on December 31, 2018 to 9.06% on December 31, 2019 whereas the NPL in the industry increased from 9.20% on June 30, 2018 to 11.90% on June 30, 2019 which shows better NPL management at IIDFC Ltd. compared to the industry.

IIDFC's Consolidated Profit before Provision and Tax was Tk 51.39 crore in 2019 as against Tk 44.37 crore in 2018 and Consolidated Profit after tax was Tk 3.49 crore in 2019 as against Tk 17.64 crore in 2018 representing a reduction in profit of 80.19%. IIDFC's Non-Consolidated Profit before Provision and Tax was Tk 49.17 crore in 2019 as against Tk 38.94 crore in 2018 and Non-Consolidated Profit after tax was Tk 2.62 crore in 2019 as against Tk 15.20 crore in 2018 representing a reduction in profit of 82.76% which was due to keeping

higher provision (Tk 41.54 crore in 2019) compared with the provision kept in the previous year (Tk 15.74 crore in 2018) against loans and investments in order to strengthen the financial foundation of the company.



CONCLUDING REMARKS

In a particular challenging time, IIDFC Ltd. managed to persist due to prudent strategies and decisions. The matter which will significantly influence the future of the

industry as well as IIDFC Ltd. is the global pandemic which has been rampaging through the earth for most part of 2020. This crisis has significantly weakened business climate and has created new impediments for all the sectors including the financial sector. We believe, this challenging time can be overcome with prudent decision making and good strategic maneuvers.

On this note, I would like to express my gratitude to our honorable Chairman and respected members of the Board of Directors, for the support provided throughout the turbulent year of 2019. I would also like to thank Bangladesh Bank, Bangladesh Securities & Exchange Commission and other regulatory bodies for their guidance, support and cooperation. I also express my sincere gratitude to our customers who have been doing business with us with full confidence and trust as well as to all other stakeholders for their continuous support. Last but not the least; I would like to thank all my colleagues at IIDFC for their efforts to achieve the success of the year 2019.

Md. Golam Sarwar Bhuiyan
Managing Director



BRIEF PROFILE OF THE DIRECTORS

Mr. Md. Matiul Islam, FCA
Chairman, IIDFC Limited



Mr. Md. Matiul Islam, widely known amongst his friends and colleagues as the “Doyen of Banking” started his service career, at the age of 22, in the Civil Service of Pakistan in 1952 and retired in 1993 after 41 years of active service of which 17 years were in the Government of Pakistan, 2 years in the private sector in Pakistan, 6 years in the Government of Bangladesh as Secretary, Ministry of Finance and Industry and the rest 16 years in the World Bank and UNIDO. He piloted the entry of Bangladesh in IMF, World Bank and the ADB as a member. In the World Bank he represented the Government of Bangladesh in the Executive Board as an Alternate Executive Director and in UNIDO in Vienna, he was the Head of World Bank-UNIDO Cooperative Programme and was UNIDO’s Country Director in New Delhi for around 6 years.

Since mid-90s and until today, he has been actively associated with the private sector in Bangladesh. He was instrumental in promoting a number of financial institutions including a commercial bank, namely, Arab Bangladesh Bank, International Leasing and Financial Services Ltd., National Housing and Investment Ltd. & Industrial and Infrastructure Development Finance Company (IIDFC) Ltd. He also promoted Credit Rating Agency of Bangladesh (CRAB). His accomplishment in the private sector in Bangladesh earned him The DHL– Daily Star “Lifetime Achievement Award” and such titles as a Legend and Role Model from his peers.

Mr. Islam completed his B.Com from Dhaka University securing First Class First and Masters in Public Administration from Harvard University, USA. He is also a Fellow of the Institute of Chartered Accountants of Bangladesh. Mr. Islam is currently the Chairman of the Financial Institutions’ Promoters’ Association (FIPA) and Chairman of the Board of Trustees of the Bangladesh Institute of Governance and Management (formerly Civil Service College), Agargaon, Dhaka.

Mr. Md. Ataur Rahman Prodhan
Vice Chairman, IIDFC Limited
CEO & Managing Director
Sonali Bank Limited



Mr. Md. Ataur Rahman Prodhan has been CEO & Managing Director of Sonali Bank Limited since August 28, 2019. Prior to this, he was CEO & Managing Director of Rupali Bank Limited, which was preceded by his brief stint as Managing Director of Probashi Kollyan Bank.

Mr. Prodhan has an illustrious banking career. He joined Sonali Bank as Financial Analyst in 1984 and rose steadily through the ranks to become the Deputy Managing Director in May, 2015. During his long career, he held many important executive roles, including Head of Sonali Bank Local Office which is considered to be the ultimate of corporate banking, given its sheer size and range of businesses and services. He had also been CEO of Sonali Bank (UK) Limited, situated in London, from March, 2012 through May, 2015. As Deputy Managing Director, he held the positions of Head of HR and Head of Credit, among others, successfully till he became Managing Director of Probashi Kollyan Bank.

A consummate professional, Mr. Prodhan earned laurels and appreciations from the authority all through his career for his extra ordinary performances.

Mr. Prodhan graduated with honors and completed his M.Com. in Management from Dhaka University in 1980 and 1981 respectively. He took part in many training programs and seminars at home and abroad.

A profound philanthropist, Mr. Prodhan is engaged in many humanitarian activities. He is a Rotarian and the past president of Rotary Club, Lalmonirhat. He has been elected as a member of the Senate of Dhaka University in 2018, commanding highest ever votes in the history of Senate election. He was born in the district of Lalmonirhat in 1960. His hobby is swimming.

Mr. Prodhan also holds the following ex officio positions at home and abroad: Chairman, Bangladesh Foreign Exchange Dealers Association (BAFEDA), Primary Dealers Bangladesh Limited (PDBL), Sonali Intellect Limited; Vice-Chairman, Institute of Bankers, Bangladesh (IBB), Industrial and Infrastructure Development Finance Company Limited (IIDFC) ; Director, Sonali Exchange Co. Inc., New York, Padma Bank Limited, Investment Corporation of Bangladesh(ICB), Sonali Investment Limited, Central Depository Bangladesh Limited(CDBL) and Member, Governing Board, Bangladesh Institute of Bank Management(BIBM), Finance Committee, Dhaka University.

Mr. Md. Abdus Salam Azad FF
Director, IIDFC Limited
CEO & Managing Director
Janata Bank Limited



Mr. Md. Abdus Salam Azad, a freedom fighter, joined as CEO & Managing Director of Janata Bank Limited on December 05, 2017. Prior to his joining as a CEO & Managing Director, he was Deputy Managing Director who also held the current charge of CEO & MD of this bank. He also served as Deputy Managing Director of Bangladesh Krishi Bank.

Mr. Azad, son of late Ansar Ali and late Shurja Banu Nesa, hails from Char Nabipur under Sirajganj District and was born on April 30, 1958. After completion of Master's in English Language & Literature from the University of Rajshahi in 1981 (held in 1983), he began his banking career as Senior Officer in Janata Bank in 1983.

During his long 35 years' journey in the banking industry, Mr. Azad held the managerial post for 27 years from the grass root level to executive level. His resplendent banking career covered all the arenas of banking activities. He is a well-reputed, progressive, dynamic and a visionary banker. Presently, he is the Chairman of Investment Corporation of Bangladesh (ICB) Audit Committee and Janata Exchange Company Srl (JEC), Italy. Besides, he is also the director of the Board of ICB, Padma Bank Limited, Janata Capital & Investment Limited (JCIL), Janata Exchange Company Inc (JEC), USA, Primary Dealers Bangladesh Limited (PDBL) and member of the Governing Board of Bangladesh Institute of Bank Management (BIBM), Institute of Bankers Bangladesh (IBB) and Executive Committee-SWIFT User Group of Bangladesh.

Mr. Azad is a Diplomaed Associate of the Institute of Bankers' Bangladesh. He has undergone extensive training programmes at home and abroad and visited Italy, Kingdom of Saudi Arabia, United Arab Emirates, Singapore, Malaysia and Thailand.

He participated in our glorious Liberation War in 1971 as a valiant freedom fighter after successful completion of the training programme in India for that purpose.

Mr. Azad is married to Mrs. Khaleda Mustary who is a housewife. They are blessed with a daughter, Sal Sabil Sahmi and a son, Shakir Ayman Azad.

BRIEF PROFILE OF THE DIRECTORS

Mr. Md. Abul Hossain
Director, IIDFC Limited
Managing Director, ICB



Md. Abul Hossain has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 21 August, 2019. He started his career as a System Analyst/Senior Principal Officer in ICB on 19-02-1998. After joining ICB, he served the corporation holding different positions with greater responsibility. Before his joining, he acted as the Managing Director of Karmasangsthan Bank (KB). He also served as the Managing Director (Additional Charge) and the Deputy Managing Director of Bangladesh Krishi Bank (BKB). He completed his B.Sc (Hon's) and M.Sc degree in Statistics from Jahangirnagar University.

He has over 30 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT related works. He was always inspired by the changed environment, research oriented jobs and dynamic management that focus ultimately innovations, creativity and organizational efficiency and effectiveness.

During the long journey, he served a number of organizations with different capacities. Previously he served as a chairman of 03 (three) organizations namely ICB Asset Management Company Limited, ICB Securities Trading Company Limited and Aziz Pipes Limited. In addition to this, he also served as a Director to a number of organizations like Islami Bank Bangladesh Limited, The Farmers Bank Limited (Now Padma Bank Ltd.), Nitol Insurance Company Limited, AllTex Industries Limited and Aramit Limited.

At present he is contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that he is now serving as the Director of British American Tobacco Bangladesh Co.Ltd. (BATBC), GlaxoSmithKline Bangladesh Ltd. (GSK), Standard Bank Limited, National Tea Company Limited(NTC), Apex Tannery Limited, Central Depository Bangladesh Ltd. (CDBL), United Power Generation & Distribution Company Limited(UPGDCL), Aramit Limited, Bangladesh Institute of Capital Market(BICM), Apex Footwear Limited, The Peninsula Chittagong Limited, Ratanpur Steel Re-rolling Mills Limited(RSRM), Heidelberg Cement Bangladesh Limited, Padma Bank Limited and so on.

BRIEF PROFILE OF THE DIRECTORS

Mr. Selim R. F. Hussain
Director, IIDFC Limited
Managing Director & CEO
BRAC Bank Limited



Mr. Selim R. F. Hussain joined BRAC Bank Limited as the Managing Director and CEO on November 8, 2015.

Mr. Hussain is a career banker and an immediate past CEO and Managing Director of IDLC Finance Limited. He is widely recognized and highly acclaimed across the financial sector for being the architect of IDLC's meteoric rise during his tenure of six years. He was also the Chairman of the Board of Directors of IDLC's two subsidiaries – IDLC Investments Limited and IDLC Securities Limited from 2010 to 2012.

Mr. Hussain has an Honours degree in Accounting from Dhaka University and an MBA (Major in Finance) from the Institute of Business Administration, also from Dhaka University.

For over twenty four years, Mr. Hussain has worked in various roles with the two largest multi-national banks in Bangladesh, ANZ Grindlays Bank and Standard Chartered Bank, before moving to IDLC in 2010. He has resided and worked in India and Australia for significant periods of his career and, prior to taking over the helm at IDLC Finance Limited, was the Head of Finance and Strategy for Standard Chartered Bank's Consumer Banking Division in Mumbai, India. He was also CFO for Standard Chartered Bank, Bangladesh, from 2002 to 2007.

Mr. Hussain was a Director at the Credit Rating Agency of Bangladesh (CRAB) and the Vice Chairman of the Bangladesh Leasing & Finance Co Association (BLFCA) since 2012.

Mr. Hussain is married with one son and apart from enjoying reading and traveling, he is a keen cricket and football enthusiast.

BRIEF PROFILE OF THE DIRECTORS

Mr. Choudhury Moshtaq Ahmed
Director, IIDFC Limited
Managing Director
National Bank Limited



Mr. Choudhury Moshtaq Ahmed is the Managing Director & CEO of National Bank Limited. Prior to his new assignment Mr. Ahmed was the Managing Director & CEO of the Farmers Bank Limited.

After completion of M Sc. degree from the University of Dhaka, he started his banking career in 1984 as the probationary officer with National Bank Limited. During 34 years of long career he served a number of reputed Banks in various important capacities including Deputy Managing Director of Mercantile Bank Limited. He has attended numerous professional workshops and seminars at home and abroad.

Mr. Ahmed is a member of Association of Bankers Bangladesh. He is actively associated with various social organizations.

Mr. Syed Mahbubur Rahman
Director, IIDFC Limited
Managing Director & CEO
Mutual Trust Bank Limited



Mr. Syed Mahbubur Rahman has been appointed as Managing Director & CEO of Mutual Trust Bank Limited (MTB). Prior to joining MTB, he was the Managing Director & CEO of Dhaka Bank Limited. Before joining Dhaka Bank Limited, he served BRAC Bank Limited as Managing Director & CEO and Deputy Managing Director (DMD). He also served Prime Bank Limited as Deputy Managing Director. He has been elected as the Chairman of Association of Bankers, Bangladesh (ABB) for 2018 and 2019 and serving the association till now. He was accorded with 'The Asian Banker Leadership Achievement Award' for Bangladesh for his achievement in the period from 2011 to 2013.

After completing Master of Business Administration (MBA) from Institute of Business Administration of the University of Dhaka, he started his career with Saudi-Bangladesh Industrial & Agricultural Investment Co. Ltd. (SABINCO) as a Monitoring Officer (Officer in Charge of Monitoring) in 1988. He served Industrial Leasing & Development Co. (BD) Limited (IDLC) as Manager, Monitoring from 1993 to 1996. He also served ANZ Grindlays Bank, Bangladesh as Manager, Corporate Banking from 1996 to 1998 and Standard Chartered Bank as Relationship Manager, Corporate Banking from 1998 to 2000. In 2002, he joined Citibank N.A. as Resident Vice President and left the bank in 2008 when he was a Director of the bank and was serving as the Head of Financial Institutions Group.

Mr. Syed Mahbubur Rahman has attended various local and overseas training courses and workshops, and frequently delivers lectures in the field of finance, banking and management. He has a happy family with his wife and two lovely daughters.

BRIEF PROFILE OF THE DIRECTORS

Mr. Sheikh Mohammad Maroof
Director, IIDFC Limited
Additional Managing Director
and Head of Wholesale Banking
The City Bank Limited



Sheikh Mohammad Maroof is the Additional Managing Director and Head of Wholesale Banking of City Bank Limited. He has an extensive experience of over 23 years in the Banking industry. He started his career with American Express Bank, Bangladesh, as a Management Trainee in 1995. He also worked as the Director and Head of Treasury and FMS in American Express Bank, Bangladesh. Prior to joining City Bank, He worked for Eastern Bank Limited as the Head of Treasury from 2005 to 2007. He is also a Director of City Brokerage Limited, City Bank Capital Resources Limited & Venture Investment Partners Bangladesh Ltd. (VIPB). Mohammad Maroof has a post graduate degree (Masters in Commerce) in Finance from University of Dhaka.

Mr. Wakar Hasan
Director, IIDFC Limited
Deputy Managing Director,
ONE Bank Limited



Mr. Wakar Hasan, Deputy Managing Director of ONE Bank Ltd. joined the bank on May 02, 2013. Mr. Hasan is a career banker working in banking sector for last 38 years having in depth knowledge on Credit, Trade Finance, International Division and Operations.

Mr. Hasan has Masters Degree in Accounting from University of Dhaka and an MBA (Major in Finance) from the Institute of Business Administration (IBA), University of Dhaka. He worked in Agrani Bank for one year before moving to IFIC Bank Ltd. in 1984 having entrusted with various roles in Credit, Trade Finance, International Division and other operational area. He moved in to ONE Bank Ltd. as Head of Operations in May, 2013.

Mr. Hasan is married with one daughter and one son. Enjoys reading and travelling. He is keen cricket enthusiast, played Dhaka First Division cricket league during 1974 to 1979 period.

BRIEF PROFILE OF THE DIRECTORS

Mr. Md. Sazzad Hossain
Director, IIDFC Limited
Deputy Managing Director
& Chief Credit Officer
Bank Asia Limited



Mr. Md. Sazzad Hossain having experience of more than three decades started his banking career way back in 1987 as a Probationary Officer in Pubali Bank, Bangladesh. He has been involved in various leadership roles through understanding of banking procedures along with comprehensive understanding of industry and regulatory laws and regulations. He has acquired expertise in corporate and commercial banking, marketing knowledge of foreign currency, developing processes that reduce the time taken in processing loan applications, profit & loss management, strategic planning, market risk, special assets, debt restructuring, securities and credit including management exploring almost every avenue of banking profession.

Mr. Sazzad comes from reverend Muslim family of Mymensingh and had his graduation with Honours and Post-Graduation degree in Finance and M.Com in Finance & Banking from the University of Dhaka. He has attended many training program here and abroad.

Prior to joining Bank Asia Limited, he worked in Eastern Bank and NCC Bank in the capacity of Head of Branch. After joining Bank Asia, he was assigned as Senior Vice President & Head of Branch at Corporate Branch, Executive Vice President and Head of Branch at MCB, Dhilkusha and Scotia Branches. Before his elevation as Deputy Managing Director, he was Senior Executive Vice President and Head of Internal Control and Compliance Department in Bank Asia.

Presently, he is holding the position of Chief Credit Officer and Deputy Managing Director of Bank Asia Ltd. in Bangladesh.

Mr. Syed M. Altaf Hussain
Director, IIDFC Limited
Chairman, Pragati Insurance Ltd.



Mr. Syed M. Altaf Hussain is the present Chairman of Pragati Insurance Ltd. He is one of the promoters and a sponsor Director of the company. He was elected Chairman of Pragati Insurance Ltd. in December, 2015 and continuing this position. He represents Pragati Insurance Ltd. in the Bangladesh Insurance Association as its member. He has got a long and distinguished career in the fields of food grains, crop nutrition, business development, high-rise building development, technology, business operations and financial institutions with over 37 years of experience. He is a sponsor director and notably the founding Chairman of Pragati Life Insurance Ltd. As Chairman and CEO of WW Grains Corp. representing Cargill Inc., USA, he pioneered large-scale trading of food grains and fertilizer commodities over three decades. Through his work, he has spent considerable time traveling internationally and had the opportunity to attain an Engineering degree from the University of Texas as well as successfully completed Grain Marketing & Agrochemical courses from North Dakota State University and Harvard Business School. Additionally, he holds the Chairman title in the following businesses: Sonic Allied Industries Ltd., WW Properties Ltd. and the editorial board of 'The Daily Janata'. He is also Co-Chairman of Jamuna Resort Ltd. and was former Chief Advisor of ATDP-II projects funded by the USAID. Several social, governmental and educational institutions at home and abroad have acknowledged his agro-based expertise.

BRIEF PROFILE OF THE DIRECTORS

Mr. Kamal Uddin Ahammed
Director, IIDFC Limited
Director
Eastland Insurance Co. Ltd.



Mr. Kamal Uddin Ahammed, a professional businessman from Chittagong has been serving the private sector economy in Bangladesh for last three and half decades.

The former First Vice President of Bangladesh Chamber of Commerce & Industry (FBCCI) - Mr. Ahammed was one of the key entrepreneurs and former Chairman of the Social Islami Bank Limited, a joint venture Islami Bank (and current Director). He is the Chairman of 'Alif Group of Companies', a well-reputed business conglomerate of the country, which has business interests in bulk commodities, properties & real estates, insurance, agro processing and services. He is also the Director of Holy Crescent Hospital (Pvt.) Ltd.

Mr. Ahammed was the President of Chittagong Chamber of Commerce & Industry (CCCI) and Chittagong Stock Exchange Limited (CSE) and also served in International Chamber of Commerce (ICC), Bangladesh as a Director. In 1998-99 and 1999-2000, Bangladesh government nominated him 'Commercially Important Person' (CIP). He was the key organizer to form Chittagong Port Users' Forum and led the same as Convener. He also possesses strong voice to privatize Chittagong Port and member of the citizens group to monitor the development of the City as well.

Mr. Ahammed played the leading role among the Bangladesh delegations twice in the annual conference of Islamic Chamber in Iran and Malaysia two times held in Putrajaya. He also took part with government delegations to many countries. As a business leader of FBCCI & CCCI he also led numerous business delegations to overseas. Mr. Ahammed visited number of countries including United States, United Kingdom, Australia, Switzerland, Belgium, France, Germany, Korea, India, Pakistan, United Arab Emirates, Iran, Saudi Arabia, Italy, China, Singapore, Indonesia, Hong Kong and Japan, Malaysia, Turkey and Brunei Darussalam.

Mr. Ahammed is the member of many international charities & organizations and as part of social commitment, involved with many local social & cultural organizations such as Lions Club, Diabetic Hospital and also School for the Shelter less Children for their education.

BRIEF PROFILE OF THE DIRECTORS

Mr. Md. Kazim Uddin
Director, IIDFC Limited
Acting CEO
National Life Insurance Co. Ltd.



Mr. Md. Kazim Uddin is a renowned person in Life insurance sector in Bangladesh. He started life Insurance career in May 1987 in the Development-side in National Life Insurance Co. Ltd.

Mr. Kazim is a popular motivational speaker in Life Insurance industry in Bangladesh.

He worked in National Life Insurance Company in various Senior Positions. Prior to being the Acting Chief Executive Officer he had been serving as Deputy Managing Director in the same company. National Life is a leading Life Insurance Company in the Life Insurance Market of Bangladesh.

Mr. Kazim obtained higher training both at home and abroad. He completed his MBA from the University of Cumilla. Mr. Kazim travelled various countries and participated in many life insurance Seminars and Training sessions.

Mr. Md. Golam Sarwar Bhuiyan
Managing Director, IIDFC Ltd.
Director (Ex Officio)



Mr. Md. Golam Sarwar Bhuiyan joined IIDFC Limited as Managing Director on April 01, 2018. Prior to joining IIDFC, he had been working as Deputy Managing Director and Managing Director (CC) of National Finance Limited. He was CEO of AIBL Capital Management Limited and Managing Director of BMSL Investment Limited. He has been elected as Vice Chairman of Bangladesh Leasing & Finance Companies Association (BLFCA) for 2020 and 2021.

Mr. Bhuiyan is an MBA from Institute of Business Administration (IBA), University of Dhaka. Earlier, he completed graduation in International Relations from the same University. He has 34 years' of experience in NBFI and investment banking industries. He started his career in Micro Industries Development Assistance and Services (MIDAS) and worked there as General Manager and Head of Consultancy, Research & Training. Mr. Bhuiyan is an International Certified Trainer in the field of Entrepreneurship Development and Small Business Management. He also worked in MIDAS Financing Ltd. as Sr. General Manager (Credit & Investment) and for GSP Finance Co. Bangladesh Ltd. as Chief Operating Officer (COO).

Mr. Bhuiyan has long experience and expertise in the fields of SME development, corporate financing, credit administration and special asset management, merchant banking, portfolio management, sub-sector analysis, business consultancy and training. He is a Life Member of Dhaka University Alumni Association, IBA Alumni Association, MBA Club Ltd. He is also associated with many educational institutions and social organizations.

MANAGEMENT COMMITTEE



Sitting:

Md. Golam Sarwar Bhuiyan
Managing Director

Standing (from left):

- 1. Refaet Ullah**
Head of SME
- 2. Abu Shadat Mohammad Shahin**
Head of Corporate Finance
- 3. Jyonto Kumar Biswas**
Head of IT
- 4. Shahnaj Sultana**
Head of Treasury
- 5. Lingkon Mondal, FCA**
Chief Financial Officer (CFO) & CS (cc)
- 6. Syed Amir Ali**
Head of Structured Finance
- 7. Mohammad Jayed Hossain**
Head of Operations
- 8. Md. Arifur Rahman**
Head of SAM
- 9. Md. Mushfiqur Rahman**
In charge of CRM

SENIOR EXECUTIVES & LINE MANAGERS

Samiur Rahman
VP- Corporate Finance



Kabir Hossain
AVP- Head of
Keraniganj Branch

Al Rajib Mahmood
AVP- Accounts & Finance



KMH Arif Akhand
AVP- SME Department

Kanij Fatema
VP- Head of Savar Branch



Sanjoy Karmaker
AVP- Accounts & Finance



Kazi Md. Faisal Robin
Sr. Manager- Head of Chattogram Branch



SENIOR EXECUTIVES & LINE MANAGERS

Md. Abdul Malek Akanda Biplob
AVP- Head of Liability Operations



Md. Saidur Rahman
AVP- SME Department



Md. Mehedi Hasan
Sr. Manager - Head of Uttara Branch



Md. Rashed Uddin
Sr. Manager- Head of Legal



Md. Moniruzzaman
Manager- Head of Narayanganj Branch



Mohammad Mahbub Alam Rony
Sr. Manager - Head of Gazipur Branch



Md. Mijanur Rahman
Manager- Head of ICC



Arnab Saha
Deputy Manager- Head of PMC





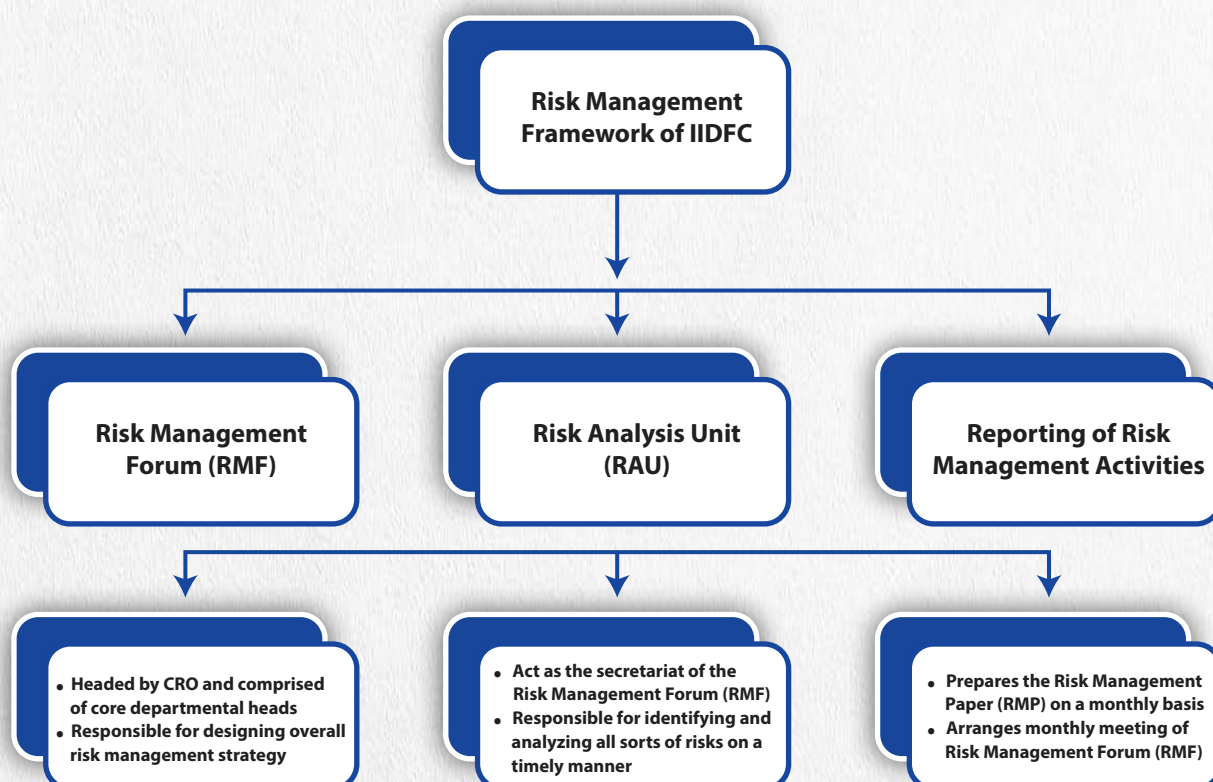
RISK MANAGEMENT & CONTROL ENVIRONMENT

RISK MANAGEMENT & CONTROL ENVIRONMENT

Risk Management Framework:

Managing risk is one of the primary concerns of the Banks and NBFIs operating in Bangladesh. With a view to attain an effective risk management and control system, the management of Industrial and Infrastructure Development Finance Company (IIDFC) ensures that the risk management framework is entrenched into the overall business process, culture, practices and structures of the company. The company rigorously follows ongoing best market practices as well as the “Integrated Risk Management Guidelines for Financial Institutions” issued by the Bangladesh Bank.

Risk Management Framework of IIDFC is as follows:



a) **Risk Management Forum (RMF):** IIDFC has an effective Risk Management Forum (RMF) which was formed as per DFIM Circular No. 1 dated April 07, 2013. It is headed by the Chief Risk Officer (CRO) and comprised as follows:

Sl.	Name	Designation	Position in RMF
1.	Mr. Md. Golam Sarwar Bhuiyan	Managing Director	Chief Risk Officer
2.	Mr. Abu Shadat Mohammad Shahin	EVP & Head of Corporate	Member
3.	Mr. Lingkon Mondal	SVP & Chief Financial Officer	Member
4.	Ms. Shahnaj Sultana	SVP & Head of Treasury	Member
5.	Mr. Refaet Ullah	SVP & Head of SME	Member
6.	Mr. Md. Mushfiqur Rahman	AVP & In-Charge of CRMD	Member
7.	Mr. Hafiz Ullah Khan	Asst. Manager & Risk Analysis Unit	Member Secretary

Key responsibilities of the RMF includes the following:

- i. Designing overall risk management strategy;
- ii. Communicating views of the Board and senior management regarding the Risk Management Culture and Risk Appetite all over the organization;
- iii. Preparing risk management policies and procedures;
- iv. Overseeing the Capital Management functions in accordance with the Risk Based Capital Adequacy Measurement Accord i.e. BASEL-II;
- v. Developing and overseeing implementation of stress testing;
- vi. Determining the most cost-effective way to minimize the risks;
- vii. Developing overall information system/MIS to support risk management functions; and
- viii. Reviewing the market conditions, identifying the external threats and providing with recommendations for precautionary measures accordingly.

b) Risk Analysis Unit (RAU): Risk Analysis Unit (RAU) of IIDFC is responsible solely for identifying and analyzing all sorts of risks in an appropriate and timely manner. RAU acts as the secretariat of the Risk Management Forum (RMF). However, it is independent from all other units/divisions of the organization. RAU of IIDFC is responsible exclusively for the followings:

- i. Collecting all relevant data related to the risk indicators from different models and information system at the earliest;
- ii. Assessing the quality, completeness and correctness of those data;
- iii. Identifying and quantifying the risks and their exposures to material loss;
- iv. Preparing Risk Management Paper (RMP) on monthly basis; and
- v. Conducting periodic Stress Testing.

c) Reporting of Risk Management Activities: RAU of IIDFC prepares a Risk Management Paper (RMP) with a detailed analysis including trend analysis of all categories of risk with adequate updated data every month. The RMP is placed in the monthly meeting of the Risk Management Forum. After detailed discussion, RMF recommends some specific action plans for mitigating the identified risks. The updated data of any given month is collected by RAU by the 15th of the following month. The meeting of RMF is usually conducted within 20th of the same month. The Risk Management Paper along with the Minutes of the RMF meeting (both hard copy and soft copy) is then submitted to the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank by the end of that month.

Disclosure of the Risk Reporting:

Risk Analysis Unit (RAU) of IIDFC prepares the Risk Management Paper (RMP) on a monthly basis and submit it to the Department of Financial Institutions and Market (DFIM) of Bangladesh Bank. RMP is comprised of a variety of risk indicators ranges from growth in credit portfolio and NPL to Credit-Deposit Ratio and Deposit-Withdrawal concentration. Some major risk indicators from the RMP for the last two years are provided below:

Risk Indicators	2019	2018
Total Credit Portfolio	18,908,807,903	19,614,722,317
Total Disbursement	7,938,534,555	10,500,605,545
Sector-Wise HHI Score	640	1,125
Product Wise HHI Score	6,572	1,898
Common Directors' Exposure	3,556,229,390	3,455,522,721
Percentage of Total Portfolio	18.81%	17.62%
Total NPL in Amount	1,713,393,210	1,464,877,084
Total NPL in Percentage	9.06%	7.47%
Provision Required	888,459,034	559,008,185
Provision Held	888,584,034	566,591,792
Provision Surplus	125,000	7,583,607
Cost of Fund (General)	10.95%	9.85%
Base Rate	13.15%	11.86%
Total Capital Market Exposure	1,623,612,414	1,620,194,633
SLR Required	378,908,847	427,521,256
SLR Maintained	406,863,299	463,768,379
SLR Surplus	27,954,452	36,247,123
CRR Required	169,634,250	193,426,215
CRR Maintained	177,275,664	213,673,994
CRR Surplus	7,641,414	20,247,779
Credit Utilization Ratio	90.95%	89.82%
Top-10 Deposit Amount	1,780,000,000	1,377,700,000
Percentage of Total Deposit	14.00%	9.38%
Top-10 Withdrawal Amount	2,138,093,625	2,860,000,000
Capital Adequacy Ratio	14.10%	12.27%

Compared to 2018, IIDFC achieved a significant improvement in WAR-WIR Matrix of Stress Testing report in 2019. During 2019 this position was improved to Yellow. This improvement is attributable to increased security coverage against top 10 borrower's exposure and increased Capital Adequacy Ratio (CAR).

Risk Mitigation Methodology:

1. **Credit Risk:** It is the risk that may arise from inability and/or reluctance of the clients to make periodic repayment of installment/interest against the credit facilities on due time. With a view to mitigate such credit risk, IIDFC ensures the roles of the following departments:

Departments	Key roles / functions to mitigate credit risk
Credit Risk Management (CRM)	<ul style="list-style-type: none"> • Scrutinizing the credit proposals received from all business units (Corporate, SME and Branch) to identify risks and compliance issues. • To ensure that credit proposals have been properly analyzed and memos have been prepared complying all the necessary rules, regulations, circulars, guidelines vested by the concerned regulatory authorities. • Analyzing credit proposals by identifying risks and mitigation thereof. Thorough scrutinizing of the loan proposals and setting appropriate facility structure as well as covenants suitable for the related business. • Ensuring that Internal Credit Policy and Internal Credit Circulars are being complied with properly. • Periodic review of different types of credit facilities as per Credit Policy. • Maintaining effective follow up and supervision and taking all possible measures in time to avoid non-performance of assets. • Analysis of Early Alert Report and classified loan review. • Performing any other duties as per requirement of the management.
Credit Administration Department (CAD)	<ul style="list-style-type: none"> • Preparation of sanction advice stipulating all the required terms and conditions applicable for the related credit facilities. • To prepare security documents and ensure that all security documentation complies with the terms of approval to control loan disbursements. • To maintain control as well as preserve all security documents. • To monitor insurance coverage to ensure appropriate coverage is in place over assets pledged/hypothecated as collateral, and is properly assigned to IIDFC. • To monitor borrowers compliance with covenants and agreed upon terms and conditions, and general monitoring of account performance. • To provide the respective departments with all circulars and guidelines issued by regulatory authority
Special Asset Management (SAM)	<ul style="list-style-type: none"> • To monitor and maintain the files of classified accounts with support from concerned RMs and also to review all documentations, meeting between the customer and RM as well as to prepare Classified Loan Review Report to CRMD to update the status of the action/recovery plan. • To initiate legal actions for any default accounts, SAM Department will place recommendations in consultation with business unit(s) and approval of Managing Director. • To initiate write-off of loans with recommendation of business unit(s) and submitting before the board for approval. • To assist RM in collecting overdue from overdue clients.

2. Liquidity Risk: Liquidity risk arises when liquid assets are insufficient to meet maturing financial obligations. It may also arise due to organization's inability to settle its liability. Liquidity risk management is the main concern of ALCO. The ALCO of IIDFC consists of Managing Director, Chief Financial Officer (CFO), Company Secretary, Head of Treasury, Head of Corporate Finance, Head of SME Finance and Head of CRM. In order to mitigate liquidity risk, IIDFC ensures following roles of Treasury Department and ALCO:

Department / Committee	Key roles / functions to mitigate liquidity risk
Treasury	<ol style="list-style-type: none"> 1. To provide quick finance to the company by making effective cash management. 2. Financial planning and forecasting of cash flows. 3. Borrowing of funds/ deposit mobilization. 4. Financial assets management.
ALCO	<ol style="list-style-type: none"> 1. To analyze the information relating to money market position and competition. 2. To formulate policy regarding management of liquidity and interest rate risk of the Company. 3. To set guidelines for establishment of effective methods of Asset Liability Management. 4. To set guidelines for optimum utilization of the financial resource of the Company. 5. To set limits for liquidity, interest rate, exchange rate and equity pricing risks. 6. To assess and identify the possible sources of risk in connection with funding and lending activities. 7. To evaluate the strength of existing risk management tools and find out possible ways of improvement. 8. To monitor compliance in accordance with the regulations of Bangladesh Bank in respect of statutory obligations and ensure timely submission of reliable and relevant information.

