

# annual report | 2012



**Industrial and Infrastructure**  
Development Finance Company Limited

**IIDFC**





annual report  
2012



# Table of

**A** leading financial institution of the country, IIDFC was promoted by 10 banks, 3 insurance companies and ICB under the leadership of Mr. Md. Matiul Islam. With a Board of Directors comprising of top level bankers and former senior civil servants, the main emphasis of IIDFC is promotion and financing of investments in large infrastructure and industrial projects. IIDFC's debut in the capital market was through floatation of convertible zero coupon bonds, a new and innovative financial instrument. Its presence in the capital market is through its two subsidiaries—one for merchant banking operation and the other for brokerage services.



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# IIDFC COMMITMENTS

## Our Commitments to the Nation

- To contribute to the Country's economic growth in all possible ways.
- To accelerate the process of industrialization.
- To promote projects for removing infrastructure deficiencies.
- To help banish power outage permanently.
- To promote SME as a major engine of growth.
- To promote employment and expand self employment opportunities.
- To promote low-cost housing projects for the urban middle class.
- To promote Bangladesh as a desired destination for foreign investors.
- To assist in the reduction of Green-House Gas Emission.
- To promote viable Renewable Energy projects.



## Our Commitment to the Shareholders

- To maximize shareholders' wealth strictly complying guidelines of the regulators.

## Our Commitments to Clients

- To provide superior and prompt customer service.
- To offer quality-rich and price-competitive finance solution to the clients.
- To respond quickly to the needs of the entrepreneurs in an honest, credible and timely manner.
- Promote and serve equipment leasing and finance industry through partnership with the clients.
- To maintain transparency, fairness, confidentiality and timeliness.
- To maintain dignity and high ethical standard at all levels of management.

## Our Commitments to Employees

- Help build and enhance core values of professional excellence.
- To provide a congenial and supportive work place for the employees with appropriate compensation package.



## NOTICE OF THE 12<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of the Company that the 12<sup>th</sup> Annual General Meeting of **Industrial and Infrastructure Development Finance Company Limited** will be held on **Sunday, June 30, 2013 at 8.00 p.m.** at **MTB Center, Sun Floor, Level 5, 26 Gulshan Avenue, Plot 5, Block SE(D), Gulshan 1, Dhaka 1212** to discuss the following businesses:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2012 and Auditors' Report & Directors' Report thereon;
2. To declare dividend for the year 2012 as recommended by the Board of Directors;
3. To election/re-election of Directors of the Company;
4. To appoint auditors for the year 2013 and fix their remuneration; and
5. To transact any other business with the permission of the Chair.

**By order of the Board**



Md. Shamim Ahamed, FCA  
Company Secretary

Dated, Dhaka  
June 13, 2013

### 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 General Meeting may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly filled in & stamped, must be deposited at least 72 hours before commencement of the General Meeting at 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.

## MILESTONE EVENTS

- |      |         |  |
|------|---------|--|
| 2000 | Dec 19: | ✦ Incorporated with RJSC, Bangladesh.  |
| 2001 | Jan 23: | ✦ Bangladesh Bank issues license.  |
|      | Jan 25: | ✦ 1st meeting of the Board of Directors.   |
|      | Apr 01: | ✦ Commercial operation starts.   |
|      | Aug 22: | ✦ 1st Lease Finance Agreement.   |
|      | Oct 15: | ✦ 1st Direct Finance Agreement.  |
| 2003 |         | ✦ First Ever Zero Coupon Bonds launched by IIDFC.  |
| 2004 |         | ✦ Syndication of 1st commercial loan for BRAC for BDT 100 crore.   |
| 2006 |         | ✦ Term Loan Syndication for Warid Telecom International Ltd. [BDT 300 Crore] signed in Abu Dhabi.  |
|      |         | ✦ Sanctioning of 1st SME Loan .  |
| 2008 |         | ✦ Term Loan Syndication for SUMMIT Uttaranchol & Purbanchol Power Company Ltd. (BDT 395 Crore).  |
|      |         | ✦ Opening of 1st Branch in Chittagong.   |
| 2009 |         | ✦ Commencing operation of Brokerage Services.  |
|      |         | ✦ Working Capital Loan Syndication for BSRM Iron & Steel Co. Ltd. (BDT 178.80 Crore)   |
|      |         | ✦ Sales agreement with the World Bank & Govt. of Denmark for 250,000 tons of Carbon Emission Reduction (CER) to be delivered by Brick Manufacturing Industries using HHK technology.   |
|      |         | ✦ Acquisition of South Asia Capital Limited, a merchant banking company and formation of IIDFC Capital Limited.  |
|      |         | ✦ Introduction of first ever ACI Convertible Zero Coupon Bond in Bangladesh (BDT 100 Crore).   |
| 2010 |         | ✦ IIDFC awarded "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the Country- December 01, 2010.  |
|      |         | ✦ First ever conversion of term loan of BDT 3,122.20 million into redeemable cumulative preference shares of Summit Group's Summit Uttaranchal Power Company Ltd. (SUPCL), and Summit Purbanchal Power Company Ltd. (SPPCL) in September 2010. |
|      |         | ✦ Syndication of Sinha Power Generation Company Ltd. , a 50 MW rental powerplant for BDT 2,348.50 million-December 2010.   |
|      |         | ✦ NSIC Signing Ceremony: An agreement of mutual cooperation was signed between IIDFC Ltd. and National Small Industries Corporation Ltd. (NSIC), India for the development of small industries in Bangladesh.                                  |
| 2011 |         | ✦ UNFCCC accorded registration of the first ever CDM Project in the brick sector of Bangladesh, HHK (bundle-1), on August 18, 2011 with IIDFC acting as the bundling agent.  |
|      |         | ✦ A 9 day SME Technology Fair -2011 organized by IIDFC and NSIC, India held on October 9-16, 2011.   |
| 2012 |         | ✦ The CDM project HHK (bundle-2) has been registered with UNFCCC on July 31, 2012.   |
|      |         | ✦ IIDFC has signed a US\$ 6 million loan facility with the Asian Development Bank on November 15, 2012 to improve energy efficiency of energy intensive industries of Bangladesh.  |





# CORPORATE INFORMATION

## **Registered Head Office**

Chamber Building (6th & 7th Floor),  
122-124, Motijheel C/A,  
Dhaka-1000, Bangladesh  
Phone: 9559311-12, 9553387, 9553254, 9553090,  
Fax: 880-2-9568987, Website: [www.iidfc.com](http://www.iidfc.com)

## **Chittagong Office**

C & F Tower (4th floor), 1222,  
Sk. Mujib Road, Agrabad C/A,  
Chittagong, Bangladesh  
Telephone: 031-2516693  
Fax: 031-2516694

## **Subsidiaries**

### **IIDFC Securities Ltd.**

Eunoos Trade Centre (Level-7), 52-53 Dilkusha C/A,  
Dhaka -1000, Bangladesh  
Phone: 9560526  
Fax: 9570756

### **IIDFC Capital Limited**

Eunoos Trade Centre (Level-7), 52-53 Dilkusha C/A,  
Dhaka -1000, Bangladesh  
Phone: 9514641, 9514637-8  
Fax: 9514641, Email: [icl@iidfc.com](mailto:icl@iidfc.com)

## **Auditors**

Hoda Vasi Chowdhury & Co.  
Chartered Accountants  
BTMC Bhaban (8th level)  
7-9 Kawran Bazar  
Dhaka- 1215

## **Business Hours**

Unless Otherwise advised by Bangladesh Bank  
10.00 a.m. to 6.00 p.m  
Sunday to Thursday

## OUR BANKERS

BRAC Bank Limited

IFIC Bank Limited

Pubali Bank Limited

Shahjalal Islami Bank Limited

Trust Bank Limited

Mercantile Bank Limited

Bank Asia Limited

Uttara Bank Limited

Prime Bank Limited

Bank Alfalah Limited

NCC Bank Limited

Mutual Trust Bank Limited

Social Islami Bank Limited

Commercial Bank of Ceylon PLC

Dhaka Bank Limited

United Commercial Bank Limited

BASIC Bank Limited

The Premier Bank Limited

Bangladesh Commerce Bank Limited

Dutch Bangla Bank Limited

Standard Bank Limited

Southeast Bank Limited

Head Office

Federation Branch, Nayapaltan Branch

Principal Branch

Foreign Exchange Branch

Dhanmondi Branch

Main Branch

Shantinagar Branch, Principal Branch

Local Office

Foreign Exchange Branch

Gulshan Branch

Foreign Exchange Branch

Principal Branch

Principal Branch

Motijheel Office

Islamic Banking Branch

Foreign Exchange Branch

Main Branch

Elephant Road Branch

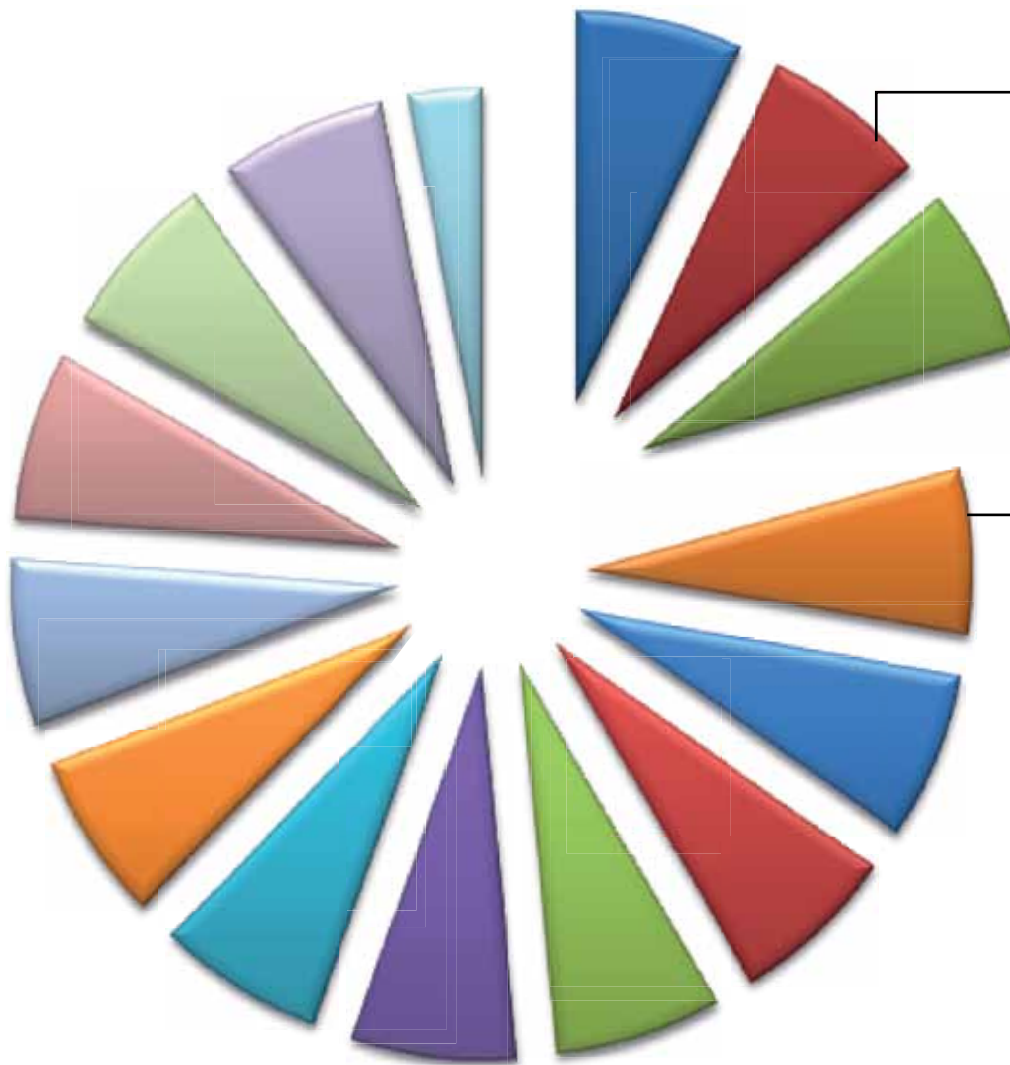
Green Road Branch

Dhanmondi Branch

Principal Branch

Donia Branch




## SHAREHOLDING STRUCTURE

















# SHAREHOLDING STRUCTURE

## Public Sector

 Sonali Bank Ltd.	7.33%
 Janata Bank Ltd.	7.33%
 Investment Corporation of Bangladesh	7.33%
<b>Total</b>	<b>21.99%</b>