3. Operational Risk: Operational risk is the possibility of economic losses attributable to the deficiencies of internal control and Corporate Governance. Such deficiencies can occur due to human error, inadequate internal processing, failed technical system, internal fraud etc. To mitigate operational risk, IIDFC ensures the following roles of Internal Control & Compliance (ICC) Department:

Department	Key roles / functions to mitigate operational risk
Internal Control & Compliance (ICC)	<ol style="list-style-type: none"> 1. To verify continuing adequacy and applicability of credit risk management policies and procedures, provide an independent assessment of the credit portfolios' existence, quality and value, the integrity of the credit process, and promote detection of problems relating thereto. 2. To prepare annual audit plan to be approved by the Audit Committee of the Board according to which the audits are to be carried out. The frequency of audits and the individual audit areas should be stipulated in the Company's plan. 3. To prepare a comprehensive audit report. 4. To verify the self-assessment report on AML/CFT issues prepared by branch, assessing risks and visiting the branch on the basis of risk impacts and inform the matter to the Central Compliance Unit (CCU). 5. To perform Independent Testing Procedures according to BFIU, Bangladesh Bank checklist, examining the Anti-Money Laundering and Terrorist financing activities, rating based on examination and finally reporting to the Central Compliance Unit (CCU). 6. To monitor the swift correction of any problems detected in the audit as well as the implementation of its recommendations in a suitable form, and if necessary, to schedule a follow-up audit.



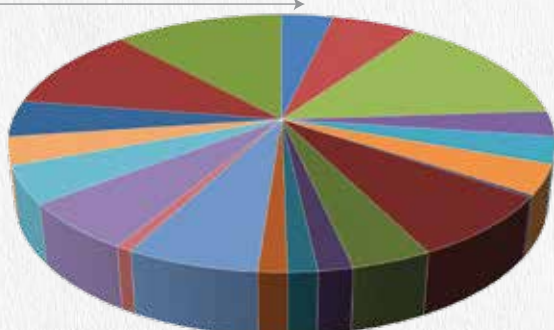
FINANCIAL HIGHLIGHTS

KEY OPERATING AND FINANCIAL HIGHLIGHTS

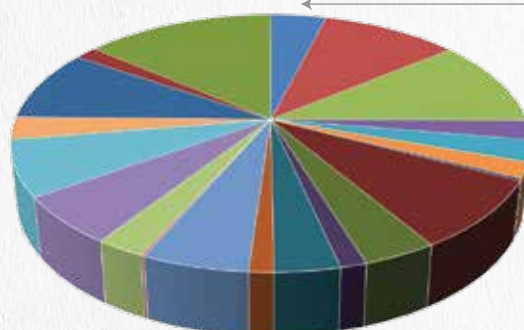
BDT in million

Particulars/Year	IIDFCL (Solo)			IIDFCL (Consolidated)		
	2019	2018	2017	2019	2018	2017
Profit and Loss Account						
Operational Revenue	2,542.21	2,503.10	1,732.63	2,656.59	2,644.27	1,909.77
Operational Expenses	2,050.52	2,113.75	1,335.54	2,142.65	2,200.60	1,444.78
Operating Profit	491.69	389.35	397.09	513.94	443.67	464.99
Profit after Tax	26.21	151.98	143.88	34.94	176.39	180.20
Balance Sheet						
Total Leases, Loans & Advances	18,908.81	19,614.72	14,960.17	20,663.84	21,516.37	16,808.30
Provision for Investments	888.58	566.59	442.47	976.11	653.71	522.40
Leased Finance/Advances	2,334.71	2,774.86	22,70.30	2,334.71	2,774.86	2,270.30
Direct/Term finance	16,574.10	16,839.86	12,689.87	15,985.95	16,241.31	12,067.71
Margin loan	-	-	-	2,343.18	2,500.20	2,470.29
Investment in Shares/Deventure and Bond	659.72	632.41	578.20	1,063.39	1,019.12	937.55
Shareholders' Equity	2,191.55	1,977.64	1,702.55	2,285.94	2,063.45	1,763.95
Reserve & Surplus	883.55	777.64	702.55	977.94	863.30	763.81
Paid up Capital	1,308	1,200	1,000	1,308	1,200	1,000
Total nos. of Shares (in quantity)	130.8	120	100	130.8	120	100
Ratios						
Book Value Per Share (BDT)	16.75	16.48	17.03	17.48	17.20	17.64
Earnings Per share (BDT)	0.20	1.27	1.44	0.27	1.47	1.80
Dividend Per Share (BDT)	-	0.90	0.90	-	-	-
Return on Average Equity (%)	1.26	8.26	8.65	1.61	9.22	10.56

SECTOR-WISE EXPOSURE



Year 2019

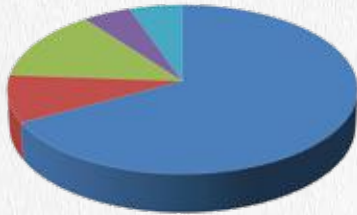


Year 2018

Sector-wise Loans & Advances:	Year 2019		Year 2018	
Agricultural Sector	691,168,883	3.66%	806,828,350	4.11%
Industrial Sector:				
Textiles	1,144,052,285	6.05%	1,986,465,121	10.13%
Garments	2,691,424,851	14.23%	2,131,913,911	10.87%
Jutes & Jute Related Goods	597,230,487	3.16%	471,773,981	2.41%
Food Items Producer/Processing Industries	639,945,522	3.38%	531,129,458	2.71%
Plastic Industries	708,275,992	3.75%	387,913,709	1.98%
Lather & Lather Goods	52,871,876	0.28%	56,464,367	0.29%
Iron, Steel and Engineering	1,511,632,761	7.99%	1,695,750,108	8.65%
Chemical and Pharmaceuticals	757,599,215	4.01%	762,910,208	3.89%
Cement/Clingker and Allied Industries	328,686,754	1.74%	271,069,553	1.38%
Service Sector (Hotel, Hospital, Clinic, Tourism, etc.)	277,093,460	1.47%	672,951,172	3.43%
Paper, Printing & Packaging	274,374,315	1.45%	254,307,855	1.30%
Telecommunication and IT Industries	1,247,141,601	6.60%	1,099,779,287	5.61%
Glass and Ceramic Industries	152,424,778	0.81%	35,848,848	0.18%
Shipping and Building Industries	-	0.00%	506,228,623	2.58%
Electronics and Electrical Goods	1,154,072,815	6.10%	1,172,772,149	5.98%
Power, Gas, Water and Sanitary	886,141,097	4.69%	1,374,716,044	7.01%
Transport and Communication	661,286,597	3.50%	556,593,413	2.84%
Real Estate and Housing	859,674,220	4.55%	1,764,034,434	8.99%
Merchant Banking	2,022,437,891	10.70%	319,597,170	1.63%
Others	2,251,272,502	11.91%	2,755,674,556	14.05%
Total	18,908,807,903	100.00%	19,614,722,317	100.00%

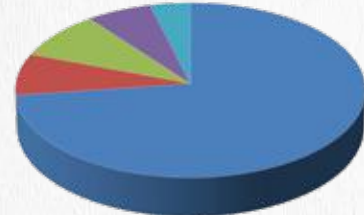
SOURCES OF FUND & OUR BANKERS

SOURCES OF FUND



Year 2019

Deposit	: 67.12%	■
Overdrafts	: 9.04%	■
Long Term Loan	: 13.53%	■
Short Term Loan	: 4.91%	■
Refinance from Bangladesh Bank	: 5.40%	■



Year 2018

Deposit	: 72.89%	■
Overdrafts	: 7.72%	■
Long Term Loan	: 8.93%	■
Short Term Loan	: 6.45%	■
Refinance from Bangladesh Bank	: 4.01%	■

OUR BANKERS

AB Bank Limited	Principal Branch
Agrani Bank Limited	Head Office
Bank Asia Limited	Principal Office Branch and Agrabad Branch
BRAC Bank Limited	Gulshan Branch
Bangladesh Commerce bank Limited	Head Office
Bank Alfalah Limited	Printers Building, 5 Rajuk Avenue, Dhaka 1000
Commercial Bank of Ceylon PLC	Motijheel Office
Eastern Bank Limited	Head Office
Jamuna Bank Limited	Dilkusha Branch
Janata Bank Limited	Head Office, Principal Branch
Lankan Alliance Finance Limited	Head office
Mercantile Bank Limited	Principal Branch
Midland Bank Limited	Head Office
Modhumoti Bank Limited	Head Office and others
Mutual Trust Bank Limited	Principal Branch
NCC Bank Limited	Foreign Exchange Branch
NRB Commercial Bank Limited	Head Office
One bank Limited	Principal Branch
Pubali Bank Limited	Principal Branch
Shahjalal Islami Bank Limited	Foreign Exchange Branch
Shimanto Bank Limited	Head Office
Social Islami Bank Limited	Principal Branch
Sonali Bank Limited	Local Office Branch
South Bangla Agriculture and Commerce Bank Limited	Head Office
Southeast Bank Limited	RK Mission Road Branch
Standard Bank Limited	Head Office and others
The City Bank Limited	Principal Branch
Trust Bank Limited	Motijheel Branch
Union Bank Limited	Head Office and others
Union Capital Limited	Head Office
United Commercial Bank Limited	Head Office and others
Uttara Bank Limited	Local Office Branch
Woori Bank	Head Office

DISCLOSURE ON CAPITAL ADEQUACY & MARKET DISCIPLINE

Capital Adequacy Ratio:

The capital adequacy ratio (CAR) measures the amount of capital any financial institution retains compared to its risk and risk weighted assets. It determines how effectively any financial institution can sustain in case of a reasonable amount of loss or how efficiently it can protect the organization against probable financial risks. The CAR is important to shareholders because it is an important measure of the financial soundness of a financial institution.

Two types of capital are measured with the CAR, first the tier 1 capital, which can absorb a reasonable amount of loss without forcing the bank to cease its trading and the second type, tier 2 capital, which can sustain loss in the event of liquidation. Tier 2 capital provides comparatively less protection to its depositors and creditors.

The CAR provides shareholders with a better understanding of the risks a financial institution is taking with the equity they provide. A bank that continually takes more risks than it can reasonably sustain leaves potential shareholders with a sense that their equity investments are more at risk. A financial institution must maintain a professional level of risk management and sound lending practice to attract the capital that acts as its first line of defense against loss, both expected and unforeseen

Significance of Capital Adequacy:

Capital is backbone of any business specially a financial institution where capital sufficiency is a prime factor to consider when assessing the safety and soundness of business. Minimum capital level is significantly important for a Financial Institution so that adequate protection against risk can be ensured. A strong Capital Management Policy protects an organization by identifying and mitigating risks, as well as establishes a base of confidence by depositors, creditors, and other stakeholders.

Capital Adequacy gives an over-view on a Financial Institution's strength and stability and adequate capital provides assurance to the stakeholders regarding the company's ability to provide consistent services and financial supports. Capital Adequacy is a basis for measurement of capital that FI needs to hold for ensuring that no excess leverage is taken that could lead to insolvency. Capital Adequacy measurement is expressed as the Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio.

CAR is a measure of a financial institution's eligible capital expressed as a percentage of its risk weighted asset. The objective of CAR is built around the Market Discipline, whereby depositors' and creditors get a standardized measurement on the extent to which their wealth is exposed to risk, and thereby establish confidence on the Financial Institution's continuity and strength. The CAR measurement is also directed towards making a financial institution's capital more risk sensitive and shock absorbent.

Basel II guidelines:

According to the capital adequacy guideline, the following three points are important and to be followed:

- (i) **Minimum Capital:** Minimum capital requirements to be maintained by a FI against credit, market, and operational risks.
- (ii) **Capital Growth:** Process for assessing the overall capital adequacy aligned with risk profile of a FI as well as capital growth plan.
- (iii) **Public Disclosure:** Framework of public disclosure on the position of a FI risk profiles, capital adequacy, and risk management system. This forms the basis of Market Discipline.

Two Levels of Regulatory Capital Requirement:

As per guideline, two tiers of capital is required to be kept i.e. Tier 1 Capital and Tier 2 Capital.

Core Capital: Tier 1 Capital, also called the 'Core Capital', is the core measure of a FI financial strength from a regulator's point of view. FI have to maintain at least 50% of required capital as Tier1 capital.

Supplementary Capital: Tier 2 Capital is called the 'Supplementary Capital' and represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a financial institutions. According to Bangladesh Bank's Guideline for NBFIs, the computation of the two capital grades are subject to the following conditions:

- (i) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.
- (ii) 50% of revaluation reserves for fixed assets and 45% for securities, and 10% of revaluation reserves for equity instruments are eligible for Tier 2 Capital.
- (iii) General provision in the Tier 2 Capital can be up to a limit of 1.25% of Risk Weighted Asset for Credit Risk.

Common capital ratios as per the regulatory requirements are as follows:

Capital Ratio		Statutory Limit
(i) Core Capital Ratio	(Core Capital/ Risk-adjusted Assets)	$\geq 5\%$
(ii) Total Capital (Core + Supplementary)	(Total Capital/ Risk-adjusted Assets)	$\geq 10\%$

Effective risk management is considered a central part of the financial and operational management of any company, whereby company sustainability and consistent profit generation are ensured. Only by adopting and strengthening risk management measures can the company deal with the complex and dynamic business environment. Group Risks are managed on an integrated basis. Risk management is incorporated in the Group decision making with regards to strategic planning.

Effective Risk Management

The risks which form the basis for effective risk management are: credit, market, operational, and liquidity risks.

Credit Risk: Credit risk is a risk where the FI will not be able to recover the money it has owed. It occurs due to failure of the counter party to meet its obligations to pay the company in accordance with the agreed terms. The risk depends on the financial strength of the party owing to the FI as well as market factors that affect the value of assets used as lien against the loan. Credit risk calculation recognizes and adjusts for two factors:

- (i) On Balance Sheet credit exposures refer to the credit risks that the various assets in the balance sheet are exposed to. These assets are weighted according to the degree of the risks exposed.
- (ii) Off Balance Sheet credit exposures refer to the credit risks on the credit equivalent amounts of the various off balance sheet items.

Market Risk: Market risk is the potential for loss in earnings or in economic value of the FI's asset portfolio due to adverse changes in financial market rates or prices. The preferred approach to calculating this risk is VaR (Value at Risk).

Operational Risk: Operational Risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. The risk can be deliberate, accidental or natural. The FI's objective is to minimize the operational risk exposure within a framework of policies and procedures. Risk Weighted Assets (RWA) is a Financial Institution's assets or off balance-sheet exposures, weighted according to risk. By adjusting the amount of each asset for an estimate of how risky it is, a rough measurement of the company's financial stability can be determined.

Liquidity Risk: Liquidity risk is the risk where a company or FI may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Capital Adequacy for IIDFC Limited

At IIDFC, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage, and management of it. The policy defines the minimum criteria for ensuring that adequate capital is kept and effective management is performed. Capital Adequacy is explicitly followed in adherence to the statutory compliance and regulatory requirements of Basel II guidelines, affected by Bangladesh Bank from 1st January 2010. The guidelines are prudently followed to safeguard the IIDFC's ability to continue as a going concern, by establishing a strong capital base, and to maintain high credit rating as well as the confidence of the investors and creditors. At IIDFC, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions, and the expectations of stakeholders. Capital targets accommodate forward looking viewpoints on economic outlook, company's current financial condition, and future uncertainties inherent in capital planning. In line with this objective, capital base is set at 1% higher than the minimum CAR. This ensures full compliance as well as a buffer against capital loss during stressful situations.

The company emphasizes on strong capital management through the followings:

- (i) Maintaining regulatory requirements of capital.
- (ii) Supply and demand forecast of capital to support business strategy and continuity.
- (iii) Incorporate rolling capital plan covering a time horizon of two to three years.
- (iv) Internal Controls and Governance to manage company's risk, performance and capital.

Capital strategies are periodically reviewed to ensure that strong governance and process framework are in place for effective risk management. Material capital risk is assessed periodically which supports the company's internal capital adequacy requirements. The scope of application of such guidelines applies to 'Solo' as well as to the 'Consolidated' basis.

- (i) 'Solo Basis' refers to all position of the FI and its local and overseas branches/offices.
- (ii) 'Consolidated Basis' refers to all position of the FI (including its local and overseas branches/offices) and its subsidiary companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc. Since IIDFC has subsidiary companies, the guidelines apply to both 'Solo' and 'Consolidated' basis.

Breakdown of each category of eligible capital is given below.

(A) Core Capital of IIDFC Limited is as follows:

Amount in Million

Particulars	Solo Basis		Consolidated Basis	
	2019	2018	2019	2018
Fully paid -up capital/capital lien with BB	1,308.00	1,200.00	1,308.00	1,200.00
Statutory reserve	371.95	366.71	371.95	366.71
Non -repayable share premium account (Share money deposit)	310.81	123.11	310.81	123.11
General reserve	50.80	49.80	67.80	66.80
Retained earning	149.99	238.02	227.38	306.68
Minority interest in subsidiary	-	-	0.15	0.15
Non -cumulative irredeemable preference share	-	-	-	-
Dividend equalization account	-	-	-	-
Other (if any item approved by BB) share money deposit	-	-	-	-
Less: Shortfall in provisions required against investment in shares	-	-	-	-
Less: Book value of Goodwill	-	-	-	-
Total	2,191.55	1,977.64	2,286.09	2,063.45

(B) Supplementary Capital of IIDFC Limited is as follows:

Amount in Million

Particulars	Solo Basis		Consolidated Basis	
	2019	2018	2019	2018
General provision (unclassified loans up to specific limit + SMA+ Off B/S exposure)	312.19	201.32	616.16	517.70
50% of Assets Revaluation Reserve	-	-	-	-
10% of Securities Revaluation Reserve	-	-	-	-
All other preference shares	-	-	-	-
Other (if any item approved by Bangladesh Bank)	-	-	-	-
Total	312.19	201.32	616.16	517.70

Risk Management

At IIDFC Limited, disciplined risk management is considered as the key to organizational success. With that objective in mind, strong management structure and risk management system, along with robust policies are developed to allow the company to manage the internal and external, and regulatory environments. A robust risk management framework is built to effectively cover the necessary requirements of managing risk. Establishment and oversight of the Company's risk management framework lies with the Company's Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk control standards, and to monitor the risks and adhere to defined policies. Protocols and responsibilities are clearly delineated in such a way that decision making with regards to risk management are taken positively. IIDFC contemplates on having the industry practices of identifying, measuring and controlling risks. The Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

By implementing rigorous risk management policy, risk adjusted returns are maximized, while ensuring that the company remains within its desired risk appetite. Emphasis is given on establishing a risk management culture which takes into account the underlying assertions: (i) Risk considered must be in line with the company's goals, and also must support the company's risk appetite. (ii) Responsibility of identifying and taking risks within the organization lies with every employee.

The company carries the overall responsibility of ensuring that the risk-taking within the organization is disciplined and focused. Accountability is ensured by taking risk agreed by the respective company authorities and by also assuring that the risks taken are transparent, controlled, reported and falls within the appropriate infrastructure and resource. Future risk emergence is identified and necessary steps are taken to anticipate its impacts. Effective Risk Management Policy and Controls are founded to use the risk as a competitive advantage. Continuous improvement of the risk management approaches and methodologies to enhance current risk policies. Analyze and establish any new or improved policy to strengthen the company's risk management position. Ensuring consistent statutory compliance with regards to capital adequacy and risk management.

In accordance with the Basel II guidelines, IIDFC takes precautionary methods against credit, market, operational, and liquidity risks.

(i) Credit Risk: Credit Risk is effectively measured and managed through a framework of policies and procedures. All credit exposures undergo proper approval as a mean of effective management of counter party credit risk. A defined structure is established for delegation of credit approval authority and for monitoring compliance with appetite. Proper due diligence is applied to review the credit applications. Defined processes and procedures are used to support credit underwriting activities at levels of the business. As a part of proper underwriting standards, appropriate valuations of collaterals are done for secured credits.

A counter party is also required to have an approved limit in place, prior to draw down of funds. Every credit party is subject to credit rating, and the rating is actively monitored as a part of effective credit risk management. Account level activity along with limit utilization monitoring is set as a part of risk trigger-mechanism. This helps to identify early alert situations based on which the company can take proper actions. Potential problem accounts are identified, investigated, controlled and monitored.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations. The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is non-collectable. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(ii) Market Risk: Market Risk management is set as per the parameters defined in the policy. The objective of the Group's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Group's risk return strategy. Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.

(iii) Operational Risk: Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams. The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated. The types of events that could result in material operational risk loss or business disruptions are as follows:

- a. Internal and external fraud
- b. Damage to physical assets
- c. Business process disruptions and system failures
- d. Failure in service executions and deliveries, as well as process management
- e. Liquidity Risk is managed by the ALCO team within the pre- defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury Department oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

RWA figure is calculated on the basis of credit, market, and operational risks. Total RWA is determined by first multiplying the amount of capital charge for market risk and operational risk with the reciprocal of the minimum CAR. The resulting figure is added to the sum of the risk weighted assets for credit risk.

Calculation of Risk Weighted Assets

(Amount in million)

Particulars	Solo Basis		Consolidated Basis	
	2019	2018	2019	2018
Credit Risk				
1. On B/S	16,168.87	15,799.42	17,003.03	16,737.91
2. Off B/S	50.89	50.89	50.89	50.89
Market Risk	659.72	1,159.81	1,063.39	1,933.24
Operational Risk	873.68	749.51	1,097.57	972.58
Total RWA	17,753.16	17,759.63	19,214.88	19,694.62

Capital Adequacy Ratio (CAR) = (Core Capital +Supplementary Capital)/RWA

Capital Adequacy

(Amount in million)

Particulars	Solo Basis		Consolidated Basis	
	2019	2018	2019	2018
Core Capital	2,191.55	1,977.64	2,286.10	2,063.45
Supplementary Capital	312.19	201.32	616.16	517.70
Total Eligible Capital	2,503.74	2,178.96	2,902.26	2,581.16
Risk Weighted Assets	17,753.16	17,759.63	19,214.88	19,694.62
Capital Adequacy Ratio	14.10	12.27	15.10	13.11
Core Capital to RWA	12.34	11.14	11.90	10.48
Supplementary Capital to RWA	1.76	1.13	3.21	2.63
Minimum Capital Requirement (10% of RWA)	1,775.32	1,775.96	1,921.49	1,969.46
Excess capital over regulatory requirement	728.42	403.00	980.77	611.70

Capital Adequacy Ratio (CAR) of IIDFC is more than the Bangladesh Bank's CAR requirement of 10%. The status in line with the IIDFC's approach for being compliant and to establish investors' confidence. Moreover IIDFC is getting prepared for the BASEL-III requirement which is currently applicable for Bank but may be applicable for Non-Banking Financial Institutions in near future.



SUSTAINABILITY REPORT

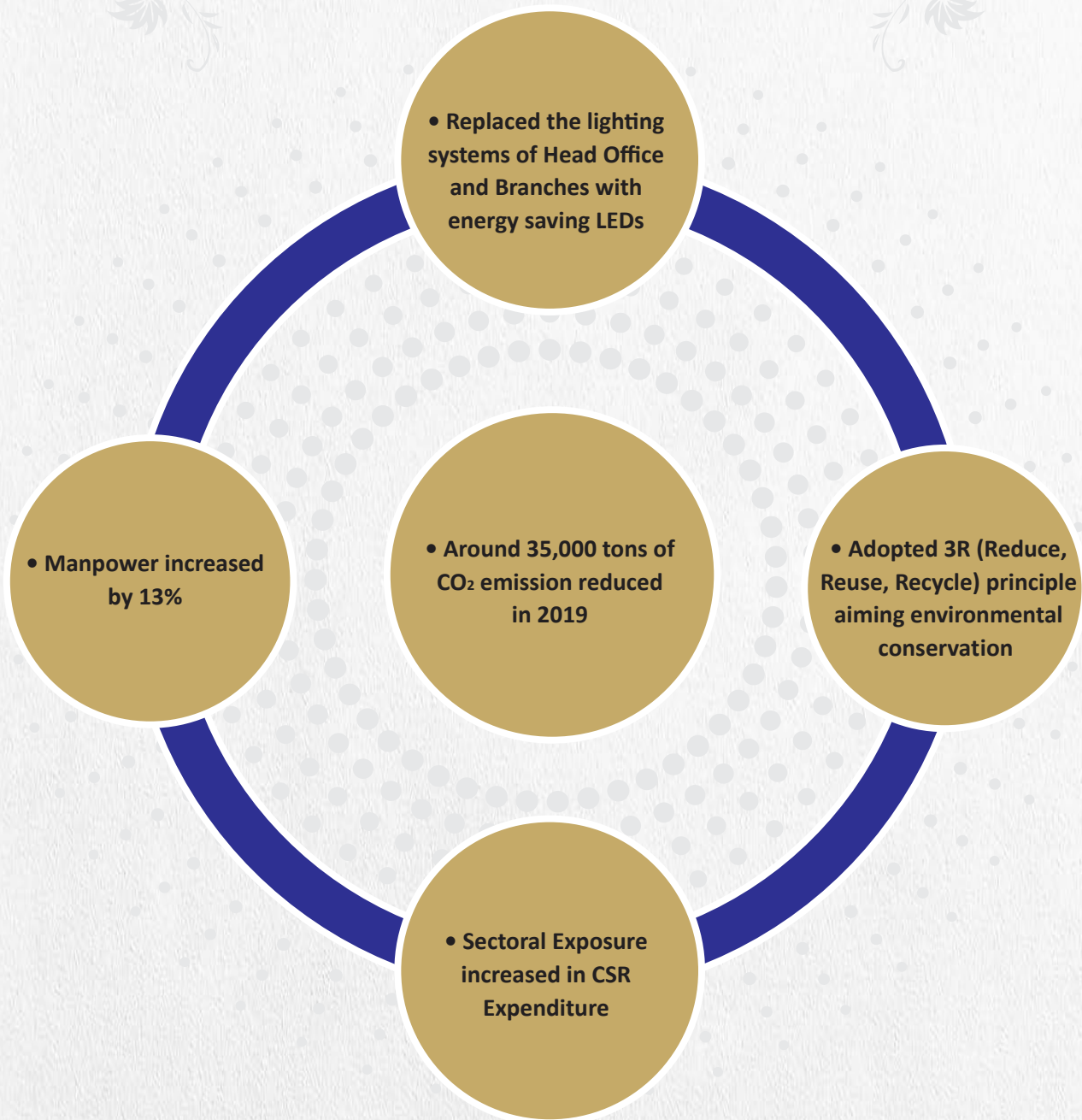
Sustainability reporting, an essential part for communicating sustainability performance, aids the organizations to measure, understand and communicate their economic, environmental, social and governance performance, set goals and manage changes more effectively. IIDFC's sustainability report exclusively focuses on economic, environmental and social impacts caused by its daily operational activities.

This report symbolizes the organization's values and governance model, and demonstrates its strategy and its promise towards a sustainable global economy. The concept of sustainable development got popularized at the end of the last century which instigated the adoption of policies aimed at improving social welfare or environmental preservation. These had previously been ignored by political, institutional and business communities. Sustainable development has guided companies to modify their strategic management, changing the focal point from only financial dimension to the consideration of multiple factors from different stakeholders.

Social and environmental aspects need various flexible reporting systems and disclosures in order to understand how the financial companies act in these instances.

Four aspects of annual sustainability report are as follows:

- a. Corporate Social Responsibility Initiatives;
- b. Environmental Reporting;
- c. Obligations to the society and environment ; and
- d. Integrated Reporting.



CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES OF IIDFC

Corporate social responsibility works not only to aid an organization's mission but also paves the path as a guide to what the company represents for its customers. Business ethics focuses on inspection, monitoring and maintenance of ethical principles and also works to eradicate ethical problems that arise within the business environment.

CSR activities, an integral part of a company's identity, are performed in line with its social responsibilities to the stakeholders. Stakeholders include board of directors, shareholders, employees, government and its agencies, depositors, investors, borrowers, suppliers and communities. Users of accounting information have demanded more information regarding institution's activities in society for the last few decades. As a mean of gaining social responsiveness, corporate Social responsibility surfaced through Social Responsibility Accounting (SRA). Being a leading financial institution, IIDFC performs its corporate social responsibilities as a supporting approach to maintain the industry position and business sustainability.

IIDFC performed the following CSR activities in the year 2019:



Contribution to UPSTAGE, a cultural event organizer to execute the event in Shilpokala Academy



Distribution of educational materials (pen, exercise book & geometry box) among poor and underprivileged students in Itna, Kishoreganj, where engineer Rezwan Ahmed, MP was present. IIDFC also distributed same materials among poor and underprivileged students in Fulgazi, Feni.



Distribution of mosquito nets to the Prothom Alo Trust for distribution among under privileged and homeless street people.

ENVIRONMENTAL REPORTING

Corporate Environmental report, a form of voluntary and stand alone report, exclusively focuses on environmental activities performed by the organization. Environmental reports are considered to be of high importance because it works as a bridge where the relationship between a company and its stakeholders connect. An environmental disclosure consists of three categories, namely, involuntary, mandatory and voluntary disclosures.

Environmental report summarizes the information on environmental performance, such as, impact on the environment, performance in managing those impacts and contribution to ecological and sustainable development. Combating climate change through Clean Development Mechanism (CDM) project in brick making sector is facilitated by IIDFC.

GHG Emission Reduction and Energy Efficiency-Carbon Finance: A Market Based Mechanism for Combating Climate Change

IIDFC's successful contribution towards the environmental change comes in the form of its CDM project titled 'Improving Kiln efficiency in the Brick Making Industry in Bangladesh. The project, aimed at reducing greenhouse gas emissions from the brick making industry of the country, has introduced energy efficient Hybrid Hoffman Kiln (HHK) technology in the sector back in 2007 teaming up with UNDP and World Bank. The Clean Development Mechanism (CDM) project is designed under the Kyoto Protocol and is regulated by the United Nations Framework Convention on Climate Change (UNFCCC). It was initiated to support the diffusion of environment friendly technology in the brick making sector of the country, which was ordinarily known as one of the main air polluters.

Presently, the project has 6 operational HHK brick factories which have helped to reduce around 35,000 tons of CO₂ eq. emissions during 2019.

An amount of 77,628 tons of emission reductions was received from UNFCCC and these Certified Emission Reductions are committed to the Asian Development Bank (ADB) in exchange of valuable foreign currency which will be shared with the participating brick factories. Also, the Carbon Finance Department is carrying out the monitoring and reporting activities of the sub-projects (Brick Kilns) to achieve a total amount of 160,000 tons of CERs as per the agreement with ADB. IIDFC has carried out all the necessary monitoring, reporting and coordination with the Verifier (UNFCCC auditor) using its own resources and without any external support. This has helped to reduce the operational cost of the project by a significant amount.

Implementation of occupational health safety and environmental safeguard in brick factories is also performed under the direct supervision of IIDFC.

OBLIGATIONS TO THE SOCIETY AND ENVIRONMENT

Social responsibility of business refers to the obligations and responsibilities to protect and serve the public interest. The objective of the organization is not only to maximize the profits but also to serve and protect the interests of all stakeholders.

This reporting improves the transparency of corporate activities and their impact towards reducing environmental changes. Under the environment and social obligations, IIDFC helps prevent financing in environment hazardous industries and/or investors. It has been operated for a long time by a separate department of IIDFC for financing in Clean Development Mechanism projects and energy efficiency improvement projects. IIDFC's service coverage includes building agent in small scale CDM projects, consultancy in large scale CDM projects, coordinating and managing entity in programmatic CDM.

IIDFC has settled its obligations towards the society and environment through various initiatives.

CONTRIBUTION TOWARDS ACHIEVING SDGs



GOAL 7: Affordable and Clean Energy

IIDFC's Clean Development Mechanism project has introduced environment friendly HHK technology in the brick making sector of the Country.



GOAL 8: Decent Work and Economic Growth

The brick factories working under IIDFC's CDM project have created permanent job, occupational health and safety, women employment and proper sanitation and drinking water facilities.



GOAL 9: Industry, Innovation and Infrastructure

IIDFC's mandate is to support Industrial and Infrastructural Development of the Country where it has been contributing for the last 18 years



GOAL 11: Sustainable Cities and Communities

IIDFC has incorporated necessary due-diligences in the financing procedures to ensure sustainable growth of industry and infrastructures.



GOAL 13: Climate Action

IIDFC's CDM project has directly mitigated emission of 35,000 tons of CO2 in 2019.

INTEGRATED REPORTING

Integrated reporting is a report dedicated to communicate the value created by a company over time. This report is intended for all stakeholders, including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy makers. IIDFC's integrated report follows the guidelines of Integrated Reporting Checklist of the Institute of Chartered Accountants of Bangladesh (ICAB) which resembles the International Integrated Reporting Council.

Integrated reporting has two major concepts, i.e. value creation and materiality. Integrated reporting also showcases how a company utilizes its capital to add value to business. Further discussion on integrated reporting is furnished on "Integrated Report" **(Page- 08)**



CORPORATE GOVERNANCE

Corporate Governance is a combination of policies, practices and processes within the organization through which it is operated and controlled. The main objective of Corporate Governance is to minimize conflicts of interest among stakeholders so that stakeholders' value is maximized.

Corporate Governance deals with the interactions among various stakeholders (Shareholders, Board of Directors and Management) in shaping corporate performance. At IIDFC, the Board of Directors provide strategies and policies to promote transparent business models, responsible lending policies and prudent investment guidelines to be followed by the management for performance excellence.

IIDFC reviews its governance tools and guidelines regularly to ensure that these remain appropriate and in line with regulatory requirements and changing business environment. The Board of Directors regularly follows developments in this regard and adopt appropriate Corporate Governance practices and policies to excel stakeholders' benefit.



BOARD OF DIRECTORS

Chairman	Mr. Md. Matiul Islam, FCA
Vice Chairman	Mr. Md. Ataur Rahman Prodhan CEO & Managing Director, Sonali Bank Limited
Directors	Mr. Md. Abdus Salam Azad CEO & Managing Director, Janata Bank Limited
	Mr. Md. Abul Hossain Managing Director, Investment Corporation of Bangladesh
	Mr. Selim R.F. Hussain Managing Director & CEO, BRAC Bank Limited
	Mr. Choudhury Moshtaq Ahmed Managing Director, National Bank Limited
	Mr. Syed Mahbubur Rahman Managing Director & CEO, Mutual Trust Bank Limited
	Mr. Sheikh Mohammad Maroof AMD & Head of WB, The City Bank Limited
	Mr. Wakar Hasan Deputy Managing Director, ONE Bank Limited
	Mr. Md. Sazzad Hossain Deputy Managing Director, Bank Asia Limited
	Mr. Syed M. Altaf Hussain Chairman, Pragati Insurance Limited
	Mr. Kamal Uddin Ahammed Director, Eastland Insurance Company Limited
	Mr. Md. Kazim Uddin Acting CEO, National Life Insurance Company Limited
Managing Director	Mr. Md. Golam Sarwar Bhuiyan

The Board of IIDFC is responsible for formulation of overall planning, policies, strategies and managing the Company as well as overseeing its general business activities. The Board's actions and decisions are taken in the best interests of the Company, which include the interest of shareholders, employees, customers and other stakeholders. Its aim is to create sustainable value for the stakeholders. The Board approves annual budget, business plan and provide guidance on regular basis. To address the affairs of the Company, the Board is guided by:

- i. Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC);
- ii. The Companies Act 1994;
- iii. Memorandum and Articles of Association of IIDFC;
- iv. Rules and regulations issued by Bangladesh Bank; and
- v. Other relevant laws and regulations.

Meeting of the Board

The Board held 09 (nine) meetings in the year under reporting. Meetings were conducted in compliance with the Companies Act 1994. The actions and decisions were taken for the best interest of the Company and Stakeholders. Directors' attendance in the above Board Meetings is shown in **Appendix-A (Page- 209)**

The Chairman

Role and responsibilities

The Chairman plays a crucial role for proper functioning of the Board of Directors. The role and responsibilities of the Chairman are outlined in compliance with DFIM Circular No 07 dated 25 September 2007 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC.

The prime role and responsibilities of the Chairman are:

- i. planning and conducting Board meeting under his leadership to ensure proper information to the Board;
- ii. supporting Managing Director to reach the goal through formulation of necessary business strategy;
- iii. ensuring effective communication with the Shareholders, Board of Directors, employees, Government and its agencies, depositors, investors, suppliers and other stakeholders;
- iv. linking Member of the Board and management along with Company Secretary to fix agenda of Board Meeting; and
- v. engaging all the Board members actively.

The Chairman, however, does not participate in or interfere into the administrative or operational affairs of the Company since he does not personally possess the jurisdiction to apply executive authority.

Roles and responsibilities of Board

The Board of Directors is appointed to act on behalf of the Shareholders to formulate policy, guideline and oversee the affairs of the Company. They are directly accountable to the Shareholders and Stakeholders. The Directors present a report each year before the Shareholders in the Annual General Meeting (AGM) on the performance of the Company. The report also includes industry outlook and possible future developments, internal and external risk factors, threat to sustainability, etc. The Board carries out its role and responsibilities based on the Bangladesh Bank's DFIM Circular no. 07 dated 25 September 2007. The key role and responsibilities of the Board are:

Roles of the Board of Directors

a) Establish vision, mission and values

- i. Determine Company's vision and mission to guide and set its current operations and future development strategy.
- ii. Determine the values to be promoted in the Company.
- iii. Determine and review Company's goals.
- iv. Determine Company's policies.

b) Set strategy and structure

- i. Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses, opportunities and risks relating to the Company.
- ii. Determine business strategies that support Company's plan.
- iii. Ensure that the Company's organizational structure and capability are appropriate for implementation of those strategies.

c) Delegation of Authority

- i. Delegate authority to management, monitor and evaluate the implementation of policies, strategies and business plans.
- ii. Determine monitoring criteria to be used by the Board.
- iii. Ensure that internal controls are effective.

d) Exercise accountability to Shareholders and Stakeholders

- i. Ensure that communications both to and from Shareholders and Stakeholders are effective.
- ii. Safeguard the interests of Shareholders and Stakeholders.
- iii. Stimulate goodwill of the Company to support Shareholders and Stakeholders.

Responsibilities of Directors

The prime responsibilities of the Directors are:

- i. overseeing implementation of IIDFC's strategic objectives, corporate governance framework and corporate culture by the management;
- ii. ensuring Company's prosperity through directing Company's affairs as well as meeting interests of its Shareholders and Stakeholders;
- iii. overseeing implementation of risk management, internal control and compliance system in line with Bangladesh Bank's Core Risk Guidelines;
- iv. approval and monitoring of investments of the Company;
- v. reviewing of operational budget and performance of the Company, approval of budget, financial statements, purchase or acquisition of property or assets;
- vi. recommendation for appointment or removal of external auditors and determination of the terms of appointment of the external auditors;
- vii. appointment of Managing Director and fixation of his/her terms of appointment including package and facilities subject to Bangladesh Bank's approval;
- viii. approving budget of CSR and taking steps for proper implementation;
- ix. reviewing Company's Human Recourse Policy;
- x. selection, nomination and removal of directors.

The Board duly complies with the guidelines issued by Bangladesh Bank, BSEC, the Companies Act 1994, the Financial Institutions Act 1993 and other applicable rules and regulations.

The Managing Director

The Managing Director (MD) of IIDFC performs his duties with the highest level of integrity and transparency for the benefit of the shareholders and other stakeholders. He also carries out business and affairs of the Company in an ethical manner and in full compliance with the relevant laws and regulations. As chief executive of the company he is primarily responsible for overseeing Company's day-to-day operations. The MD discharges his responsibilities in terms of the financial, business and administrative authorities vested upon him by the Board and in compliance with DFIM Circular No 07 dated 25 September 2007 issued by Bangladesh Bank. Furthermore, he is responsible for mapping medium to long-term plans and implements the policies and decisions of the Board, as well as coordinates the development and implementation of business and corporate strategies. MD is accountable to the Board and its Committees to run and manage the Company in accordance with approved policies, principles and strategies established by the Board of Directors and rules, regulations and guidelines of Bangladesh Bank and other regulatory authorities.

The Audit Committee

The Audit Committee of IIDFC assists the Board in fulfilling its overall responsibilities for financial reporting process, internal control system, audit process and the Company's adherence with related laws and regulations and the code of conducts. The Committee carries out its functions based on the Terms of Reference (ToR) as mentioned in the Bangladesh Bank's DFIM Circular # 13, dated October 26, 2011. The Committee constituted by the Board and consists of 6 (six) members and plays its role accordingly. They have adequate expertise and have good understanding about IIDFC's operations and related risk associates therewith. The Chairman of the Audit Committee is a distinguished banker with high level of experience in this area. The committee reviews the plan of internal and external auditors, the effectiveness of audit, and the independence and objectivity. In 2019, the committee held 4 (four) meetings.

The Composition of members of the Audit Committee is as follows:



Role of the Audit Committee

a) Internal Control

- i. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and risk management ensuring that all employees understand their role and responsibilities.
- ii. Review of the appropriateness of Management Information System (MIS) including Information Technology (IT) system and its application.
- iii. Review whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- iv. Evaluate the existing risk management procedures for ensuring an effective internal check and control system.
- v. Reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and place it before the board after reviewing the corrective measures taken by the management.

b) Financial Reporting

- i. Review the audited financial statements with management and the external auditors to ensure that the financial statements are fairly presented in conformity with the accounting standards set by the regulatory authorities in all material aspects.
- ii. Regular meeting with management and the external auditors to review the financial statements before finalization.
- iii. Attends in AGM to answer the questions regarding financial statements and audit.

c) Internal Audit

- i. Review the activities of the internal audit team in relation to organizational structure and ensure that no unjustified restrictions or limitations are made.
- ii. Examines the efficiency and effectiveness of internal audit function.
- iii. Review whether the findings and recommendations made by the internal auditors are duly considered by the management.
- iv. Recommendation to the Board regarding change of accounting policies.
- v. Evaluate adequacy and effectiveness of IIDFC's system of internal controls and risk management procedures.

d) External Audit

- i. Review the activities of the external auditors and their audit reports.
- ii. Review whether the findings and recommendations made by the external auditors are duly considered by the management or not.
- iii. Recommendation to the Board regarding appointment of external auditors.

e) Regulatory Compliance

Review whether the laws and regulations enacted by the regulatory authorities (Bangladesh Bank and other regulatory agencies) and internal regulations approved by the Board have been complied with.

f) Miscellaneous

- i. Placement of reports before the Board of Directors regarding rectification/correction status of errors, fraud, forgery and others irregularities identified by internal & external auditors and Bangladesh Bank's inspection team on quarterly basis.
- ii. Performs other supervisory activities as assigned by the Board of Directors along with evaluating Committee's own efficiency on regular interval.

Executive Committee of the Board

The Board of Directors of IIDFC has formed the Executive Committee of the Board with five members in its 226th Meeting held on September 29, 2020. The Company Secretary acts as the secretary of the Committee.

Role of the Executive Committee

The key role and responsibilities of Executive Committee are:

- i) To decide or act in those cases as instructed by the Board of Directors that are not specifically assigned on full board through the Financial Institutions Act 1993 and other laws and regulations.
- ii) To take all necessary decision within power delegated by the Board of Directors including the following:
 - a. Approval of all business proposals/investments (non-syndication) to clients up to BDT 150.00 million.
 - b. All renewal, change of fees, rate review, restructuring and extension of moratorium period for the existing facility.
 - c. Any amount of waiver of interest expense, overdue interest, interest capitalized, penal interest and other charges.
 - d. Change of collateral/ security or replacement of the existing one with new security/ collateral.
 - e. Release of collateral security for adjustment of partial facility amount.
 - f. Change of leased assets, if the proposed new asset is of the same/superior quality and value.
 - g. Directorship change and name change of the borrowing concern.
 - h. Change in the signatory for any purpose.
 - i. Approval of Credit Line/Term Loan, Overdraft and Security overdraft with Bank's and FI's.
 - j. Approval of opening and relocation of office/ branch within the country.
- iii) To act in accordance with the directions and requirements as defined by the Board from time to time.
- iv) To review and update this Terms of Reference and recommend to the Board necessary changes, if any, for approval.
- v) All decisions taken in the Executive Committee should be ratified in the next board meeting.

The Composition of the Executive Committee is as follows:



SME Credit Committee of the Board

In order to widen the financing coverage and to take opportunity of untapped business segment IIDFC started SME Financing business back in 2006. In line with this the Board of Directors of IIDFC has formed the approval authority of SME Financing initially with four members in its 64th Meeting held on August 17, 2006 with SME loan approval authority up to BDT 5.0 million. Later, the number of committee members revised to five and current approval authority of the committee is up to BDT 50.00 million for fresh loan and BDT 100.00 million for renewal/repeat facility of existing loan. The member of the committee provides valuable contributions in the functioning of the committee activities effectively and has adequate understanding about SME business. The Head of CRM acts as the member secretary of the committee.

Roles of the SME Credit Committee

Key roles and responsibilities of SME Credit Committee are:

- i. Approval of fresh SME loan/lease (including home loan) upto BDT 50.00 million
- ii. Approval of renewal of existing loan/lease facilities upto BDT 100.00 million.
- iii. All renewal, change of fees, rate review, restructuring, waiver of interest expense, overdue interest, interest capitalized, penal interest and other charges of SME / Home Loans approved by the SME Credit Committee.
- iv. Extension of moratorium period for the existing facility, change of collateral/security or replacement of the existing one with new collateral/security and release of collateral security for adjustment of partial facility amount of SME / Home Loans approved by the SME Credit Committee.
- v. Change of leased assets, if the proposed new asset is of the same/superior quality and value of SME Loans approved by the SME Credit Committee.
- vi. All decisions taken in the SME Committee should be ratified in the next Board meeting.

MANAGEMENT COMMITTEE AND ITS SUB-COMMITTEES

Management Committee (MANCOM)
Managing Director - Head of the Committee
Head of Corporate Finance - Member
CFO & Company Secretary - Member
Head of Treasury - Member
Head of SME - Member
Head of Structured Finance - Member
Head of SAM - Member
Head of Operations - Member
Head of CRM - Member
Head of IT - Member

Asset Liability Management Committee

Managing Director- Head of the Committee
 Head of Corporate Finance- Member
 CFO & Company Secretary- Member
 Head of Treasury- Member Secretary
 Head of SME- Member
 Head of Structured Finance- Member
 Head of CRM - Member

Risk Management Forum

Managing Director- Chief Risk Officer
 Head of Corporate Finance- Member
 CFO & Company Secretary- Member
 Head of Treasury- Member
 Head of SME- Member
 Head of Operations - Member
 Head of CRM - Member Secretary

BASEL Implementation Unit

Managing Director- Head of the Committee
 Head of Corporate Finance- Member
 CFO & Company Secretary- Member
 Head of SME- Member
 Head of CRM - Member

Central Compliance Unit

CAMLCO- Head of the Committee
 Head of Corporate Finance- Member
 Head of SME- Member
 Head of Treasury- Member
 Head of CRM - Member
 DCAMLCO- Member Secretary

Besides this, IIDFC has other Committees, such as- Credit Appraisal Committee, Procurement Committee, Tender Evaluation Committee, Ethics Committee, ICT Steering Committee, ICT Security Committee and ICT Risk Management Committee etc. according to Bangladesh Bank circular and guideline.

ETHICS AND CODE OF CONDUCT GUIDELINE

IIDFC has a Code of Conduct to guide all employees in discharging their duties and in dealing with customers, colleagues and related authorities. It also sets out the standards of good financial transaction practices that all employees must observe. As per the 'Ethics and Code of Conduct Guidelines' for IIDFC's employees, all have to maintain the code of conduct and demonstrate highest ethical standards. These are the core values that IIDFC's personnel must follow. Any known or suspected incidents of illegal/unacceptable/undesirable conduct are viewed with zero tolerance. Our core behaviors encourage our employees to speak up and have open and honest conversations.

Code of Conduct for Employees

The following issues must be addressed:

- Ensure pleasant working environment in terms of well defined compensation package, goal orientated and performance based job description;
- Provide scope for both professional and career development of the employees;
- Well designed and well maintained working environment as well as procedures to make it reasonably and promptly responsive to the customer needs, along with compliance of legal and regulatory requirements;
- Appropriate training for the employees so that they can discharge their duties efficiently;
- Addressing of other issues which will uphold and embolden the image of the company in an ethical way.

Employee Compliance and Responsibilities

The employees should:

- Protect all confidential information, whether it relates to the company itself or the co-workers, customers, suppliers or others the company does business with.
- Protect all company assets including: information, intellectual property, physical, technological and financial assets and business relationships.
- Comply with Company's rules in public communications, including the use of electronic communications and social media.
- Be accurate and complete in recordkeeping and comply with all internal controls, policies and procedures.
- Be cautious about the intellectual property rights of others.
- Not provide any information to third party without prior approval of competent authority.
- Not accede to or use customers' information excepting related business purposes.
- Protect the confidentiality and security of customer information.
- Not disclose any information of govt. agencies without prior approval of competent authority.
- Keep information about the purchase of goods or services confidential and price quoted, methods, business policy etc. of the vendors should not be disclosed.
- Adhere to proper etiquette and dress code.
- Follow all company procedures regarding document maintenance, retention and destruction.
- Assume information is confidential unless it known otherwise.
- Refrain from acting on the company's behalf in any transaction or relationship where the employees' families have a significant personal connection or financial interest.
- Act in a way so that their activities outside IIDFC are not reflected adversely on IIDFC or triggers a conflict of interest.
- Handle their personal finances responsibly, ethically and in compliance with the law.
- Refrain from seeking or provide recommendations of fellow employees, customers or suppliers of IIDFC without authorization.

- Refrain from using their positions at IIDFC to gain any type of personal benefit or advantage in a business decision or transaction.
- Know when it's appropriate to give and accept gift and when it's not and should keep in mind that some gifts are not appropriate under any circumstances.
- Apply own judgment and ethical concerns in using organization's phones, electronic mail or computing systems for personal requirement.
- Refrain from using company Letter Head for personal correspondence.
- Be aware of the responsibilities they have toward IIDFC even after the end of employment.
- Treat others with dignity, and respect the diversity of cultures, backgrounds and experiences that make up the workforce.
- Report immediately about violations, harassment or discrimination policies whenever these came to their knowledge.
- Be alert to and report any activity that could pose a threat to the physical security of employees or individuals doing business in the Company.
- Do their part to promote a safe, alcohol-free and drug-free workplace.
- Feel free to be involved in the political process and exercise their rights as a citizen, but must make sure political activities and contributions comply with the law and company policies.
- Refrain from involving the company in any political activities or using company resources in connection with political activities.
- Comply with all applicable environmental laws and regulations.
- Cooperate as directed with any investigation, inquiry, examination or litigation related to the company's business.
- Report any breach in "IIDFC Code of Conduct and Ethics" and reach out to the ethics committee for guidance.

Human Capital

An organization runs with active participation of its employees who contribute in their own way towards the organization's success and productivity. Employees spend maximum part of their day in workplace and strive hard to achieve the goals and objectives of the organization. Employees ought to be motivated from time to time so that they develop a sense of attachment towards their organization and deliver their best. Knowledge and expertise which employees develop in due course of time can be well applied for further increase in productivity of organizations.

Management of Human Capital

Human Capital management plays an important role in increasing the efficiency of employees. Accordingly, IIDFC considers its human resources as the most valuable capital of the Company as they are playing vital role in achieving IIDFC's mission, vision, goals and objectives. To ensure long term sustainability, IIDFC has a special focus on skill and merit-based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

IIDFC applies human capital management for:

- i. hiring the right talent;
- ii. orienting human resources to the organization;
- iii. training employees in order to constantly upgrade their skills;
- iv. retaining employees;
- v. making employees self-sufficient and prepare them for facing adverse conditions; and
- vi. developing skill of employees which help them stand apart from the rest.

Merit Based Hiring

Merit based hiring is a process of determining whether job seekers have the skills, abilities and knowledge deemed to be most suitable for the job. IIDFC applies following process for appointing human resources on merit basis:

- i. proper evaluation and verification of minimum qualifications specifically related to the duties and responsibilities of the individual position;
- ii. examination of knowledge, skills, and abilities through written test and viva-voce;
- iii. relevant experiences, degrees, competencies, professional qualifications are considered as added qualification for appointment;
- iv. in case there are no applicants who clearly exceed the minimum qualifications, the matters are forwarded to the top management for review and consideration. A decision may be made to re-advertise the vacancy, if management think it fit;
- v. suitable candidates are short-listed and are invited to a written test and/or interview, after which a short-list is made for preparing a panel;
- vi. Prior to making the final assessment, HR team conducts background checks. A final assessment is based on all of the above;
- vii. HR issues job offer letter to the successful candidate, which includes the job title, type of contract, terms and conditions, salary, benefits and the date of joining; and
- viii. the selected candidate/s must accept the job offer and return the signed copy to IIDFC.

Remuneration & Benefits

IIDFC offers attractive salary and benefit packages to its employees' along with other benefits which include:

- i. Participatory Provident Fund;
- ii. Gratuity Scheme;
- iii. Leave fare assistance;
- iv. Earn leave encashment;
- v. Interest free car loan with attractive allowance, where applicable;
- vi. Staff loan at a concessional rate;
- vii. Health insurance for the employees and their spouses and children;
- viii. Group Life insurance for the employees;
- ix. Maternity leave;
- x. Mobile allowance;
- xi. Training both in home and abroad; and
- xii. Study leave.

Performance evaluation

IIDFC applies process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which s/he is employed, for the purposes of administration including placement, selection for promotions etc. It has performance based evaluation system and reflected through financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally. The main purposes of performance evaluation are:

- i. Company's objectives;
- ii. Day-to-day performance;
- iii. Professional development; and
- iv. Rewards and incentives.

The performance appraisal system of IIDFC is an annual process which includes:

- i. Assessment of the financial or non-financial targets;
- ii. Assessment of the competencies of the individual in achieving job requirement;
- iii. Assessment of overall performance.

Training for Human Resource Development

Human Resources Development is focused on in-house training for both on the job and off the job for staff members. Specialized training programs in the areas of loans & advances, information technology, marketing, accounts etc. are also organized by IIDFC both in-house and outdoor on need basis. Extended training programs are organized to meet demand for new and specialized skills. IIDFC also organizes training programs abroad for the deserving officials who have good performance record with long bondage plan with the Company. IIDFC designs its courses, programs etc. regularly to meet the requirement of new skills arising out of various directives, guidelines of Bangladesh Bank and other regulatory bodies.

Promotion, increment and incentive

IIDFC always values efficiency as a tool of strength of Human Capital. Accordingly, the Board of Directors approved and enacted various motivational benefits and policies besides regular pay scale in order to ensure maximum efficiency of employees for maximizing job satisfaction. IIDFC have promotion, increment and incentive bonus plan for eligible executives to motivate, inspire and help to develop them for greater achievement of the individual and organizational goals as a whole.

Succession Planning

Succession planning known as "replacement planning," ensures that businesses continue to run smoothly even after key staff members move on to new opportunities, retire or pass away. IIDFC apply succession planning for:

- i. informing the employees that there is a chance for advancement which can lead to higher satisfaction;
- ii. informing that the company is planning for future opportunities reinforces career development among employees;
- iii. keeping better track of the value of employees so that positions can be filled internally when opportunities arise; and
- iv. encouraging employees to think of themselves as partners for achieving company's vision.

Organogram

IIDFC introduced an organogram to illustrate the relationships among departments, superiors, and subordinates vividly and briefly on a top-down approach with a view to show the correlation among organizational units.



REPORTS & FINANCIAL STATEMENTS

Report of the Managing Director and the Chief Financial Officer

29 September 2020

The Board of Directors
IIDFC Limited

Subject: Declaration on Financial Statements for the year ended on 31 December 2019.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of IIDFC Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) 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 of Directors or its members.

Sd/-
Md. Golam Sarwar Bhuiyan
Managing Director

Sd/-
Lingkon Mondal, FCA
SVP- Chief Financial Officer



Revenue*
(in millions)



**Audited
Financial Report**

**Independent Auditor's Report
and
Audited Consolidated and Separate Financial Statements
of
Industrial and Infrastructure Development Finance Company Limited (IIDFCL).
As at and for the year ended 31 December 2019**

Independent Auditor's Report

To the Shareholders of Industrial and Infrastructure Development Finance Company Limited

Report on the audit of the consolidated and separate financial statements

Qualified Opinion

We have audited the Consolidated financial statements of Industrial and Infrastructure Development Finance Company Limited and its subsidiaries (hereinafter referred to as “the Group”) as well as the separate financial statements of Industrial and Infrastructure Finance Company Limited (hereinafter referred to as “the Company”), which comprise the consolidated and separate balance sheet as at 31 December 2019, the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Company as at 31 December 2019, and its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

Basis for Qualified Opinion

The Company maintained total provision against loans and advances of BDT 757,137,429 as at 31 December 2019. (Note – 12). Some non-performing loans and advances were not classified properly as per FID circular no- 08 dated 3 August 2002, BRPD circular no-19 dated 27 December 2012 and BRPD circular no-03 dated 21 April 2019. So, interest income amounting to BDT 113,187,301 has been credited to interest income account instead of crediting those to interest suspense account against those non-performing loans and advances. Moreover, had those non-performing loans and advances been classified properly the Company needed to make additional provision of BDT 294,261,015 against loans and advances. Thus the reported profit of the Company for the year ended 31 December 2019 has been overstated by interest income and shortfall of provision to the extent mentioned above.

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 consolidated and separate financial statements section of our report. We are independent of the Group and 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.

Emphasis of matter

We draw attention to note 2.10.04.02 of the financial statements, which describes matters related to implementation of ‘IFRS 16 Leases’ including preliminary assessment of its impact as assessed by management.

Other matters

The consolidated financial statements of the Group and separate financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 7 April 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the consolidated and separate financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

1. Measurement of provision for loans and advances

See note no 7 and 12 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Process for estimating the provision for loan and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value for 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 the year end the Company reported total gross loans and advances of BDT 18,908,807,903 (2018: 19,614,722,317) and provision for loans and advances of BDT. 757,137,429 (2018: 518,127,479).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;• Identification of loss events, including early warning and default warning indicators;• Reviewed classification of loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none">• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

2. IT systems and controls

The key audit matter	How the matter was addressed in our audit
<p>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>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). We have performed audit procedures to ensure that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

3. Legal and regulatory matters

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because the Industrial and Infrastructure Development Finance Company Limited operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process.</p> <p>We required to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Company's provisions and contingent liabilities disclosure.</p>

4. Recognition of interest income from loans and advances

See note no 20 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Recognition of interest income has significant and wide influence on financial statements.</p> <p>Recognition and measurement of interest income has involvement of complex IT environment.</p> <p>We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Company and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances.</p> <p>We performed test of operating effectiveness on automated control in place to measure and recognise interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognised completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.

Responsibilities of Management and Those Charged with Governance for the consolidated and separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the Group and also separate 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 the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Company's 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 consolidated and separate 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.

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 consolidated financial statements of the Company include two subsidiaries, namely IIDFC Securities Limited and IIDFC Capital Limited reflect total assets of BDT 3,358.05 million as at 31 December 2019 and total revenue of BDT 178.05 million for the year ended 31 December 2019. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- (v) the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- (vi) the consolidated financial statements of the Group and separate 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;
- (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) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) we have reviewed over 80% of the risk weighted assets of the Group & Company and we have spent around 1080 person hours for the audit of the books and accounts of the Company;
- (xv) the Company has complied with the 'First Schedule' of the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xvi) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the financial statements.

Dhaka
29 September 2020

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited

Consolidated Balance Sheet

As at 31 December 2019

	Notes	2019	2018
		BDT	BDT
PROPERTY AND ASSETS			
Cash	3.a		
In hand (including foreign currencies)		57,711	72,530
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		177,275,664	213,673,994
		177,333,375	213,746,524
Balance with other banks and financial institutions	4.a		
In Bangladesh		888,721,800	1,456,355,757
Outside Bangladesh		-	-
		888,721,800	1,456,355,757
Money at call on short notice	5	-	-
Investments	6.a		
Government		-	-
Others		1,063,387,353	1,019,118,590
		1,063,387,353	1,019,118,590
Loans and advances	7.a		
Lease receivables		2,268,262,576	2,612,054,632
Advance for lease finance		66,448,175	162,809,086
Direct/ term finance		15,939,703,867	16,145,653,413
Secured overdraft		9,147,811	60,981,865
Bills discounted and purchased		37,097,428	34,671,551
Margin loans		2,343,177,259	2,500,198,390
		20,663,837,116	21,516,368,937
Fixed assets including premises, furniture and fixtures	8.a	40,745,686	40,088,451
Intangible asset	8.1.a	4,114,350	1,786,536
Other assets	9.a	1,748,958,456	1,109,247,305
Non-banking assets		-	-
Total assets		24,587,098,136	25,356,712,100
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10.a	6,359,673,230	5,541,657,992
Deposits and other accounts	11.a		
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		12,707,981,706	14,682,250,217
Bearer certificate of deposits		-	-
Other deposits		2,366,560	2,366,560
		12,710,348,266	14,684,616,777
Other liabilities	12.a	3,230,980,578	3,066,982,440
Total liabilities		22,301,002,074	23,293,257,209
Capital/ shareholders' equity			
Paid up capital	13	1,308,000,000	1,200,000,000
Statutory reserve	14	371,950,483	366,708,632
General reserve	15.a	67,800,000	66,800,000
Share money deposit	16	310,809,600	123,110,960
Stock dividend	17.a	117,720,000	-
Retained earnings	18.a	109,664,078	306,684,271
Total equity attributable to shareholder of the Company		2,285,944,161	2,063,303,863
Non-controlling interest	18.a.3	151,901	151,028
Total liabilities and shareholders' equity		24,587,098,136	25,356,712,100

Industrial and Infrastructure Development Finance Company Limited

Consolidated Balance Sheet

As at 31 December 2019

	Notes	2019	2018
		BDT	BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19		
Acceptances and endorsements		-	-
Letters of guarantee		203,549,122	203,549,122
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total		203,549,122	203,549,122
Others commitments:			
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		-	-
		-	-
Total off-balance sheet items including contingent liabilities		203,549,122	203,549,122

The annexed notes 1 to 44 form an integral part of these consolidated financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Dhaka
29 September 2020

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited

Consolidated Profit and Loss Account For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
A. OPERATING INCOME			
Interest income	20.a	2,541,045,561	2,493,918,458
Interest paid on deposits, borrowings etc.	21.a	(1,768,153,938)	(1,860,962,107)
Net interest income		772,891,623	632,956,351
Investment income	22.a	42,596,121	42,255,528
Commission, exchange and brokerage	23.a	55,762,484	73,869,178
Other operating income	24.a	17,186,031	34,224,600
Total operating income		888,436,259	783,305,657
B. OPERATING EXPENSES			
Salaries and allowances	25.a	235,485,026	205,427,538
Rent, taxes, insurance, electricity etc.	26.a	47,683,367	49,353,297
Legal expenses	27.a	7,753,345	11,460,125
Postage, stamp, telecommunications etc.	28.a	5,249,644	4,492,355
Stationery, printing, advertisement etc.	29.a	5,075,742	5,740,111
Managing director's salary and fees	30	7,791,837	7,048,432
Directors' fees	31.a	960,400	851,917
Auditor's fees	32.a	776,250	782,000
Loans and advances written-off	33.a	7,798	253,338
Repair, depreciation and amortization of company's assets	34.a	16,633,470	15,875,674
Other expenses	35.a	47,080,071	38,348,441
Total operating expenses		374,496,950	339,633,228
C. Profit/(Loss) before provision (A-B)		513,939,309	443,672,429
D. Provision for loans and advances	36.a		
Specific provision		333,887,318	88,034,704
General provision		(1,492,742)	30,906,552
Provision for diminution in value of investments		83,521,449	51,668,708
Other provision		-	-
Total provision		415,916,025	170,609,964
E. Profit/(Loss) before tax (C-D)		98,023,284	273,062,465
F. Provision for tax:			
Current tax	37.a	63,175,944	95,924,974
Deferred tax		(95,188)	745,845
Total tax provision		63,080,756	96,670,819
G. Profit/(Loss) after tax (E-F)		34,942,529	176,391,646
Attributable to:			
Shareholders of the Company		34,941,655	176,389,757
Non-controlling interest		873	1,889
		34,942,529	176,391,646
Less: Appropriations			
Statutory reserve	14	5,241,850	30,396,627
General reserve	15	1,000,000	1,000,000
		6,241,850	31,396,627
Retained surplus		28,699,805	144,993,130
Earnings per share (EPS)	38.a	0.27	1.47

The annexed notes 1 to 44 form an integral part of these consolidated financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Dhaka
29 September 2020

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited

Consolidated Cash Flow Statement For the year ended 31 December 2019

	2019 BDT	2018 BDT
A CASH FLOW FROM OPERATING ACTIVITIES		
Interest receipts in cash	2,566,671,410	2,462,104,214
Interest payments in cash	(2,194,150,336)	(1,676,732,553)
Dividend receipts in cash	22,544,215	31,383,195
Cash payment to employees	(229,451,317)	(212,475,970)
Cash payment to suppliers	(7,609,317)	(10,232,466)
Income taxes paid	(59,240,190)	(75,347,364)
Receipts from other operating activities	91,756,742	129,350,741
Payments for other operating activities	(105,770,804)	(104,498,619)
Cash generated from operating activities	84,750,404	543,551,177
Increase/(decrease) in operating assets and liabilities		
Statutory deposits		
Loans and advances to other banks	-	-
Loans and advances to other banks	862,935,545	(4,708,064,163)
Changes in other assets	(607,760,293)	(149,193,500)
Borrowings from other banks	885,781,262	1,883,794,721
Borrowings from other corporate and financial institutions	(781,410,718)	(242,629,951)
Deposits from customers	(1,300,444,568)	2,448,649,101
Changes in other liabilities	161,813,191	297,942,045
	(779,085,581)	(469,501,748)
Net cash (used in)/from operating activities	(694,335,177)	74,049,429
B CASH FLOW FROM INVESTING ACTIVITIES		
Investments in subsidiary	-	-
Proceeds from sale of securities	250,237,172	(1,007,269,715)
Payments for purchase of securities	(330,229,528)	(2,081,572,265)
Purchase of property, plant and equipment	(18,749,226)	(25,763,149)
Payment against lease obligation	-	-
Proceeds from sale of property, plant and equipment	1,331,013	11,971,617
Net cash used in investing activities	(97,410,569)	(3,102,633,512)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(200,000,000)
Share money deposit	187,698,640	123,110,960
Net cash from/(used in) financing activities	187,698,640	(76,889,040)
D Net decrease in cash and cash equivalents (A+B+C)	(604,047,106)	(3,105,473,123)
E Effects of exchange rate changes on cash and cash equivalents	-	-
F Cash and cash equivalents at beginning of the year	1,670,102,281	4,775,575,404
G Cash and cash equivalents at end of the year (D+E+F)	1,066,055,175	1,670,102,281
Cash and cash equivalents at end of the year		
Cash in hand	57,711	72,530
Balance with Bangladesh Bank and its agents bank(s)	177,275,664	213,673,994
Balance with other banks and financial institutions	888,721,800	1,456,355,757
	1,066,055,175	1,670,102,281

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Industrial and Infrastructure Development Finance Company Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Particulars	Amount in BDT							
	Paid-up capital	Statutory reserve	General reserve	Retained earnings	Proposed stock dividend	Share money deposit	Non controlling interest	Total
Balance as at 01 January 2019	1,200,000,000	366,708,633	66,800,000	306,684,271	-	123,110,960	151,028	2,063,454,892
Changes in accounting policy	-	-	-	-	-	-	-	-
Restated balance	1,200,000,000	366,708,633	66,800,000	306,684,271	-	123,110,960	151,028	2,063,454,892
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	34,942,529	-	-	-	34,942,529
Share money deposit	-	-	-	-	-	187,698,640	-	187,698,640
Transfer to non-controlling interest (NCI)	-	-	-	(873)	-	-	873	-
Dividend (Stock 2018)	-	-	-	(117,720,000)	117,720,000	-	-	-
Dividend (Stock 2017)	108,000,000	-	-	(108,000,000)	-	-	-	-
Transferred to statutory reserve	-	5,241,850	-	(5,241,850)	-	-	-	-
Transferred to general reserve	-	-	1,000,000	(1,000,000)	-	-	-	-
Balance as at 31 December 2019	1,308,000,000	371,950,483	67,800,000	109,664,076	117,720,000	310,809,600	151,901	2,286,096,062
Balance as at 01 January 2018	1,000,000,000	336,312,006	65,800,000	361,691,141	-	-	149,139	1,763,952,286
Changes in accounting policy	-	-	-	-	-	-	-	-
Restatement for non-divisible profit	-	-	-	-	-	-	-	-
Restated balance	1,000,000,000	336,312,006	65,800,000	361,691,141	-	-	149,139	1,763,952,286
Net profit for the year	-	-	-	176,391,646	-	-	-	176,391,646
Share money deposit	-	-	-	-	-	123,110,960	-	123,110,960
Transfer to non-controlling interest (NCI)	-	-	-	(1,889)	-	-	1,889	-
Dividend (Stock)	200,000,000	-	-	(200,000,000)	-	-	-	-
Transferred to statutory reserve	-	30,396,627	-	(30,396,627)	-	-	-	-
Transferred to general reserve	-	-	1,000,000	(1,000,000)	-	-	-	-
Balance as at 31 December 2018	1,200,000,000	366,708,633	66,800,000	306,684,271	-	123,110,960	151,028	2,063,454,892

Sd/-

Chairman

Sd/-

Director

Sd/-

Managing Director

Sd/-

Company Secretary

Industrial and Infrastructure Development Finance Company Limited

Balance Sheet As at 31 December 2019

	Notes	2019 BDT	2018 BDT
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)		7,463	13,432
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		177,275,664	213,673,994
		177,283,127	213,687,426
Balance with other banks and financial institutions	4		
In Bangladesh		671,932,857	1,329,977,024
Outside Bangladesh		-	-
		671,932,857	1,329,977,024
Money at call on short notice	5	-	-
Investments	6		
Government		-	-
Others		659,724,965	632,407,084
		659,724,965	632,407,084
Loans and advances	7		
Lease receivables		2,268,262,576	2,612,054,632
Advance for lease finance		66,448,175	162,809,086
Direct/ term finance		16,527,851,913	16,744,205,183
Secured overdraft		9,147,811	60,981,865
Bills discounted and purchased		37,097,428	34,671,551
		18,908,807,903	19,614,722,317
Fixed assets including premises, furniture and fixtures	8	37,701,841	36,641,033
Intangible asset	8.1	4,114,340	1,751,705
Other assets	9	2,957,496,371	2,303,169,485
Non-banking assets		-	-
Total assets		23,417,061,404	24,132,356,074
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	6,346,214,531	5,460,433,269
Deposits and other accounts	11		
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		12,707,981,706	14,682,250,217
Bearer certificate of deposits		-	-
Other deposits		2,366,560	2,366,560
		12,710,348,266	14,684,616,777
Other liabilities	12	2,168,947,183	2,009,662,495
Total liabilities		21,225,509,980	22,154,712,541
Capital/ shareholders' equity			
Paid-up capital	13	1,308,000,000	1,200,000,000
Statutory reserve	14	371,950,483	366,708,633
General reserve	15	50,800,000	49,800,000
Share money deposit	16	310,809,600	123,110,960
Proposed stock dividend	17	117,720,000	-
Retained earnings	18	32,271,341	238,023,941
Total shareholders' equity		2,191,551,424	1,977,643,533
Total liabilities and shareholders' equity		23,417,061,404	24,132,356,074

Industrial and Infrastructure Development Finance Company Limited

Balance Sheet

As at 31 December 2019

OFF-BALANCE SHEET ITEMS	Notes	2019	2018
		BDT	BDT
Contingent liabilities	19		
Acceptances and endorsements		-	-
Letters of guarantee		203,549,122	203,549,122
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		203,549,122	203,549,122
Others commitments			
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		-	-
		-	-
Total off-balance sheet items including contingent liabilities		203,549,122	203,549,122

The annexed notes 1 to 44 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Dhaka
29 September 2020

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited

Profit and Loss Account For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
A. OPERATING INCOME			
Interest income	20	2,496,909,474	2,449,191,923
Interest paid on deposits, borrowings etc.	21	(1,767,162,412)	(1,860,189,984)
Net interest income		729,747,062	589,001,939
Investment income	22	29,044,925	20,544,922
Commission, exchange and brokerage	23	-	-
Other operating income	24	16,252,526	33,363,307
Total operating income		775,044,513	642,910,168
B. OPERATING EXPENSES			
Salaries and allowances	25	184,435,083	155,607,601
Rent, taxes, insurance, electricity etc.	26	29,966,616	31,264,842
Legal expenses	27	6,448,760	8,207,398
Postage, stamp, telecommunications etc.	28	3,170,415	2,358,839
Stationery, printing, advertisement etc.	29	4,438,902	4,965,567
Managing director's salary and fees	30	7,791,837	7,048,432
Directors' fees	31	678,400	657,600
Auditor's fees	32	454,250	494,500
Repair, depreciation and amortization of company's assets	34	14,261,265	13,874,037
Other expenses	35	31,710,227	29,078,150
Total operating expenses		283,355,755	253,556,966
C. Profit/ (Loss) before provision (A-B)		491,688,759	389,353,202
D. Provision for loans and advances			
Specific provision	36	333,887,318	88,034,704
General provision		(1,492,742)	29,030,681
Provision for diminution in value of investments	12.1	82,982,292	40,304,684
Total provision		415,376,868	157,370,069
E. Profit before tax (C-D)		76,311,891	231,983,133
F. Provision for tax			
Current tax	37	50,000,000	79,253,426
Deferred tax	37.2	102,642	746,574
Total tax provision		50,102,642	80,000,000
Profit after tax		26,209,249	151,983,133
Less: Appropriations			
Statutory reserve	14	5,241,850	30,396,627
General reserve	15	1,000,000	1,000,000
		6,241,850	31,396,627
Retained surplus		19,967,399	120,586,506
Earnings per share (EPS)	38	0.20	1.27

The annexed notes 1 to 44 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Dhaka
29 September 2020