## Private Sector

 AB Bank Ltd.	1.46%
 Bank Asia Ltd.	7.33%
 BRAC Bank Ltd.	7.33%
 The City Bank Ltd.	7.33%
 Mutual Trust Bank Ltd.	7.33%
 National Bank Ltd.	7.33%
 ONE Bank Ltd.	7.33%
 Southeast Bank Ltd.	7.33%
 Pragati Insurance Ltd.	7.33%
 Eastland Insurance Co. Ltd.	7.33%
 National Life Insurance Co. Ltd.	7.33%
 Mr. Md. Matiul Islam	3.25%
<b>Total</b>	<b>78.01%</b>
<b>Grand Total</b>	<b>100%</b>

## BOARD OF DIRECTORS

Chairman	Mr. Md. Matiul Islam
Vice Chairman	Mr. M. Syeduzzaman Bank Asia Limited
Directors	Mr. S M Aminur Rahman Managing Director, Janata Bank Limited
	Mr. Pradip Kumar Dutta Managing Director & CEO, Sonali Bank Limited
	Mr. Anis A. Khan Managing Director & CEO, Mutual Trust Bank Limited
	Mr. Syed Mahbubur Rahman Managing Director & CEO, BRAC Bank Limited.
	Mr. Neaz Ahmed Managing Director, National Bank Limited
	Dr. Zaidi Sattar Independent Director, Southeast Bank Limited
	Mr. Md. Fayekuzzaman Managing Director, Investment Corporation of Bangladesh
	Mr. Sohail R K Hussain Additional Managing Director, The City Bank Limited
	Mr. Asoke Das Gupta Vice-Chairman, ONE Bank Limited
	Mr. Mahmudul Huq Taher Chairman, National Life Insurance Co. Limited
	Mr. Ghulam Rahman Executive Director, Eastland Insurance Company Limited
Managing Director	Mr. Md. Asaduzzaman Khan
Representatives of other Promoters	Mr. Fazlur Rahman President & Managing Director, AB Bank Limited Mr. Md. Manirul Islam, ABIA Managing Director, Pragati Insurance Limited
Company Secretary	Mr. Md. Shamim Ahamed

# Brief Profile of the Directors



**Mr. Md. Matiul Islam, FCA**

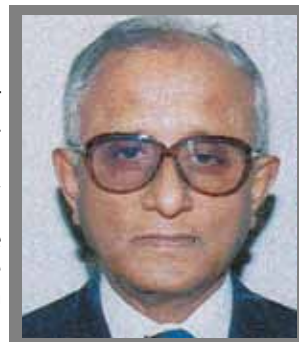
Chairman

Mr. Md. Matiul Islam, widely known amongst his friends and colleagues as the “Doyen of Banking and Financial sectors” started his career with Pakistan Civil Service in 1952. In 1972, he was appointed as the First Finance Secretary of Bangladesh and was assigned with the uphill task of rebuilding the shattered financial sector and implement the scheme for nationalization of the banking sector. He also worked as the Secretary, Ministry of Industries, Alternate Executive Director in the World Bank, Head of UNIDO/World Bank Cooperative Program, Vienna and Country Director for UNIDO, India. Always a creative man, Mr. Islam was the founder chairman of AB Bank Ltd., International Leasing and Financial Services, National Housing Finance & Investment and also the promoter of Credit Rating Agency of Bangladesh (CRAB). 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. He was honored with “Lifetime Achievement Award” by The DHL–Daily Star in July 2011.

**Mr. M. Syeduzzaman**

Vice-Chairman

Mr. M. Syeduzzaman is a former Finance Secretary, Planning Secretary, Secretary for External Resources Division and former Minister for Finance, Government of Bangladesh. He obtained M.SC (Physics) from Dhaka University and M.A. (Development Economics) from Williams College, USA. Mr. Syeduzzaman joined the Civil Service of Pakistan in 1956, and worked as Secretary, Ministry of Planning & Planning Commission, Secretary External Resources Division and Secretary, Ministry of Finance. During 1984-1987 he became the Principal Finance Secretary and then as a regular Cabinet Minister in charge of the Ministry of Finance and Planning. He had been Member, Board of Governors of Bangladesh Agricultural Research Institute (BARI) and Bangladesh Rice Research Institute (BRRI) and Alternate Executive Director, World Bank, for Bangladesh, Bhutan, India and Sri Lanka during 1977-82. He had been Governor of the IMF, the World Bank, the Asian Development Bank, the Islamic Development Bank and IFAD at various times during 1975-87. Presently, he is Chairman, Credit Rating Agency of Bangladesh (CRAB) Limited, Member, 2020 Initiative, International Advisory Board of IFPRI, Member, Board of Trustees, International Rice Research Institute (IRRI) and Member, Board of Trustees of Center for Policy Dialogue.





**Mr. S.M. Aminur Rahman**  
Director

Mr. S.M. Aminur Rahman is an MBA from IBA, Dhaka University. He hails from Sonargaon, under Narayanganj district. He has outstanding contribution in promoting the banking sector. He started his career in the Sonali Bank as a Senior Officer in 1976. Mr Rahman was Managing Director of the then Janata and Sonali Bank, Director of CDBL (Central Depository Bangladesh Limited) and Bangladesh Commerce Bank Ltd. Presently he is the CEO & MD of Janata Bank Ltd., Chairman of BAFEDA (Bangladesh Foreign Exchange Dealer's Association), JEC (Janata Exchange Company Srl), Italy and Audit Committee of IIDFC (Industrial and Infrastructure Development Company Limited), Director of ICB (Investment Corporation of Bangladesh), JCIL (Janata Capital and Investment Limited) and IIDFC, Council Member of BIBM (Bangladesh Institute of Bank Management), Fellow Member of IBB (Institute of Bankers Bangladesh) and Committee Member of the Bretton Woods Committee, USA.

**Mr. Pradip Kumar Dutta**  
Director

During his long 36 years of service in the Banking Sector, Mr. Pradip Kumar Dutta served in Sonali Bank, Bangladesh Krixi Bank (BKB) and Rajshahi Krixi Unnayan Bank (RAKUB) in different capacities. Starting his career with Sonali Bank in 1977 as Probationary Officer Mr. Dutta worked in different departments including General Banking, General Advance, SME, Foreign Trade Finance, Industrial Credit Division etc. He was also the Head of Principal Office as Deputy General Manager. Mr. Dutta was promoted to the position of General Manager in 2003 and posted at Bangladesh Krixi Bank where he served until March 2005 and then he was again transferred to Sonali Bank, Head Office to look after as many as twenty departments including Industrial Project Financing Division, International Trade and Finance, Central Accounts Division, Treasury Management, Information Technology, SME, Marketing and Development Division, Foreign Remittance Division, Rural Credit Division, Disciplinary and Appeal Division etc. He was promoted to the position of Deputy Managing Director (DMD) in November 11, 2008 and served until 17 July 2010 when he was promoted as Managing Director, Rajshahi Krixi Unnayan Bank (RAKUB). Currently Mr. Dutta is the Managing Director & CEO of Sonali Bank Ltd. from 17 June 2012.





### **Mr. Anis A. Khan**

Director

Mr. Anis A. Khan (AAK) is Managing Director & CEO, since April 15, 2009, of Mutual Trust Bank Limited (MTB), one of Bangladesh's leading private sector banks. Prior to joining MTB, AAK headed the country's largest multiproduct financial institution (non-banking), and one of its premier merchant/investment banks, IDLC Finance Limited (IDLC), for six years, as its CEO & Managing Director. A career banker, Anis earlier served for 21 years, in a multitude of roles, with the then Grindlays Bank p.l.c., ANZ Grindlays Bank and Standard Chartered Bank (SCB), both in Bangladesh and abroad. He is a member of the Chamber Committee of the Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI) and chairs its Tariff and Taxation Sub-Committee. He is a Director of Bangladesh Rating Agency Limited. He serves on the Board of Governors of the Association of Bankers, Bangladesh and Bangladesh Institute of Bank Management. Mr. Anis is a Life Member of the Institute of Bankers, Bangladesh and Fellow of the Institute of Personnel Management, Bangladesh. Mr. Khan qualified to join the Bangladesh Civil Service after passing the BCS Examination 1982. His academic and professional qualifications include masters degrees and post graduate diplomas in law, human resource management and French and Spanish languages.

### **Mr. Syed Mahbubur Rahman**

Director

Mr. Syed Mahbubur Rahman, Managing Director & CEO of BRAC Bank Limited has been in this position since May 2010. Before that he served as the Deputy Managing Director of the bank. Prior to joining BRAC Bank Limited, he served at Prime Bank Limited as the Deputy Managing Director. He also worked with IDLC Finance Limited, Standard Chartered Bank, ANZ Grindlays Bank and CitiBank, NA in different capacities. He started his career in Saudi Bangladesh Agriculture and Industrial Investment Co. (SABINCO). Besides being the Managing Director & CEO of BRAC Bank Limited, he also is the Director of BRAC EPL Investments Limited, BRAC EPL Brokerage Limited, Industrial and Infrastructure Development Finance Company Limited (IIDFC) and Dun & Bradstreet Bangladesh Ltd. He has 23 years of experiences in Banking & Finance Institutions. During his banking career, he attended numerous trainings, seminars and workshops on different aspects of banking held both in the country and abroad. Mr. Mahbubur Rahman obtained his MBA from Institution of Business Administration, University of Dhaka. He was also a theater activist and took part in many plays.





### **Mr. Neaz Ahmed**

Director

An eminent Banker Mr Neaz Ahmed is the Managing Director of National Bank Limited. Prior to this appointment he was the Consultant of the same Bank. Mr Neaz Ahmed joined NBL with 34 years experience in Banking in Foreign & Local Banks. Mr Neaz is the second son of Late Borhanuddin Ahmad, a former Secretary to the Government of Pakistan & Bangladesh and started his banking career in Grindlays Bank in January 1978 as a Management Trainee after completing B.A. (Hons) & M.A. in Economics from Dhaka University. He spent 19 years with Grindlays Bank and held many important positions including Manager, Business Banking in ANZ Bank in New Zealand for 4 years. He attended many Trainings/Seminars at home and abroad. Mr Neaz also served as EVP & Head of Marketing, IT & Logistic Division, SEVP & Head of Int'l Division, Overseas Operation & Garments Division in IFIC Bank Ltd (from March 1997 — October 2002), DMD in Premier Bank Ltd (from November 2002 — September 2004) & Managing Director in Southeast Bank Ltd (from October 2004 March 2009). Mr Neaz Ahmed is an Associate of Chartered Institute of Bankers, UK (ACIB) & a DAIBB. He is also appointed as Honorary Consul of the Consulate of New Zealand in Bangladesh since 2007. Mr Neaz was a seeded Tennis Player of the country and is married to Shaheda and they have two children, Sabin & Meraz.