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited

Cash Flow Statement For the year ended 31 December 2019

	2019	2018
	BDT	BDT
A CASH FLOW FROM OPERATING ACTIVITIES:		
Interest receipts in cash	2,475,528,199	2,320,068,278
Interest payments in cash	(2,129,490,590)	(1,743,516,723)
Dividend receipts in cash	12,023,003	13,907,861
Cash payment to employees	(192,226,920)	(162,656,033)
Cash payment to suppliers	(7,609,317)	(7,324,406)
Income tax paid	(46,654,821)	(56,194,199)
Receipts from other operating activities	33,274,448	54,620,268
Payments for other operating activities	(70,595,418)	(61,742,307)
Cash generated from operating activities	74,248,585	357,162,739
Increase/(decrease) in operating assets and liabilities		
Statutory deposits		
Loans and advances to other banks	-	-
Loans and advances to other customers	705,914,414	(4,628,130,323)
Changes in other assets	(654,326,886)	(63,872,967)
Borrowings from other banks	885,781,262	2,802,569,998
Borrowings from other corporate and financial institutions	(703,240,971)	1,206,019,149
Deposits from customers	(1,271,027,540)	448,649,101
Changes in other liabilities	159,284,687	(66,742,758)
	(877,615,034)	(301,507,800)
Net Cash (used in)/from operating activities	(803,366,449)	55,654,939
B CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in subsidiary	-	-
Proceeds from sale of securities	250,237,172	(1,013,138,584)
Payments for purchase of securities	(313,278,647)	(2,054,210,454)
Purchase of property, plant and equipment	(17,071,825)	(25,445,729)
Payment against lease obligation	-	-
Proceeds from sale of property, plant and equipment	1,332,642	1,541,750
Net cash used in investing activities	(78,780,658)	(3,091,253,017)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid	-	(200,000,000)
Share money deposit	187,698,640	123,110,960
Net cash from/(used in) financing activities	187,698,640	(76,889,040)
D Net decrease in cash and cash equivalents (A+B+C)	(694,448,467)	(3,112,487,119)
E Effects of exchange rate changes on cash and cash equivalents	-	-
F Cash and cash equivalents at beginning of the year	1,543,664,450	4,656,151,569
G Cash and cash equivalents at end of the year (D+E+F)	849,215,984	1,543,664,450
Cash and cash equivalents at end of the year		
Cash in hand	7,463	13,432
Balance with Bangladesh Bank and its agents bank(s)	177,275,664	213,673,994
Balance with other banks and financial institutions	671,932,857	1,329,977,024
	849,215,984	1,543,664,450

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Industrial and Infrastructure Development Finance Company Limited

Statement of Changes in Equity For the year ended 31 December 2019

Particulars	Amount in BDT						
	Paid-up capital	Statutory reserve	General reserve	Retained earnings	Proposed stock dividend	Share money deposits	Total
Balance as at 01 January 2019	1,200,000,000	366,708,633	49,800,000	238,023,941	-	123,110,960	1,977,643,534
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	1,200,000,000	366,708,633	49,800,000	238,023,941	-	123,110,960	1,977,643,534
Net profit for the year	-	-	-	26,209,249	-	-	26,209,249
Dividend (Stock 2018)	-	-	-	(117,720,000)	117,720,000	-	-
Dividend (Stock 2017)	108,000,000	-	-	(108,000,000)	-	-	-
Share money deposit	-	-	-	-	-	187,698,640	187,698,640
Transferred to statutory reserve	-	5,241,850	-	(5,241,850)	-	-	-
Transferred to general reserve	-	-	1,000,000	(1,000,000)	-	-	-
Balance as at 31 December 2019	1,308,000,000	371,950,483	50,800,000	32,271,341	117,720,000	310,809,600	2,191,551,424
Balance as at 01 January 2018	1,000,000,000	336,312,006	48,800,000	317,437,434	-	-	1,702,549,440
Changes in accounting policy	-	-	-	-	-	-	-
Restatement for non-divisible profit	-	-	-	-	-	-	-
Restated balance	1,000,000,000	336,312,006	48,800,000	317,437,434	-	-	1,702,549,440
Net profit for the year	-	-	-	151,983,133	-	-	151,983,133
Dividend (cash)	-	-	-	-	-	-	-
Dividend (Stock)	200,000,000	-	-	(200,000,000)	-	-	-
Share money deposit	-	-	-	-	-	123,110,960	123,110,960
Transferred to statutory reserve	-	30,396,627	-	(30,396,627)	-	-	-
Transferred to general reserve	-	-	1,000,000	(1,000,000)	-	-	-
Balance as at 31 December 2018	1,200,000,000	366,708,633	49,800,000	238,023,941	-	123,110,960	1,977,643,533

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Industrial and Infrastructure Development Finance Company Limited

Liquidity Statement

As at 31 December 2019

Particulars	Amount in BDT					Total
	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity	
ASSETS:						
Cash	7,463	-	-	-	-	7,463
Balances with Bangladesh Bank	177,275,664	-	-	-	-	177,275,664
Balances with other bank(s)	254,844,253	191,183,163	160,437,246	65,468,195	-	671,932,857
Money at call and on short notice	-	-	-	-	-	-
Investments	232,998,896	150,762,682	174,397,775	101,565,612	-	659,724,965
Loans and advances	1,499,798,773	4,501,635,946	6,998,219,567	4,365,025,398	1,544,128,219	18,908,807,903
Property, plant and equipment	2,674,543	8,484,335	16,116,566	10,426,397	-	37,701,841
Intangible asset (Computer software)	269,901	856,195	1,626,399	1,361,846	-	4,114,340
Other assets	247,314,769	481,893,569	996,663,712	633,242,587	598,381,734	2,957,496,371
Total assets	2,415,184,262	5,334,815,888	8,347,461,264	5,177,090,035	2,142,509,953	23,417,061,404
LIABILITIES:						
Borrowing from other banks, Fin. Ins. and agents	1,565,096,672	1,537,834,138	1,607,656,859	524,799,248	1,110,827,613	6,346,214,531
Deposit and other accounts	692,733,864	3,280,771,298	5,030,826,311	3,261,397,710	444,619,082	12,710,348,266
Provision and other liabilities	140,137,235	422,820,315	487,195,858	315,527,743	803,266,031	2,168,947,182
Total liabilities	2,397,967,771	5,241,425,752	7,125,679,028	4,101,724,702	2,358,712,726	21,225,509,979
Net liquidity gap	17,216,490	93,390,136	1,221,782,237	1,075,365,333	(216,202,773)	2,191,551,424

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Industrial and Infrastructure Development Finance Company Limited

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2019

1.0 Reporting entity and its activities

1.01 Company's profile

Industrial and Infrastructure Development Finance Company Limited (hereinafter referred to as "the Company" or IIDFC), a public limited company was incorporated on 19 December 2000 as a development financial institution to boost investment specially in the spectrum of industrial and infrastructure development. The Company was licensed by Bangladesh Bank on the 23 January 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (2nd, 6th and 7th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh.

1.02 Principal activities and nature of operation

IIDFC offers financial services that includes promotion and term financing of financially viable industrial undertakings and infrastructure projects, lease financing for all type of machineries and equipment including vehicles for industrial and commercial purposes, financial packaging for syndicated fund arrangement including cross-border syndication, acquisition or takeover of public sector enterprises, financial or otherwise, stated for privatization and SME financing. The Company is also involved in factoring finance, work-order finance, bill discounting and home loan etc.

1.03 Subsidiary companies

IIDFC Securities Limited

IIDFC Securities Limited a wholly owned subsidiary company (99.9875%) of IIDFC Limited was incorporated as a public limited company in Bangladesh bearing certificate of incorporation no. C-83521/10 dated 28 March 2010 under the Companies Act- 1994 having its registered office at PFI Tower, 3rd Floor, 56-57 Dilkusha C/A, Dhaka-1000.

The main objectives of the Company for which it was established are to carry out of the business of securities management and stock brokerage, custodian services, investment and asset management, portfolio management, capital market operations and other non-banking financial services including advisory services, mergers and acquisitions, equity investment, joint venture sourcing, corporate finance and restructuring, financial and socio economic consultancy, corporate research and project, studies, privatization and other related services.

IIDFC Capital Limited

IIDFC Capital Limited another wholly owned subsidiary company (99.99%) of IIDFC Limited was incorporated in Bangladesh on 30 November 1995 as a Public company under the Companies Act 1994 vide certificate of incorporation no. C-H.C 2097 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance Company (IIDFC) Limited a non-banking financial institution on 10 December 2009 and renamed as IIDFC Capital Limited. The principal activities of the company for which it was established include the business of issue management, portfolio management, corporate counselling, investment counselling, capital structuring, etc.

2.0 Basis of preparation and significant accounting policies

2.01 Statement of compliance

The consolidated financial statements and separate financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are recorded in cost price (comparing with market value) in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Bangladesh Securities and Exchange Commission guidelines and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail. However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in Note-2.01.01 by following the provision of para 20 of IAS-1 (Presentation of financial statements).

Basis of preparation

This financial statements have been prepared based on International Accounting Standards (IASs) and International Financial Reporting Standards and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.01.01 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for financial institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those financial instruments and general provision standards of IAS and IFRS. As such the company has departure from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed in followings along with financial impact where applicable.

SL	Nature of departure	Title of IFRS/IAS	Treatment of IFRS/IAS	Treatment adopted as per Bangladesh Bank	Financial or presentation effect of the departure
1	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	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 loans (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, as at 31 December 2019, accumulated provision for leases, loans and advances stand at BDT 757.14 million.
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	Investment in shares falls either under at "fair value through profit/ loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit or loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.	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 total market value of all shares are less than the cost price of all shares. In Financial Statement, as at 31 December 2019, Provision for diminution in value of investments stands BDT 131.45 million.
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	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.	As at 31 December 2019, in Financial Statements interest suspense account was BDT 368.35 million whereas last year was Taka 241.07 million. This amount has been shown in other liabilities.
4	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 No. 11, dated 23 December 2009 which will strictly be followed by all banks and Nonbank Financial Institutions (NBFIs). The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

5	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 there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against leases, loans and advances.
6	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosure"	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. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 7 requires specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 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. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. 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 7 has not been made in the accounts.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
7	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 No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	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 No. 11, dated 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	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.

9	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 No. 11, dated 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.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
10	Impairment of Margin Loan, Leases and receivables	IFRS 9 "Financial Instruments"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this. However, we have been maintaining provision for unrealized loss (if any) of margin loan in the portfolio at higher rate than the requirement.
11	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 No. 11, dated 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.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
12	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 No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. However, we present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
13	Other comprehensive income	IAS 1 Presentation of Financial Statements	As per 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 OCI statement.	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.	Financial Statements for 2019 and corresponding year 2018 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements.
14	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account	Financial Statements for 2019 and corresponding year 2018 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

2.02 Basis of consolidation

The financial statements of the company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standards (IFRS) 10 'Consolidated financial statements'. The consolidation of the financial statements have been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The total profits of the company and its subsidiaries are shown in the consolidated Profit and Loss Account with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'non-controlling interest'.

All assets and liabilities of the company and its subsidiaries are shown in the consolidated balance sheet. The interest of non-controlling shareholder of the subsidiaries are shown separately in the consolidated balance sheet under the heading 'non-controlling interest'.

2.03 Integral components of financial statements

The Financial Statements comprise of (as per DFIM circular no. 11, dated 23 December 2009)

1. Consolidated and Separate balance sheet as at 31 December 2019;
2. Consolidated and Separate profit and loss account for the year ended 31 December 2019;
3. Consolidated and Separate statement of cash flows for the year ended 31 December 2019;
4. Consolidated and Separate statement of changes in equity for the year ended 31 December 2019;
5. Liquidity statement as at 31 December 2019; and
6. Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2019.

2.04 Use of estimate and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- a) Provision for impairment of loans, leases and investments
- b) Gratuity
- c) Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

Contingent assets

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.

2.05 Statement of cash flows

Cash flow statements are prepared using the direct method as stipulated in International Accounting Standard (IAS 7): "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.06 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with International Accounting Standard (IAS-1) 'Presentation of Financial Statements' and International Accounting Standard (IAS-8) 'Accounting Policies, Changes in Accounting Estimates and Errors', IIDFC Ltd. applies the accounting disclosure principles consistently from one period to the next.

2.07 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2019.

2.08 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

2.09 Branch accounting

The Company has 7 (seven) branches including head office (principal branch) as on 31 December 2019. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.10 Assets and basis of their valuation

2.10.01 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.

2.10.02 Investment in securities

Investment in marketable ordinary shares as well as investment in non-marketable shares have been shown at cFull provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02, dated 31 January 2012. Market value of securities has been determined on the basis of the value of securities at the last trading day of the period (last trading day for the year was 30 December 2019).

2.10.03 Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans and off-balance sheet items, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision is made on the basis of quarter end against classified loans and advances review by the management and instruction contained in FID Circular no. 08 dated 03 August 2002, FID circular no. 03 dated 03 May 2006.

a) Interest on loans and advances

Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is calculated on unclassified loans and advances and recognized as income during the year. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank.

b) Provision for loans and advances

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per the Bangladesh Bank Provisioning policy. A general provision has been made by the company to cover unforeseen losses on all leases, loans and investments excluding those for which a specific provision has been kept. The provision is considered adequate to meet any probable future losses.

Provision for loans and advances are made on quarter basis as well as year-end review by management following instructions contained in FID circular No. 08 dated, 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2006 issued by Bangladesh Bank. General Provision on unclassified loans and advances and specific provision on classified loans & advances are maintained as per circular issued by Bangladesh Bank as mentioned above at the rate of 0.25% for standard-SME, 1% for standard, 5% for SMA, 20% for SS and 50% for DF and 100% for BL.

c) Presentation of loans and advances

Loans and advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the statement of financial position (Balance Sheet)

d) Write off loans and advances

As per FID circular No. 03, dated 15 March 2007 and DFIM circular No. 02, dated 01 April 2019 loans and advances/investments are written off as per guidelines of Bangladesh Bank. These written off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

e) Securities against loan

Lease Assets: Assets under the lease agreement is taken as security against lease.

Term Finance: Land, building, machineries and relevant assets are tried to be taken as security.

Working capital and trading loan: Goods are taken as security in the form of pledge and hypothecation along with land and building if any, as mortgage.

House building loan: Land and building are taken as security in the form of mortgage.

Overdraft: FDRs are taken as pledge against the loans taken by clients against their Fixed Deposits.

Public sector loan: In most cases Govt. Guarantee is taken and no other security is taken for government loan and agricultural.

2.10.04 Property, plant and equipment

2.10.04.01 Recognition and measurement

Own assets

Own property, plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs associated with bringing the assets to its working condition for its intended use as per International Accounting Standard 16 'Property, Plant and Equipment'.

2.10.04.02 Lease assets (IFRS-16)

Leasehold assets are accounted for as Finance Lease and capitalized at the inception of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is lower as per International Financial Reporting Standards (IFRS-16) 'Leases'. The corresponding obligation under the lease is accounted for as Liability.

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off balance sheet item. However, IFRS 16 does not require a lease classification test and hence all leases shall be accounted for as on balance sheet item (except some limited exception i.e. short-term lease, leases for low value items).

Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

While implementing IFRS 16, the Company observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset and immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

As per the preliminary assessment of leases for 'office premises', the Company has concluded that the potential impact of these lease items in the Balance Sheet and Profit and Loss Account of the Company is not considered to be material. Therefore, considering the above implementation issues the Company has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 Presentation of Financial Statements'. However, the Company would continue to liaison with regulators and related stakeholders as well as observe the market practice for uniformity and comparability, and take necessary action in line with any guideline and market practice.

2.10.04.03 Subsequent expenditure on fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefits from the assets and that cost can be measure reliably. All other expenditures are recognized as an expense as and when they are incurred.

2.10.04.04 Depreciation

Depreciation is charged to amortise the cost of assets, over their estimated useful lives, using the straight-line method in accordance with IAS-16 "Property, Plant and Equipment". Full depreciation is charged on additions irrespective of date in the month in which the related assets are put into use and no depreciation is charged from the month of disposal. Asset category wise depreciation rates are as follows:

Particular of Property, plant and equipment	Rates (Yearly)
Motor vehicles	20%
Furniture and fixtures	10%
Office equipment	18%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the concerned asset and is recognized accordingly in the statement of profit and loss and comprehensive income (Profit and loss account).

Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.

2.10.04.05 Intangible assets and amortisation of intangible assets

i) Recognition & measurement

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

ii) Amortisation

Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives, software is amortised over 5 years 6 months.

iii) Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits in the specifications to which it relates. All other expenditures are expensed as incurred.

2.10.04.06 Other assets

Other assets include all other financial assets and fees and unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamp. Details are shown in Note-9. Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

2.10.04.07 Non-banking assets

Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgage property. There are no assets acquired in exchange for loan during the period of financial statements.

2.11 Basis for valuation of liabilities and provisions

2.11.01 Provision for tax

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Ordinance, 1984. It is measured using tax rates enacted or substantively enacted at the reporting date.

b. Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". 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. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements.

The Company provides disclosures based on the classes of assets and liabilities related to the temporary differences. 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 liabilities are recognized for all taxable temporary differences and it is probable that temporary differences will not reverse in the foreseeable future. Both the Deferred tax assets and liabilities are reviewed at each reporting date considering the probability of benefit or detriment realizable. Deferred tax assets and liabilities are not offset and are presented separately as per Bangladesh Bank directive.

2.11.02 Employees' benefit obligation

Defined contribution plan

The Company started operating from January, 2003 an approved contributory provident fund scheme for its employees as per provident fund rules. The fund consists of subscription of all participatory employees and contribution from the company at a predetermined rate. The fund is administered by a Board of Trustees and invested separately from the Company's assets.

Defined benefit plan

The Company started operating from January, 2002 an approved gratuity scheme as per gratuity rules which is administered by a Board of Trustees and invested separately from the Company's assets. Employees are entitled to gratuity benefit after completion of minimum years of service with the Company. The gratuity is calculated on the last one basic pay for each year of service and is payable for the service period from completed 5 years and above.

Other benefit program for employees

The Company operates a group life insurance scheme for its permanent employees. The Company also has loan facilities at reduced rate for its permanent employees.

2.12 Write-off

Write-off describes a reduction in recognized value. It refers to recognized or the zero value of an assets. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The items potential returns is thus calculated and removed from ("written-off") the balance sheet of the Company.

Recovery against debts written-off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

2.13 Capital and shareholders' equity

2.13.01 Capital management

The company has a capital management process for measuring, deploying and monitoring its available capital and assessing its adequacy. This capital management process aims to achieve four major objectives; exceed regulatory thresholds and meet long-term internal capital targets, maintain strong credit rating, manage capital levels commensurate with the risk profile of the company and provide the company's shareholder with acceptable returns.

Capital is managed in accordance with the board approved capital management planning from time to time. Senior management develops the capital strategy and oversees the capital management planning of the company. The company's finance and risk management department are key to implementing the company's capital strategy and managing capital. Capital is managed using both regulatory control measure and internal matrix.

2.13.02 Paid-up capital

Paid up share capital represents total amount of share capital that has been paid in full by the ordinary shareholder. In the event of winding-up of the company, ordinary shareholder (s) rank after all other shareholders and creditors.

2.13.03 Statutory reserve

As per clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserves Account.

2.13.04 Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.14 Materiality, aggregation and off setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has 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.

The values of any asset or liability as shown in the statement of financial position (balance sheet) are not off-set by way of deduction from another liability or asset unless there exist a legal right therefore. No such incident existed during the year.

2.15 Revenue recognition

Revenue is only recognized when it meets the following five steps model framework as per IFRS 15: "Revenue from Contracts with customers"

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract; and
- e) recognize revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognized on an accrual basis of accounting.

Lease Income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on net investment in the finance lease. The unearned lease income is recognized on installment date as revenue on an accrual basis over the terms of the lease. However, lease income is not recognized if capital or interest receivable is in arrears for more than three months.

Income from direct finance

Direct finance operation consists of long term, short term and working capital finance, books of account for which are maintained based on the accrual method of accounting. Interest earnings from direct finance are recognized as operational revenue periodically.

i) Interest on real estate finance

Interest on real estate finance is recognised as revenue on an accrual basis and no interest on real estate finance is accounted for as revenue where any portion of capital or interest is in arrear for more than nine months.

ii) Interest on term loans and short term finance

Interest on term loan and short term finance is recognised as revenue on an accrual basis and interest income on term loan is not recognised where any portion of interest is in arrear for more than three months.

Income from structured finance

Income from structured finance is recognized as and when received.

Income from treasury operations

Incomes from treasury operations are recognized on accrual basis.

Dividend income

Revenue is recognized when the Company's right to receive the payment is established, which is generally at the time of shareholders' approval date for payment of dividend.

Other operational income

Other operational income is recognized as and when received. Such income comprises of the following:

- a. Appraisal and documentation fees;
- b. Commitment fees;
- c. Supervision fees;
- d. Delinquent charge;
- e. Miscellaneous receipts;
- f. Portfolio management fee;
- g. Issue management and Corporate advisory fee;
- h. Brokerage commission;
- i. Profit or loss on sale of securities; and
- j. Fee based revenues.

2.16 Interest suspense account

Interest income earned, interest on term finance overdue beyond three months period and interest on real estate finance overdue beyond nine months period and interest on short term finance overdue beyond permitted credit term plus ninety days period are not recognized as revenue and are credited to the interest suspense account.

2.17 Interest accrual on loans and leases

Interest income on interest bearing loans and leases are recorded at the time of proceeds received from a particular company. Accrued interest on company loan and leases is accounted for on accrual basis in the Profit and Loss Account under at the implicit rate of interest.

2.18 Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party 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 its related parties. Related party disclosures have been given in note 39.

2.19 Earnings per share

The Company calculates earnings per share in accordance with International Accounting Standard (IAS) 33: "Earnings Per Share" which has been shown in the face of the profit and loss account and the computation is stated in note 38.

Diluted Earnings per share is not applicable for the year as there is no scope for dilution during the year 2019.

2.20 Determination and Presentation of operating segments

After incorporation, the company started with lease and loan as its core financing business. By times, it diversified its business into investment banking business and brokerage business. The company has decided it's various operating segment considering nature of segmental business. Thus three operating segments of the Group are reported and presented. Profit and loss account of above operations and other operation have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), and results of its operating has been combined, item by item, with the financial results of the Company.

Compliance with International Financial Reporting Standard (IFRS)

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with the Company's other components, whose operating results are regularly reviewed by the Company's ManCom to make decisions about resources allocated to the segments and assess its performance and for which discrete financial information is available.

For the separate financial statements, the Company has determined one reportable segments such as core financing business and for the consolidated financial statements, the subsidiaries of the Company have been determined to be a separate reportable segment in addition to the other segments. Thereafter, for the separate financial statements, the Company has one reportable segments which is core financing business and for the consolidated financial statements, the subsidiaries of the Company (IIDFC Securities Limited and IIDFC Capital Limited) have been determined to be two separate reportable segments in addition to the core financing business.

Information about operating segment has been presented in note 40

2.21 Liquidity statements

As per DFIM circular no. 09, dated 20 October 2015 and DFIM circular no. 21, dated 20 December 2011 the liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following basis:

- Balance with other company and financial institutions are on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Loans and Advances are on the basis of their repayment /maturity schedule.
- Property, plant and equipment are on the basis of their useful lives.
- Other assets are on the basis of their adjustments terms.
- Borrowings from other company and financial institutions are on the basis of their maturity/repayment schedule.
- Deposits and other accounts are on the basis of their maturity terms and past behavioural trends.
- Other liabilities are on the basis of their settlement terms.

2.22 Events after the reporting period

Events after the reporting period requires additional disclosures or adjustments based on material information about the company. As per International Accounting Standards (IAS-10): 'Events after the reporting period' the events after the reporting date are reflected in the financial statements' note no. 43.04.

2.23 Non controlling interest in subsidiaries

A minority interest, which is also referred to as non controlling interest (NCI), is ownership of less than 50% of a company's equity by an investor or another company. For accounting purposes, minority interest is a fractional share of a company amounting to less than 50% of the voting shares. Minority interest shows up as a noncurrent liability on the balance sheet of companies with a majority interest in a company, representing the proportion of its subsidiaries owned by minority shareholders. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to minority shareholders.

2.24 Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the company be unable to continue as a going concern.

2.25 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

In addition to compliance with local regulatory requirements, in preparing the consolidated financial statements and separate financial statements, IIDFC Limited applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of financial statements	1	Applied *
Inventories	2	N/A
Statements of cash flow	7	Applied*
Accounting policies, changes in accounting estimates and errors	8	Applied
Events after the reporting period	10	Applied
Income taxes	12	Applied
Property, plant and equipment	16	Applied
Employee benefits	19	Applied
Accounting for government grants and disclosure of govt. assistance	20	N/A
The effects of changes in foreign exchange rates	21	Applied
Borrowing costs	23	Applied
Related party disclosures	24	Applied
Accounting and reporting by retirement benefit plans	26	N/A
Separate financial statements	27	Applied
Investment in associates and joint ventures	28	N/A
Financial reporting in hyperinflationary economics	29	N/A
Interests in joint ventures	31	N/A
Earnings per share	33	Applied
Interim financial reporting	34	Applied
Impairment of assets	36	Applied
Provisions, contingent liabilities and contingent assets	37	Applied
Intangible assets	38	Applied
Investment property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS No	Status
Share based payment	2	N/A
Business combination	3	N/A
Insurance contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and evaluation of mineral resources	6	N/A
Financial instruments: disclosures	7	Applied *
Operating segments	8	Applied
Financial instruments	9	Applied *
Consolidated financial statements	10	Applied
Joint arrangement	11	N/A
Disclosure of interest in other entities	12	N/A
Fair value measurement	13	Applied *
Revenue from contracts with customers	15	Applied
Leases	16	Not Applied

N/A= Not applicable

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements.

2.26 Capital adequacy and market discipline

To cope with the international best practices and to make up the capital more risks sensitive as well as more shock resilient, a road map was issued in August 2010 on implementation of Basel Accord in the Financial Institution (FIs). Being well pursuant with the road map, prudential guidelines namely 'Capital Adequacy and Market Discipline for Financial Institutions' had been introduced by Bangladesh Bank from December, 2011. The guidelines came into force from 01 January 2012 with necessary supplements/revisions. Instructions in respect of Minimum Capital Requirement, Adequate Capital and Disclosures requirement as stated in the guidelines have been followed for the purpose of statutory compliance.

As per prudential guideline IIDFC calculated Minimum Capital Requirement (MCR) by dividing the total capital by the sum of risk weighted assets against credit risk, market risk, and operational risk under pillar-I.

Pillar – I: Minimum capital requirement

Credit risk

The calculation of capital requirement against credit risk is more elaborate and risk sensitive. The Accord gives a choice of some sophisticated approaches to address risks, and adoption of a Particular approach depends on the risk measurement capabilities and robustness of the systems in place in a Financial Institution. A standardized approach has been the preliminary choice of financial institutions for the credit risk calculation.

Market risk

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The risks subject to this requirement are:

- The risks pertaining to interest rate related instruments and equities in the trading book; and
- Foreign exchange risk and commodities risk throughout the financial institution.

The capital charges for interest rate related instruments and equities applied to the current trading book items prudently valued by IIDFC. The capital charges for foreign exchange risk and for commodities risk applied to IIDFC's total currency and commodity positions, subject to some discretion to exclude structural foreign exchange positions.

Operational risk

The accord introduces for the first time a capital charge for operational risk. The framework presents three methods for calculating operational risk capital charges in a continuum of increasing complexity and risk sensitivity. These methods are the Basic Indicator approach (a fixed percentage of gross income amount), Standardized approach (sum of a certain percentage of financial institution's income in each business line) and Internal Measurement approach (Statistical measure of financial institution's operational loss based on its historical loss data). But initially, Basic Indicator Approach has been applied for calculating the capital charge against operational risk.

2.27 Stress testing

Stress testing is an important risk management tool that is used by the financial institutions as part of internal risk management and through the Basel II capital adequacy framework, is promoted by Bangladesh Bank. Stress testing alerts Financial Institutions management to adverse unexpected outcomes related to a variety of risks and provides an Indication of how much capital might be needed to absorb losses should large shock occur. Stress Testing supplements other risk management approaches and measures playing particularly important role in:

- > Providing forward-looking assessment of risk;
- > Overcoming limitations of models and historical data;
- > Supporting external and internal communication;
- > Feeding into capital and liquidity planning procedures;
- > Informing the setting of an FI's risk tolerance; and
- > Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions.

Stress Testing guideline have been issued by Bangladesh Bank to provide a structured way of assessing the vulnerability of financial institutions to extreme but plausible market conditions. The guidelines enable institutions to accurately assess risk and define the "risk appetite" of the organization and also provide critical information to senior management for decision around capital allocation and contingency planning.

IIDFC Limited exercise stress testing on its portfolio on quarterly basis and submit its stress testing report as per format prescribed by Bangladesh Bank on regular basis.

2.28 Financial risk management

IIDFC always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations and money laundering and terrorist financing. In addition to the industry best practices for assessing, identifying and measuring risks, IIDFC also considers guidelines for managing core risks of financial instructions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10, dated 18 September 2005 for management of risks and, more recently, DFIM Circular No. 03 dated, 24 January 2016.

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 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.

The Credit Appraisal Committee (CAC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CAC critically reviews projects from risk point of view. An independent Credit Risk Management Department is in place, at IIDFC, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets.

To mitigate the credit risk, IIDFC maintains Financial loss reserve (note 12.1). They maintain provision against loans and advances based on the guidelines provided by Bangladesh Bank for loan classifications and provisions.

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.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. IIDFC has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

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.

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.

Appropriate internal control measures are in place, at IIDFC, to address operational risks. IIDFC has also established an Operational Risk Management (ORM) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk. The function of the ORM department is to exercise constant vigilance against erosion of Shareholders' value by identifying, assessing, measuring and managing operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

In IIDFC Limited, money laundering and terrorist financing risk takes two broad dimensions:

- (a) Business risk which is the risk that IIDFC may be used for money laundering or for the financing of terrorism and
- (b) Regulatory risk which is the risk that IIDFC fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and the Anti-Terrorism Act, 2009 (subsequently amended in 2012 and 2013).

To mitigate the risks, IIDFC, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), has in place a strict compliance program consisting of the following components:

- (a) Internal policies, procedures and controls, which are continually updated as and when required, to identify and report instances of money laundering and terrorism financing;
- (b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for proactively managing AML and CFT compliance;
- (c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;
- (d) Independent audit functions, including internal and external audit, to test the programs; and
- (e) Ongoing employee training programs.

Additional risks required to be addressed under regulatory requirements

DFIM Circular No.03 of 2016, introduced the Integrated Risk Management Guidelines for Financial Institutions ("the guidelines"). These guidelines supplement, and do not replace, existing risk management guidelines.

The Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage in a more structured manner. Key among these are:

Strategic risk

Strategic risk has been defined as the risk of possible losses that might arise from adverse business decisions, substandard execution and failure to respond properly to changes in the business environment. The guidelines set out the respective roles of the board of the directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control.

IIDFC has been managing strategic risks ever since its inception. This is evident from the constantly evolving business model of the company over the years. The company has a clear strategic vision as to what it wants to be and a mission statement that states what it will do to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the IIDFC Board. Over the past few years, a separate Strategic Planning department has been set up to assist senior management in this regard. The culmination of all these efforts are reflected in annual Strategy and Budget sessions, where the company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

Compliance risk

Compliance risk is defined as the current or prospective risk of legal sanction and/or material financial loss that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy.

Historically, IIDFC has always fostered a compliance oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the IIDFC code of conduct (which requires compliance with the law and regulations) to repeated communications from senior management stressing the need to do business in a compliant manner. In general, compliance risk management is embedded in the day to day to business processes and practices of the company. Concerned departments are kept informed of latest legal and regulatory requirements by the ICC and Corporate Affairs departments. A consideration of compliance (or any potential non-compliance) with laws and regulations is a standard part of the company's regular decision making processes. Wherever deemed necessary, appropriate legal advice is sought from qualified internal and/or external legal counsel.

Reputation risk

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks.

IIDFC has already established a set of non-financial reputational risk indicators and put in place a process for monitoring these and any other matters that might give rise to potential reputational risk issues. Till date, no material reputational risk issue involving the company has been identified.

Environmental and social risk

As the best financial brand in promoting sustainable business practices, IIDFC have adopted Environmental and Social Risk Management System as one of its integral parts of Credit Risk Assessment to compute environmental and social risks from our financial footprints. IIDFC is one of the front runners to add "Environmental and Social Management System (ESMS)" within its framework, a global standard to minimize environmental and social risks from the organizational activities.

	2019	2018
	BDT	BDT
3 Cash		
Cash in hand (Note 3.1)	7,463	13,432
Balance with Bangladesh Bank and its agent bank(s) (Note 3.2)	177,275,664	213,673,994
Total	177,283,127	213,687,426
3.1 Cash in hand		
Cash in hand represents the amount under "imprest system of petty cash" to meet petty expenses both for head office as well as branch offices.		
3.2 Balance with Bangladesh Bank		
Balance with Bangladesh Bank is a non-interest bearing account maintained with Central Bank to meet the cash reserve requirement (CRR). CRR (note 3.3) and statutory liquidity reserve (SLR) (note 3.4) have been calculated and maintained in accordance with The Financial Regulations 1994 and FID Circular No. 06, dated 06 November, 2003 and FID Circular No. 02, dated 10 November, 2004.		
3.3 Cash reserve requirement (CRR)		
Cash reserve requirement and statutory liquidity reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 and Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02, dated 10 November 2004 and DFIM Circular Letter No. 01, dated 12 January 2017.		
CRR has been calculated at the rate of 2.50% on total term deposits which is preserved in current account maintained with Bangladesh Bank in compliance with FID circular No. 06, dated 6 November 2003 and FID Circular No. 02, dated 10 November 2004. Total term deposits means term or fixed deposits, security deposit against lease/loan and other term deposits received from individuals and institutions (except banks and financial institutions).		
Required reserve	169,634,250	193,426,215
Actual reserve held (Note: 3.2)	177,275,664	213,673,994
Surplus/ (deficit)	7,641,414	20,247,779
3.4 Statutory liquidity reserve (SLR)		
SLR has been calculated at the rate of 5.00% of total demand and time liabilities, including CRR of 2.50% on total term deposits. SLR is maintained in liquid assets in the form of cash in hand, balance with Bangladesh Bank, balance with other Banks and financial institutions, unencumbered treasury bills, prize bond, savings certificates and any other assets approved by Bangladesh Bank.		
Required reserve	378,908,847	427,521,256
Actual reserve held (Note-3.4.1)	406,863,299	463,768,379
Surplus/ (deficit)	27,954,452	36,247,123
3.4.1 Actual reserve held for SLR		
Cash in hand	7,463	13,432
Balance with Bangladesh Bank and its agent bank(s) (Note: 3.2)	177,275,664	213,673,994
Balance with other banks and financial institutions (Note: 3.4.1.1)	229,580,172	250,080,953
	406,863,299	463,768,379
3.4.1.1 Balance with other banks and financial institutions		
National Credit and Commerce Bank Limited	21,903,104	-
Modhumoti Bank Limited	10,370,500	-
Union Bank Limited	197,306,568	250,080,953
Total	229,580,172	250,080,953
3.a Consolidated cash		
IIDFCL	7,463	13,432
IIDFC Securities Limited	29,447	23,819
IIDFC Capital Limited	20,801	35,279
Sub-total	57,711	72,530
Balance with Bangladesh Bank and its agent bank(s) (Note-3)	177,275,664	213,673,994
Total	177,333,375	213,746,524

4 Balance with other banks and financial institutions

Inside Bangladesh

Current accounts:

National Credit and Commerce Bank Limited	434	1,539
Southeast Bank Limited	3,560	-
Social Islami Bank Limited	128	128
BRAC Bank Limited	2,775,341	3,969,464
Bank Alfalah Limited	21,220	47,715
Bank Asia Limited	-	16
Midland Bank Limited	1,535	-
Commercial Bank of Ceylon PLC	27,697	26,697
Uttara Bank Limited	-	22

Total

2,829,915 **4,045,581**

Short-term deposit accounts

Southeast Bank Limited	128,116	-
Social Islami Bank Limited	2,278	-
Bank Asia Limited	98,818,916	100,114,493
AB Bank Limited	3,057	3,057
The City Bank Limited	142,402	142,402
Janata Bank Limited	1,004	2,093
Pubali Bank Limited	27,378	400,004,199
ONE Bank Limited	28,962	28,959
Sonali Bank Limited	82,588	80,153

Total

99,234,701 **500,375,356**

Fixed deposits receipts (FDR Placement)

National Credit and Commerce Bank Limited	21,903,104	20,408,000
NRB Commercial Bank Limited	41,323,580	10,000,000
Union Bank Limited	334,065,760	415,967,775
Union Capital Limited	43,600,000	30,000,000
Standard Bank Limited	52,217,797	50,730,812
South Bangla Agriculture and Commerce Bank Limited	29,987,500	99,949,500
Madumoti Bank Limited	10,370,500	10,000,000
Fareast Finance and Investment	6,400,000	-
Social Islami Bank Limited	20,000,000	-
Bangladesh Commerce Bank Limited	10,000,000	-
National Finance Limited	-	100,000,000
Bangladesh Finance and Investment Co. Limited	-	20,000,000
Bank Asia Limited	-	1,000,000
International Financial Services Limited	-	2,500,000
Premier Leasing and Finance Limited	-	25,000,000
Prime Finance and Investment Limited	-	40,000,000

Total

569,868,241 **825,556,087**

Sub total

671,932,857 **1,329,977,024**

Outside Bangladesh

- -

Grand total

671,932,857 **1,329,977,024**

The Company maintains dormant account with these banks: Commercial Bank of Ceylon A/C no. 1802002060, Social Islami Bank Limited A/C no. 0081330012359. The City Bank Limited A/C no. 3102020294001 and A/C no. 2921304201001, AB Bank Limited A/C no. 4005624632430 and Bank Asia Limited A/C no. 07936000004.

4.1 Maturity grouping of balance with other banks and financial institutions

On demand	254,844,253	504,420,937
Less than 3 months	191,183,163	378,414,616
More than 3 months but less than 1 year	160,437,246	317,558,292
More than 1 year but less than 5 years	65,468,195	129,583,179
Above 5 years	-	-

Total

671,932,857 **1,329,977,024**

	2019	2018
	BDT	BDT
4.a Consolidated balance with other banks and financial institutions		
IIDFCL	671,932,857	1,329,977,024
IIDFC Securities Limited (Note-4.a.1)	207,271,322	112,558,560
IIDFC Capital Limited (Note-4.a.2)	9,517,621	13,820,173
Total	888,721,800	1,456,355,757
4.a.1 IIDFC Securities Limited		
Southeast Bank Limited	1,379,745	575,801
ONE Bank Limited	169,539,866	96,980,953
National Credit and Commerce Bank Limited	16,351,711	15,001,806
IIDFCL	20,000,000	-
Total	207,271,322	112,558,560
4.a.2 IIDFC Capital Limited		
Southeast Bank Limited	2,843,921	7,800,861
ONE Bank Limited	6,598,243	5,943,855
Bangladesh Commerce Bank Limited	75,457	75,457
Total	9,517,621	13,820,173
5 Money at call on short notice		
Banks	-	-
Non-bank financial institutions	-	-
Total	-	-
6 Investments		
Government securities		
Treasury bill	-	-
National investment bond	-	-
Bangladesh bank bill	-	-
Government notes/ bond	-	-
Prize bond	-	-
Others	-	-
Sub total	-	-
Other investments		
Debenture and bond (Note-6.1)	54,750,000	52,500,000
Investments in shares (Note-6.2)	604,974,965	575,484,389
Investments IPO (Note-6.3)	-	4,422,695
Preference shares	-	-
Gold etc.	-	-
Sub total	659,724,965	632,407,084
Total investments	659,724,965	632,407,084
6.1 Debenture and bond		
Investment in debenture and bond includes investment in the bond of Golden Harvest Agro Industries Limited.		
Opening balance	52,500,000	53,461,911
Add: Addition during the year	5,750,000	-
Less: Adjustment during the year	3,500,000	961,911
Closing balance	54,750,000	52,500,000

	2019	2018
	BDT	BDT
6.2 Investments in shares		
Quoted shares		
Bank company	50,249,888	29,521,693
Non-banking company	36,981,624	38,386,499
Insurance company	-	8,977,300
Mutual fund	31,917,816	36,107,156
Other company	330,675,638	300,691,742
Total	449,824,966	413,684,390
Un-quoted shares		
MTB Unit Fund	53,299,999	53,299,999
HFAML Unit Fund	51,850,000	55,600,000
IDLC Growth Fund	50,000,000	52,900,000
	155,149,999	161,799,999
Total investment in shares	604,974,965	575,484,389
6.3 Investments IPO		
Intraco CNG Limited	-	213,330
Esquire Knit Composite Limited	-	1,880,100
M.L. Dyeing Limited	-	120,790
Kattali Textile Limited	-	201,270
Runner Automobiles Limited	-	1,080,825
Indo-Bangla Pharmaceuticals Limited	-	117,750
S. S. Steel Limited	-	134,920
AND Telecom Limited	-	569,040
Genex Infosys Limited	-	104,670
	-	4,422,695

6.4 Cost price Vs market price of quoted investments	31st December 2019		
	Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
Bank company	50,249,888	36,322,682	13,927,206
Non-banking company	36,981,624	21,434,058	15,547,566
Insurance Company	-	-	-
Mutual fund	31,917,816	26,371,811	5,546,005
Other company	330,675,638	234,249,810	96,425,828
Total	449,824,966	318,378,361	131,446,605

All investments in marketable securities are valued on an aggregate portfolio basis, at the lower of cost and market value as at 31 December 2019. At the end of the reporting year, total cost price of the listed securities was BDT 449,824,966 where as the market price was BDT 318,378,361 resulting a required provision of BDT 131,446,605.

6.5 Maturity grouping of investments		
On demand	232,998,896	223,350,881
Less than 3 months	150,762,682	144,519,903
More than 3 months but less than 1 year	174,397,775	167,176,315
More than 1 year but less than 5 years	101,565,612	97,359,985
Above 5 years	-	-
Total	659,724,965	632,407,084
6.a Consolidated investments		
IIDFCL	659,724,965	632,407,084
IIDFC Securities Limited (Note - 6.a.1)	349,321,890	314,051,818
IIDFC Capital Limited (Note - 6.a.2)	54,340,498	72,659,688
Total	1,063,387,353	1,019,118,590

6.a.1 Investment of IIDFC Securities Limited

Quoted shares

	2019	2018
	BDT	BDT
Bank company	88,906,018	90,925,508
Non-banking Company	31,458,966	4,183,375
Insurance company	23,541,959	27,541,973
Mutual fund	28,698,463	4,002,495
Other company	146,857,965	158,538,047
Total	319,463,370	285,191,398

Un-quoted shares

ICB AMCL 2ND NRB Unit Fund	998,100	-
Dhaka Stock Exchange Limited	28,860,420	28,860,420
Total investment in shares	349,321,890	314,051,818

6.a.1.1 Cost price Vs market price of quoted investments

	31st December 2019		
	Cost price (A)	Market price (B)	Required Provision (C=A-B)
Bank company	88,906,018	60,081,285	28,824,732
Non-banking company	31,458,966	21,041,339	10,417,627
Insurance company	23,541,959	15,593,301	7,948,658
Mutual fund	28,698,463	22,343,491	6,354,972
Other company	146,857,965	99,147,854	47,710,111
Total	319,463,370	218,207,270	101,256,100

6.a.2 Investment of IIDFC Capital Limited

Quoted shares

Bank company	559,047	12,452,129
Non-banking company	8,042,351	8,328,204
Insurance company	-	2,565,642
Mutual fund	12,584,302	12,261,703
Other company	33,154,798	37,052,010
Total	54,340,498	72,659,688

Un-quoted Shares

	-	-
Total investment in shares	54,340,498	72,659,688

6.a.2.1 Cost price Vs market price of quoted investments

	31st December 2019		
	Cost price (A)	Market price (B)	Required provision (C=A-B)
Bank company	559,047	300,000	259,047
Non-banking company	8,042,351	4,540,000	3,502,351
Insurance company	-	-	-
Mutual fund	12,584,302	8,238,000	4,346,302
Other company	33,154,798	19,873,809	13,280,989
Total	54,340,498	32,951,809	21,388,689

		2019	2018
		BDT	BDT
7 Loans and advances			
Inside Bangladesh:			
lease receivables	12.00%	2,268,262,576	2,612,054,632
Advance for lease finance	0.35%	66,448,175	162,809,086
Total lease finance	12.35%	2,334,710,751	2,774,863,718
Direct/term finance	87.41%	16,527,851,913	16,744,205,183
Secured overdraft	0.05%	9,147,811	60,981,865
Bills discounted and purchased (Note-7.8)	0.20%	37,097,428	34,671,551
Total other finance	87.65%	16,574,097,152	16,839,858,599
Sub total (Note-7.1)	100.00%	18,908,807,903	19,614,722,317
Outside Bangladesh:			
Gross lease receivables	-	-	-
Less: Unearned lease income	-	-	-
Net lease receivables	-	-	-
Advance for lease finance	-	-	-
Direct/ term finance	-	-	-
Secured overdraft	-	-	-
Factoring finance	-	-	-
Margin loan	-	-	-
Sub total	-	-	-
Total	100.00%	18,908,807,903	19,614,722,317
7.1 Details of loans and advances			
Lease finance			
Corporate clients	5.53%	1,046,088,643	1,323,461,337
Small and medium enterprises (SME)	6.81%	1,288,622,108	1,288,593,295
Sub total	12.35%	2,334,710,751	2,612,054,632
Direct / term finance			
Syndication finance	10.78%	2,037,667,042	1,868,303,400
Corporate clients	49.71%	9,399,386,152	10,078,715,390
Small and medium enterprises (SME)	23.69%	4,478,905,959	4,242,790,669
Home loan	3.04%	574,320,866	573,952,600
Bills discounted and purchased	0.20%	37,097,428	129,904,326
Secured overdraft	0.05%	9,147,811	60,981,865
Employee loan	0.20%	37,571,895	48,019,435
Sub total	87.65%	16,574,097,152	17,002,667,685
Total	100%	18,908,807,903	19,614,722,317
7.2 Maturity grouping of loans and advances			
On demand		1,499,798,773	1,555,552,669
Less than 3 months		4,501,635,946	4,668,980,889
More than 3 months but less than 1 year		6,998,219,567	7,258,373,136
More than 1 year but less than 5 years		4,365,025,398	4,530,285,594
Above 5 years		1,544,128,219	1,601,530,029
Total		18,908,807,903	19,614,722,317

		2019	2018
		BDT	BDT
7.3 Sector/industry-wise loans and advances			
Agricultural sector	3.66%	691,168,883	806,828,350
Industrial sector:			
Textiles	6.05%	1,144,052,285	1,986,465,121
Garments	14.23%	2,691,424,851	2,131,913,911
Jutes and jute related goods	3.16%	597,230,487	471,773,981
Food items producer/processing industry	3.38%	639,945,522	531,129,458
Plastic industries	3.75%	708,275,992	387,913,709
Lather and lather goods	0.28%	52,871,876	56,464,367
Iron, steel and engineering	7.99%	1,511,632,761	1,695,750,108
Chemicals and pharmaceuticals	4.01%	757,599,215	762,910,208
Cement/ clinker and allied industries	1.74%	328,686,754	271,069,553
Service sector (Hotel, hospital, clinic, tourism, etc.)	1.47%	277,093,460	672,951,172
Paper, printing and packaging	1.45%	274,374,315	254,307,855
Telecommunication and IT industries	6.60%	1,247,141,601	1,099,779,287
Glass and ceramic industries	0.81%	152,424,778	35,848,848
Shipping and ship building industries	0.00%	-	506,228,623
Electronics and electrical goods	6.10%	1,154,072,815	1,172,772,149
Power, gas, water and sanitary	4.69%	886,141,097	1,374,716,044
Transport and communication	3.50%	661,286,597	556,593,413
Real estate and housing	4.55%	859,674,220	1,764,034,434
Merchant banking	10.70%	2,022,437,891	319,597,170
Others	11.91%	2,251,272,502	2,755,674,556
Total	100.00%	18,908,807,903	19,614,722,317
7.4 Geographical location-wise loans and advances			
Inside Bangladesh			
Dhaka Division	85.39%	16,145,804,808	15,247,374,411
Chittagong Division	13.52%	2,557,354,709	3,169,256,839
Barisal Division	0.01%	1,401,925	97,152,429
Rajshahi Division	0.34%	64,129,036	447,319,265
Khulna Division	0.74%	140,117,425	100,110,760
Rangpur Division	0.00%	-	6,004,035
Sylhet Division	0.00%	-	547,504,578
Mymensingh Division	0.00%	-	-
Sub Total	100.00%	18,908,807,903	19,614,722,317
Outside Bangladesh	-	-	-
Total	100.00%	18,908,807,903	19,614,722,317

7.5 Classification of loans and advances as per Bangladesh Bank circular

	2019	2018	2019	2018
Unclassified				
Standard	89.89%	91.24%	16,997,162,642	17,897,246,360
Special mention account (SMA)	1.05%	1.29%	198,252,051	252,598,873
Sub total	90.94%	92.53%	17,195,414,693	18,149,845,233
Classified				
Sub-standard (SS)	2.87%	4.16%	542,205,361	816,134,531
Doubtful (DF)	1.22%	1.98%	230,135,899	388,637,115
Bad/ loss (BL)	4.98%	1.33%	941,051,950	260,105,438
Sub total	9.06%	7.47%	1,713,393,210	1,464,877,084
Total	100%	100%	18,908,807,903	19,614,722,317

7.6 Details of large loans and advances

As per DFIM circular No.10, dated 5 September 2011, outstanding amount exceeding 15% of total capital of the company is treated as large loans and advances. Total capital of the company was BDT 2,191,551,424 as on 31 December 2019 whereas BDT 1,977,643,533 as on 31 December 2018.

	2019	2018
	BDT	BDT
Number of clients	10	15
Outstanding amount	4,078,007,087	5,610,801,270
Classified amount	360,621,264	-
Measures taken for recovery	-	-
7.7 Particulars of Loans and advances		
1. Loans and advances considered good in respect of which the company is fully secured	6,627,882,035	6,981,315,824
2. Loans and advances considered good against which the company holds no security others than the debtor's personal guarantee	7,676,744,664	9,861,876,324
3. Loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	3,978,461,263	2,124,958,964
4. Loans and advances adversely classified for which provision has not been maintained	-	-
5. Loans and advances due by the directors or officers of the company or any of them either separately or jointly with any other persons	-	-
6. Loans and advances due from companies or firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members	588,148,046	598,551,770
7. Maximum total amount of loan and advances including temporary loans and advances made at any time during the year to directors of managers or officers of the company or any of them either separately or jointly with any other person	37,571,895	48,019,435
8. Maximum total amount of loans and advances including temporary loans and advances granted during the year to the companies of firms in which the directors of the company have interest as directors, partners of managing agents or in the case of private companies, as members	-	-
9. Due from banking companies	-	-
10. Amount of classified loans and advances on which interest has not been charged as follows:		
a. (Decrease)/ increase in provision	332,394,576	117,065,385
b. Amount of loans and advances written off	-	-
c. Amount of collection against written of loans and advances	-	-
d. Interest credited to interest suspense account	162,605,138	93,822,721
11. Loans and advances written off:		
a. Current year	128,718,575	36,737,849
b. Cumulative to date	529,298,665	400,580,090
c. Amount of written off loans for which law suits have been filed	529,298,665	400,580,090
7.8 Bills discounted and purchased		
Inside Bangladesh	37,097,428	34,671,551
Outside Bangladesh	-	-
Total	37,097,428	34,671,551
7.9 Maturity grouping of bills discounted and purchased		
Within 1 month	453,298	423,656
Over 1 month but within 3 months	12,620,922	11,795,614
Over 3 months but within 6 months	8,814,633	8,238,226
Over 6 months	15,208,575	14,214,055
Total	37,097,428	34,671,551

	2019	2018
	BDT	BDT
7.a Consolidated loans and advances		
IIDFCL	18,908,807,903	19,614,722,317
IIDFC Securities Limited (Note-7.a.1)	1,613,640,304	1,756,145,134
IIDFC Capital Limited (Note-7.a.2)	729,536,955	744,053,256
	21,251,985,162	22,114,920,707
Less: Inter company loans and advances		
IIDFC Securities Limited	573,787,454	583,551,770
IIDFC Capital Limited	14,360,592	15,000,000
	588,148,046	598,551,770
Total	20,663,837,116	21,516,368,937
7.a.1 Loans and advance of IIDFC Securities Limited		
Margin loan	1,613,640,304	1,756,145,134
7.a.2 Loans and advance of IIDFC Capital Limited		
Margin loan	729,536,955	744,053,256
8 Property, plant and equipment		
<u>Own finance</u>		
A. Cost		
Motor vehicles	21,666,245	24,634,655
Furniture and fixtures	32,514,991	28,234,096
Office equipments	46,468,038	42,149,279
Total	100,649,274	95,018,030
B. Less: Accumulated depreciation		
Motor vehicles	14,042,819	15,484,521
Furniture and fixtures	14,381,786	10,993,577
Office equipments	34,522,828	31,898,899
Total	62,947,433	58,376,997
C. Written down value at the end of the year (A-B)	37,701,841	36,641,033
<u>Lease finance</u>		
D. Cost		
Furniture and fixtures	-	-
Office equipments	-	-
Motor vehicles	-	-
Total	-	-
E. Less: Accumulated depreciation		
Furniture and fixtures	-	-
Office equipments	-	-
Motor vehicles	-	-
Total	-	-
F. Written down value at the end of the year (D-E)	-	-
G. Total property, plant and equipment (C+F)	37,701,841	36,641,033
Details of property, plant and equipment's has been presented in Annexure-I		
8.1 Intangible asset - computer software (Details in Annexure-1)		
Cost	8,907,176	8,907,176
Add: Addition during the year	4,122,791	-
Less: Accumulated amortization	8,915,627	7,155,471
Written down value at the end of the year	4,114,340	1,751,705

	2019	2018
	BDT	BDT
8.a Consolidated property, plant and equipment (Details in Annexure-1.a)		
IIDFCL	37,701,841	36,641,033
IIDFC Securities Limited (Note-8.a.1)	2,476,004	3,066,696
IIDFC Capital Limited (Note-8.a.2)	567,841	380,722
Total	40,745,686	40,088,451
8.a.1 Property, plant and equipment of IIDFC Securities Limited		
A. Cost		
Motor vehicles	358,141	-
Furniture and fixtures	12,568,181	12,364,032
Office equipments	13,925,442	15,611,187
Total	26,851,764	27,975,219
B. Less: Accumulated depreciation		
Motor vehicles	358,141	-
Furniture and fixtures	11,047,077	9,797,640
Office equipments	12,970,542	15,110,883
Total	24,375,760	24,908,523
C. Written down value at the end of the year (A-B)	2,476,004	3,066,696
8.a.2 Property, plant and equipment of IIDFC Capital Limited		
A. Cost		
Motor vehicles	1,250,000	1,250,000
Furniture and fixtures	819,914	819,914
Office equipments	3,889,912	3,507,943
Total	5,959,826	5,577,857
B. Less: Accumulated depreciation		
Motor vehicles	1,249,994	1,249,994
Furniture and fixtures	766,216	684,225
Office equipments	3,375,775	3,262,916
Total	5,391,985	5,197,135
C. Written down value at the end of the year (A-B)	567,841	380,722
8.1.a Consolidated intangible asset (Details in Annexure-1.a)		
IIDFCL	4,114,340	1,751,705
IIDFC Securities Limited	-	34,831
IIDFC Capital Limited	10	-
	4,114,350	1,786,536
9 Other assets		
Investment in shares of subsidiary companies:		
In Bangladesh	1,534,862,970	1,534,862,970
Outside Bangladesh	-	-
Stationery, stamps, printing materials, etc.	-	-
Advance rent and advertisement	-	-
Interest accrued on investment, commissions and other receivables	21,381,275	19,809,086
Security deposits	9,685,115	12,639,307
Preliminary expenses, renovation, development and prepaid expenses	2,200,638	1,702,017
Branch adjustment	-	-
Suspense account	-	-
Balance with BO account	1,060,434	2,280,089
Others (Note 9.1)	1,388,305,939	731,876,016
Total	2,957,496,371	2,303,169,485

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). IAS 36 has a list of external and internal indicators of impairment. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. [IAS 36.9] As per the impairment review, IIDFC needs to impair amounting to BDT 29,209,975 against their investment in IIDFC Capital Limited which has been absorbed by consolidated retained earnings of IIDFC Limited (Note- 18.a).

	2019	2018
	BDT	BDT
9.1 Others		
Interest receivable	416,801,371	133,725,066
Advance for syndication purposes	1	1
Advance for travelling	51,826	403,920
Deferred tax (Note 9.1.1)	7,361,069	7,182,729
Advance for suppliers	6,086,568	9,354,650
Advance tax	627,649,046	580,994,225
Commission on bank guarantee	215,425	215,425
Others receivable	330,140,633	-
Total	1,388,305,939	731,876,016
9.1.1 Deferred tax		
Deferred tax has been calculated based on deductible/ taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12: "Income Taxes".		
9.a Consolidated other assets		
IIDFCL	2,957,496,371	2,303,169,485
IIDFC Securities Limited (Note-9.a.1)	273,487,827	258,951,618
IIDFC Capital Limited (Note-9.a.2)	117,837,228	146,989,172
	3,348,821,426	2,709,110,275
Less: Inter company investment		
IIDFC Securities Limited	999,874,970	999,874,970
IIDFC Capital Limited	599,988,000	599,988,000
	1,599,862,970	1,599,862,970
Total	1,748,958,456	1,109,247,305
9.a.1 Other assets of IIDFC Securities Limited		
Cost of TREC holding	85,978,830	85,978,830
Advance rent	1,285,000	1,285,000
Stamp in hand	14,553	14,927
Security deposits	361,856	361,856
Advance tax	141,525,428	127,600,098
Others	44,322,160	43,710,907
Total	273,487,827	258,951,618
9.a.2 Other assets of IIDFC Capital Limited		
License fee	30,196,209	30,196,209
Security deposits	200,000	200,000
Advance tax	48,002,361	46,205,039
Deferred tax assets	72,540	71,661
Others	39,366,118	70,316,263
Total	117,837,228	146,989,172
10 Borrowings from other banks, financial institutions and agents		
Inside Bangladesh:		
Refinance against SME and other loan from Bangladesh Bank	1,016,910,979	807,726,592
From other scheduled banks (Note - 10.1)	5,329,303,552	4,652,706,677
Sub total	6,346,214,531	5,460,433,269
Outside Bangladesh	-	-
Total	6,346,214,531	5,460,433,269

	2019	2018
	BDT	BDT
10.1 From other scheduled banks and financial institutions		
Long term loan		
Eastern Bank Limited	450,150,000	-
Social Islami Bank Limited	78,726,114	-
Pubali Bank Limited	709,327,532	961,876,471
Uttara Bank Limited	646,938,557	437,499,197
National Credit and Commerce Bank Limited	161,015,920	200,000,000
Trust Bank Limited	357,068,750	-
Midland Bank Limited	170,316,248	200,000,000
Sub-total	2,573,543,121	1,799,375,668
Short term loan, overdraft and money at call on short notice		
Sonali Bank Limited	120,000,000	150,000,000
Mutual Trust Bank Limited	413,882,996	201,817,457
NRB Commercial Bank Limited	120,000,000	20,000,000
United Commercial Bank Limited	110,000,000	50,000,000
South Bangla Agreeculture and Commerce Bank Limited	500,000,000	600,000,000
Lankan Alliance Finance Limited	50,000,000	50,000,000
Pubali Bank Limited	1,004,820,564	941,514,430
Woori Bank	159,998,871	159,839,938
Union Bank Limited	147,058,000	-
BRAC EPL Limited	100,000,000	-
Uttara Bank Limited	30,000,000	-
Jamuna Bank Limited	-	159,184
Eastern Bank Limited	-	450,000,000
National Credit and Commerce Bank Limited	-	200,000,000
Janata Bank Limited	-	30,000,000
Sub-total	2,755,760,431	2,853,331,009
Grand total	5,329,303,552	4,652,706,677
Security against borrowings from other banks, financial institutions and agents		
Secured	4,324,482,988	4,232,706,677
Unsecured	1,004,820,564	420,000,000
Total	5,329,303,552	4,652,706,677

Security is 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. The Company has a Pari Passu Security Sharing Agreement (PPSSA) among the secured lenders stipulating the procedure in the sharing of the security provided by the Company. Loans repayable within one year have been placed under current liabilities. Details of loans are as follows:

	2019	2018
Maturity grouping of borrowings from other banks, financial institutions and agents		
Payable on demand	1,650,211,574	1,440,704,275
Up to 1 month	1,123,460,954	980,828,776
Over 1 month but within 6 months	810,028,533	707,189,059
Over 6 months but within 1 year	540,019,021	471,459,372
Over 1 year but within 5 years	272,753,747	238,125,520
Over 5 years	932,829,723	814,399,675
Total	5,329,303,552	4,652,706,677
10.a Consolidated borrowings from other banks, financial institutions and agents		
Inside Bangladesh		
IIDFCL	6,346,214,531	5,460,433,269
IIDFC Securities Limited (Note-10.a.1)	577,651,667	617,974,030
IIDFC Capital Limited (Note-10.a.2)	23,955,078	61,802,463
	6,947,821,276	6,140,209,762
Less: Inter company borrowings		
IIDFC Securities Limited	573,787,454	583,551,770
IIDFC Capital Limited	14,360,592	15,000,000
	588,148,046	598,551,770
Total	6,359,673,230	5,541,657,992

	2019	2018
	BDT	BDT
10.a.1 Borrowings of IIDFC Securities Limited		
Inside Bangladesh		
IIDFCL	573,787,454	583,551,770
ONE Bank Limited	22,334	1,631,156
NCC Bank Limited	83,867	14,459,292
Investment Corporation of Bangladesh	3,758,012	18,331,812
Total	577,651,667	617,974,030
10.a.2 Borrowings of IIDFC Capital Limited		
IIDFCL	14,360,592	15,000,000
Investment Corporation of Bangladesh (ICB)	9,594,486	46,802,463
Total	23,955,078	61,802,463
11 Deposits and other accounts		
Deposits from banks and financial institutions (Note-11.1)	6,258,265,572	6,961,506,543
Deposits from customers	6,449,716,134	7,720,743,674
Sub-total	12,707,981,706	14,682,250,217
Other deposit	2,366,560	2,366,560
Grand total	12,710,348,266	14,684,616,777
IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer service and best returns from their investment.		
11.1 Deposits from banks and financial institutions		
Agrani Bank Limited	200,000,000	200,000,000
Modhumoti Bank Limited	1,100,000,000	450,000,000
United Commercial Bank Limited	450,000,000	550,000,000
AB Bank Limited	200,000,000	200,000,000
Shahjalal Islami Bank Limited	1,400,000,000	2,000,000,000
BRAC Bank Limited	1,000,000,000	500,000,000
Sonali Bank Limited	200,000,000	300,000,000
Janata Bank Limited	200,000,000	200,000,000
Mercantile Bank Limited	28,265,572	26,506,543
Shimanto Bank Limited	400,000,000	500,000,000
National Credit and Commerce Bank Limited	230,000,000	100,000,000
The City Bank Limited	850,000,000	1,050,000,000
Eastern Bank Limited	-	330,000,000
GSP Finance Company (Bangladesh) Limited	-	5,000,000
South Bangla Agriculture and Commerce Bank Limited	-	350,000,000
Standard Bank Limited	-	50,000,000
National Housing Finance and Investments Limited	-	50,000,000
Midland Bank Limited	-	100,000,000
Total	6,258,265,572	6,961,506,543
11.2 Maturity grouping of deposits and other accounts		
Payable on demand		
Up to 1 month	692,733,864	800,334,577
Over 1 month but within 6 months	3,280,771,298	3,790,365,793
Over 6 months but within 1 year	5,030,826,311	5,812,252,737
Over 1 year but within 5 years	3,261,397,710	3,767,982,951
Over 5 years but within 10 years	444,619,082	513,680,719
Over 10 years	-	-
Total	12,710,348,266	14,684,616,777
11.a Consolidated deposits and other accounts		
IIDFCL	12,707,981,706	14,682,250,217
IIDFC Securities Limited	-	-
IIDFC Capital Limited	-	-
Sub total	12,707,981,706	14,682,250,217
Other deposit	2,366,560	2,366,560
Total	12,710,348,266	14,684,616,777

			2019	2018
			BDT	BDT
12 Other liabilities				
Finance loss reserve (Note 12.1)			888,584,034	566,591,792
Deferred tax			660,692	379,710
Interest suspense account (Note 12.2)			368,350,000	241,078,811
Lease rental advance			24,423,211	24,115,944
Provision for current tax (Note 37)			655,279,245	605,279,245
Liabilities for financial expenses			148,840,957	511,169,135
Liabilities for expenses			16,764,107	1,601,318
Liabilities for other finance			66,044,937	59,446,540
Total			2,168,947,183	2,009,662,495
12.1 Finance loss reserve				
Specific provision on classified loans and advances				
Opening balance			376,016,620	321,233,085
Less: Provision fully provided loans and advances written-off during			(93,384,626)	(33,251,169)
Add: Specific provision provided during the year			333,887,318	88,034,704
Closing balance			616,519,312	376,016,620
Provision for diminution in value of investments				
Opening balance			48,464,313	8,159,629
Add: Provision during the year			82,982,292	40,304,684
Closing balance			131,446,605	48,464,313
General provision on unclassified loans and advances				
Opening balance			142,110,859	113,080,178
Add: General provision provided during the year			(1,492,742)	29,030,681
Closing balance			140,618,117	142,110,859
Total			888,584,034	566,591,792
Particulars of required provision for loans and advances				
Status of classification	Base for provision	Rate		
Unclassified (General provision)				
Standard - other than SME	12,022,218,647	1.0%	120,222,186	129,660,387
Standard - SME	4,904,973,417	0.25%	12,262,434	12,328,019
Special mention account (SMA)	162,669,945	5.0%	8,133,497	10,865,060
Total	17,089,862,009		140,618,117	152,853,466
Classified (Specific provision)				
Sub-standard (SS)	318,483,495	20.0%	63,696,699	115,241,499
Doubtful (DF)	124,414,216	50.0%	62,207,108	149,505,466
Bad/ loss (BL)	490,490,505	100.0%	490,490,505	92,943,441
Total	933,388,216		616,394,312	357,690,406
Required provision for investments			131,446,605	48,464,313
Total provision required			888,459,034	559,008,185
Total provision made			888,584,034	566,591,792
Excess provision made			125,000	7,583,607
As per the FID circular no. 08, dated 03 August 2002, the company needed to maintain additional provision of BDT 367,851,736. However, due to subsequent collection additional required provision stands to BDT 294,261,015.				
12.2 Interest suspense account				
Opening balance			241,078,811	147,256,090
Add: Amount transferred to interest suspense account during the year			162,605,138	97,309,401
Less: Amount written-off during the year			(35,333,949)	(3,486,680)
Closing balance			368,350,000	241,078,811

	2019	2018
	BDT	BDT
12.a Consolidated other liabilities		
IIDFCL	2,168,947,183	2,009,662,495
IIDFC Securities Limited (Note-12.a.1)	744,957,540	709,893,183
IIDFC Capital Limited (Note-12.a.2)	317,075,855	347,426,762
	3,230,980,578	3,066,982,440
Less: Inter company liabilities		
IIDFC Securities Limited	-	-
IIDFC Capital Limited	-	-
Total	3,230,980,578	3,066,982,440
12.a.1 Other liabilities of IIDFC Securities Limited		
Provision for loans and advances-margin loan	47,267,496	47,398,219
Provision for current tax	128,653,278	114,473,537
Payable to clients	140,810,501	94,553,225
Payable to merchant Banks (SEB Capital and IIDFC Capital)	295,673	8,846,087
Payable to DSE	205,416	490,679
Interest suspense account	411,656,855	412,795,293
Liability for expenses	3,802,101	19,709,080
Reserve for risk fund	1,016,667	916,667
Provision for diminution in value of investments	11,249,553	10,710,396
Total	744,957,540	709,893,183

As per BSEC's directive no. BSEC/SRI/Policy/3/2020/68, dated 12 January 2020; loans loss reserve has been maintained including interest suspense for BDT 458,924,351 which is equivalent to 37.08%

12.a.2 Other liabilities of IIDFC Capital Limited		
Finance loss reserve	13,317,116	13,317,115
Interest suspense account	203,159,547	203,159,547
Provision for diminution in value of investment	15,696,122	15,696,122
Current tax liability	48,941,154	48,350,579
Liability for financial expenses	488,540	34,338,766
Liability for expenses	1,471,382	1,525,244
Payable to brokerage and others	34,001,994	31,039,389
Total	317,075,855	347,426,762

Loan loss reserve has been maintained following the BSEC directive no. SEC/CMRRCD/2009-193/196, dated 28 December 2016 and subsequent directive number BSEC/SRI/Policy/3/2020/68, dated 12 January 2020.

13 Share capital		
Authorized capital: (500,000,000 shares of Tk. 10 each)	5,000,000,000	5,000,000,000
Subscribed and Paid-up capital: (130,800,000 shares of Tk. 10 each)	1,308,000,000	1,200,000,000

Paid-up share capital as on 31 December 2019 comprises the followings

Public sector (Name of shareholders)	No. of Shares	Value	Percentage
Sonali Bank Limited	9,586,476	95,864,760	7.33%
Janata Bank Limited	9,586,476	95,864,760	7.33%
Investment Corporation of Bangladesh	9,586,476	95,864,760	7.33%
	28,759,428	287,594,280	21.99%
Private sector (Name of shareholders)			
AB Bank Limited	1,911,379	19,113,790	1.46%
Bank Asia Limited	9,586,476	95,864,760	7.33%
BRAC Bank Limited	9,586,476	95,864,760	7.33%
The City Bank Ltd.	9,586,476	95,864,760	7.33%
Mutual Trust Bank Limited	9,586,476	95,864,760	7.33%
National Bank Limited	9,586,476	95,864,760	7.33%
ONE Bank Limited	9,586,476	95,864,760	7.33%
Southeast Bank Limited	9,586,476	95,864,760	7.33%
Eastland Insurance Co. Ltd.	9,586,476	95,864,760	7.33%
National Life Insurance Co. Ltd.	9,586,476	95,864,760	7.33%
Pragati Insurance Ltd.	9,586,476	95,864,760	7.33%
Mr. Md. Matiuil Islam	4,264,433	42,644,330	3.26%
	102,040,572	1,020,405,720	78.01%
Total	130,800,000	1,308,000,000	100.00%

2019	2018
BDT	BDT

13.1 Capital adequacy

As per section 4(3Gha) of the Financial Institutions Regulations 1994 and DFIM Circular No. 05, dated 24 July 2011 and DFIM circular no. 09, dated 24 June 2014 the minimum paid up capital of the Financial Institution shall be Taka 100 crore. Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined under the risk based assets of the Company.

Paid up capital	1,308,000,000	1,200,000,000
Required capital as per Bangladesh Bank	1,000,000,000	1,000,000,000
Excess/ (Shortage) capital	308,000,000	200,000,000

13.2 Capital adequacy and market discipline

As per capital adequacy and market discipline for financial institutions guideline of Bangladesh Bank, IIDFC calculated minimum capital requirement (MCR) by dividing the total capital by the sum of risk weighted assets against credit risk, market risk and operational risk under pillar-I. IIDFC maintain capital adequacy ratio (CAR) of minimum 10%.

Tier-1 (Core Capital)

Fully paid-up capital/ capital lien with BB	1,308,000,000	1,200,000,000
Statutory reserve	371,950,483	366,708,633
Non-repayable share premium account (share money deposits)	310,809,600	123,110,960
General reserve	50,800,000	49,800,000
Retained earnings	149,991,341	238,023,941
Minority interest in subsidiaries	-	-
Non-cumulative irredeemable preference shares	-	-
Dividend equalization account	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	2,191,551,424	1,977,643,533

Deductions from tier-1 (Core capital)

Book value of goodwill and any value of any contingent assets which	-	-
Shortfall in provisions required against classified assets	-	-
Shortfall in provisions required against investment in share	-	-
Remaining deficit on account of revaluation of investments	-	-
in securities after netting off any other surplus on the securities	-	-
Any investment exceeding the approved limit	-	-
Investments in subsidiaries which are not consolidated	-	-
Other (if any)	-	-
Sub-total	-	-

Total eligible Tier-1 capital

2,191,551,424	1,977,643,533
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2. Tier-2 (Supplementary capital)

General provision (Unclassified up to special limits+ SMA+ off balance sheet exposure)	312,185,416	201,317,779
Assets revaluation reserves up to 50%	-	-
Revaluation reserve for securities up to 50%	-	-
All other preference shares	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-total	312,185,416	201,317,779
Deductions, if any	-	-
Total eligible Tier-2 capital	312,185,416	201,317,779

A Total capital

2,503,736,840	2,178,961,312
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B Total risk weighted asset

17,753,159,829	17,759,628,651
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C Required capital

1,775,315,983	1,775,962,865
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D Surplus / (Deficit)

728,420,857	402,998,447
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Capital adequacy ratio (CAR)

On core capital (Tier-1)	14.10%	12.27%
On supplementary capital (Tier-2)	12.34%	11.14%
	1.76%	1.13%

	2019	2018
	BDT	BDT
14 Statutory reserve		
Opening balance	366,708,633	336,312,006
Add: Addition during the year	5,241,850	30,396,627
Closing balance	371,950,483	366,708,633

In compliance with the clause no 6 of Financial Institutions Regulations, 1994, financial institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of share premium account (if any) and statutory reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to statutory reserves account.

15 General reserve		
Opening balance	49,800,000	48,800,000
Add: Addition during the year	1,000,000	1,000,000
Closing balance	50,800,000	49,800,000

General reserve represents reserve for mitigating general and contingent situation which are unforeseen or uncertain relating to the Company and its stakeholders.