### **Dr. Zaidi Sattar**

Director

Dr. Sattar started his career as a Lecturer in Economics, Dhaka University in 1968; joined the Civil Service of Pakistan in 1969 and served in various positions in the districts and the Ministries of Bangladesh since 1971. In mid-career, he left for the USA for higher studies in Development Economics. In 1984, after completing his Ph.D in Economics from Boston University, he joined the Faculty of Catholic University of America, Washington D.C., in the Department of Economics and Business, where he taught until 1992. Returning to Bangladesh in June 1992, he served as World Bank Advisor on tariffs and customs reform to the National Board of Revenue (1992-95) and later as UNDP consultant Macroeconomist at the Planning Commission (1995-96). He joined the World Bank, Dhaka Office, in 1996 where he served as Senior Economist, South Asia Region, Poverty Reduction and Economic Management until his retirement in September 2007. Between October 2007 and December 2008, he served as Vice-Chancellor, The Millennium University, Dhaka. Dr. Sattar is a founder Chairman of PRI which began its journey in December 2008. Dr. Sattar has some 40 publications in international and national journals and numerous papers presented on trade policy, private sector development and growth issues at national and international conferences. He is recognized as a leading expert on trade and tax policy issues in Bangladesh. He frequently offers policy advice to the Government of Bangladesh on trade, industry and macroeconomic policy issues. He also lectures on campuses, makes keynote presentations in seminars and workshops, and contributes op ed pieces in local journals and newspapers. He is a life member of Bangladesh Economic Association, and Director of the following institutions: Southeast Bank Ltd., Industrial and Infrastructure Development Finance Company (IIDFC), Venture Investment Partners Bangladesh Ltd. (VIPB), and Chittagong Stock Exchange Ltd.





### **Mr. Md. Fayekuzzaman**

Director

Mr. Md. Fayekuzzaman is the Managing Director of Investment Corporation of Bangladesh (ICB) and Chairman, ICB Capital Management Limited. He is also the Member, Board of Directors of Bangladesh Institute of Capital Market (BICM), Standard Bank Limited, Bangladesh Development Bank Ltd. (BDBL), British American Tobacco Bangladesh Ltd. (BATB), Linde Bangladesh Ltd., GlaxoSmithKline Bangladesh Ltd., Renata Limited, ACI Limited, National Tea Company Ltd., Central Depository Bangladesh Ltd., (CDBL), Dhaka Stock Exchange Ltd., The Institute of Bankers, Bangladesh; Credit Rating Agencies of Bangladesh Ltd., (CRAB), Credit Rating Information and Services Ltd. (CRISL) and Apex Tannery Ltd. Mr. Zaman, born in Gopalganj in 1953, obtained B.Com Hons., M. Com in Management. He completed his Post Graduation studies in Investment Planning, Appraisal and Management of Development Finance Institution in Bradford University, Bradford, United Kingdom. He also attended Cambridge Leadership Program organized by the University of Cambridge, United Kingdom and Leadership Essential Program arranged by the Columbia University, USA. Mr. Zaman has experience of about 28 (twenty eight) years in Commercial and Investment Banking. Prior to the present position, he had been Deputy Managing Director of Agrani Bank Ltd. From 2007 to 2010. Before that he was the General Manager of ICB.

### **Mr. Sohail R. K. Hussain**

Director

Mr. Sohail Reza Khaled Hussain joined The City Bank in 2007 as DMD and Head of Business, overseeing the various business divisions of the bank namely Corporate Banking, Retail Banking, Treasury & Capital Markets and SME Banking. He was promoted as Additional Managing Director in February 2011. As Additional Managing Director his functional designation is Chief Business Officer. Before joining The City Bank, he looked after corporate banking, small and medium enterprise (SME) and treasury of Eastern Bank Limited (EBL). He joined the EBL in 2001 as part of the restructuring team and successfully established the bank's corporate banking division. After completing MBA from the Institute of Business Administration (IBA) of University of Dhaka, Mr. Sohail joined ANZ Grindlays Bank (subsequently Standard Chartered Grindlays Bank) in 1990 as a Management Trainee and continued till 2001. He was the Head of Large Local Corporate Unit of the combined ANZ & Standard Chartered bank in his last position in the organization. Mr. Sohail also represents The City Bank in the Boards of IIFDCL and Venture Investment Partners Bangladesh. He is a member of DCCI as Co-convenor in Financial Institution & Services.



### **Mr. Asoke Das Gupta**

Director

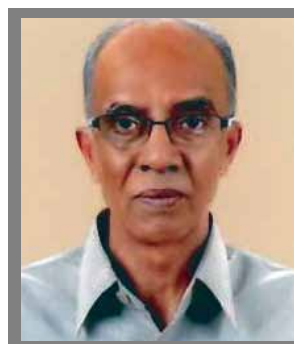
Mr. Asoke Das Gupta is the Vice Chairman of ONE Bank Ltd. He is a reputed businessman of the Country. He is the Chief Executive of IMTrex and the Managing Director of Uniroyal Trade Ltd. He is also Chairman of Uniroyal Securities Limited & Ocunova Eye Hospital. Mr. Das Gupta a Graduate under Dhaka University. He has successfully participated in many short courses on Personnel Management & Industrial Relations, Psychology in Administration, and Marketing Planning Analysis & Control from IBA, BMDC & ILO jointly. He traveled UK, USA, China, South Korea, Hong Kong, Singapore, Thailand, India, Pakistan and Many other countries for business purposes.



### **Mr. Mahmudul Huq Taher**

Director

Mr. Mahmudul Huq Taher, is the Chairman of National Life Insurance Co. Ltd. He was one of the Prime Movers in the creation of the Company in the year 1985. During his long attachment with the Company, he served in various capacities such as Chairman of Executive Committee, Audit Committee, Claim Committee and Investment committee. Mr. M.H. Taher started his business prominently in import and wholesale distribution outlet in the year 1962 and over the time, he has become one of the successful & respectable business personality. He is the owner of many Trading Establishment in Dhaka, Chittagong and other places of Bangladesh. He is also the Chairman of Feni Clinic & Feni Central Hospital Ltd. Mr. M.H. Taher is a diehard Social worker. He has been associated with a good number of Philanthropic Organization. He is also actively associated with SIWD Bangladesh-a Pioneer National Organization working for Mentally Retarded Persons. He has actively participated in the war of Liberation



### **Mr. Ghulam Rahman**

Director

Mr. Ghulam Rahman has been working as an Executive Director of Eastland Insurance Company Limited since 1994. He started his career with United Bank Limited (UBL) in the year 1962 to till 1982 holding various positions. He worked as VP of National Bank Limited (NBL) and EVP of NCIL currently known as NCCB. He is a Commerce Graduate.

### **Mr. Md. Asaduzzaman Khan**

Director (Ex Officio)

Mr. Md. Asaduzzaman Khan, a career central banker, joined IIDFC as Managing Director in July 2008. Prior to his joining, he was the Executive Director of Bangladesh Bank where he served more than 33 years and worked in important departments including Banking Regulations and Policy Department (BRPD), Foreign Exchange Policy Department (FEPD), and Bank Supervision Departments. Mr. Khan was appointed as Administrator of the taken over problem-ridden Oriental Bank Ltd. (now ICB Islamic Bank Ltd.) and successfully helped smooth transition of the Bank with new owners and new management under central bank's reconstitution scheme within a short period of 18 months. A Diplomaed Associate of the Institute of Bankers, Bangladesh (DAIBB), Mr. Khan completed his B.A. (Hons) and M.A. in Economics from the University of Dhaka and also did M.A. in Banking and Finance from the University of Wales, UK. Mr. Khan is also the Member Representative and Director of IIDFC Securities Ltd. and a director of ICB Capital Management Ltd.





## Audit Committee of the Board

### **Mr. S.M. Aminur Rahman**

Managing Director, Janata Bank Ltd.  
Chairman

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### **Mr. Pradip Kumar Dutta**

Managing Director & CEO, Sonali Bank Ltd.  
Member

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### **Mr. Md. Fayekuzzaman**

Managing Director, ICB  
Member

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### **Mr. Neaz Ahmed**

Managing Director, National Bank Ltd.  
Member

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### **Mr. Mahmudul Haq Taher**

Chairman, National Life Insurance Co. Ltd.  
Member



## COMMITTEES OF IIDFC

### SME Committee

1. Mr. Md. Matiul Islam, Chairman
2. Mr. Md. Asaduzzaman Khan, Managing Director
3. Mr. Md. Khalilur Rahman, Additional Managing Director
4. Mr. Md. Russel Shahrior, Senior Vice President-SME
5. Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary

### Credit Risk Management Committee

1. Mr. Md. Asaduzzaman Khan, Managing Director
2. Mr. Md. Khalilur Rahman, Additional Managing Director
3. Mr. Md. Russel Shahrior, Senior Vice President- SME
4. Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary
5. Mr. Sami Huda, Vice President- Corporate Finance

### Asset Liability Management Committee (ALCO)

1. Mr. Md. Asaduzzaman Khan, Managing Director
2. Mr. Md. Khalilur Rahman, Additional Managing Director
3. Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary
4. Ms. Shahnaj Sultana, AVP-Head of Treasury

### Central Compliance Unit

1. Mr. Md. Khalilur Rahman, Additional Managing Director
2. Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary
3. Mr. Md. Noor-ul-Alam, ACA, AVP, ICC

### Risk Management Forum

1. Mr. Md. Khalilur Rahman, Additional Managing Director
2. Mr. Kh. Shafiqur Rahman, Executive Vice President
3. Mr. Md. Russel Shahrior, Senior Vice President
4. Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary
5. Mr. Sami Huda, Vice President
6. Mr. Syed Abed Hasan, Assistant Vice President
7. Mr. Md. Noor-ul-Alam, ACA, AVP, ICC
8. Ms. Shahnaj Sultana, Assistant Vice President

## SENIOR MANAGEMENT TEAM (SMT)

### IIDFC Ltd.

Mr. Md. Asaduzzaman Khan, Managing Director  
Mr. Md. Khalilur Rahman, Additional Managing Director  
Mr. Kh. Shafiqur Rahman, EVP-Structured Finance  
Mr. Md. Russel Shahrior, Senior Vice President- SME  
Mr. Md. Shamim Ahamed, FCA, SVP-CFO & Company Secretary  
Mr. Sami Huda, Vice President-Corporate Finance  
Mr. Ahmmed Ashique Mahmud, Vice President, Structured Finance  
Mr. Shahanur Rashid, AVP-Structured Finance  
Mr. Md. Junnur Rahman, Head of Monitoring & Legal Affairs  
Mr. Syed Abed Hasan, AVP-Finance & Accounts  
Mr. Md. Noor-ul-Alam, ACA, AVP, ICC  
Mr. Md. Nizam Uddin Chowdhury, AVP & Head of Chittagong Branch  
Ms. Shahnaj Sultana, AVP-Head of Treasury

### IIDFC Securities Ltd.

Mr. A.T.M. Nasir Uddin, Chief Executive Officer  
Mrs. Ashrafun Nessa, Chief Operating Officer  
Mr. Mia Mohammad Abdullah, Assistant Vice President

### IIDFC Capital Ltd.

Mr. Md. Saleh Ahmed, Chief Executive Officer

### IIDFC'S SENIOR MANAGEMENT TEAM



Standing (L-R): Mr. Md. Noor-ul-Alam, Ms. Shahnaj Sultana, Mr. Sami Huda, Mrs. Ashrafun Nessa, Mr. Ahmmed Ashique Mahmud, Mr. A.T.M. Nasir Uddin, Mr. Md. Khalilur Rahman, Mr. Md. Asaduzzaman Khan, Mr. Kh. Shafiqur Rahman, Mr. Md. Shamim Ahamed, Mr. Shahanur Rashid, Mr. Md. Saleh Ahmed, Mr. Syed Abed Hasan & Mr. Md. Russel Shahrior.