15.a Consolidated general reserve		
IIDFCL	50,800,000	49,800,000
IIDFC Securities Limited	17,000,000	17,000,000
IIDFC Capital Limited	-	-
	67,800,000	66,800,000

16 Share money deposit		
Opening balance	123,110,960	-
Add: Addition during the year (Note. 16.1)	187,698,640	123,110,960
Closing balance	310,809,600	123,110,960

16.1 Share money deposits for right share:		
Janata Bank Limited	29,316,440	29,316,440
AB Bank Limited	5,845,200	5,845,200
The City Bank Limited	29,316,440	29,316,440
Mutual Trust Bank Limited	29,316,440	29,316,440
Sonali Bank Limited	29,316,440	-
Investment Corporation of Bangladesh (ICB)	29,316,440	-
Bank Asia Limited	29,316,440	-
National Bank Limited	29,316,440	-
Pragati Insurance Limited	29,316,440	-
National Life Insurance	29,316,440	-
Mr. Md. Matiul Islam	11,800,000	-
One Bank Limited	29,316,440	29,316,440
	310,809,600	123,110,960

The Board of Directors of IIDFC decided and approved to issue 1:3 (one share for every existing three shares) right share among existing shareholders at face value of BDT 10 per share and without any premium. Out of total shareholders, above shareholders paid their respective amount before 31 December 2019. The process of transferring these share money deposits into share capital is under process because of RJSC.

17 Stock dividend		
Opening balance	-	-
Add: Stock dividend for 2018	117,720,000	-
Less: Converted into paid up capital	-	-
Closing balance	117,720,000	-

17.a Consolidated stock dividend		
IIDFC Limited	117,720,000	-
IIDFC Securities Ltd.	-	-
IIDFC Capital Limited	-	-
	117,720,000	-

	2019 BDT	2018 BDT
18 Retained earnings		
Opening balance	238,023,941	317,437,434
Less: Non-divisible profit	-	-
Net profit during the year	26,209,249	151,983,133
Less: Statutory reserve	(5,241,850)	(30,396,627)
Less: General reserve	(1,000,000)	(1,000,000)
Less: Stock dividend distributed for the year 2018	(117,720,000)	-
Less: Stock dividend distributed for the year 2017	(108,000,000)	-
Less: Stock dividend distributed for the year 2016	-	(200,000,000)
Closing balance	32,271,341	238,023,941
18.a Consolidated retained earnings		
IIDFCL	32,271,341	238,023,941
IIDFC Securities Limited (Note-18.a.1)	106,615,458	99,963,137
IIDFC Capital Limited (Note-18.a.2)	(29,209,975)	(31,290,934)
Sub-total	109,676,824	306,696,144
Less: Non-controlling interest	12,746	11,873
Total	109,664,078	306,684,271

18.a.a Non divisible profit

Retained earnings of year 2016 for amounting BDT 65,000,000 which has been adjusted in 2017 as non-divisible profit including non controlling interest. Its represents stock dividend of BDT 40,000,000 from IIDFC Capital Limited and BDT 25,000,000 from IIDFC Securities Limited for the year 2010 and 2011 which has been restated in the year 2017.

18.a.1 Retained earnings of IIDFC Securities Limited

Opening balance	99,963,137	86,619,632
Add: Prior year adjustment	-	-
Add: Net profit during the year	6,652,321	13,343,505
Less: Stock dividend	-	-
Closing balance	106,615,458	99,963,137

18.a.2 Retained earnings of IIDFC Capital Limited

Opening balance	(31,290,934)	(42,355,942)
Net profit during the year	2,080,959	11,065,008
Closing balance	(29,209,975)	(31,290,934)

18.a.3 Non-controlling interest

Share capital	137,030	137,030
Retained earnings	12,746	11,873
General reserve	2,126	2,126
Closing balance	151,901	151,028

Name of subsidiary company	Amount of share capital	Right of IIDFC	Share of IIDFC	Non-controlling share capital
IIDFC Securities Limited	1,000,000,000	99.9875%	999,874,970	125,030
IIDFC Capital Limited	600,000,000	99.9980%	599,988,000	12,000
	1,600,000,000		1,599,862,970	137,030
Non-Divisible Profit	-		(65,000,000)	-
Total	1,600,000,000		1,534,862,970	137,030

	2019	2018
	BDT	BDT
19 Contingent liabilities and capital expenditure commitments		
In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities. No material losses are anticipated as a result of these transactions. These contingent liabilities and business commitments are quantified below:		
Letter of guarantee:		
Money for which the company is contingently liable in respect of guarantees given favouring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Others (Note-19.1)	203,549,122	203,549,122
Sub total	203,549,122	203,549,122
Letter of credit:		
For import of equipment under lease finance	-	-
Sub total	-	-
Total	203,549,122	203,549,122

Litigation related to Corporate Tax

The Company has various claims related to the corporate tax arising in the ordinary course of business.

However, reference applications were filed before the Honourable High Court against the order of the Taxes Appellate Tribunal for the income year 2003 to 2009 and tax cases are under process in different appeal stages. The total claim from the National Board of Revenue (NBR) for the mentioned years is BDT 25,123,010 against which income tax provision is made in respective financial statements for the amount of BDT 107,550,453. The main reason for the extra claim is the disallowance of different arbitrary disallowances by NBR as non-deductible expenses for the respective years.

The Company measures the risk exposure related to tax appeared that it has not been necessary to make provision for all such disputed claims considering the merits of the cases.

Other litigations

There are other ongoing litigations in relation to various related laws and regulations. Through consultation with external legal advisors, the Company has reviewed the merits of those lawsuits to assess the potential impact of such litigations may have on the financial performance of the Company. Based on such assessment, the Company is of the opinion that the likelihood of losing those lawsuits or the financial impact is remote at present state of litigations.

19.1 Others		
Bank guarantee- non funded	203,549,122	203,549,122
	203,549,122	203,549,122

19.2 Capital expenditure commitments

There was no capital expenditure contracted but not incurred or provided for as on 31 December 2019, or no capital expenditure authorized by the Board but not contracted as on 31 December 2019.

20 Interest income

Interest income from balance with other banks and financial institutions	1,847,973	2,206,328
Interest income from lease finance	319,659,818	274,119,467
Interest income from direct/ term finance	2,045,378,365	1,843,534,050
Interest income from FDR placement	125,935,984	328,131,435
Interest income from bills discounted and purchased	4,087,334	1,200,643
Total	2,496,909,474	2,449,191,923

20.a Consolidated interest income

IIDFCL	2,496,909,474	2,449,191,923
IIDFC Securities Limited (Note-20.a.1)	91,884,852	83,855,115
IIDFC Capital Limited (Note-20.a.2)	19,827,761	31,331,646
	2,608,622,087	2,564,378,684
Less: Intercompany transaction		
IIDFC Securities Limited	63,668,220	64,725,395
IIDFC Capital Limited	3,908,306	5,734,831
	67,576,526	70,460,226
Total	2,541,045,561	2,493,918,458

	2019	2018
	BDT	BDT
20.a.1 Interest income of IIDFC Securities Limited		
Interest income from margin loan	76,174,700	73,895,387
Interest Income from FDR	7,066,641	-
Interest income from balance with other banks	8,643,510	9,959,728
Total	91,884,852	83,855,115
20.a.2 Interest income of IIDFC Capital Limited		
Interest income from margin loan	19,827,761	31,331,646
Interest income from balance with other banks and financial institutions	-	-
Total	19,827,761	31,331,646
21 Interest paid on deposits, borrowings etc.		
Interest on deposits		
Fixed deposits	683,410,026	631,734,690
Short-term deposits	622,108,364	797,737,881
Other deposits	-	-
	1,305,518,390	1,429,472,571
Interest on borrowings		
For borrowings from other banks, financial institutions		
Long term loan	270,735,998	300,735,998
Overdraft facilities	158,831,682	107,905,073
Money at call and short notice	32,076,342	22,076,342
	461,644,022	430,717,413
Total	1,767,162,412	1,860,189,984
21.a Consolidated interest paid on deposits, borrowings etc.		
IIDFCL	1,767,162,412	1,860,189,984
IIDFC Securities Limited (Note-21.a.1)	64,659,746	65,497,518
IIDFC Capital Limited (Note-21.a.2)	3,908,306	5,734,831
	1,835,730,464	1,931,422,333
Less: Intercompany transaction		
IIDFC Securities Limited	63,668,220	64,725,395
IIDFC Capital Limited	3,908,306	5,734,831
	67,576,526	70,460,226
Total	1,768,153,938	1,860,962,107
21.a.1 Interest paid on deposits, borrowings etc. of IIDFC Securities Limited		
Interest on borrowing from IIDFC Limited	63,668,220	64,725,395
Interest on borrowing from bank and other financial institutions	991,526	772,123
Total	64,659,746	65,497,518
21.a.2 Interest paid on deposits, borrowings etc. of IIDFC Capital Limited		
Interest on borrowing from bank and other financial institutions	3,908,306	5,734,831
Interest on demand loan	-	-
Total	3,908,306	5,734,831
22 Income from investment		
Capital gain/ (loss)	10,768,139	(13,138,584)
Interest income from Bond and Others	5,750,000	16,150,645
Interest income from Unit Fund	503,783	3,625,000
Dividend income	12,023,003	13,907,861
Total	29,044,925	20,544,922
22.a Consolidated income from investment		
IIDFCL	29,044,925	20,544,922
IIDFC Securities Limited (Note-22.a.1)	15,591,785	20,966,248
IIDFC Capital Limited (Note-22.a.2)	(2,040,589)	744,358
Total	42,596,121	42,255,528

	2019	2018
	BDT	BDT
22.a.1 Income from investment of IIDFC Securities Limited		
Dividend income	10,521,212	15,097,379
Capital gain on investment in securities	5,070,573	5,868,869
Total	15,591,785	20,966,248
22.a.2 Income/ (loss) from investment of IIDFC Capital Limited		
Dividend income	1,933,034	2,377,955
Capital loss on investment in securities	(3,973,623)	(1,633,597)
Total	(2,040,589)	744,358
23 Commission, exchange and brokerage		
Commission on securities trading	-	-
Total	-	-
23.a Commission, exchange and brokerage		
IIDFCL	-	-
IIDFC Securities Limited	49,995,949	59,396,462
IIDFC Capital Limited	5,766,535	14,472,716
Total	55,762,484	73,869,178
24 Other operating income		
Syndication fee income	4,754,348	3,966,196
Bank guarantee income	7,491	82,953
Income from carbon finance	-	19,538,968
Application and processing fees	5,116,622	6,262,087
Transfer fees	71,978	30,053
Notice charge	510,820	1,869,871
Profit from sale of fixed assets	608,360	1,481,318
Cancellation charges	526,493	131,861
Other income	4,656,414	-
Total	16,252,526	33,363,307
24.a Consolidated other operating income		
IIDFCL	16,252,526	33,363,307
IIDFC Securities Limited (Note-24.a.1)	550,267	438,690
IIDFC Capital Limited (Note-24.a.2)	383,238	422,603
Total	17,186,031	34,224,600
24.a.1 Other operating income of IIDFC Securities Limited		
BO and trading accounts maintenance income	402,603	387,200
Income against CDBL charges	75,537	-
Gain on disposal of assets	52,627	22,850
Cheque dishonour charges	19,500	28,500
Others	-	140
Total	550,267	438,690
24.a.2 Other operating income of IIDFC Capital Limited		
Non operating income	383,238	422,603
Underwriting commission	-	-
Service charge and commission	-	-
Total	383,238	422,603

	2019	2018
	BDT	BDT
25 Salaries and allowances		
Basic salary	89,495,987	82,837,646
Allowances	58,552,410	42,110,142
Festival bonus	13,103,301	9,908,834
Incentive bonus	14,253,738	12,503,729
Company's contribution provident fund	7,192,836	5,504,706
Group insurance	1,836,811	2,242,544
Retirement benefits and gratuity	-	500,000
Total	184,435,083	155,607,601

Salaries and allowances of IIDFC Limited include annual contribution to Provident Fund and Gratuity Fund. This Provident Fund and Gratuity Fund is also applicable for IIDFC group also.

IIDFC Limited operates a funded gratuity scheme (which is a defined benefit scheme as specified in IAS 19). Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. Employees are entitled to gratuity benefit after completion of a minimum years of service with the Company. The Company is contributing to the fund as per yearly requirement based on present employees status and payment requirement.

25.a Consolidated salaries and allowances		
IIDFCL	184,435,083	155,607,601
IIDFC Securities Limited (Note-25.a.1)	38,115,640	36,854,623
IIDFC Capital Limited (Note-25.a.2)	12,934,303	12,965,314
Total	235,485,026	205,427,538
25.a.1 Salaries and allowances of IIDFC Securities Limited		
Basic salary	18,396,498	16,197,633
Allowances	12,351,784	13,524,550
Bonus	3,031,022	3,158,969
Company's contribution to provident fund	1,722,546	1,551,087
Group insurance	891,243	756,540
Retirement benefits and gratuity	1,722,547	1,665,844
Total	38,115,640	36,854,623
25.a.2 Salaries and allowances of IIDFC Capital Limited		
Basic salary	5,495,364	5,268,137
Allowances	5,086,501	4,460,860
Bonus	915,894	2,090,152
Company's contribution provident fund	549,540	517,921
Group Insurance	225,989	199,352
Retirement benefits and gratuity	661,015	428,892
Total	12,934,303	12,965,314
26 Rent, taxes, insurance, electricity etc.		
Rent, rate and taxes	25,861,186	27,206,818
Insurance payment	275,392	672,752
Electricity, gas and water	3,830,038	3,385,272
Total	29,966,616	31,264,842
26.a Consolidated rent, taxes, insurance, electricity etc.		
IIDFCL	29,966,616	31,264,842
IIDFC Securities Limited (Note-26.a.1)	16,065,694	16,415,820
IIDFC Capital Limited (Note-26.a.2)	1,651,057	1,672,635
Total	47,683,367	49,353,297

	2019	2018
	BDT	BDT
26.a.1 Rent, taxes, insurance, electricity etc. of IIDFC Securities Limited		
Rent, rates and taxes	14,623,022	14,745,058
Insurance	2,455	2,844
Electricity, gas and water	1,440,217	1,667,918
Total	16,065,694	16,415,820
26.a.2 Rent, taxes, insurance, electricity etc. of IIDFC Capital Limited		
Rent, rates and taxes	1,511,867	1,511,861
Insurance	27,918	26,815
Electricity, gas and water	111,272	133,959
Total	1,651,057	1,672,635
27 Legal expenses		
Professional charges	2,158,175	3,709,876
Legal expenses	4,290,585	4,497,522
Total	6,448,760	8,207,398
27.a Consolidated legal expenses		
IIDFCL	6,448,760	8,207,398
IIDFC Securities Limited	949,235	3,234,199
IIDFC Capital Limited	355,350	18,528
Total	7,753,345	11,460,125
28 Postage, stamp, telecommunications etc.		
Postage and courier	112,677	144,665
Phone, fax and internet	3,057,738	2,214,174
Total	3,170,415	2,358,839
28.a Consolidated postage, stamp, telecommunications etc.		
IIDFCL	3,170,415	2,358,839
IIDFC Securities Limited	1,792,010	1,811,280
IIDFC Capital Limited	287,219	322,236
Total	5,249,644	4,492,355
29 Stationery, printing, advertisement etc.		
Printing and stationery	3,200,073	3,633,967
Advertisement	1,238,829	1,331,600
Total	4,438,902	4,965,567
29.a Consolidated stationery, printing, advertisement etc.		
IIDFCL	4,438,902	4,965,567
IIDFC Securities Limited	562,330	652,709
IIDFC Capital Limited	74,510	121,835
Total	5,075,742	5,740,111
30 Managing director's salary and fees		
Basic salary	3,300,000	2,775,000
Festival bonus	550,000	550,000
Incentive bonus	750,000	412,500
House rent allowance	1,650,000	1,387,500
Medical allowance	165,000	138,750
Entertainment allowance	165,000	138,750
Car allowance (Note-35.1)	648,709	677,443
Leave fare assistance	275,000	162,500
Group insurance	68,775	236,643
Earned leave	161,333	528,000
Others	58,020	41,346
Total	7,791,837	7,048,432

	2019	2018
	BDT	BDT
31 Directors' Fees		
Directors' fees	678,400	657,600
Others benefits	-	-
Total	678,400	657,600
The Company pays fees to its Directors for attending the Board Meeting and its Committee Meetings as permitted by the Bangladesh Bank. As per DFIM Circular no. 03, dated 24 February 2010 Directors/Committee Members have been paid fees @ Tk. 5,000.00 for attending each meeting. At present, Directors/Committee Members are paying fees @ Tk. 8,000.00 for attending each meeting as per DFIM Circular no. 13, dated 30 November 2015.		
31.a Consolidated directors' fees		
IIDFCL	678,400	657,600
IIDFC Securities Limited	144,000	110,750
IIDFC Capital Limited	138,000	83,567
Total	960,400	851,917
32 Auditor's fees	454,250	494,500
32.a Auditor's fees		
IIDFCL	454,250	494,500
IIDFC Securities Limited	161,000	149,500
IIDFC Capital Limited	161,000	138,000
Total	776,250	782,000
33 Loans and advances written-off		
Loans and advances written-off during the year	-	-
Interest waived	-	-
Total	-	-
33.a Consolidated loans and advances written-off		
IIDFCL	-	-
IIDFC Securities Limited	7,798	251,244
IIDFC Capital Limited	-	2,094
Total	7,798	253,338
34 Repair, depreciation and amortizations of company's assets		
Repair of company's assets:		
Furniture and fixtures	244,020	727,823
Software's	-	-
Office equipments	1,093,145	2,531,546
Sub total	1,337,165	3,259,369
Depreciation of company's assets		
Own assets	11,163,944	9,450,668
Sub total	11,163,944	9,450,668
Amortization of company's assets		
Computer software	1,760,156	1,164,000
Total repair and depreciation of company's assets	14,261,265	13,874,037

	2019	2018
	BDT	BDT
34.a Consolidated repair, depreciation and amortization of company's assets		
Repair of company's assets		
IIDFCL	1,337,165	3,259,369
IIDFC Securities Limited	245,741	390,848
IIDFC Capital Limited	9,029	6,213
	1,591,935	3,656,430
Depreciation of company's assets		
IIDFCL	11,163,944	9,450,668
IIDFC Securities Limited	1,887,753	1,390,973
IIDFC Capital Limited	194,850	150,904
	13,246,547	10,992,545
Amortization of company's assets		
IIDFCL	1,760,156	1,164,000
IIDFC Securities Limited	34,832	62,699
IIDFC Capital Limited	-	-
	1,794,988	1,226,699
	16,633,470	15,875,674
35 Other expenses		
Office maintenance	2,615,696	2,869,204
Travelling and conveyance	13,861,030	11,352,370
Meeting expenses	3,589,658	3,223,666
Entertainment	527,351	550,781
Car running and maintenance expenses	5,300,563	5,930,800
Bank charge and excise duty	1,085,672	1,643,654
Training expenses	974,193	1,005,899
Membership fees and subscriptions	438,359	390,000
Books and periodicals	82,700	75,885
Capital issue expenses	2,186,600	147,427
Donation for Relief Purpose	1,032,605	700,000
Eid tips	15,800	36,150
ADB project expenses	-	1,152,314
Total	31,710,227	29,078,150
35.1 Motor car/Motor cycle maintenance Expense		
As per Bangladesh Bank DFIM circular no. 12, dated 18 November 2015, Expenses regarding Motor Car / Motor Cycle maintenance breakup is given below:		
During the year 2019, total car maintenance and running cost of the Company was BDT 59,49,272 which was BDT 6,608,243 in the year 2018. The total costs includes fuel cost for running vehicles and maintenance costs for full year.		
35.a Consolidated other expenses		
IIDFCL	31,710,227	29,078,150
IIDFC Securities Limited	13,817,178	8,211,587
IIDFC Capital Limited	1,552,666	1,058,704
Total	47,080,071	38,348,441
36 Provision for loans and advances		
Provision for classified loans and advances	333,887,318	88,034,704
Provision for unclassified loans and advances	(1,492,742)	29,030,681
Provision for diminution in value of investments	82,982,292	40,304,684
Provision for off-balance sheet items	-	-
Total	415,376,868	157,370,069

	2019	2018
	BDT	BDT
36.a Consolidated provision for loans and advances		
Provision for classified loans and advances	333,887,318	88,034,704
Provision for unclassified loans and advances	(1,492,742)	30,906,552
Provision for diminution in value of investments	83,521,449	51,668,708
Provision for off-balance sheet items	-	-
Total	415,916,025	170,609,964

37 Provision for tax

Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of The Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 40% on taxable income. Adequate provision has been made for disputed tax against which appeal has been made and decision is pending.

Provision for current tax

Opening balance

Add: Provision made during the year

Less: Settlement during the year

Closing balance

605,279,245	526,025,819
50,000,000	79,253,426
-	-
655,279,245	605,279,245

37.1 Provision for deferred tax

Opening balance

Add: Provision made during the year (Note-37.2)

Less: Deferred tax no more required-transferred to current tax

Less: Settlement during the year

Closing balance

(6,803,023)	(7,549,597)
102,642	746,574
-	-
-	-
(6,700,381)	(6,803,023)

Deferred tax is provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes as per International Accounting Standard (IAS) 12: "Income Taxes"

37.2 Deferred tax expense/(income)

Change in Deferred Tax Liability

Change in Deferred Tax Asset

280,982	(177,398)
(178,340)	923,972
102,642	746,574

37.a Consolidated provision for tax

Opening balance

Add: Provision made during the year

Add: Deferred tax during the year

Closing balance

760,535,754	663,864,935
63,175,944	95,924,974
(95,188)	745,845
63,080,756	96,670,819
823,616,510	760,535,754

38 Earnings per share (EPS)

Earnings per share as shown in the face of the profit and loss account is calculated in accordance with International Accounting Standard (IAS 33): "Earnings Per Share".

Basic Earnings Per Share has been calculated as follows:

Earnings attributable to ordinary shareholders (net profit after tax)

Number of ordinary shares outstanding during the year

Basic earnings per share (in BDT)

26,209,249	151,983,133
130,800,000	120,000,000
0.20	1.27

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

2019	2018
BDT	BDT

38.a Consolidated Earnings per share (EPS)

Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) 33: "Earnings Per Share".

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)

Number of ordinary shares outstanding during the year

Basic earnings per share (in BDT)

34,942,529	176,391,646
130,800,000	120,000,000
0.27	1.47

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

39 Related party transactions

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 decisions and include associated companies with or without common directors and key management positions. The Company has entered into transactions with other entities in the normal course of business that fall within the definition of related party as per International Accounting Standards- 24 'Related Party Disclosure'. Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time of comparable transactions with other customers of similar credentials and do not involve more than normal risk.

Name of the parties	Nature of loan/lease	Nature of transactions	Outstanding 2019 BDT	Outstanding 2018 BDT
AB Bank Limited	Sponsor Shareholder	STD/SND account	3,057	3,057
AB Bank Limited	Sponsor Shareholder	Term deposit	200,000,000	200,000,000
Bank Asia Limited	Sponsor Shareholder	STD/SND account	98,818,916	100,114,509
Bank Asia Limited	Sponsor Shareholder	Term deposit	-	1,000,000
BRAC Bank Limited	Sponsor Shareholder	Term deposit	1,000,000,000	500,000,000
BRAC Bank Limited	Sponsor Shareholder	Current account	2,775,341	3,969,464
Janata Bank Limited	Sponsor Shareholder	STD/SND account	1,004	2,093
Janata Bank Limited	Sponsor Shareholder	Term deposit	200,000,000	200,000,000
Mutual Trust Bank Limited	Sponsor Shareholder	Overdraft	413,882,996	31,817,457
Mutual Trust Bank Limited	Sponsor Shareholder	Call money receiver	-	170,000,000
ONE Bank Limited	Sponsor Shareholder	STD/SND account	28,962	28,957
Sonali Bank Limited	Sponsor Shareholder	Call loan	120,000,000	150,000,000
Sonali Bank Limited	Sponsor Shareholder	Term deposit	200,000,000	300,000,000
Sonali Bank Limited	Sponsor Shareholder	STD/SND account	82,588	80,153
Southeast Bank Ltd.	Sponsor Shareholder	Current account	3,560	-
Southeast Bank Ltd.	Sponsor Shareholder	SND account	128,116	-
The City Bank Ltd.	Sponsor Shareholder	STD/SND account	142,402	142,402
The City Bank Ltd.	Sponsor Shareholder	Term deposit	850,000,000	1,050,000,000

Amount in BDT

Segment revenue and profit	For the year 2019			
	Core financing business	Brokerage house business	Merchant banking business	Total business as a group
Revenue income				
Net interest income	729,747,062	27,225,105	15,919,455	772,891,622
Investment income	29,044,925	15,591,785	(2,040,589)	42,596,121
Commission and brokerage	-	49,995,949	5,766,535	55,762,484
Other operating income	16,252,526	550,267	383,238	17,186,031
Inter-segment revenue	(67,576,526)	-	-	(67,576,526)
Total segment revenue (A)	707,467,987	93,363,106	20,028,639	820,859,732
Other operating expenses	201,517,964	8,192,406	13,254,828	222,965,198
Major non-cash expenses				
Depreciation	14,261,265	1,922,585	194,850	16,378,700
Provision for future losses	415,376,868	539,157	-	415,916,025
Inter-segment expense adjustment	-	63,668,220	3,908,306	67,576,526
Total segment expense (B)	631,156,097	74,322,368	17,357,984	722,836,449
Reportable segment profit before tax (A-B)	76,311,891	19,040,738	2,670,655	98,023,284

Revenue and profit	For the year 2018			
	Core financing business	Brokerage house business	Merchant banking business	Total business as a group
Revenue income				
Net interest income	589,001,939	18,357,597	25,596,815	632,956,351
Investment income	20,544,922	20,966,248	744,358	42,255,528
Commission and brokerage	-	59,396,462	14,472,716	73,869,178
Other operating income	33,363,307	438,690	422,603	34,224,600
Inter-segment revenue/interest expense adjustment	(70,460,226)	-	-	(70,460,226)
Total segment revenue (A)	572,449,942	99,158,997	41,236,492	712,845,431
Other operating expenses	169,222,703	3,419,864	10,654,295	183,296,862
Major non-cash expenses				
Depreciation	13,874,037	1,390,973	150,904	15,415,914
Provision for future losses	157,370,069	1,875,871	11,364,024	170,609,964
Inter-segment expense adjustment	-	64,725,395	5,734,831	70,460,226
Total segment expense (B)	340,466,809	71,412,103	27,904,054	439,782,966
Reportable segment profit before tax (A-B)	231,983,133	27,746,894	13,332,438	273,062,465

Segment assets and liabilities	For the year 2019			
	Core financing business	Brokerage house business	Merchant banking business	Total business as a group
Segment assets				
Total assets	23,417,061,404	2,446,226,793	911,820,958	26,775,109,155
Inter-segment assets	(588,148,050)	(573,787,454)	(14,360,592)	(1,176,296,096)
Total segment assets	22,828,913,354	1,872,439,339	897,460,366	25,598,813,059
Segment liabilities				
Total liabilities	21,225,509,980	1,322,609,207	341,030,933	22,889,150,120
Inter-segment liabilities	(588,148,046)	(573,787,454)	(14,360,592)	(1,176,296,092)
Total segment liabilities	20,637,361,934	748,821,753	326,670,341	21,712,854,028
Total segment equity	2,191,551,420	1,123,617,586	570,790,025	3,885,959,031

Segment assets and liabilities	For the year 2018			
	Core financing business	Brokerage house business	Merchant banking business	Total business as a group
Segment assets				
Total assets	24,132,356,074	2,444,832,478	977,938,291	27,555,126,843
Inter-segment assets	(598,551,770)	(583,551,770)	(15,000,000)	(1,197,103,540)
Total segment assets	23,533,804,304	1,861,280,708	962,938,291	26,358,023,303
Segment liabilities				
Total liabilities	22,154,712,541	1,327,867,213	409,229,225	23,891,808,979
Inter-segment liabilities	(598,551,770)	(583,551,770)	(15,000,000)	(1,197,103,540)
Total segment liabilities	21,556,160,771	744,315,443	394,229,225	22,694,705,439
Total Segment Equity	1,977,643,534	1,116,965,265	568,709,066	3,663,317,864

41 Board meetings

During the year total number of Board Meetings was 09 (nine), which was held at the following dates:

Serial Number	Number of meeting	Date of meeting
1	215th meeting	13-Feb-19
2	216th meeting	07-Apr-19
3	217th meeting	29-May-19
4	218th meeting	17-Jun-19
5	219th meeting	23-Jul-19
6	220th meeting	03-Sep-19
7	221st meeting	29-Sep-19
8	222nd meeting	20-Nov-19
9	223rd meeting	23-Dec-19

42 Disclosure on audit committee

a. Particulars of audit committee

In pursuance of the directives of Bangladesh Bank vide DFIM circular no 10 dated 18 September 2005 and DFIM circular no. 13 dated 26 October 2011, the Board of Directors in its meeting constituted an audit committee. Presently, the audit committee members are:

Name	Status in the board	Status in the committee	Other engagement
Mr. Anis A. Khan	Independent Director	Chairman	Professional Consultant
Mr. Md. Abdus Salam Azad	Director	Member	CEO & Managing Director, Janata Bank Limited
Mr. Wakar Hasan	Director	Member	Deputy Managing Director, ONE Bank Limited
Mr. Choudhury Moshtaq Ahmed	Director	Member	Managing Director, National Bank Limited
Mr. Md. Abul Hossain	Director	Member	Managing Director, ICB
Mr. Kamal Uddin Ahammed	Director	Member	Director, Eastland Insurance Company Ltd

The company Secretary of IIDFC Limited is acting as the secretary of the Committee

b. Meetings held by the committee during the year

Serial number	Number of meeting	Date of meeting
1	34th meeting	7-Apr-19
2	35th meeting	23-Jul-19
3	36th meeting	18-Dec-19
4	37th meeting	23-Dec-19

c. In the meeting amongst other the committee has discussed the following issues during the year 2019

- The audit committee reviewed the financial statements for the year ended 31 December 2018;
- Reviewed and discussed the management letter provided by the external auditor M/s. A. Qasem & Co. for the year ended 31 December 2018 on the annual audit of financial statements of IIDFC Limited;
- Reviewed and discussed the Bangladesh Bank inspection report on internal control and compliance and management's response to thereon;
- Reviewed and discussed the Bangladesh Bank detailed Inspection Report 2018 and management's response to the report;
- Reviewed various reports like stress testing, Basel, risk management paper etc. and all reports provided by ICC department;
- Implementation of core risk management guidelines including internal control and compliance risk and status of compliance thereof;
- The status of recovery of classified loan and providing the necessary instruction to the management to reduce NPL; and
- Reviewed financial performance of IIDFC all over the year and recommended to take necessary action for improving performance of the company.

43 Others disclosure

43.1 Un-acknowledged debt

The Company has no claim against it which has not been acknowledged as debt at the balance sheet date.

43.2 Employees' information

A total number of 136 employees were employed in IIDFC as of 31 December 2019. All the employees received salary more than BDT 36,000.00 p.a. during the period 2019.

43.3 Written-off of accounts

During the year under review, total two loans & advances were written-off having outstanding of BDT. 128,718,575. Again BDT 36,737,849 was written-off in the corresponding previous years.

43.4 Events after reporting period

Subsequent to the Balance Sheet Date, the Paid up Capital of the Company has been increased by BDT 117,720,000 because of allocating the stock dividend @ 9% for the year 2018.

Late in 2019, news first emerged from China about the COVID-19 (Coronavirus). The situation at year end was that a limited number of cases of an unknown virus had been reported to the World Health Organization. In the first few months of 2020, the virus spread globally. The Company consider this outbreak to be a non-adjusting event after reporting period. At this juncture, management is unable to reliably estimate the financial impact on the Company results for the next financial period. The Company will continue to monitor the situation, take appropriate and timely actions to minimize any adverse financial impact arising from this situation.

43.5 Management responsibility statement

The preparation and presentation of these Financial Statements lies on the Management and those Charged with Governance.

43.6 Date of authorization for issue

The consolidated financial statements as well as separate financial statements were authorized for issue by the Board of Directors on its meeting held on 29th September 2020.

44 General disclosure

44.1 The figures appearing in this financial statements have been rounded off to the nearest integer.

44.2 Last year's figures have been rearranged wherever it is found necessary to conform the current year's presentation.

Industrial and Infrastructure Development Finance Company Limited

Fixed Assets Schedule As at 31 December 2019

Annexure - I

Property, plant and equipment - own finance

Serial No.	Particulars	COST				DEPRECIATION				Written down value as at 31 December 2019	
		Balance as at 1 Jan 2019	Additions during the Year	Adjustment during the year	Balance as at 31 December 2019	Rate	Balance as at 1 Jan 2019	Charged during the year	Adjustment during the year		Balance as at 31 December 2019
1	Motor vehicles	24,634,655	2,463,000	5,431,410	21,666,245	20%	15,484,521	3,271,426	4,713,128	14,042,819	7,623,426
2	Furniture and fixtures	28,234,096	4,280,895	-	32,514,991	10%	10,993,577	3,388,209	-	14,381,786	18,133,205
3	Office equipment	42,149,279	6,205,139	1,886,380	46,468,038	18%	31,898,899	4,504,309	1,880,380	34,522,828	11,945,210
	As at 31 December 2019	95,018,030	12,949,034	7,317,790	100,649,274		58,376,997	11,163,944	6,593,508	62,947,433	37,701,841
	As at 31 December 2018	79,612,165	25,197,829	9,791,964	95,018,030		58,657,861	9,450,668	9,731,532	58,376,997	36,641,033

Intangible asset - computer software

Serial No.	Particulars	COST				AMORTISATION				Written down value as at 31 December 2019	
		Balance as at 1 Jan 2019	Additions during the Year	Adjustment during the year	Balance as at 31 December 2019	Rate	Balance as at 1 Jan 2019	Charged during the year	Adjustment during the year		Balance as at 31 December 2019
1	Computer software	8,907,176	4,122,791	-	13,029,967	18%	7,155,471	1,760,156	-	8,915,627	4,114,340
	As at 31 December 2019	8,907,176	4,122,791	-	13,029,967		7,155,471	1,760,156	-	8,915,627	4,114,340
	As at 31 December 2018	8,659,276	247,900	-	8,907,176		5,991,471	1,164,000	-	7,155,471	1,751,705

Industrial and Infrastructure Development Finance Company Limited

Consolidated Fixed Assets Schedule

As at 31 December 2019

Annexure - 1.a

Consolidated property, plant and equipment

Serial no.	Particulars	COST				Rate	DEPRECIATION				Written down value as at 31 December 2019
		Balance as at 1 Jan 2019	Additions during the Year	Adjustment during the year	Balance as at 31 December 2019		Charged during the year	Adjustment during the year	Balance as at 31 December 2019		
1	Motor vehicles	25,884,655	2,821,141	5,431,410	23,274,386	20%	3,629,567	4,713,128	15,650,954	7,623,432	
2	Furniture and fixtures	41,418,042	4,485,044	-	45,903,086	10%	4,727,018	7,380	26,195,079	19,708,007	
3	Office equipment	61,268,409	7,320,250	4,299,965	64,288,694	18%	4,889,962	4,288,214	50,874,446	13,414,248	
	As on 31 December 2019	128,571,106	14,626,435	9,731,375	133,466,166		13,246,547	9,008,722	92,720,479	40,745,686	
	As on 31 December 2018	113,546,156	25,515,249	10,490,299	128,571,106		10,992,545	10,355,271	88,482,654	40,088,451	

Intangible asset

Serial No.	Particulars	COST				Rate	AMORTISATION				Written down value as at 31 December 2019
		Balance as at 1 Jan 2019	Additions during the Year	Adjustment during the year	Balance as at 31 December 2019		Amortized during the year	Adjustment during the year	Balance as at 31 December 2019		
1	Computer software	12,074,007	4,122,791	-	16,196,798	18%	1,794,988	-	12,082,448	4,114,350	
	As on 31 December 2019	12,074,007	4,122,791	-	16,196,798		1,794,988	-	12,082,448	4,114,350	
	As on 31 December 2018	11,826,107	247,900	-	12,074,007		1,226,699	-	10,287,471	1,786,536	

Industrial and Infrastructure Development Finance Company Limited

Highlights

Annexure-2

Sl.	Particulars	Amount in BDT	
		2019	2018
1	Paid-up capital	1,308,000,000	1,200,000,000
2	Total capital	2,191,551,424	1,977,643,533
3	Capital surplus	1,191,551,424	977,643,533
4	Total assets	23,417,061,404	24,132,356,074
5	Total deposits	12,710,348,266	14,684,616,777
6	Total leases, loans and advances	18,908,807,903	19,614,722,317
7	Total contingent liabilities and commitments	203,549,122	203,549,122
8	Credit deposit ratio	148.77%	133.57%
9	Percentage of classified loans against total loans and assets	9.06%	7.47%
10	Profit after tax and provision	26,209,249	151,983,133
11	Amount of classified loan during year	1,713,393,210	1,464,877,084
12	Provisions kept against classified loans	616,394,312	357,690,406
13	Provision surplus against classified loans	125,000	7,583,607
14	Cost of fund	10.74%	9.65%
15	Interest earnings assets	19,580,740,760	20,944,699,341
16	Non- interest earnings assets	3,836,320,644	3,187,656,733
17	Return on investment (ROI)	13.0%	12.4%
18	Return on assets (ROA)	0.33%	0.96%
19	Investment Income	2,525,954,400	2,469,736,845
20	Earnings per share	0.20	1.27
21	Net Income per share	0.20	1.27
22	Price earnings ratio	N/A	N/A



IIDFC Capital Limited



Independent Auditor's Report to the Shareholders of IIDFC Capital Limited

Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Capital Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2019, and the statement of profit or loss and other comprehensive income (profit and loss account), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 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 gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) 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 these books; and
- c) The statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account.