## IIDFC STAFF MEMBERS



**Corporate Finance Department**



**SME Finance Department**

## IIDFC STAFF MEMBERS



**Structured Finance Department**



**Finance & Accounts Department**



## IIDFC STAFF MEMBERS



**Monitoring Department**



**Treasury Department**

## IIDFC STAFF MEMBERS



**Human Resources Department**



**Carbon Finance Department**

## IIDFC STAFF MEMBERS



**Chittagong Office**



**Deposit Mobilization Team**



**Internal Control and Compliance Department**



## IIDFC STAFF MEMBERS



**IIDFC Securities Limited**



**IIDFC Capital Limited**



**IT Department**

## PRODUCTS & SERVICES



### Lease Finance

IIDFC provides lease financing for industrial equipment, capital machinery, vehicles and other productive equipment both for manufacturing and service industries. IIDFC has special interest in infrastructure projects.



### Term Lending

Medium to long term loans to service industries, industrial undertakings and infrastructure projects in the power and telecommunication sector, oil & gas exploration, roads & highways, bridges, river roads and air transport etc.



### Structured Finance

IIDFC is active in the syndication market and has acted as lead arranger to a number of syndication facilities for large loans arranged by it. Structured Finance encompasses syndicated fund arrangement including cross-border syndication and other financial advisory services.



### SME Finance

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



### Factoring and Work Order Finance

Factoring of accounts receivable is an arrangement where finance is provided against the credit invoices of goods or services. This helps the supplier receiving a significant portion of the invoice amount soon after the delivery of goods or services is made. Factoring and work order finances are considered as useful tools of short term finance.



### Home Loan

IIDFC has home loan package to meet finance requirement of individual(s) for purchase of apartment/flat, readymade house and for construction of building in six divisional headquarters of the country and in municipal areas of Tongi, Gazipur, Savar & Narayanganj. Besides, we provide home loan finance under "Refinance Scheme for investment in Housing sector" of Bangladesh bank.



### Equity Financing

Equity Financing and Venture Capital Financing are the new areas of long term investments where IIDFC plans to give special emphasis in the coming years.

# PRODUCTS & SERVICES



## Advisory Service

IIDFC provide advisory services to its clients in the fields of corporate finance, merger, acquisition, joint venture, privatization etc.



## Deposit Schemes

IIDFC encourages term deposits of 6 months and above as has been allowed by Bangladesh Bank for Non-Banking Financial Institutions. We offer attractive terms and returns to the depositors while giving top most importance to the security of the depositors money. The depositors are also allowed to take loans against deposits.



## CDM Project Development

The following Services are provided :

### 1. Bundling Agent in Small Scale CDM Projects:

Small scale CDM Projects requires bundling of several similar activities (example: a number of HHK technology brick manufacturing plants) into a single CDM project to make the emission reduction amount attractive to the Carbon Market. IIDFC assumes all the responsibility of completing entire process needed for project development, registration and issuance and transfer of CER.

### 2. CDM Consultant in Large Scale CDM Projects:

For large scale single location CDM projects IIDFC is willing to provide its services as CDM Consulting Agency which will carry out the entire CDM process and prepare all documents on behalf of the Project Owner.

### 3. Coordinating and Managing Entity in Programmatic CDM:

IIDFC will soon launch Programmatic CDM projects as the Coordinating and Managing Entity. The role will be similar to Bundling Agent.

### Ongoing Projects:

1. Improving Kiln efficiency in the brick making industry in Bangladesh
2. Improving Kiln efficiency in the brick making industry in Bangladesh (Bundle-2)

### CDM Projects in the Pipeline:

1. Improving Kiln efficiency in the brick making industry in Bangladesh (Bundle-3)

### Financing Mitigation Projects

#### 1. CDM Project:

IIDFC provides both short term and long term loans for capital expenditure and Lease Finance for procurement of capital assets to a Green House Gas (GHG) emission reduction projects with an objective to develop a Clean Development Mechanism (CDM) Project under United Nations Framework on Climate Change Convention (UNFCCC) and sell Certified Emission Reductions (CERs) or Verified Emission Reduction (VERs) generated from CDM projects to the International Carbon Market.

#### 2. Energy Efficiency Improvement Project:

IIDFC will finance bankable energy efficiency projects selected through energy audits in industrial sectors like textiles, steel, cement, ceramics, chemicals, and agri-industries.

## CARBON FINANCE

### Caring Nature and Environment . . .

#### Carbon Finance & CDM Project:

The world is getting warmer day by day due to ever increasing green house gas emissions resulting from rapid industrialization, increase in energy consumption, inefficient use of energy and the like. This warming has changed the climatic conditions.

Bangladesh is already feeling the pinch of such change, for example, rainfall patterns have significantly changed. If the global warming continues, Bangladesh might receive more precipitation as warmer air causes more water to evaporate and a warmer atmosphere can hold more water vapor. So, more water is accumulated to fall back on earth as rain leading to worse flooding. On the other hand, consequences of less precipitation and more evaporation will exert greater stress on freshwater supplies.

This is not the problem of Bangladesh alone rather it is a global problem. As one of the solutions to the problem, Carbon Finance, a financial product, has been introduced to trade emission reductions achieved from environment friendly projects under CDM (Clean Development Mechanism). IIDFC, as a first financial institution in the country, has taken up two CDM projects titled "Improving Kiln Efficiency in the brick making industry in Bangladesh (bundle-1 & 2)" to implement 16 energy efficient brick kilns and sell 249,000 CERs achieved from the projects.

Currently, the bundle-1 is undergoing Verification and is expected to deliver CER revenues in 2013 while the bundle-2 will deliver CERs in 2014. Apart from this, Carbon Finance department, IIDFC, is going to launch another CDM project in the brick sector soon.

#### Industrial Energy Efficiency Finance Program:



Signing Ceremony of US\$ 6 million Term Loan Facility with ADB under Energy Efficiency Finance Program

In the energy sector, we are in a dual crisis, one is the extensive use of fossil fuel which has resulted in the scarcity of energy and another is the ever-increasing demand which is forcing to generate more power to meet the daily necessities. However, investing in end-use energy efficiency (EE) improvement is often more cost-effective rather than increasing power supply to the services. On the other hand, efficiency improvement has a positive effect on energy security and emission abatement. Many industrial facilities in Bangladesh are new which have been established based on the latest technologies with the lowest specific emissions. Yet, many older, inefficient facilities remain in the industries. Upgrading these facilities can deliver significant energy savings and emission reductions. However, lack of financial and technical resources and limitations in the ability of firms, particularly small and medium-sized enterprises, to access and absorb technological information are key barriers to full use of available mitigation options.



EE might enable companies to save costs, improve their competitiveness and enhance overall productivity. Furthermore there are also opportunities to develop new businesses that enhance efficiency in different sectors in the country.

EE in industries can be attained in different ways, for example cogeneration, which helps in the production of two useful forms of energy, such as steam and electricity, from the same fuel source. Waste heat from industrial boilers can produce steam that helps rotate turbines and generate electricity at a less cost. Replacing inefficient electric motors is another strategy.

There are ways to reduce energy consumption and carbon emissions through EE, which has remained roughly unexplored, to say the least. Although attaining EE might be a potential option; there remain numerous barriers to the adoption of enhanced EE measures too, for example, information barriers, market imperfections and policy distortions impede consumers and businesses from taking opportunities to invest in EE.

Lack of information is one of the major problems and as such, it becomes difficult for one, say in industrial level, to choose the right strategy. It is above all difficult to learn about the performance and costs of energy-efficient technologies and practices, because their benefits are not always observable in the short run. In addition, EE investments are often overlooked because new and unfamiliar technologies are wrongly perceived to be unreliable.

Apart from these, EE investments are often considered as optional maintenance projects which are usually given a lower priority to essential maintenance projects or strategic investments. By and large, top managements of industries do not consider energy-cost savings as a priority.

Investments in EE are often impeded due to the initial cost barrier and difficulties in raising capital, coupled with relatively long payback periods. The inadequacy of traditional financial mechanisms for EE projects are also a challenge. Even if some might have great access to capital, businesses may still be unwilling to accept the larger payback periods of the investment, given the uncertainty about actual energy cost savings.

In this regard, IIDFC, as the executing agency, has signed a Technical Assistance (TA) agreement with the Asian Development Bank. Under the TA, a team consisting International experts are now conducting energy audits in 120 industries selected from six target sectors to identify bankable energy efficiency projects.

IIDFC has also signed a loan agreement of US\$ 6.0 million with the ADB to finance bankable projects selected through energy audits. This would introduce EE financing as a new financial product in the financial market of Bangladesh. IIDFC might also form a consortium to create a large fund if there is an increasing demand for EE financing.



Brick making activities in a HHK brick field.

# RATINGS OF IIDFC

## Ratings of IIDFC



National Credit Ratings Limited

NBFI

### INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED (IIDFC)

Ratings are based on Audited Financial Statement up to 31<sup>st</sup> December, 2011 along with the other relevant Quantitative as well as Qualitative information up to the Date of Rating Declaration.

Followed Financial Institutions Rating Methodology (Bank & NBFI) of NCR published in our Website: [www.ncrbd.com](http://www.ncrbd.com)

SURVEILLANCE ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
October 18, 2012	AA (Double A)	ST-2
Valid Till	October 17, 2013	April 17, 2013
INITIAL ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
July 04, 2011	AA (Double A)	ST-2

#### RATINGS RATIONALE

The above ratings reflect IIDFC's established track record, improved assets quality with decline in impaired lending, sound equity base with adequate CAR, adequate liquidity in terms of CRR & SLR and reasonable maturity gap. The ratings are, however, constrained by decline in net profit margin, ROE & ROA, intermediation efficiency and risk inherent in investment in securities.

#### ASSESSMENT

- The eligible capital was recorded TK 1,363.22 million as Core Capital (Tier-I) is TK 1,247.54 million and Supplementary Capital (Tier-II) is TK 115. 67 million during 2011, representing a capital surplus of TK 113.77 million. The CAR was posted 10.91% composed of 9.98% Core Capital (Tier-I) and 0.93% Supplementary Capital (Tier-II).
- The gross lease and advances of the IIDFC has increased to TK 9,792.91 million in 2011 from TK 9,336.19 million in 2010, registering a growth of 4.89%. A decline of 2.46% non-performing lease and advances implies improved quality of lease assets in 2011. The gross NPL coverage was recorded 122.74% in 2011 against 128.84% in 2010.
- The net Interest income decreased to TK 283.65 million in 2011 from TK 379.42 million in 2010, showing a decline of 25.24%. IIDFC's net profit reduced to TK 31.91 million in 2011 from TK 521.64 million in 2010. ROA decreased to 0.25% in 2011 from 4.70% in 2010 and ROE also decreased to 2.60% in 2011 from 59.68% in 2010.
- The intermediation efficiency has declined during the year 2011, as the Net Interest Margins (NIM) decreased to 2.24% in 2011 from 3.42% in 2010. The yield on assets decreased to 12.26% in 2011 from 13.20% in 2010 therefore the spreads also decreased to 0.80% in 2011 from 2.60% in 2010.
- IIDFC hold Tk. 94.47 million of CRR against required CRR of Tk. 85.64 million in 2011 with surplus amount of TK 8.82 million. The deposit has increased to TK 4,244.70 million in 2011 from TK 3,630.48 million in 2010, registering a growth of 16.91%. The deposit mix of IIDFC was historically dominated by the term deposit.

#### PROFILE

Industrial and Infrastructure Development Finance Company Limited (hereinafter called as 'IIDFC' or 'The Company') was incorporated on December 19, 2000 as a Public Limited Company and commenced commercial operation on April 1, 2001. IIDFC offers various products and services namely Finance and Investment product, Deposit Schemes, Advisory Services, Carbon Finance, Brokerage Services and Merchant Banking.

The Registered and Corporate Head Office is located at Chamber Building (6th & 7th floor), 122-124 Motijheel C/A, Dhaka - 1000. IIDFC operates with one Branch located at Chittagong.

#### FINANCIAL DATA TK (mln)

	2011	2010
Gross Finance	9,792.91	9,336.19
Total Assets	12,881.20	12,397.34
Equity Capital	1,326.07	1,134.95
Total Net Revenue	488.21	1,007.93
Net Income	31.91	521.64
NPL/Gross Advances(%)	4.34	4.66
ROE (%)	2.60	59.68
Spread (%)	0.80	2.60
NIM (%)	2.24	3.42
Finance / Deposit (%)	230.71	257.16

#### ANALYSTS

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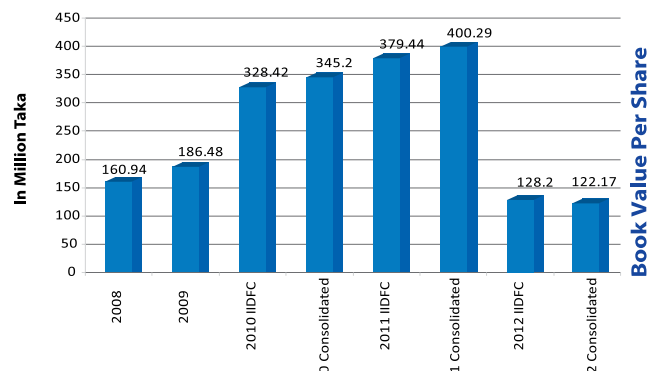
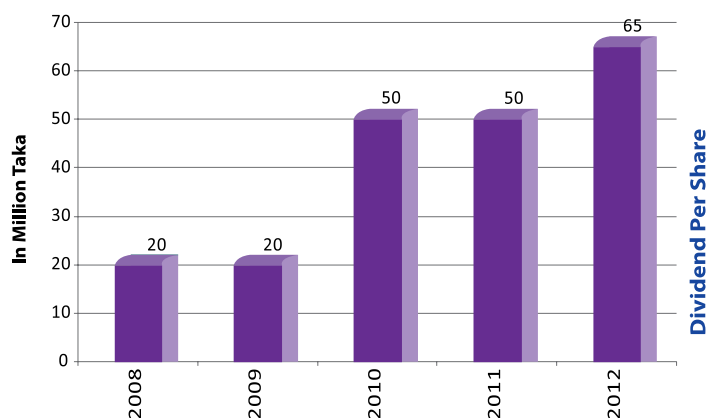
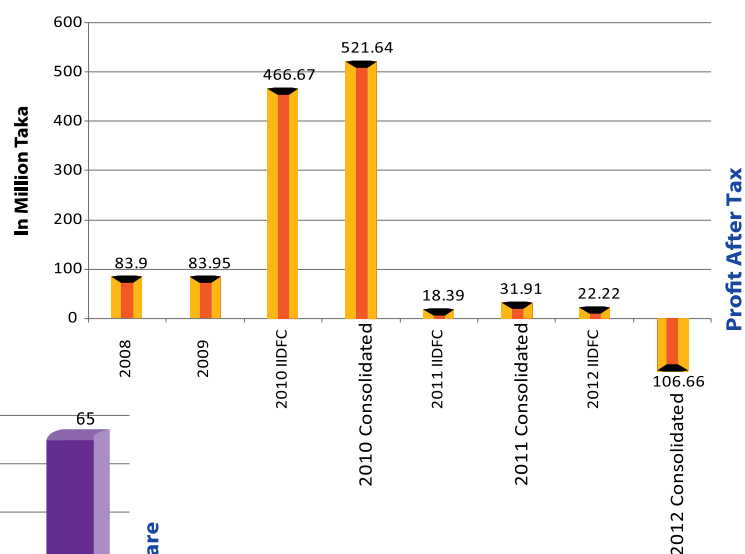
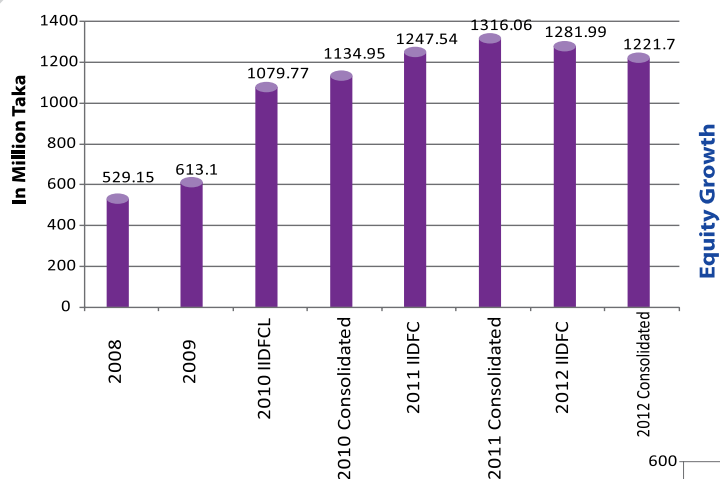
# FINANCIAL HIGHLIGHTS

Year

BDT in Million

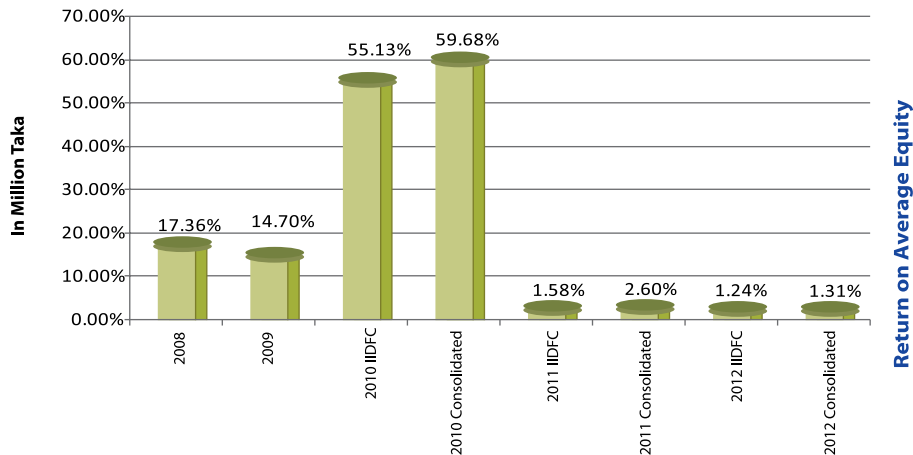
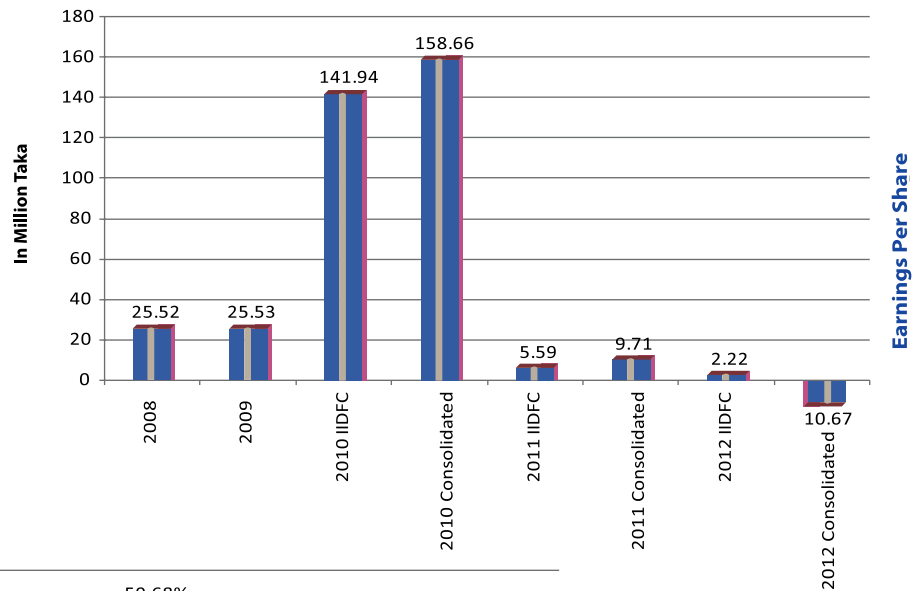
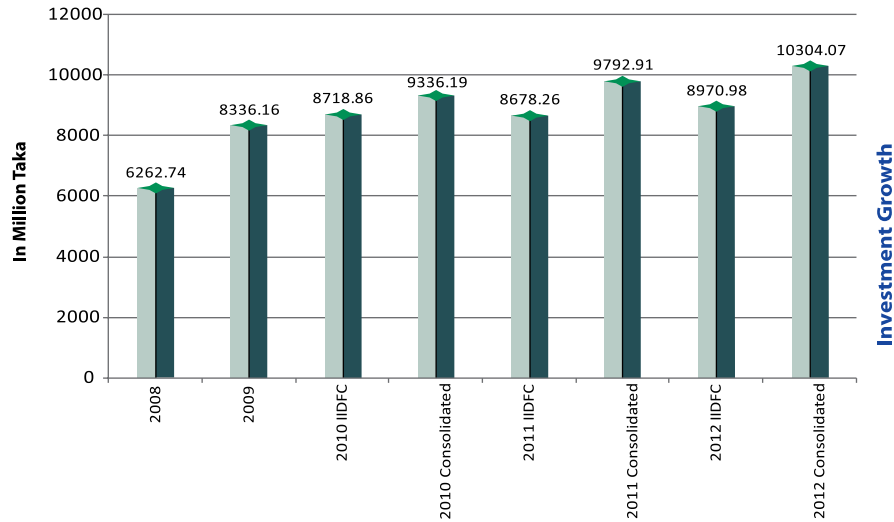
Particulars	2012		2011		2010		2009	2008
	Consolidated	IIDFCL	Consolidated	IIDFCL	Consolidated	IIDFCL	IIDFCL	IIDFCL
<b>Profit and Loss Account</b>								
Operational Revenue	1,601.25	1,588.80	1,594.96	1,316.08	1,952.38	1,797.29	1,213.71	1,028.12
Operational Expenses	1,628.24	1,511.16	1,406.19	1,245.55	1,222.97	1,164.13	1,030.31	875.81
Operating Profit	(26.99)	77.64	188.77	70.53	729.41	633.16	183.40	152.31
Profit after Tax	(106.66)	22.22	31.92	18.39	521.64	466.67	83.95	83.90
<b>Balance Sheet</b>								
Total Leases, Loans & Advances	10,304.07	8,970.98	9,792.91	8,678.26	9,336.19	8,718.86	8,336.16	6,262.74
Provision for Investments	394.07	295.50	349.64	260.58	286.60	280.43	165.71	102.26
Leased Finance/Advances	2,496.81	2,496.81	2,766.40	2,766.40	2,807.58	2,807.58	3,570.53	4,506.01
Direct/Term finance	5,052.33	6,474.17	4,357.34	5,911.86	3,988.58	3,988.58	3,370.90	1,756.72
Margin loan	2,754.93	-	2,669.17	-	2,540.03	1,922.70	1,394.73	-
Investment in Shares	343.55	204.29	318.03	113.62	188.79	168.15	0.03	0.03
Shareholders' Equity	1,221.70	1,281.99	1,316.07	1,247.55	1,134.95	1,079.77	613.10	529.15
Reserve & Surplus	221.70	281.99	691.29	622.86	674.45	619.48	152.81	134.61
Paid up Capital	1,000.00	1,000.00	328.78	328.78	328.78	328.78	328.78	328.78
Total nos. of Shares (in quantity)	10,000,000	10,000,000	3,287,800	3,287,800	3,287,800	3,287,800	3,287,800	3,287,800
<b>Ratios</b>								
Book Value Per Share (BDT)	122.17	128.20	400.29	379.45	345.20	328.42	186.48	160.94
Earnings Per Share (BDT)	(10.67)	2.22	9.71	5.59	158.66	141.94	25.53	25.52
Dividend Per Share (BDT)	-	65.00			50.00	50.00	20.00	20.00
Return on Average Equity (%)	1.31	1.24	2.60	1.58	59.68	55.13	14.70	17.36
Dividend Payout Ratio (%)	-	9.62			31.51	35.23	78.33	78.37