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Capital Limited

Statement of Financial Position (Balance Sheet) As at 31 December 2019

	Notes	2019 BDT	2018 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	567,841	380,722
Intangible assets	5	30,196,219	30,196,219
Deferred tax assets	6	72,540	71,661
Total non-current assets		30,836,600	30,648,602
Current assets			
Margin loans to clients	7	729,536,955	744,053,256
Investment in quoted securities	8	54,340,498	72,659,689
Advances and receivables	9	87,568,483	116,721,292
Cash and cash equivalents	10	9,538,422	13,855,452
Total current assets		880,984,358	947,289,689
Total assets		911,820,958	977,938,291
Equity and liabilities			
Equity			
Share capital	11	600,000,000	600,000,000
Retained earnings	12	(29,209,975)	(31,290,934)
Shareholders' equity		570,790,025	568,709,066
Liabilities			
Non-current liability			
Term loan	13	23,955,078	61,802,463
Total non-current liability		23,955,078	61,802,463
Current liabilities			
Accruals and payables	14	1,471,382	1,525,244
Payable to stock broker	15	34,001,994	31,039,389
Customers' deposits	16	488,540	34,338,765
Investment diminution reserve	17	15,696,122	15,696,122
Loan loss reserve	18	216,476,663	216,476,663
Provision for income tax	19	48,941,154	48,350,579
Total current liabilities		317,075,855	347,426,762
Total liabilities		341,030,933	409,229,225
Total equity and liabilities		911,820,958	977,938,291

These financial statements should be read in conjunction with the annexed notes

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Capital Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
Operating income			
Interest income	20	19,827,761	31,331,646
Interest expense	21	(3,908,306)	(5,734,831)
Net interest income		15,919,455	25,596,815
Income from investment	22	(2,040,589)	744,358
Income from merchant banking services	23	5,766,535	14,828,046
Other income	24	383,238	422,603
		4,109,184	15,995,007
Total operating income		20,028,639	41,591,822
Operating expenses			
Salaries and allowances	25	12,934,303	12,965,314
Rent, taxes, insurance and electricity	26	1,651,057	1,672,635
Professional and legal expenses	27	355,350	18,528
Postage, stamp and telecommunications	28	287,219	322,236
Stationery, printing and advertisement	29	74,510	121,835
Directors' fees	30	138,000	83,567
Auditor's fee	31	161,000	138,000
Repairs and depreciation of company's assets	32	203,879	157,117
Other expenses	33	1,552,666	1,414,034
Total operating expenses		17,357,984	16,893,266
Loans and advances written off	34	-	2,094
Provision for loans and advances			
Diminution in value of investment in securities	17	-	11,364,024
Loan loss reserve	18	-	-
		-	11,364,024
Profit before tax		2,670,655	13,332,438
Income tax expense			
Current tax	19	590,575	2,268,763
Deferred tax (income)/expenses	6	(879)	(1,333)
		589,696	2,267,430
Profit for the year		2,080,959	11,065,008
Earnings per share (EPS)	35	0.03	0.18

These financial statements should be read in conjunction with the annexed notes

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Capital Limited

Statement of changes in equity For the year ended 31 December 2019

Particulars	Share capital BDT	Retained earnings BDT	Total BDT
Year 2018			
Balance at 01 January 2018	600,000,000	(42,355,942)	557,644,058
Net profit for the year	-	11,065,008	11,065,008
Balance at 31 December 2018	600,000,000	(31,290,934)	568,709,066
Year 2019			
Balance at 01 January 2019	600,000,000	(31,290,934)	568,709,066
Net profit for the year	-	2,080,959	2,080,959
Balance at 31 December 2019	600,000,000	(29,209,975)	570,790,025

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Capital Limited

Statement of cash flows For the year ended 31 December 2019

	2019 BDT	2018 BDT
A. Cash flows from operating activities		
Net profit before tax	2,670,655	13,332,438
Adjustment for non-cash item: Depreciation and amortisation	194,850	150,904
	2,865,505	13,483,342
(Increase)/Decrease in current assets: Advances and receivables	29,152,809	(48,443,598)
Increase/(Decrease) in current liabilities: Accruals and payables	(53,862)	(457,502)
Payable to stock broker	2,962,605	6,265,821
Customers' deposits	(33,850,225)	33,295,736
Investment diminution reserve	-	11,364,024
	(1,788,673)	2,024,481
Net cash from operating activities (A)	1,076,832	15,507,823
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(381,969)	-
Investment in quoted securities	18,319,191	(22,637,089)
Margin loans to clients	14,516,301	(9,897,314)
Net cash from/(used in) investing activities (B)	32,453,523	(32,534,403)
C. Cash flows from financing activities		
Receipt/(repayment) of term loan	(37,847,385)	26,751,781
Net cash from/ (used in) financing activities (C)	(37,847,385)	26,751,781
D. Net changes in cash and cash equivalents (A+B+C)	(4,317,030)	9,725,201
E. Cash and cash equivalents at the beginning of the year	13,855,452	4,130,251
F. Cash and cash equivalents at the end of the year	9,538,422	13,855,452
Cash and cash equivalents have been arrived at as under:		
Cash in hand	20,801	35,279
Cash at bank	9,517,621	13,820,173
	9,538,422	13,855,452

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

1. Reporting entity

1.1 Company profile

IIDFC Capital Limited (the company) is a public company, limited by shares. The company was incorporated in Bangladesh vide certificate of incorporation no. C-H.C 2097 dated 30 November 1995 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance company Limited (IIDFC), a non-banking financial institution on 10 December 2009 and renamed as IIDFC Capital Limited. The company obtained license from Bangladesh Securities and Exchange Commission (BSEC) vide its registration certificate no. MB 41/2010 dated 26 April 2010 to carry out its merchant banking operations.

1.2 Nature of business

The principal activities of the company for which it was established include the business of issue management, portfolio management, corporate counseling, investment counseling, capital structuring, and other services as mentioned in the Memorandum and Articles of Association of the company.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRS) which also cover International Accounting Standards (IAS), the Companies Act 1994, Bangladesh Securities and Exchange (Merchant Banker and Portfolio Manager) Rules 1996 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention.

2.3 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentation currency of the company.

2.4 Use of estimates and judgments

The preparation of the financial statements 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 estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Reporting period

The financial statements cover one year from 1 January 2019 to 31 December 2019.

2.6 Date of authorisation

The audited financial statements for the year ended 31 December 2019 were authorised by the Board of Directors in its 37th meeting dated 29 July 2020.

2.7 Components of financial statements

- a. Statement of financial position (balance sheet);
- b. Statement of profit or loss and other comprehensive income (Profit and loss account);
- c. Statement of changes in equity;
- d. Statement of cash flows; and
- e. Summary of significant accounting policies and other explanatory information.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

3. Significant accounting policies

The accounting policies set out below have been applied consistently, if not stated otherwise to all periods presented in these financial statements.

3.1 Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a entity fulfills the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18: Revenue and IAS 11: Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 thus the company adopted IFRS 15 with a date of the said initial application.

It has been assessed that the implementation of IFRS 15 is not likely to have any significant impact on the financial statements. Management has assessed the impact of IFRS 15 on the different agreement types that are used in company's business areas, most of the contracts are long-term in nature. Revenue from the contracts are recognised over the time as the service obligation satisfies over the time. No retrospective application has been made as the impact of adopting IFRS 15 does not affect the revenue recognised till date.

Interest income

Income from interest on margin loan is recognised on an accrual basis. Such income is calculated based on daily margin loan balance of the respective margin loan holder's account.

Fees and commission income

Fees and commission income are recognised when the corresponding services are provided. Fees and commission income presented in the financial statements include the following:

- i) Management fee charged on the market value of customers' portfolios;
- ii) Trading commission charged to customers' trading in the secondary capital market;
- iii) Settlement fee charged to customers' trading in the secondary capital market;
- iv) Documentation fees charged to clients for opening accounts with the company; and
- v) Underwriting commission.

Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually this is the dividend declaration date for equity securities.

Finance income

Finance income comprises interest income on bank deposit. Interest income is recognised as it accrues, using the effective interest method.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise investments in shares, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

3.2.1 Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash from the assets expires, or it transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, margin loans and investment in quoted securities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less and overdrafts which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

Accounts receivables

Accounts receivables are recognised at original invoiced amount. They are stated at netted off provision for bad and doubtful debts and written off, if any.

Margin loan

Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

Investment in quoted securities

Investment in quoted securities (such as stock/ shares, bonds, etc.) are securities those are officially listed (quoted) on a stock exchange for public trading. They are measured at cost and subsequent to initial measurement any fall in value of investment below cost is recognised in profit or loss and a reserve for the fall in value is created.

3.2.2 Financial liabilities

A contractual obligation to deliver cash or another financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavorable.

The company initially recognises financial liabilities on the transaction date at which the entity becomes a party to the contractual provisions of the liability. The Entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payable and other payables.

Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest method.

Accounts payable

Accounts payables are recognised at fair value.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

Offsetting financial assets and a financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Tangible fixed assets are accounted for according to IAS 16: Property, plant and equipment at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

3.3.2 Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

3.3.3 Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full year's depreciation is charged on items in the year of their acquisition and no depreciation is charged in the year of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

Category of asset	Rate (%)
Motor vehicles	20
Furniture and fixtures	10
Office equipment	18

3.4 Intangible assets

Intangible assets are accounted for according to IAS 38: Intangible assets. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets include software which is amortised @ 18%.

3.5 Statement of cash flows

Statement of cash flows is prepared under indirect method in accordance with IAS 7: Statement of cash flows.

3.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income in accordance with IAS 12: Income taxes.

3.6.1 Current tax

The company qualifies as a "Merchant Bank" as defined in income tax laws. The applicable tax rate for the company is 37.5%.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

3.6.2 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. 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.

3.7 Employee benefit

The company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (gratuity fund) and group insurance benefits for its eligible permanent employees.

3.7.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the company provides benefits for all of its permanent employees. The recognised employees' provident fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.7.2 Retirement benefit obligations (gratuity fund)

The company maintains gratuity scheme for all its eligible permanent employees. Gratuity shall be admissible for all employees who rendered services to the company for a continuous period of, at least, five years and the amount of gratuity shall be computed at the rate of one month's basic pay for each completed year of service.

3.7.3 Group insurance benefits

The permanent employees of the company are covered under a group insurance scheme and the group insurance company provides group life, group hospitality and OPD services.

3.8 Lease renta

The company has adopted IFRS 16: leases from 1 January 2019 to account for its leases for office space. The leases were previously accounted for under IAS 17, where the leases were classified as operating lease.

Under IFRS 16, a lessee shall recognise a right-of-use asset and a lease liability for all leases except where the leases are either short-term or the leases are for low value assets. Presently, leases of the company are for short-term or low value assets. Therefore, the company decided to recognise the lease payments associated with these leases as an expense on a straight line basis.

3.9 Departure from IFRS

Investment in quoted securities is recognised and measured in accordance with the policy disclosed in note 3.2.1. This is, however, a departure from IFRS 9 since equity securities within the scope of IFRS 9 are required to be measured at fair value in the statement of financial position, where the changes in value need to be recognised either in statement of profit or loss or other comprehensive income.

IIDFC Capital Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
4. Property, plant and equipment		
Motor vehicle	6	6
Furniture and fixtures	53,698	135,689
Office equipment	514,137	245,027
	567,841	380,722
Details are shown in <u>Annex A</u> .		
5. Intangible assets		
License fee	30,196,209	30,196,209
Software (Annex-A)	10	10
	30,196,219	30,196,219
6. Deferred tax assets		
Opening balance	71,661	70,328
Add: Addition during the year (note 6.1)	879	1,333
Closing balance	72,540	71,661
6.1 Adjustment during the year		

Particular	Written Down Value at 31 Dec 2019 (A)	Tax base (B)	Deductible Temporary Difference at 31 Dec 2019 (C=B-A)	At 31 Dec 2018 (D)
Property, plant and equipment	567,841	761,280	193,439	191,096
Tax rate			37.50%	37.50%
Deferred tax asset			72,540	71,661
Addition during the year (D-C)			879	1,333

7. Margin loans to clients		
Opening balance	744,053,256	734,155,942
Add/ (Less): Addition/(Recovery) during the year	(14,516,301)	9,897,314
Closing balance	729,536,955	744,053,256
8. Investment in quoted securities		
Opening balance	72,659,689	50,022,600
Add/(Less): Increase/(Decrease) during the year	(18,319,191)	22,637,089
Closing balance	54,340,498	72,659,689

Particulars	Cost price	Fair market value	Diminution value
Investment in quoted securities	54,340,498	32,951,809	(21,388,689)

Provision against the fall in value of the securities has been made following directive no. SEC/CMRRC/2009-193/196 of Bangladesh security and exchange commission dated on 30 December 2020. Refer to note no. 17 to the financial statements.

9. Advances and receivables		
Advances (note 9.1)	48,202,361	46,405,039
Receivable from customers (note 9.2)	5,249,173	5,248,750
Receivable from brokerage houses (note 9.3)	34,116,949	65,067,503
	87,568,483	116,721,292

IIDFC Capital Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
9.1 Advance		
Income tax	46,019,610	44,648,000
Tax deduction at source (TDS)	859,800	787,513
AIT on dividend	1,122,951	769,526
Security deposit with CDBL	200,000	200,000
	48,202,361	46,405,039
9.2 Receivable from clients		
Underwriting commission	1,149,173	1,148,750
Issue management fees	4,100,000	4,100,000
	5,249,173	5,248,750
9.3 Receivable from broker houses		
IIDFC Securities Ltd	34,116,949	31,639,427
Prime Islamic Securities Ltd	-	33,428,076
	34,116,949	65,067,503
10. Cash and cash equivalents		
Cash in hand	20,801	35,279
Bank balance in current account with:		
Southeast Bank Ltd	2,843,921	7,800,860
ONE Bank Ltd	6,598,243	5,943,856
Bangladesh Commerce Bank Ltd	75,457	75,457
	9,517,621	13,820,173
	9,538,422	13,855,452
11. Share capital		
Authorised		
100,000,000 ordinary shares of BDT 10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
12. Retained earnings		
Opening balance	(31,290,934)	(42,355,942)
Add: Net profit for the year	2,080,959	11,065,008
Closing balance	(29,209,975)	(31,290,934)
13. Term loan		
Loan from IIDFC Ltd (note 13.1)	14,360,592	15,000,000
Loan from ICB (note 13.2)	9,594,486	46,802,463
	23,955,078	61,802,463
13.1 Loan from IIDFC Ltd		
Opening balance	15,000,000	35,050,682
Less: Repayment during this year	639,408	20,050,682
Closing balance	14,360,592	15,000,000
13.2 Loan from ICB		
Opening balance	46,802,463	-
Add: Addition during this year	-	64,724,503
Less: Repayment during this year	37,207,977	17,922,040
Closing balance	9,594,486	46,802,463

IIDFC Capital Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT	
14. Accruals and payables			
Financial charges	802,462	690,526	
Gratuity fund	380,061	428,892	
Audit fee	126,000	108,000	
CDBL charges	10,435	172,997	
Withholding income tax	92,156	89,856	
Withholding VAT	41,617	34,973	
Internet expenses	6,000	-	
Others	12,651	-	
	1,471,382	1,525,244	
15. Payable to stock broker			
IIDFC Securities Ltd	34,001,994	31,039,389	
	34,001,994	31,039,389	
16. Customers' deposits			
Non-margin discretionary account (NMDA)	481,141	460,749	
Safe investment account (SI)	(1,576)	943	
Receivable - trading account	8,975	33,877,073	
	488,540	34,338,765	
17. Investment diminution reserve			
Opening balance	15,696,122	4,332,098	
Provision increase/(decrease) during the year	-	11,364,024	
Closing balance	15,696,122	15,696,122	
18. Loan loss reserve			
Interest income loss account (note 18.1)	203,159,547	203,159,547	
Loan loss account (note 18.2)	13,317,116	13,317,116	
	216,476,663	216,476,663	
18.1 Interest income loss account			
Opening balance	203,159,547	203,159,547	
Add: Addition during this year	-	-	
Less: Adjustment during this year	-	-	
	203,159,547	203,159,547	
18.2 Loan loss account			
Opening balance	13,317,116	13,317,116	
Add: Addition during this year	-	-	
Less: Adjustment during this year	-	-	
	13,317,116	13,317,116	
19. Provision for income tax			
Opening balance	48,350,579	46,081,816	
Add: Provision made during the year (19.1)	590,575	2,268,763	
Closing balance	48,941,154	48,350,579	
19.1 Current year tax expenses			
	Amount	Rate	Tax liability
Taxable business income	632,399	37.50%	237,150
Dividend income	1,933,034	20%	353,425
			590,575
20. Interest income			
Interest on margin loan	19,827,761		31,331,646
	19,827,761		31,331,646

IIDFC Capital Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
21. Interest expense		
Term loan	3,622,223	4,085,942
Demand loan	286,083	1,648,889
	3,908,306	5,734,831
22. Income from investment		
Gains/(Loss) on sale of securities	(3,973,623)	(1,633,597)
Dividend income	1,933,034	2,377,955
	(2,040,589)	744,358
23. Income from merchant banking services		
Portfolio management service	2,914,663	4,134,562
Security trading services	2,574,161	4,702,600
BO account maintenance services	68,350	92,134
Underwriting commission services	209,361	1,398,750
Issue management services	-	4,500,000
	5,766,535	14,828,046
24. Other operating income		
Interest income from bank deposit	366,616	422,603
Others cash collection	16,622	-
	383,238	422,603
25. Salaries and allowances		
Basic salary	5,495,364	5,185,029
Allowances	3,895,144	3,676,714
Festival bonus	915,894	873,829
Incentive bonus	-	1,216,323
Employers' contribution to provident fund	549,540	517,921
Group insurance	225,989	199,352
Retirement benefits and gratuity	661,015	428,892
Leave fare assistance	457,947	435,146
Earned leave encashment	733,410	349,000
Arrear salary	-	83,108
	12,934,303	12,965,314
26. Rent, taxes, insurance and electricity		
Rent, rates and taxes	1,511,867	1,511,861
Electricity bill	111,272	133,959
WASA, gas and other bills	27,918	26,815
	1,651,057	1,672,635
27. Professional and legal expenses	355,350	18,528
28. Postage, stamp and telecommunications		
Postage and courier	27,447	36,909
Newspapers, books, magazines etc.	5,599	15,289
Phone, fax and internet	254,173	270,038
	287,219	322,236
29. Stationery, printing and advertisement		
Printing and stationery	70,676	107,271
Advertisement expenses	3,834	14,564
	74,510	121,835
30. Directors' fees		
Directors' fees	138,000	83,567
	138,000	83,567

IIDFC Capital Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
31. Auditor's fees		
Statutory audit	161,000	138,000
	161,000	138,000
32. Repairs and depreciation of company's assets		
Repair & maintenance of company's assets:		
Office equipment	4,829	1,613
Electricity and lighting	4,200	4,600
	9,029	6,213
Depreciation of company's assets:		
Furniture and fixtures	81,991	81,991
Office equipment	112,859	68,913
	194,850	150,904
	203,879	157,117
33. Other expenses		
Office maintenance	58,797	111,162
Travelling and conveyance	205,412	17,937
Entertainment	81,689	93,214
Car running and maintenance expenses	266,663	282,137
Bank charge and excise duty	31,512	72,633
Registration, government fees and charges	409,084	277,780
Security service expenses	216,429	184,041
Uniform and liveries	14,800	14,800
CDBL transaction fee	162,255	307,116
Book building bidding fees	13,725	48,214
Other expenses	92,300	5,000
	1,552,666	1,414,034
34. Loan and bad debts written-off	-	2,094
35. Earnings per share (EPS)		
Net profit/(loss) after tax	2,080,959	11,065,008
Weighted average number of ordinary shares	60,000,000	60,000,000
EPS	0.03	0.18

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2019

36. Related party disclosure

During the year, the company carried out a number of transactions with related parties in its normal course of business. The names of the related parties and nature of the transactions have been set out in accordance with the provisions of IAS 24: Related party disclosures are detailed below:

Name of party	Relationship	Transactions during the year	Outstanding balance at 31 December 2019	
IIDFC Limited	Parent company	Long term loan	Principal	14,360,592
		Long term loan	Interest	690,526
		Total		15,051,118
IIDFC Securities Limited	Sister concern	Trade receivable	34,116,949	
		Trade payable	34,001,994	
		Net Amount		114,955
		Grand Total		15,166,073

37. Others

37.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.

37.2 Previous period's figures have been rearranged, wherever considered necessary, to conform to current period's presentation without causing any impact on the operating results for the period and value of assets and liabilities at the end of that period as shown in the financial statements under reporting.

37.3 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

IIDFC Capital Limited

Details of property, plant and equipment
As at 31 December 2019

Annex A

Category of asset	Cost			Rate (%)	Depreciation			Written Down Value at 31 Dec 2019 BDT	
	Balance at 1 Jan 2019 BDT	Addition during the year BDT	Sale/disposal BDT		Balance at 31 Dec 2019 BDT	Upto 1 Jan 2019 BDT	Charge for the year BDT		Adjustment during the year BDT
Tangible assets									
Motor vehicles	1,250,000	-	-	20	1,250,000	-	-	1,249,994	6
Furniture and fixtures	819,914	-	-	10	819,914	81,991	-	766,216	53,698
Office equipment	3,507,943	381,969	-	18	3,889,912	112,859	-	3,375,775	514,137
Total 2019	5,577,857	381,969	-		5,959,826	194,850	-	5,391,985	567,841
Total 2018	5,577,857	-	-		5,577,857	150,904	-	5,197,135	380,722
Intangible asset									
Software	1,500,000	-	-	18	1,500,000	-	-	1,499,990	10
Total 2019	1,500,000	-	-		1,500,000	-	-	1,499,990	10
Total 2018	1,500,000	-	-		1,500,000	149,990	-	1,499,990	10



IIDFC Securities Limited



Independent Auditor's Report to the Shareholders of IIDFC Securities Limited

Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2019, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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), and we have fulfilled our other ethical responsibility in accordance with this requirements and the IESBA Code and the Institute of the Chartered Accountants of Bangladesh Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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's 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.

Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

Report on the Audit of the 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) 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 these books; and
- (c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account.

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Securities Limited

Statement of Financial Position (Balance Sheet)

As at 31 December 2019

	Notes	2019 BDT	2018 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	2,476,004	3,066,696
Intangible asset	5	-	34,832
Cost of TREC holding	6	85,978,830	85,978,830
Deferred tax assets	7	896,553	699,602
		89,351,387	89,779,960
Current assets			
Advance against corporate income tax	8	141,525,428	127,600,098
Advances, deposits and prepayments	9	22,997,606	5,911,536
Margin loan to clients	10	1,613,640,304	1,756,145,134
Receivable from stock exchange	11	16,218,306	35,193,798
Other receivables	12	5,856,551	3,552,828
Investment in securities	13	349,321,890	314,051,818
Other assets	14	14,553	14,927
Cash and cash equivalents	15	207,300,769	112,582,379
		2,356,875,406	2,355,052,518
Total assets		2,446,226,793	2,444,832,478
Equity and liabilities			
Equity			
Share capital	16	1,000,000,000	1,000,000,000
Retained earnings	17	106,617,586	99,965,265
General reserve		17,000,000	17,000,000
Total equity		1,123,617,586	1,116,965,265
Non-current liabilities			
Long term loan	18	577,545,467	601,883,582
		577,545,467	601,883,582
Current liabilities			
Payable to gratuity fund	19	1,722,547	1,665,844
Short-term loan - bank overdraft	20	106,201	16,090,448
Payable to clients	21	140,810,501	94,553,225
Accounts payable	22	295,673	8,846,087
Accrued expenses	23	1,830,379	17,951,242
Payable to stock exchange	24	205,416	490,679
Loan loss reserve	25	458,924,351	460,193,512
Provision for diminution in value of investment in securities	26	11,249,553	10,710,396
Provision for corporate income tax	27	128,653,278	114,473,537
Other liabilities	28	1,265,842	1,008,661
		745,063,741	725,983,631
Total liabilities		1,322,609,207	1,327,867,213
Total shareholders' equity and liabilities		2,446,226,793	2,444,832,478

These financial statements should be read in conjunction with annexed notes.

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Securities Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Statement) For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
Operating income			
Brokerage commission	29	49,995,949	59,396,462
Interest income	30	91,884,852	83,855,115
Gains on sale of securities	31	5,070,573	5,868,869
Dividend income	32	10,521,212	15,097,379
Other operating income	33	550,267	438,690
Total operating income		158,022,853	164,656,515
Operating expenses			
Interest expense	34	64,659,746	65,497,518
Direct costs	35	4,442,244	5,358,634
Salaries and allowances	36	37,224,397	33,251,612
Rent, insurance, electricity, etc.	37	16,065,694	16,415,820
Legal and professional expenses		949,235	3,234,199
Postage, stamp, telecommunications, etc.	38	1,792,010	1,811,280
Stationery, printing, advertisement, etc.	39	562,330	652,709
Directors' fees	40	144,000	110,750
Auditor's fee		161,000	149,500
Loans and advances written off	41	7,798	251,244
Loss on disposal of assets		-	16,290
Repair and maintenance	42	245,741	390,848
Depreciation	43	1,887,753	1,390,973
Amortisation of intangible asset	5	34,832	62,699
Other expenses	44	10,266,177	6,439,674
Total operating expenses		138,442,957	135,033,750
Operating profit		19,579,896	29,622,765
Provision for diminution in value of investment in securities	26	(539,157)	(1,875,871)
Profit before tax		19,040,739	27,746,894
Income tax expense			
Current tax		(12,585,369)	(14,402,785)
Deferred tax (expense)/income		196,951	(604)
		(12,388,418)	(14,403,389)
Net profit for the year		6,652,321	13,343,505
Basic earnings per share	45	0.067	0.133

These financial statements should be read in conjunction with annexed notes.

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Securities Limited

Statement of Changes in Equity For the year ended 31 December 2019

Particulars	Share capital BDT	Retained earnings BDT	General reserve BDT	Total BDT
Year 2019				
Balance at 01 January 2019	1,000,000,000	99,965,265	17,000,000	1,116,965,265
Net profit for the year	-	6,652,321	-	6,652,321
Balance at 31 December 2019	<u>1,000,000,000</u>	<u>106,617,586</u>	<u>17,000,000</u>	<u>1,123,617,586</u>
Year 2018				
Balance at 01 January 2018	1,000,000,000	86,621,760	17,000,000	1,103,621,760
Net profit for the year	-	13,343,505	-	13,343,505
Balance at 31 December 2018	<u>1,000,000,000</u>	<u>99,965,265</u>	<u>17,000,000</u>	<u>1,116,965,265</u>

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

IIDFC Securities Limited

Statement of Cash Flows

For the year ended 31 December 2019

	2019 BDT	2018 BDT
A Cash flows from operating activities		
Receipt of interest	91,143,211	80,826,203
Interest paid on borrowings	(64,659,746)	(49,437,114)
Receipt of brokerage commission	49,995,949	59,396,462
Receipt of dividend	10,521,212	15,097,379
Gains on sale of securities	5,070,573	5,868,869
Payment to employees	(37,224,397)	(33,251,612)
Receipts from other operating activities	550,267	438,690
Payment for other operating activities	(35,175,386)	(36,707,423)
Income tax paid	(12,585,369)	(15,332,371)
Cash generated from/(used in) operating activities	7,636,314	26,899,083
Increase/(decrease) in operating assets and liabilities		
Advances, deposits and prepayments	(29,417,028)	(2,575,680)
Receivable from stock exchange	18,975,492	(9,204,695)
Other receivables	(1,562,082)	(2,195,761)
Other assets	374	38,279,750
Payable to gratuity fund	56,703	(715,708)
Payable to clients	46,257,276	(14,251,973)
Accounts payable	(8,550,414)	8,290,688
Accrued expenses	(16,172,473)	1,262,898
Payable to stock exchange	(285,263)	421,054
Loan loss reserve	(1,269,161)	(59,841,669)
Provision for diminution in value of investment in securities	539,157	1,875,871
Other liabilities	12,894,160	124,294
Net changes in operating assets and liabilities	21,466,741	(38,530,931)
Net cash from/(used in) operating activities	29,103,055	(11,631,848)
B Cash flows from investing activities		
Investment in shares	(35,270,072)	(4,724,723)
Margin loan to clients	142,504,830	(16,984,418)
Acquisition of property, plant and equipment	(1,295,432)	(317,420)
Disposal of property, plant and equipment	(1,629)	74,596
Net cash from/(used in) investing activities	105,937,697	(21,951,965)
C Cash flows from financing activities		
Issue of share capital	-	-
Receipt/(repayment) of term loans	(40,322,362)	30,872,608
Net cash from/(used in) financing activities	(40,322,362)	30,872,608
D Net changes in cash and cash equivalent (A+B+C)	94,718,390	(2,711,205)
E Opening cash and cash equivalent	112,582,379	115,293,584
F Closing cash and cash equivalent	207,300,769	112,582,379

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

1. Reporting entity

1.1 Company profile

IIDFC Securities Limited (the company) is a private company, fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC). The company was incorporated in Bangladesh vide certificate of incorporation no C-83521/10 Dated 28 March 2010 in the name IIDFC Securities Limited. The company obtained license from Bangladesh Securities and Exchange Commission (BSEC) vide its Stock broker registration certificate no. 3.1/DSE-238/2011/455 dated 05 January 2011, Stock Dealer registration certificate no. 3.1/DSE-238/2011/456 dated 05 January 2011, Depository Participation license no SEC/Registration/CDL-DP-292 dated 03 February 2011 to carry out its operations.

1.2 Nature of business

The principal activities of the company include business of stock dealer, stock broker and depository participant (DP) for dealing of shares and securities, commercial papers, bonds, debentures, debenture stocks, etc. The company is a member of Dhaka Stock Exchanges (membership no. 238) and full service depository participant of Central Depository Bangladesh Limited (CDBL).

As a stock broker and stock dealer, the company caters services to the institutional and individual investors for trading of securities under Bangladesh Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorised Representative) Rules 2000 and to extend margin loan facilities to the investors under Margin Rules 1999.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRSs) which also cover International Accounting Standards (IASs), the Companies Act 1994, Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 and other applicable laws and regulations.

2.2 Basis of measurement

These financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentation currency of the company.

2.4 Use of estimates and judgments

The preparation of the financial statements 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 estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Reporting period

The financial statements cover one year from 1 January 2019 to 31 December 2019.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

2.6 Date of authorisation

The audited financial statements for the year ended 31 December 2019 were authorised by the Board of Directors in its 36th meeting dated 29 July 2020.

2.7 Components of financial statements

- a. Statement of financial position (balance sheet);
- b. Statement of profit or loss and other comprehensive income (profit and loss statement);
- c. Statement of changes in equity;
- d. Statement of cash flows; and
- e. Summary of significant accounting policies and other explanatory information.

3. Significant accounting policies

The accounting policies set out below have been applied consistently, if not stated otherwise to all periods presented in these financial statements.

3.1 Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a entity fulfills the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 thus the company adopted IFRS 15 with a date of the said initial application.

It has been assessed that the implementation of IFRS 15 is not likely to have any significant impact on the financial statements. Management has assessed the impact of IFRS 15 on the different agreement types that are used in company's business areas, most of the contracts are long-term in nature. Revenue from the contracts are recognised over the time as the service obligation satisfies over the time. No retrospective application has been made as the impact of adopting IFRS 15 does not affect the revenue recognised till date.

Brokerage commission

Brokerage commission income are recognised when the corresponding services are provided. Brokerage commission income presented in the financial statements include the following:

- i) Management fee charged on the market value of customers' portfolios;
- ii) Trading commission charged to customers' trading in the secondary capital market;
- iii) Settlement fee charged to customers' trading in the secondary capital market;
- iv) Documentation fees charged to clients for opening accounts with the company; and
- v) Underwriting commission.

Interest income from margin loan

Interest income from margin loan is recognised on an accrual basis. Such income is calculated on the basis of daily product of margin loans to the clients and charged at the end of the quarter.

However, since the unrecovered margin loan was transferred to a separate interest free-blocked account, no interest on the same amount was recognised during the reporting year.

Gains or losses on investment in securities

Gains or losses on investment in securities is recognised based on the different between cost and fair value of securities at the closing trade date of Dhaka Stock Exchange at the year end of the company.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

Income from bank deposit

Income from bank deposit comprises interest income on bank deposit. Interest income is recognised as it accrues, using the effective interest method.

Dividend

Dividend income is recognised as income when it is actually received.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise investments in shares, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

3.2.1 Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash from the assets expires, or it transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, margin loans and investment in quoted securities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less and overdrafts which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

Accounts receivables

Accounts receivables are recognised at original invoiced amount. They are stated at netted off with payable with DSE, provision for bad and doubtful debts and written off, if any.

Margin loan

Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

Investment securities

Investment in quoted securities is recognised and measured in accordance with IRFS 9: Financial Instruments, where any changes in value are recognised in statement of profit or loss. However, the loss on remeasurement of listed securities as on 31 December 2010 and onward is recognised following the directives no. BSEC/CMRRCD/2009-193/196 dated 28 December 2016, where the authority allowed to defer the recognition of loss up to 31 December 2022.

Investment in unquoted shares is valued at cost.

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

3.2.2 Financial liabilities

A contractual obligation to deliver cash or another financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavorable.

The company initially recognises financial liabilities on the transaction date at which the entity becomes a party to the contractual provisions of the liability. The Entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payable and other payables.

Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest method.

Accounts payable

Accounts payables are recognised at fair value.

Offsetting financial assets and a financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Property, Plant and equipment

3.3.1 Recognition and measurement

Tangible fixed assets are accounted for according to IAS 16 Property, plant and equipment at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

3.3.2 Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

3.3.3 Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full year's depreciation is charged on items in the year of their acquisition and no depreciation is charged in the year of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

<u>Category of asset</u>	<u>Rate (%)</u>
Furniture and fixtures	10
Office decoration	10
Motor Vehicle	20
Office equipment	18

3.4 Intangible assets

Intangible assets are accounted for according to IAS 38 Intangible assets. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets include software which is amortised @ 18%.

3.5 Statement of cash flows

Statement of cash flows is prepared under indirect method in accordance with IAS 7 Statement of cash flows.

3.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income in accordance with IAS 12 Income taxes.

3.7 Current tax

Provision for current income tax for the year is made in accordance with the Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

3.8 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/ income or liability/ expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. 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.

3.9 Employee benefit

The company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (gratuity fund) and group insurance benefits for its eligible permanent employees.

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

3.9.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the company provides benefits for all of its permanent employees. The recognised employees' provident fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.9.2 Retirement benefit obligations (gratuity fund)

The company maintains gratuity scheme for all its eligible permanent employees. Gratuity shall be admissible for all employees who rendered services to the company for a continuous period of, at least, five years and the amount of gratuity shall be computed at the rate of one month's basic pay for each completed year of service.

3.9.3 Group insurance benefits

The permanent employees of the company are covered under a group insurance scheme and the group insurance company provides group life, group hospitality and OPD services.

3.10 Lease rental

The company has adopted IFRS 16: leases from 1 January 2019 to account for its leases for office space. The leases were previously accounted for under IAS 17, where the leases were classified as operating lease.

Under IFRS 16, a lessee shall recognise a right-of-use asset and a lease liability for all leases except where the leases are either short-term or the leases are for low value assets. Presently, leases of the company are for short-term or low value assets. Therefore, the company decided to recognise the lease payments associated with these leases as an expense on a straight line basis.

3.11 Departure from IFRS

Investment in securities :

Investment in quoted securities is recognised and measured in accordance with the policy disclosed in note 3.2.1. This is, however, a departure from IFRS 9 since equity securities within the scope of IFRS 9 are required to be measured at fair value in the statement of financial position, where the changes in value need to be recognised either in statement of profit or loss or other comprehensive income.

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
4. Property, plant and equipment		
Cost:		
Opening balance	27,975,219	28,356,134
Add: Addition during the year	1,295,432	317,420
	29,270,651	28,673,554
Less: Disposal/adjustment during the year	2,418,887	698,335
Closing balance (A)	26,851,764	27,975,219
Depreciation:		
Opening balance	24,908,523	24,141,290
Add: Charge for the year	1,887,753	1,390,972
	26,796,276	25,532,262
Less: Adjustment during the year	2,420,516	623,739
Closing balance (B)	24,375,760	24,908,523
Written down value (A-B)	2,476,004	3,066,696
Details of property, plant and equipment are shown in Annex A .		
5. Intangible asset		
Cost:		
Opening balance	1,666,831	1,666,831
Add: Addition during the year	-	-
	1,666,831	1,666,831
Less: Disposal/adjustment during the year	-	-
Closing balance (A)	1,666,831	1,666,831
Depreciation:		
Opening balance	1,631,999	1,569,300
Add: Charge for the year	34,832	62,699
	1,666,831	1,631,999
Less: Disposal/adjustment during the year	-	-
Closing balance (B)	1,666,831	1,631,999
Written down value (A-B)	-	34,832
Detail of intangible asset are shown in Annex A .		
6. Cost of TREC holding		
Opening balance	85,978,830	124,258,580
Less: Sale of 25% shares of DSE	-	38,279,750
	85,978,830	85,978,830

In pursuance to section 3.1.4 of the scheme of demutualisation of Dhaka Stock Exchange Ltd (DSE), 7,215,106 ordinary shares of BDT 10 each were allotted by DSE in favour of IIDFC Securities Limited. Out of total shares allotted, 2,886,042 ordinary shares of BDT 28,860,420 being 40% of total ordinary shares allotted were issued and credited to BO account of IIDFC Securities Limited for BDT 28,860,420 and value of cost of DSE membership has been adjusted to that extent. The remaining 4,329,064 shares being 60% ordinary shares of 7,215,106 of BDT 43,290,640 were credited to the "DSE Demutualisation Blocked Account" maintained by DSE. As per that aforesaid scheme, these 60% shares will be off-loaded in the following manner:

1. 25% has already been sold to the strategic investors by Dhaka Stock Exchange Ltd in 2018.
2. Except shares allotted in favour of strategic investors, 35% shares held in blocked account shall be sold out to the general public/ institutional investors.

The shares under blocked account as indicated above will be recognised and accounted for upon recovery.

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

2019
BDT

2018
BDT

7. Deferred tax assets/ liabilities

Deferred tax assets have been recognised and measured in accordance with the provision of IAS 12 Income Tax. Deferred tax assets are attributable to the following:

Particulars	Carrying amount of assets/ liabilities	Tax base	(Taxable)/ deductible temporary difference
	BDT	BDT	BDT
Furniture and fixtures	644,168	1,444,094	799,926
Office decoration	876,936	2,768,310	1,891,374
Office equipment	954,900	522,959	(431,941)
Motor vehicle	-	286,513	286,513
Computer software	-	15,707	15,707
	<u>2,476,004</u>	<u>5,037,583</u>	<u>2,561,580</u>
Applicable tax rate			35%
Deferred tax assets/(liabilities) at 31 December 2019			896,553
Deferred tax assets/(liabilities) at 31 December 2018			699,602
Deferred tax income			196,951

8. Advance against corporate income tax

Advance tax paid	17,462,856	15,868,484
Income tax withheld by DSE (note 8.1)	94,723,177	85,980,060
Income tax withheld from dividend income	22,255,769	20,164,778
Income tax withheld from SND account	7,083,626	5,586,776
	<u>141,525,428</u>	<u>127,600,098</u>

8.1 Income tax withheld by DSE

Stock Dealer transaction	2,381,500	2,222,459
Stock Broker transaction	92,341,676	83,757,601
	<u>94,723,177</u>	<u>85,980,060</u>

The amount has been withheld by Dhaka Stock Exchange Ltd from the amounts of transactions under section 53 BBB of the Income Tax Ordinance 1984.

9. Advances, deposits and prepayments

Advance against office rent	1,285,000	1,285,000
Advance against IPO	-	104,670
Advance against securities bidding (note 9.1)	-	3,530,010
Advance to IIDFC Limited	20,000,000	-
Advance to employees	17,000	100,000
Advance to supply and service	355,000	530,000
Advance against right offer	378,750	-
Security deposits (note 9.2)	361,856	361,856
Others	600,000	-
	<u>22,997,606</u>	<u>5,911,536</u>

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
9.1 Advance against securities bidding		
Esquire Knit Composite Ltd	-	1,880,145
Runner Automobiles Ltd	-	1,080,825
ADN Telecom Ltd	-	569,040
	-	3,530,010
9.2 Security deposits		
CDBL	100,000	100,000
C and F Tower, Chittagong	233,856	233,856
BTCL	15,000	15,000
Elite security services Ltd	13,000	13,000
	361,856	361,856
10. Margin loan to clients		
Regular (note 10.1)	620,705,346	678,531,288
Affected small investors (note 10.2)	-	83,597,223
Unrecovered interest-free blocked account (note 10.3)	992,934,958	994,016,623
	1,613,640,304	1,756,145,134

10.1 Regular

- (a) This represent loan facilities extended to the customers for trading of listed securities in the secondary capital market as per Margin Rules 1999.
- (b) The segregated and reschedule amount of loan, not been settled by the affected small investor as per given terms, has been transferred to regular margin loan account.
- (c) Unrealized accrued interest income on negative equity margin loan has not been recognised as revenue. It has been kept separately in a memorandum account.

10.2 Affected small investors

The Government of Bangladesh vide its letter no 07.101.020.03.12.007.2013-442 dated 13th July 2013 has constituted a Fund in the name of "Special incentive fund to the affected small investors (ASI) in Capital Market" to implement the scheme and to provide incentive to the affected small investors in the Capital Market of Bangladesh. The said fund shall be managed and operated by the Investment Corporation of Bangladesh. As per circular by the Ministry of Finance, Government of Bangladesh vide its letter no 53.0144.031.02.00.002.2012(1)-256 dated on 19 August 2013, the Management Policy Guide Lines, the Government of Bangladesh has entrusted to ICB as the Fund Manager for providing the such loan to the Merchant Banks and Stock Brokers Company. Under this program, the Companies loan status is as below:

Segregated loan	-	18,093,623
Interest-free blocked loan	-	1,584,529
Regular margin loan	-	63,919,071
	-	83,597,223

Segregated loan: Principal amount of loan at the end of the year 2011, segregated and rescheduled for repayment by 06 equal quarterly installments at a concessional simple rate of interest of 6% per annum under Government's special incentive package for small investors incurring capital loss in 2011.

Interest-free blocked loan: 50% interest amount for the year 2011, segregated and rescheduled for repayment by 06 equal quarterly installments at zero interest under Government's special incentive package for small investors incurring capital loss in 2011.

Regular margin loan: It is the remaining balance of margin loan after deducting the segregated loan amounts and interest-free blocked loan amounts to the affected small investors.

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
10.3 Unrecovered interest-free blocked account: Under the bailout program for long outstanding negative equity margin loan accounts, the company sold out the securities available in these accounts and recovered the outstanding margin loan as far as possible. Up to 31 December 2019, unrecovered margin loan of BDT 992,934,958 under this program was transferred to a separate interest-free blocked account.		
11. Receivable from stock exchange		
Receivable from DSE -Broker:		
Categories A, B, G and N	-	34,344,401
Category Z	15,768,621	761,397
OTC	449,685	88,000
	16,218,306	35,193,798
Receivable from DSE -Dealer:		
Categories A, B, G and N	-	-
Category Z	-	-
	-	-
	16,218,306	35,193,798
12. Other receivables		
Accrued income on FDR	2,943,724	2,202,083
Receivable from clients against CDBL charges	107,350	119,753
Zenith Annual Income Fund	1,574,485	-
Other receivable	1,230,992	1,230,992
	5,856,551	3,552,828
13. Investment in securities		
Details of investment in securities as on 31 December 2019 are as under :		
Quoted	319,463,370	285,191,398
Un-quoted	29,858,520	28,860,420
	349,321,890	314,051,818
Quoted		
Further details are as under :		
Bank	88,906,018	90,925,508
Insurance	23,541,959	27,541,973
Financial institution	31,458,966	4,183,375
Food and allied products	9,099,626	4,647,918
Cement	12,082,738	3,834,203
Ceramics	5,070,999	3,889,678
Engineering	26,369,640	7,365,593
Fuel and power	30,746,304	49,258,688
Pharmaceutical and chemicals	36,073,323	24,711,744
Service and real estate	642,210	4,002,495
Mutual funds	28,698,463	32,050,126
Telecommunication	4,940,924	2,560,988
Textile	18,084,471	28,255,772
Travel and leisure	3,747,730	1,912,917
Others		50,420
	319,463,370	285,191,398
Unquoted shares:		
Dhaka Stock Exchange Limited	28,860,420	28,860,420
Unit Fund (ICB AMCL 2nd NRB)	998,100	-
	29,858,520	28,860,420

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

Quoted

Further details are as under :

	Cost price	Market price	Unrealized loss
	a	b	c=a-b
	BDT	BDT	BDT
Bank	88,906,018	60,081,285	28,824,732
Insurance	23,541,959	15,593,301	7,948,658
Financial institution	31,458,966	21,041,339	10,417,628
Food and allied products	9,099,626	6,063,900	3,035,726
Cement	12,082,738	8,608,538	3,474,201
Ceramics	5,070,999	3,058,703	2,012,297
Engineering	26,369,640	15,507,328	10,862,312
Fuel and power	30,746,304	25,360,870	5,385,434
Pharmaceutical and chemicals	36,073,323	24,411,054	11,662,269
Service and real estate	642,210	380,180	262,030
Mutual funds	28,698,463	22,343,491	6,354,973
Telecommunication	4,940,924	3,941,736	999,188
Textile	18,084,471	8,580,816	9,503,656
Travel and leisure	3,747,730	3,234,731	512,999
	319,463,370	218,207,270	101,256,100

	2019 BDT	2018 BDT
14. Other assets		
Stamp in hand	14,553	14,927
	14,553	14,927
15. Cash and cash equivalents		
Cash in hand (note 15.1)	29,447	23,819
Bank balance		
Short-term deposit account (note 15.2)	143,570,822	72,558,560
Fixed deposit account (note 15.3)	63,700,500	40,000,000
Foreign currency	-	-
	207,300,769	112,582,379
15.1 Cash in hand		
Head office	20,552	17,259
Gulshan branch	4,460	3,408
Chittagong branch	4,435	3,152
	29,447	23,819
15.2 Short-term deposit account		
ONE Bank Ltd A/C no. 0015025351004 (Consolidated customer account)	141,488,410	71,773,299
ONE Bank Ltd A/C no. 0015025351012 (Dealer account)	193,201	40,689
ONE Bank Ltd A/C no.0013000001721 (IPO account)	503,847	166,965
Southeast Bank Ltd A/C no. 3113100000722 (Admin account)	1,379,745	575,801
NCC Bank Limited A/C no. 00310325001228 (Admin account)	1,711	1,806
One Bank Ltd A/C no. 0013000002145 (Investment account)	3,907	-
	143,570,822	72,558,560

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT			
15.3 Fixed deposit account					
ONE Bank Ltd A/C no. 001414007292	27,350,500	25,000,000			
NCC Bank Ltd A/C no. 0330047367	16,350,000	15,000,000			
IIDFC Ltd	20,000,000	-			
	63,700,500	40,000,000			
16. Share capital					
16.1 Authorised capital					
500,000,000 ordinary shares of BDT 10 each	5,000,000,000	5,000,000,000			
16.2 Issued, subscribed and paid-up capital					
100,000,000 ordinary shares of BDT 10 each fully paid-up	1,000,000,000	1,000,000,000			
Shareholding position of the company as at 31 December is as under:					
Name of shareholders	No of shares	% of holding	Price	Amount (BDT)	
IIDFC Limited	99,987,497	99.99	10	999,874,970	999,874,970
Mr. Md. Matiul Islam	12,438	0.01	10	124,380	124,380
Mr. Md. Shamim Ahamed	13	0.00	10	130	130
Mr. S. A. Chowdhury	13	0.00	10	130	130
Mr. Sayyed Husain Jamal	13	0.00	10	130	130
Mr. Anisuz Zaman Chowdhury	13	0.00	10	130	130
Mr. Md. Asaduzzaman Khan	13	0.00	10	130	130
	100,000,000	100		1,000,000,000	1,000,000,000
17. Retained earnings					
Opening balance				99,965,265	86,621,760
Add: Net profit for the year				6,652,321	13,343,505
Closing balance				106,617,586	99,965,265
18. Long-term loan					
IIDFC Limited					
Term loan-up to 8 years (note 18.1)				445,535,836	445,535,836
Term loan-up to 8 years (note 18.2)				128,251,618	138,015,934
Investment Corporation of Bangladesh (ICB)					
Term loan-up to 1.5 years				3,758,012	18,331,812
				577,545,467	601,883,582
18.1 Term loan-up to 8 years					
Opening balance				445,535,836	445,535,836
Paid during the year				-	-
Closing balance				445,535,836	445,535,836
18.2 Term loan-up to 8 years					
Opening balance				138,015,934	141,565,586
Paid during the year				9,764,316	3,549,652
Closing balance				128,251,618	138,015,934

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
19. Payable to gratuity fund		
Opening balance	1,665,844	2,381,552
Add: Addition during the year	1,722,547	1,665,844
	3,388,391	4,047,396
Less: Paid during the year	1,665,844	2,381,552
Closing balance	1,722,547	1,665,844
<p>The company operates a funded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees.</p>		
20. Short-term loan - bank overdraft		
ONE Bank Limited, A/C no.0015025351029	22,334	1,630,868
ONE Bank Limited, A/C no.0017170000312	-	288
NCC Bank Limited, A/C no.00310120005111	83,867	14,459,292
	106,201	16,090,448
21. Payable to clients	140,810,501	94,553,225
<p>The company has been maintaining a consolidated customer account against payable to clients with ONE Bank Limited only for the deposits of money received from and for payments of money to and for customers as per section 8A (1) of Securities Exchange Commission Rules 1987.</p>		
22. Accounts payable		
IIDFC Capital Limited	114,955	600,037
Southeast Bank Capital Services Ltd	180,718	180,718
Jamuna Bank Capital Management Ltd	-	8,065,332
	295,673	8,846,087
23. Accrued expenses		
Financial expenses (ICB)	2,610	16,060,404
CDBL charges	135,143	223,590
Office rent	1,019,959	1,019,959
Electricity	68,131	80,234
Water and sewerage	21,294	20,280
Audit fee	161,000	149,500
Online and data communication charges	134,042	148,625
Security charges	31,026	30,597
Telephone bills BTCL	50,603	20,000
Plantation	19,450	40,850
Fresh water	4,934	9,203
Payable to supply and service	14,192	148,000
Agent commission	150,695	-
Driver's salary	17,300	-
	1,830,379	17,951,242

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
24. Payable to DSE - broker and dealer		
Payable to DSE broker:		
Categories A, B, G and N	27,953	53,778
Category Z	176,969	436,835
OTC	494	66
	205,416	490,679
Payable to DSE dealer :		
Categories A, B, G and N	-	-
Category Z	-	-
	-	-
	205,416	490,679
25. Loan loss reserve		
Loan loss account (note 25.1)	47,267,496	47,398,219
Interest income loss account (note 25.2)	411,656,855	412,795,293
	458,924,351	460,193,512
25.1 Loan loss account		
Opening balance	47,398,219	53,382,379
Add: Addition during the year	-	-
	47,398,219	53,382,379
Less: Adjustment during the year	130,723	5,984,160
Closing balance	47,267,496	47,398,219
25.2 Interest income loss account		
Opening balance	412,795,293	466,652,802
Add: Addition during the year	-	-
	412,795,293	466,652,802
Less: Adjustment during the year	1,138,438	53,857,509
Closing balance	411,656,855	412,795,293
During the year, total seventy (70) number of negative equity accounts has been written off as loan loss against loan loss reserve for an amount of BDT 1,172,812.		
25.3 Required loan loss reserve		
Negative equity (un-realised loss) against margin loan	1,237,683,489	1,184,749,511
Minimum required reserve @11.11% of BDT	137,506,636	236,949,902
1,237,683,489	458,924,351	460,193,512
Provision made up to 2019	458,924,351	460,193,512
Percentage of loan loss reserve	37.08%	38.84%

As per BSEC's directive no. BSEC/SRI/Policy/3/2020/68 dated 12 January 2020; minimum requirement of making provision is @11.11% on unrealised loss of margin loan at the end of this accounting year. In this connection, loan loss reserve of BDT 458,924,351 has been made which is equivalent to 37.08% of unrealised loss (negative equity) of BDT 1,237,683,489 on margin loans as on 31 December 2019. Provided that no cash dividend shall be paid to the shareholders for this financial year if the company avails the said facility.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

	2019 BDT	2018 BDT
26. Provision for diminution in value of investment in securities		
Opening balance	10,710,396	8,834,525
Add: Provision made during the year	539,157	1,875,871
	11,249,553	10,710,396
Less: Write back of provision	-	-
Closing balance	11,249,553	10,710,396
26.1 Required provision for diminution in value of investments in securities		
Unrealised loss	101,256,100	53,551,982
Minimum required provision @11.11% of BDT 101,256,100	11,249,553	10,710,396
Provision made up to 2019	11,249,553	10,710,396
Percentage of investment provision	11.11%	20%
As per BSEC's directive no. BSEC/SRI/Policy/3/2020/68 dated 12 January 2020, provision has been kept @11.11 % of total required amount at the end of this accounting year. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.		
27. Provision for corporate income tax		
Opening balance	114,473,537	100,070,752
Add: Provision made during the year	12,585,369	14,402,785
	127,058,906	114,473,537
Add: Adjustment during the year	1,594,372	-
Closing balance	128,653,278	114,473,537
Provision for corporate income tax is made on accounting profit for the year after adjustments for taxable allowances and disallowances as per tax laws.		
28. Other liabilities		
Reserve for risk fund	1,016,667	916,667
VAT deduction at source	83,425	-
Income tax deducted at source	60,300	-
Others	105,450	91,994
	1,265,842	1,008,661
29. Brokerage commission		
Commission on securities trading	49,951,979	59,308,272
Commission on IPO processing	43,970	88,190
	49,995,949	59,396,462
30. Interest income		
Margin loan	76,174,700	73,895,387
Bank deposit	8,643,510	7,757,645
FDR	7,066,641	2,202,083
	91,884,852	83,855,115
31. Gains on sale of securities		
Gains from trading of securities	11,013,808	13,835,072
Loss from trading of securities	(5,943,235)	(7,966,203)
	5,070,573	5,868,869

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
32. Dividend income		
Income from DSE	2,705,665	7,215,106
Income from dealer account	7,815,547	7,882,273
	<u>10,521,212</u>	<u>15,097,379</u>
33. Other operating income		
BO account maintenance fee	315,100	334,000
Sale of account opening form	26,500	30,500
BO account opening charges	28,650	22,700
Notice pay received	32,353	-
Charges for dishonored cheques	19,500	28,500
Gains on disposal of assets	52,627	22,850
Income against CDBL charge	75,537	-
Others	-	140
	<u>550,267</u>	<u>438,690</u>
34. Interest expense on borrowing fund		
IIDFC Limited	63,668,220	64,725,395
Investment Corporation of Bangladesh (ICB)	636,040	286,024
ONE Bank Limited	183,522	239,868
NCC Bank Limited	171,964	246,231
	<u>64,659,746</u>	<u>65,497,518</u>
35. Direct costs		
Laga charges	4,370,599	5,313,322
Howla charge	50	-
CDBL charges	71,596	45,312
	<u>4,442,244</u>	<u>5,358,634</u>
36. Salaries and allowances		
Basic	18,396,498	16,135,652
House rent	9,198,278	8,067,948
Festival bonus	3,031,022	2,621,795
Performance bonus	-	537,174
Conveyance	1,926,870	1,587,825
Medical	919,817	806,787
Entertainment	306,819	277,500
Company's contribution to provident fund	1,722,546	1,551,087
Gratuity expense	1,722,547	1,665,844
	<u>37,224,397</u>	<u>33,251,612</u>
37. Rent, insurance, electricity, etc.		
Office rent and service charge	14,352,674	14,350,371
Electricity	1,176,030	1,409,306
Renewal and registration fees	270,348	394,687
Water and sewerage	264,187	258,612
Insurance on fixed assets	2,455	2,844
	<u>16,065,694</u>	<u>16,415,820</u>

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
38. Postage, stamp, telecommunications, etc.		
Data communication expenses	983,823	1,007,216
Mobile	519,085	475,627
Internet expenses	151,200	179,400
Telephone	120,000	72,379
SMS service	-	26,000
Postage and courier	14,328	49,848
Stamp charges	3,574	810
	1,792,010	1,811,280
39. Stationery, printing, advertisement, etc.		
Printing and stationery	379,940	317,227
Paper, ribbon and cartridge	156,445	155,368
Table stationery	4,195	-
Business promotion expenses	13,763	140,000
Advertisement	7,987	40,114
	562,330	652,709
40. Directors' fees		
Fees	115,200	88,600
VAT	16,000	8,860
Tax	12,800	13,290
	144,000	110,750
Each director is paid for BDT 7,200 (excluding tax & VAT) per board meeting attended.		
41. Loans and advances written off		
Loans and advances written off during the year	7,798	251,244
	7,798	251,244
During the year 2019, sixteen (16) number of inactive BO accounts which carry of minimum debit balance was charged as written off loan loss for an amount of BDT 7,798 due to avoid annual BO charge by CDBL.		
42. Repair and maintenance		
Office equipment	188,853	330,447
Computer software	50,013	50,333
Furniture and fixtures	6,875	10,068
	245,741	390,848
43. Depreciation		
Office equipment	272,794	154,569
Office decoration	876,939	876,939
Furniture and fixtures	379,879	359,465
Motor vehicle	358,141	-
	1,887,753	1,390,973

IIDFC Securities Limited

Notes to the financial statements
For the year ended 31 December 2019

	2019 BDT	2018 BDT
44. Other expenses		
Office maintenance (note 44.1)	2,214,284	1,891,556
Car allowance and maintenance	1,577,866	1,440,000
Leave fare assistance	1,430,394	1,159,990
Leave encashment	1,736,000	184,500
Others allowance	891,243	756,540
Agent commission	229,806	61,981
Entertainment	1,775,703	597,637
Reserve for risk fund	100,000	100,000
Bank charge	119,580	122,721
Travelling and conveyance - local	150,288	55,815
Training expenses	19,800	51,700
Newspaper and magazine	14,963	14,964
Books and periodicals	6,250	2,270
	10,266,177	6,439,674
44.1 Office maintenance		
Casual staff salary	1,562,000	1,139,500
Security charges	178,692	169,914
Cleaning charges	84,732	95,849
Uniform etc	53,986	64,750
Plantation	8,000	67,800
Fresh water	2,000	13,287
Others	324,874	340,456
	2,214,284	1,891,556

45. Earnings per share (EPS)

Earnings per share (EPS) is calculated in accordance with BAS 33 Earnings per share. The calculation of basic earnings per share as at 31 December 2019 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the year ended 31 December 2019

Basic earnings per share has been calculated as under:

Earnings attributable to ordinary shareholders net profit/(loss) after	6,652,321	13,343,505
Weighted average number of ordinary shares	100,000,000	100,000,000
Basic earnings per share	0.067	0.133
Particulars	Weighted average	No. of Ordinary Shares
Share outstanding as on 01 January	365	100,000,000
		100,000,000

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2019

46. Books of account of branch offices

The company has two (2) branches each at Dhaka and Chattogram. Books of account of the branches are maintained at Head Office based on which the accounts are consolidated.

47. Related party disclosures

In accordance with BAS 24 related party disclosures, amount of transactions during the period and outstanding balances as of the end of report period with the entity's related parties are disclosed as follows:

47.1 Related party transactions during the year:

Name of the related party	Nature of relationship	Nature of transaction	2019 BDT	2018 BDT
IIDFC Limited	Shareholders	Interest and principle payment of loan	111,328,578	52,227,373
IIDFC Capital Limited	Owned by the same holding company	Share trading and other	1,185,770,501	1,945,375,328

47.2 Related party balances as at year ended:

Name of the related party	Nature of relationship	Nature of transaction	2019 BDT	2018 BDT
IIDFC Limited	Shareholder	Long term loan	553,787,454	583,551,770
IIDFC Capital Limited	Owned by the same holding company	Accounts payable	114,955	600,037

48. Employees' information

A total number of 32 employees were employed in IIDFC Securities Ltd as on 31 December 2019. Each of the employees received salary more than BDT 36,000 per annum during the year 2019.

49. General

49.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

49.2 Previous year's figures have been re-arranged, wherever considered necessary, to confirm to current year's presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 29 July 2020

IIDFC Securities Limited

Details of property, plant and equipment and intangible assets
As at 31 December 2019

Annex A

Category of asset	Cost			Rate (%)	Charge for the year BDT	Depreciation		Net book value at 31 Dec BDT
	At 01 Jan BDT	Additions BDT	Sale/ disposal BDT			Total at 31 Dec BDT	Disposal BDT	
Furniture and fixtures	3,594,647	204,149	-	10	379,879	7,380	3,154,628	644,168
Office decoration	8,769,385	-	-	10	876,939	-	7,892,449	876,936
Office equipment	15,611,187	733,142	2,418,887	18	272,794	2,413,136	12,970,542	954,900
Motor vehicle	-	358,141	-	20	358,141	-	358,141	-
Total 2019	27,975,219	1,295,432	2,418,887		1,887,753	2,420,516	24,375,760	2,476,004
Total 2018	28,356,134	317,420	698,335		1,390,972	623,739	24,908,523	3,066,696

Intangible asset

Category of asset	Cost			Rate (%)	Amortise during the year BDT	Amortisation		Net book value at 31 Dec BDT
	At 01 Jan BDT	Additions BDT	Sale/ disposal BDT			Total at 31 Dec BDT	Disposal BDT	
Computer software	1,666,831	-	-	18	34,832	-	1,666,831	-
Total 2019	1,666,831	-	-		34,832	-	1,666,831	-
Total 2018	1,666,831	-	-		62,699	-	1,631,999	34,832

PHOTOGRAPHS FROM IIDFC'S ALBUM



The 18th Annual General Meeting of IIDFC Limited held on 17 June 2019 at Syed Manzur Elahi Conference Hall MTB Tower (Level-09), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka.



IIDFC Ltd. became a financing partner to the syndication facility of BDT 250.00 million under IPFF II raised for Bangladesh Technocity Limited. The Governor of Bangladesh Bank handed over the IPFF II Fund cheque to the Managing Director of IIDFC Ltd.



IIDFC Ltd. has been mandated as the Arranger to raise IPFF II Fund and Commercial Fund of BDT 3.95 billion for Meghna Industrial Economic Zone Limited (MIEZL)- the first private sector economic zone under BEZA.



Baraka Power Limited, a concern of Baraka Group, 55.138 MW Power Plant at Fenchuganj, Sylhet, financed by IIDFC.



Dekko Accessories Limited, a concern of Dekko Group, RMG accessories producer at Hemayetpur, Savar, Dhaka, financed by IIDFC.



Radiant Pharmaceuticals Ltd (RPL), a renowned pharmaceutical company located at Gazipur, financed by IIDFC.



Jinnat Apparels Ltd, an export-oriented composite knit garments unit located at Kashimpur, Gazipur, financed by IIDFC.



Confidence Power Bogra Limited, a concern of Confidence group, 113 MW power plant project at Birgram, Bogra, financed by IIDFC.



Sweet processing unit of Bonoful, a leading sweet and bakery items producer financed under SME



Sewing unit of Denim Expert, a fastest growing garment manufacturer financed under SME.



FM Plastic, an emergent rubber and plastic products manufacturer financed under SME.



**Pre-Engineered Steel Building Manufacturing Company at Chouddagram
Cumilla financed under SME.**



**Rider Leather Bags & Luggage Factory Limited
Ashugonj, an export oriented concern financed under SME.**

WORKSHOP AND SEMINAR



The Managing Director of IIDFC participated in International CEO Forum in October 2019 held in Macau SAR, China.



A daylong internal training program on the topic of “Financial Statement Analysis & Business Memo Preparation” held on 14 February 2019



Knowledge Enhancement Workshop on National Integrity Strategy, Code of Conduct for FIs and IIDFC Refinance Scheme for Urban Building Safety Enhancement, Green Finance and Reporting.



Workshop on Introduction to Corporate Finance and SME Finance, Analysis of financials Assessment of Working Capital held on 19 September 2019

OTHER EVENTS OF IIDFC



Inauguration ceremony of "Matial Islam Study Corner" at 7th floor of IIDFC Head Office.



IIDFC paid homage to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman on the occasion of the National Mourning Day.

MOU SIGNING CEREMONY



IIDFC Limited and Le Reve Limited signed an agreement on 04 September 2019 at IIDFC Head Office.



IIDFC Limited and LABAiD Group signed an agreement on 09 October 2019 at LABAiD Specialized Hospital Limited.



IIDFC Limited and Square Hospitals Limited signed a memorandum of understanding on 15 October 2019.

Meeting Attendance and Remuneration of the Directors during the year 2019

Name of Director	Board of Directors Meeting				Audit Committee Meeting				Total Remuneration paid in 2019	Representing
	Total BOD Meeting held during Director's Tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total AC Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting		
Mr. Md. Matiul Islam	09	09	100.00	72,000.00	-	-	-	-	72,000.00	Self
Mr. Md. Ataur Rahman Prodhhan	04	02	50.00	16,000.00	-	-	-	-	16,000.00	Sonali Bank
Mr. Anis A. Khan	08	07	88.00	56,000.00	-	-	-	-	56,000.00	MTBL
Mr. Md. Abdus Salam Azad	09	06	67.00	48,000.00	04	03	75.00	24,000.00	72,000.00	Janata Bank
Mr. Selim R. F. Hussain	09	03	33.00	24,000.00	-	-	-	-	24,000.00	BRAC
Mr. Choudhury Moshtaq Ahmed	09	06	67.00	48,000.00	04	03	75.00	24,000.00	72,000.00	NBL
Mr. Sheikh Mohammad Maroof	09	07	78.00	56,000.00	-	-	-	-	56,000.00	City Bank
Mr. Wakar Hasan	09	06	67.00	48,000.00	04	03	75.00	24,000.00	72,000.00	One Bank
Mr. Md. Sazzad Hossain	09	07	78.00	56,000.00	-	-	-	-	56,000.00	Bank Asia
Mr. Md. Abul Hossain	04	04	100.00	32,000.00	02	02	100.00	16,000.00	48,000.00	ICB
Mr. Kamal Uddin Ahammed	09	06	67.00	48,000.00	02	02	100.00	16,000.00	64,000.00	EICL
Mr. Syed M. Altaf Hussain	08	05	63.00	40,000.00	-	-	-	-	40,000.00	Pragati Insurance
Mr. Jamal Mohammed Abu Naser	09	08	89.00	64,000.00	-	-	-	-	64,000.00	NILCL
Mr. Md. Obayed Ullah Al Masud	05	02	40.00	16,000.00	02	02	100.00	16,000.00	32,000.00	Sonali Bank
Mr. Kazi Sanaul Hoq	05	05	100.00	40,000.00	02	02	100.00	16,000.00	56,000.00	ICB
Mr. Anis A. Khan	01	01	100.00	8,000.00	02	02	100.00	16,000.00	24,000.00	Independent Director
Total				672,000.00				152,000.00	824,000.00	

* Leave of absence was granted in all cases of non attendance.

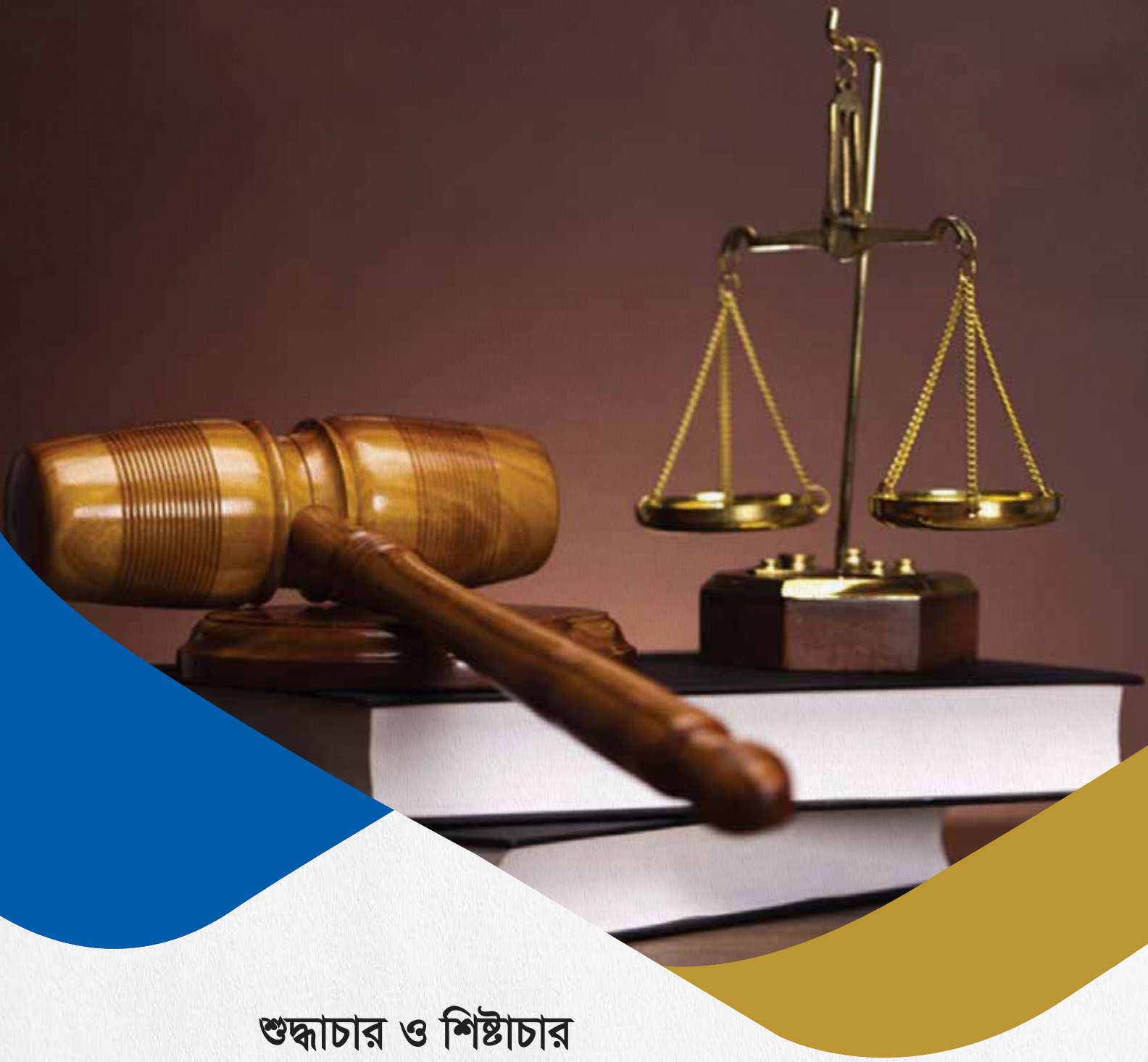
* Mr. Md. Obayed Ullah Al Masud was nominee director of Sonali Bank Limited and he was replaced by Mr. Md. Ataur Rahman Prodhhan on 03 September 2019.

* Mr. Kazi Sanaul Hoq was nominee director of ICB and he was replaced by Mr. Md. Abul Hossain on 03 September 2019.

* Mr. Syed M. Altaf Hussain is nominee director of Pragati Insurance Limited appointed by the Board of Director on 07 April 2019.

* Mr. Anis A. Khan was Vice Chairman of IIDFC who was nominee director of MTBL. After his retirement from MTBL, he has been appointed as Independent Director by the Board on 20 November 2019.

* Remuneration paid to Directors is exclusive of VAT.



শুদ্ধাচার ও শিষ্টাচার
সভ্য জাতির অহংকার ।
করলে সবাই চেপ্টা
এগিয়ে যাবে দেশটা ।

-ফারুক নওয়াজ



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Metropolitan Chamber Building (6th Floor), 122-124 Motiheel C/A, Dhaka-1000

PROXY FORM

I/we.....
of.....
.....being a member of Industrial and Infrastructure Development Finance Company Limited do hereby appoint
Mr./Mrs./Ms.....
of.....
as proxy to attend and vote for me/us and on my/our behalf in the 19th Annual General Meeting of the company to be held
at 11.00 a.m. on Thursday, 17 December 2020 through video conference (ZOOM) and any adjournment thereof.
As witness my/our hand thisday of2020.

Revenue
Stamp of
Tk. 20.00

.....
Signature of Shareholder

.....
Signature of Proxy



IDFC'S BRANCH LOCATIONS

CHATTOGRAM BRANCH

C & F Tower (4th floor), 1712 Sk. Mujib Road, Agrabad C/A, Chattogram, Bangladesh
Phone: +880-31-2516693, Cell: +88-01730-725559, Fax: +880-31-2516694

UTTARA BRANCH

Kanak Arcade (4th floor), 14 Sonargaon Janapath, Sector-9, Uttara, Dhaka-1230
Phone: +880-2- 55080417, Cell: +88-01713-045687, Fax: +880-2- 48954111

KERANIGANJ BRANCH

BT Tower (2nd floor), Kodomtoli More, Keraniganj, Dhaka-1310, Bangladesh
Cell: +88-01711-980292

GAZIPUR BRANCH

MAS Square (4th floor), Holding No.-727, Dhaka Road, Chandana Chowrasta, Gazipur-1702
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NARAYANGANJ BRANCH

Mid Town Complex (3rd floor), Holding No.-79 (Old 54), Bangabandhu Road, Narayanganj-1400
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SAVAR BRANCH

M K Tower (5th Floor), Holding No- B-16/1, Jolesshor, Shimultala, Savar, Dhaka- 1340, Bangladesh
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