# FINANCIAL HIGHLIGHTS

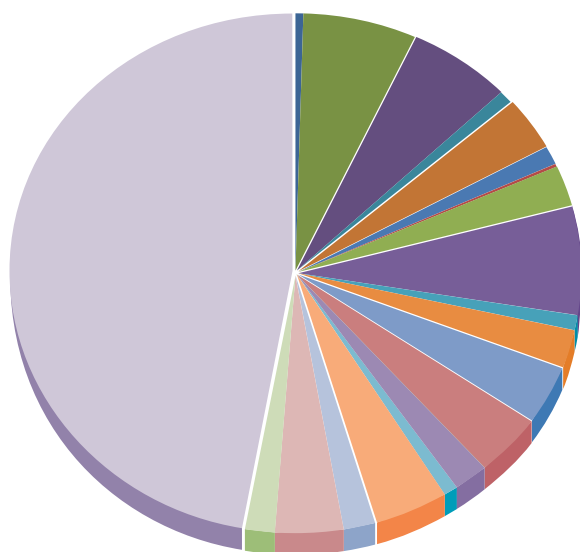




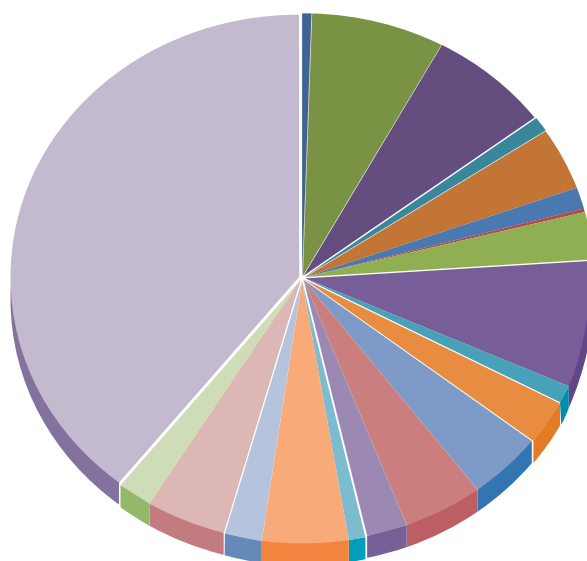
# FINANCIAL HIGHLIGHTS



## SECTOR-WISE EXPOSURE



Year 2012  
Consolidated



Year 2012  
IIDFC

Amount in Taka

### Sector-wise Loans & Advances:

■ Agriculture Sector	
□ Industrial Sector:	
■ Textiles	
■ Garments	
■ Jutes & Jute Related Goods	
■ Food Items Producer/ Processing Industries	
■ Plastic Industries	
■ Lather & Lather Goods	
■ Iron, Steel and Engineering	
■ Chemical and Pharmaceuticals	
■ Cement/Clinker and Allied Industries	
■ Service Sector (Hotel, Hospital, Clinic, Tourism, etc)	
■ Paper, Printing & Packaging	
■ Telecommunication and IT Industries	
■ Glass and Ceramic Industries	
■ Shipping and Building Industries	
■ Electronics and Electrical Goods	
■ Power, Gas, Water and Sanitary	
■ Transport and Communication	
■ Real Estate and Housing	
■ Merchant Banking	
■ Others	

### Year 2012 Consolidated

### Year 2012 IIDFC

45,891,170	0.45%	45,891,170	0.51%
-	-	-	-
666,914,460	6.47%	666,914,460	7.43%
608,215,470	5.90%	608,215,470	6.78%
82,019,560	0.80%	82,019,560	0.91%
344,503,090	3.34%	344,503,090	3.84%
118,320,610	1.15%	118,320,610	1.32%
19,241,590	0.19%	19,241,590	0.21%
262,235,350	2.54%	262,235,350	2.92%
698,525,730	6.78%	698,525,730	7.79%
97,050,750	0.94%	97,050,750	1.08%
244,004,100	2.37%	244,004,100	2.72%
377,554,690	3.66%	377,554,690	4.21%
400,962,030	3.89%	400,962,030	4.47%
-	0.00%	-	0.00%
204,119,300	1.98%	204,119,300	2.28%
84,346,190	0.82%	84,346,190	0.94%
431,529,290	4.19%	431,529,290	4.81%
185,460,260	1.80%	185,460,260	2.07%
400,394,490	3.89%	400,394,490	4.46%
174,752,520	1.70%	174,752,520	1.95%
4,858,027,477	47.15%	3,524,942,297	39.29%

Total

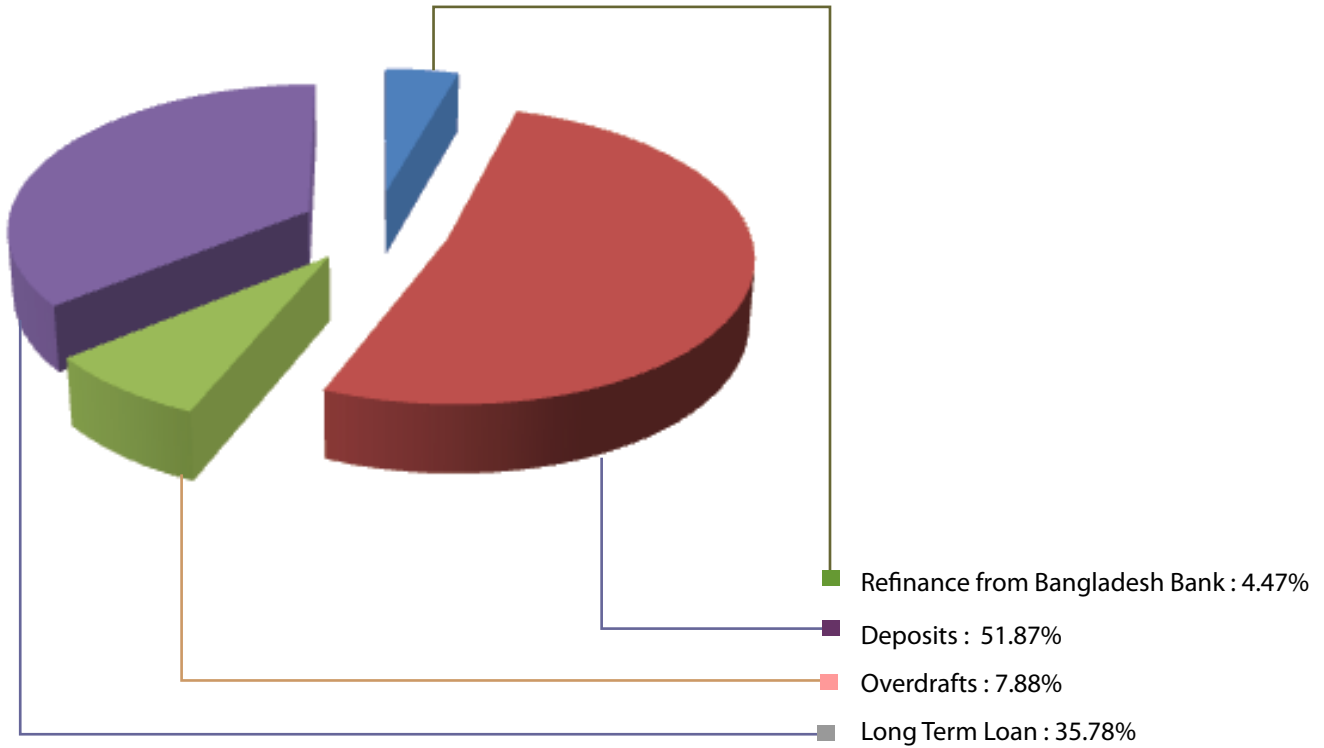
10,304,068,127

100%

8,970,982,947

100%

## SOURCES OF FUND



## Earning Spread

Year	Average Rate of Return	Average Cost of Borrowing	Earning Spread
2003	15.56%	8.70%	6.86%
2004	15.20%	9.85%	5.35%
2005	14.66%	11.95%	2.71%
2006	15.66%	13.18%	2.48%
2007	15.89%	12.87%	3.02%
2008	16.39%	13.27%	3.12%
2009	16.30%	12.46%	3.84%
2010	15.30%	11.14%	4.16%
2011	15.39%	13.71%	1.68%
2012	17.96%	14.82%	3.14%



# Directors' Report

Dear Shareholders,

1. *I have the honor to present to you the financial performance of IIDFC, the parent Company as well as its two subsidiaries, during FY 2012 covering the period from January 01 to December 31, 2012.*
2. *The performance of your Company as a whole during the year was unsatisfactory. The two subsidiaries, namely, IIDFC Securities Limited and IIDFC Capital Limited suffered badly by the sharp down-turn in the stock market index and the small operating profit earned by the parent company was not sufficient to cover the losses incurred by the two subsidiaries. The combined operating profit therefore was negative. Zero return on equity investments of more than Tk. 1,000 million in the two subsidiaries, the significantly low fee income by the Structured Finance Department, writing off of bad debts, diminution in the value of investments, large provisioning and interest waiver were some of the factors which substantially eroded the expected profit of the parent company. The higher average bank borrowing cost of 16.78% as against 13.82% on long term deposits also took its toll on profits.*

## DIRECTORS' REPORT

### Operating & Net Profit of IIDFC Securities Ltd.

3. In 2012, IIDFC Securities Limited sustained a loss of Tk. 31.88 million as against net profit of Tk. 64.89 million of 2011. The losses were incurred on accounts of margin loan and unrealized interest income. The Company's retained earnings became negative to the tune of Tk. 8.55 million after adjustment of last year's retained earnings of Tk. 23.33 million. Therefore, the company could not declare any dividend for the year 2012.

### Operating & Net Profit of IIDFC Capital Ltd.

4. Performance of the other subsidiary i.e. IIDFC Capital Limited was equally frustrating. As against net loss of Tk. 51.37 million in 2011, the subsidiary incurred a net loss of Tk. 97.00 million during 2012. As such, the accumulated loss stood at Tk. 133.83 million up to 2012. The losses were incurred on accounts of margin loan and unrealized interest income. Therefore, the subsidiary also could not declare any dividend for the year.

### Corporate Finance Dept.

5. The portfolio of the Corporate Finance Department, the main operational department of the parent company dealing with loans and leases to corporate clients, registered an increase of Tk. 161.02 million during 2012 as compared to 2011 i.e. the portfolio increased from Tk. 5,695.50 million to Tk. 5,856.52 million. The operating profit of the department was Tk. 186.28 million and a pre tax profit of Tk. 32.79 million in 2012 as against Tk. 31.11 million in 2011. The department's profitability suffered badly due to sharp increase in the rate of interest by banks which increased cost of fund of the Company and increase in provisioning for bad and doubtful debts.

### SME Finance Dept.

6. Up to the end of the year 2012, the SME Department had the total portfolio of Tk. 1,684.97 million on account of SME Loan, Work Order and Factoring Finance as well as Home Loan. The operational profit of the department was Tk. 45.58 million after write off of Tk. 18.10 million against a single SME client. The pre tax profit of the department was Tk. 8.02 million.

### Structured Finance Dept.

7. As stated earlier, the performance of the Structured Finance Department during 2012 was dismal. During 2011, it earned a non-funded revenue income of Tk. 23.39 million, but in 2012 its earning dropped to only Tk. 7.10 million. One of the reasons for the dismal picture of the department's performance was the economic slowdown coupled with political unrest which prompted big entrepreneurs refraining from big investments. Other reasons included liquidity crisis. During the year, the Structured Finance Department received mandates for a number of projects, but most of them could not be executed due to liquidity crisis.

### Treasury Department

8. Treasury Department performed comparatively better in 2012 with successes in mobilizing funds and maintaining safe cushion to face any emergencies. The department arranged funds for a total of Tk. 245.51 crore during the year that helped ensuring timely disbursement of funds by the Corporate Finance, SME Dept. and Home Loans against approved projects.

During the year 2012 when the money market underwent a big turmoil, the treasury played the role as a lender rather than a borrower in the call money market and fetched an income of Tk. 4.31 million from call money lending.

The focus of the Treasury during the year was increased efforts in mobilizing funds from retail customers in order to reduce dependence on high cost bank borrowings. This strategy is being implemented successfully by the department. Out of total deposits of Tk. 423.06 crore as at the end of 2012, 44% was mobilized from retail depositors and the balance 56% was mobilized from bank borrowings. With only a few deposit associates, the company was able to mobilize new deposits of Tk. 84.16 crore and renewed another Tk. 146.23 crore deposits in 2012.

# DIRECTORS' REPORT

## Human Resources

9. In December 2012, the number of employees of the company was 80 as against 94 a year ago. Despite new recruitment of about 14 employees in various positions, the number of employees decreased due to resignation of some executives from Structured Finance, SME and Corporate Finance Division. Apart from following a comprehensive recruitment process for identifying the best among the available candidates, we allow our employees to participate in training programmes offered by BBTA, IFC, IDCOL, SEDF, CRAB, ICAB, Bureau Veritas Bangladesh, Keystone Business Support Company Limited, ADB etc. During 2012, as many as 18 staff members participated in the various training programmes to upgrade their professional skill and knowledge.

## Equity & Paid-up Capital

10. The Shareholders' Equity, which was Tk. 1,247.55 million on December 31, 2011, stood at Tk. 1,281.99 million as on December 31, 2012. The profit before provisioning increased from Tk. 70.53 million in FY 2011 to Tk. 77.64 million in 2012.

## Financial Performance

11. The summary of the key financials of the company as on 31 December, 2012 as against those of 31 December, 2011 is as follows :

Figures in Taka		
Particulars	2012	2011
Profit before provision & tax	77,640,208	70,532,139
<b>Less:</b> Provision for Loans and Advances	34,923,226	18,601,093
<b>Less:</b> Provision for Tax	20,500,000	33,538,687
Profit after tax	22,216,982	18,392,359
<b>Add:</b> Retained earnings brought forward	223,779,431	210,187,072
<b>Profit available for appropriation</b>	<b>245,996,413</b>	<b>228,579,431</b>
<b>Less:</b> Appropriations:		
Statutory Reserve	6,500,000	3,800,000
General Reserve	500,000	1,000,000
Interim Dividend in the year 2012	213,707,000	-
	<b>220,707,000</b>	<b>4,800,000</b>
<b>Retained earnings, carried forward</b>	<b>25,289,413</b>	<b>223,779,431</b>

## Dividend for the year 2012

12. In light of the performance of the Company and the year end post tax profit, Company will not be able to declare any fresh dividend and the 65% interim dividend declared earlier should be considered as the final dividend for the year 2012.

## Retirement and Re-election of Directors

13. 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 12th Annual General Meeting:

## DIRECTORS' REPORT

Serial	Name	Nominated by
1	Mr. Pradip Kumar Dutta	Sonali Bank Limited
2	Mr. Neaz Ahmed	National Bank Limited
3	Mr. Syed Mahbubur Rahman	BRAC Bank Limited
4	Mr. Sohail R K Hussain	The City Bank Limited
5	Mr. Mahmudul Huq Taher	National Life Insurance Co. Limited

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

### Auditors

14. The third consecutive term of the current Auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, shall expire at this Annual General Meeting. As per FID Circular No. 03 dated 02 March, 1999 of Bangladesh Bank the firm shall not be eligible for reappointment.


M/s. S.F. Ahmed & Co., Chartered Accountant has expressed their interest to be the Auditors of the Company for the year 2013 until the conclusion of the next Annual General Meeting. M/s. S.F. Ahmed & Co., Chartered Accountant is a well reputed Chartered Accountant Firm and we may appoint them as Auditors of the Company subject to approval of Bangladesh Bank in due course. The audit fee may be fixed at Tk. 150,000 for the year 2013.

### Appreciation

15. 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





## Foreword

### Managing Director

**W**e passed yet another difficult year with heightened competition, tight liquidity and higher costs of borrowing. These adverse developments considerably undermined our efforts to sustain the momentum of growth in terms of business and profitability. The onset of stock market crash from the later stages of 2010 coinciding with down turn in the real estate sector, sluggish growth of new industrial ventures and consumer demands had profound impacts in the entire financial sector. These were exacerbated by political unrests that unsettled the normal economic and commercial activities.

Liquidity constraints in the financial sector in 2011 and much of 2012 impacted on the cost of our funds. Our lending partners, particularly the banks, raised their rates of interest to a very high level. It seriously impeded growth of our portfolio and profit margins. The liquidity crunch eased somewhat in the second half of the year but the banks, with few exceptions, did not correspondingly lower interest rates for lending to NBFIs. As a result most of the NBFIs ended the year with considerably reduced earnings.

The fallout from the capital market debacle affected our company as much as it did to our fellow institutions across the financial landscape. Our two subsidiaries—IIDFC Securities Limited and IIDFC Capital Limited—which, in the past significantly contributed to our overall earnings, bore the full brunt of the down turn. Dramatic fall in turnover and stock prices seriously eroded their earnings from fees and commissions. It also strained their profitability and loan-repayment capacity. However, provisions, as required by the BSEC laws, have been booked against the probable losses related to the affected margin loan accounts.



Despite the heavy odds encountered by the company we can draw satisfaction that IIDFC succeeded in maintaining a modest growth of portfolio and profitability in 2012. We fared far better than many of our peers in the leasing industry in maintaining the company's liquidity at a satisfactory level. Our Treasury successfully built a safe cushion to brace for any possible turbulence in the money market. Our Accounts Department, in collaboration with the internal control and compliance department did a commendable job in making a thorough review and reconciliation of the unreconciled transactions pertaining to the last few years. They also provided the top management, on day-to-day basis, key management information with regard to portfolio management, placement of fund, status on borrowings, CRR/SLR ratio, cost of fund, interest rate spread, NPL ratio etc. It helped the management to take appropriate and timely decisions on key management issues.

Our Corporate and SME departments worked hard to improve the quality of our portfolio by scouting new creditworthy customers while retaining the old and tested ones. It assumed special significance in a highly competitive market where competing financial institutions, especially banks, try to lure customers with better terms and cheaper rates of interest. Our thanks go to our corporate team for successfully holding down the amount of corporate prepayment rate at a low level compared to that of the last year. Performance of our Structured Finance Department was somewhat disappointing. However, this was mostly due to tight liquidity situation in the market at the beginning of the year and sluggish investment trend attributed to downturn in some key economic sectors and political turmoil fuelling uncertainty in the months ahead. Our Monitoring Department kept themselves busy throughout the year to keep the NPL ratio from going up further than it did in spite of their best efforts.

Escalating costs of borrowing, lower fees/commission income, waiver/ writing off of interest pertaining to some delinquent clients were mainly responsible for the poor show in net profit of the parent company. Another reason was the equity contribution of Tk. 102 crore made by IIDFC in favor of the two subsidiaries out of borrowed funds against which no return is being received by the mother company.

Although the overall performance of IIDFC was not as good as we would have liked, the employees and the management never relented on playing their parts with utmost sincerity and commitment. With signs of economic recovery and anticipated upward turn in the capital and money market activities, the prognosis for company's growth and profitability looks brighter than those of the two consecutive years which we navigated with difficulty.

Finally, I would like to express my thanks and gratitude to all the members of the Board of Directors of IIDFC and Mr. M. Matiul Islam, our honorable chairman, in particular, for their strong and continuous support in our every endeavor during 2012. I would like to thank all of my colleagues for extending me their all-out support in execution of every management decisions. My sincere thanks also go to our valued clients, lenders and depositors for their trust in us. Also I would like to thank our regulators, the Government and other stakeholders for their continued support and cooperation.



(Md. Asaduzzaman Khan)  
Managing Director





Auditors' Report to  
the  
Shareholders'  
of IIDFC Limited





# AUDITORS' REPORT TO THE SHAREHOLDERS OF IIDFC LIMITED

## Industrial and Infrastructure Development Finance Company Limited

We have audited the accompanying consolidated financial statements of Industrial and Infrastructure Development Finance Company (IIDFC) Limited and its subsidiary (the "Group") as well as the financial statements of IIDFC "the company" which comprises the balance sheet as at 31 December 2012, profit & loss account, statement of changes in equity, liquidity statement, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the group and the financial statements of the company in accordance with Bangladesh Financial Reporting Standards (BFRS), Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements of the group and financial statement of the company that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the group and the financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements of the group and the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the group and the financial statements of the company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the group and the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the group and the financial statements of the company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the group and the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion:

In our opinion, the consolidated financial statements of the group and the financial statements of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the results of its operations and cash flows for the year then ended and comply with the Financial Institutions Act 1993, The Company's Act 1994, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.




## AUDITORS' REPORT

### Further to our opinion in the above paragraph, we state 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 IIDFC so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branch not visited by us;
- (iii) the IIDFC's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purpose of the IIDFC's business;
- (v) the financial position of IIDFC as at 31 December 2012 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles;
- (vi) the financial statements have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- (vii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) the IIDFC has no overseas branches;
- (xi) 80% of the risk-weighted assets have been audited;
- (xii) We have spent approximately 820 man hours for the audit of books & accounts of IIDFC.

Dhaka, 12 June, 2012

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

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1	Balance Sheet
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4	Statement of changes in Equity
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6	Consolidated Balance Sheet
7	Consolidated Profit & Loss Account
8	Consolidated Cash Flow Statement
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11	Annexure-1 (Fixed asset schedule)
12	Annexure-1.a (Consolidated Fixed asset schedule)
13	Annexure-2 (Highlights)

# BALANCE SHEET

Ref.

IAS 1.51(a)

IAS 1.10(a)

IAS 1.51(c)

AS 1. (38&39)

## Industrial and Infrastructure Development Finance Company Limited

### Balance Sheet

As at 31 December 2012

Amount in Taka

		Notes	31-Dec-2012	31-Dec-2011
<b>PROPERTY &amp; ASSETS</b>				
IAS 1.54, IAS 7.7	<b>Cash</b>	3		
	In Hand (including foreign currencies)		6,393	17,878
	Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)		173,397,184	94,475,212
			<b>173,403,577</b>	<b>94,493,090</b>
IAS 1.54(d)	<b>Balance with other Banks and Financial Institutions</b>	4		
	Inside Bangladesh		1,273,382,249	1,498,291,187
	Outside Bangladesh		-	-
			<b>1,273,382,249</b>	<b>1,498,291,187</b>
IAS 1.54(i)	<b>Money at Call and Short Notice</b>	5	-	30,000,000
IAS 1.54(b)	<b>Investments</b>	6		
	Government		-	-
	Others		204,294,169	113,622,641
			<b>204,294,169</b>	<b>113,622,641</b>
IAS 1.54(b)	<b>Loans &amp; Advances</b>	7		
	Lease Receivables		2,453,096,573	2,484,809,339
	Advance for Lease Finance		43,714,000	281,589,886
	Direct/Term Finance		6,184,092,276	5,769,905,162
	Secured Overdraft		201,673,768	81,139,488
	Bills Discounted and Purchased		88,406,330	60,819,792
			<b>8,970,982,947</b>	<b>8,678,263,667</b>
IAS 1.54(a)	<b>Property, Plant &amp; Equipment</b>	8	26,699,565	34,047,160
IAS 1.54(c)	<b>Intangible Asset</b>	8.1	750,942	1,147,126
IAS 1.55& 1.57(a)	<b>Other Assets</b>	9	1,808,130,639	1,664,862,827
IAS 1.55& 1.57(a)	<b>Non-Banking Assets</b>		-	-
	<b>Total Assets</b>		<b>12,457,644,088</b>	<b>12,114,727,698</b>
<b>LIABILITIES &amp; CAPITAL</b>				
IAS 1.54(k)	<b>Borrowings from other Banks, Financial Institutions &amp; Agent</b>	10	4,736,254,391	5,431,651,977
IAS 1.54(m)	<b>Deposits &amp; Other Accounts</b>	11		
	Current Deposits & Other Accounts, etc		-	-
	Bills Payable		-	-
	Savings Bank Deposits		-	-
	Term Deposits		5,096,296,174	4,224,814,671
	Bearer Certificate of Deposits		-	-
	Other Deposits		8,455,595	14,856,808
			<b>5,104,751,769</b>	<b>4,239,671,479</b>
IAS 1.55,1.57(a)	<b>Other Liabilities</b>	12	1,334,648,515	1,195,859,211
	<b>Total Liabilities</b>		<b>11,175,654,675</b>	<b>10,867,182,667</b>
	<b>Capital/Shareholders' Equity</b>			
IAS 1.54(r),1.78(e)	Paid up Capital	13	1,000,000,000	328,780,000
IAS 1.54(r),1.78(e)	Share Money Deposit	13.2	-	149,383,600
IAS 1.54(r),1.78(e)	Statutory Reserve	14	212,200,000	205,700,000
IAS 1.54(r),1.78(e)	General Reserve	15	44,500,000	44,000,000
IAS 1.54(r),1.78(e)	Other Reserve	16	-	-
IAS 1.54(r),1.78(e)	Stock Dividend	17	-	295,902,000
IAS 1.54(r),1.78(e)	Retained Earnings	18	25,289,413	223,779,431
	<b>Total Shareholders' Equity</b>		<b>1,281,989,413</b>	<b>1,247,545,031</b>
	<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>12,457,644,088</b>	<b>12,114,727,698</b>



# BALANCE SHEET

Ref.

IAS 1.51(a)

IAS 1.10(a)

IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited

### Balance Sheet

As at 31 December 2012

Amount in Taka

IAS 1.55	OFF-BALANCE SHEET ITEMS	Notes	31-Dec-2012	31-Dec-2011
IAS 37.28, 37.86	<b>Contingent Liabilities</b>	19		
	Letters of Guarantee		568,436,780	770,833,980
	Letters of Credit		44,300,000	29,169,185
	Irrevocable Letter of Credit		-	-
	Bills for Collection		-	-
	Other Contingent Liabilities		-	-
			<b>612,736,780</b>	<b>800,003,165</b>
	<b>Others Commitments:</b>			
	Documentary credits & short term trade related transactions		-	-
	Forward assets purchased and forward deposits placed		-	-
	Undrawn note issuance and revolving underwriting facilities		-	-
	Undrawn formal standby facilities, credit lines and other commitments		-	-
			-	-
	<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>612,736,780</b>	<b>800,003,165</b>

*The annexed notes 1 to 43 form an integral part of these financial statements*


  
**Md. Matul Islam**  
 Chairman

  
**Md. Asaduzzaman Khan**  
 Managing Director

  
**Md. Shamim Ahamed**  
 Company Secretary

Signed as per annexed report on even date

Dhaka, 12 June, 2012

  
**Hoda Vasi Chowdhury & Co**  
 Chartered Accountants

# PROFIT & LOSS ACCOUNT

Ref.

IAS 1.51(a)

IAS 1.10(b)

IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited

### Profit & Loss Account

For the year ended 31 December 2012

Amount in Taka

IAS 1.38&39)

IFRS 7.20(b)

IFRS 7.20(b)

IAS 1.85

IFRS 7.20(9b)

IFRS 7.20(c)

IAS 1.85

IAS 1.85

IAS 1.104

IAS 1.97

IAS 1.97

IAS 1.97

IAS 1.97

IAS 1.97

IAS 1.97

IAS 1.98 (d)

IAS 1.104

IAS 1.97

IAS 1.85

IAS 1.85

IAS 1.97

IAS 1.85

IAS 1.82(d)

IAS 1.82(f)

IAS 1.85

IAS 1.85

IAS 1.85

IAS 33.66

#### A. OPERATING INCOME:

Interest Income  
Interest paid on Deposits, Borrowings etc.

#### Net Interest Income

Income from Investment  
Commission, Exchange and Brokerage  
Other Operating Income

#### Total Operating Income

#### B. OPERATING EXPENSES:

Salaries & Allowances  
Rent, Taxes, Insurance, Electricity etc.  
Legal Expenses  
Postage, Stamp, Telecommunications etc.  
Stationery, Printing, Advertisement etc.  
Managing Director's Salary and Fees  
Directors' Fees  
Auditor's Fees  
Loans & Advances Written-off  
Repair, Depreciation and Amortisation of Company's Assets  
Other Expenses

#### Total Operating Expenses

#### C. Profit/(Loss) Before Provision (A-B)

#### D. Provision for Loans & Advances:

Specific Provision  
General Provision  
Provision for diminution in value of Investments  
Other Provision

#### Total Provision

#### E. Profit/(Loss) Before Taxes (C-D)

#### F. Provision for Tax:

Current Tax  
Deferred Tax

#### Total Provision

#### G. Profit/(Loss) After Taxes (E-F)

Add: Retained earnings brought forward  
**Profit available for appropriation**  
Less: Appropriations

Statutory Reserve  
General Reserve  
Interim Stock Dividend

Retained Earnings

#### Earnings Per Share (EPS)

Notes

31-Dec-2012

31-Dec-2011

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

1,563,239,555  
(1,346,104,126)

217,135,429

13,213,158

-

12,344,986

242,693,573

80,975,858

14,942,955

4,000,660

2,663,690

6,281,142

6,464,414

540,000

269,200

18,095,008

9,623,085

21,197,353

77,640,208

20,628,487

1,466,473

12,828,266

-

34,923,226

42,716,982

20,500,000

-

20,500,000

22,216,982

223,779,431

245,996,413

6,500,000

500,000

213,707,000

220,707,000

25,289,413

1,274,465,499  
(1,063,802,953)

210,662,546

10,844,874

-

30,769,094

252,276,514

86,375,007

13,820,699

2,156,931

2,462,502

19,548,841

7,352,484

710,000

143,750

18,120,222

10,564,696

20,489,243

70,532,139

10,023,073

8,354,578

223,442

-

18,601,093

51,931,046

33,538,687

-

33,538,687

18,392,359

374,577,072

392,969,431

3,800,000

1,000,000

164,390,000

169,190,000

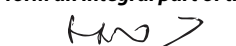
223,779,431

2.22

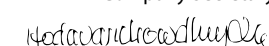
5.59

The annexed notes 1 to 43 form an integral part of these financial statements

  
Md. Matiuil Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed  
Company Secretary

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, 12 June, 2013

IIDFC ANNUAL REPORT 2012

Signed as per annexed report on even date

# CASH FLOW STATEMENT

Ref.

IAS1.51(a)

IAS 1.10(d)

IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited

### Cash Flow Statement

For the year ended 31 December 2012

Amount in Taka

IAS 1.(38&39)

IAS 7.10

IAS 7.31

IAS 7.31

IAS 7.31

IAS 7.14(d)

IAS 7.14(c)

IAS 7.35

IAS 7.14(b)

IAS 7.14(c)

IAS 7.19(b)

#### A CASH FLOW FROM OPERATING ACTIVITIES:

Interest receipts in cash

Interest payments in cash

Dividend receipts in cash

Cash payments to employees

Cash payments to suppliers

Income taxes paid

Receipts from other operating activities

Payments for other operating activities

**Cash generated from operating activities**

#### Increase/(decrease) in operating assets and liabilities, Statutory deposits

Loans and advances to other banks

Loans and advances to other customers

Other assets

Borrowings from Bank

Deposits from other banks/borrowings

Deposits from customers

Other liabilities

**Net Cash from Operating Activities**

IAS 7.10

IAS 7.16(d)

IAS 7.23(b)

IAS 7.16(a)

IAS 7.16(a)

IAS 7.16(b)

IAS 7.10

#### B CASH FLOW FROM INVESTING ACTIVITIES:

Investments in subsidiary

Proceeds from sale of securities

Payments for purchase of securities

Purchase of property, plant and equipment

Payment against lease obligation

Proceeds from sale of property, plant and equipment

**Net cash used in investing activities**

IAS 7.31

#### C CASH FLOW FROM FINANCING ACTIVITIES:

Dividend paid

Issuance of shares

**Net cash from financing activities**

IAS 7.18

**D Net increase/(decrease) in cash and cash equivalents (A+B+C)**

**E Effects of exchange rate changes on cash and cash equivalents**

**F Cash and cash equivalents at beginning of the year**

**G Cash and cash equivalents at end of the year (D+E+F)**

IAS 7.45

#### Cash and cash equivalents at end of the year

Cash in hand

Balance with Bangladesh Bank and its agents bank(s)

Balance with other banks and financial institutions

Money at call and short notice

31-Dec-2012

31-Dec-2011

1,542,057,355

(1,352,117,429)

10,493,150

(94,561,509)

(14,888,821)

(39,303,331)

15,064,994

(26,635,129)

**40,109,280**

-

(292,719,280)

556,035,519

(695,397,586)

118,278,747

753,202,756

86,065,360

**525,465,516**

**565,574,797**

(660,000,000)

-

(90,671,528)

(888,816)

(2,240,304)

-

**(753,800,648)**

-

12,227,400

**12,227,400**

(175,998,451)

-

1,622,784,277

**1,446,785,826**

6,393

173,397,184

1,273,382,249

-

**1,446,785,826**

1,288,471,178

(900,455,692)

10,348,391

(98,189,039)

(41,620,957)

(43,510,578)

29,352,237

(54,337,936)

**190,057,604**

-

40,594,440

(595,347,123)

(61,328,532)

(326,974,611)

1,158,341,462

(754,102,302)

**(538,816,666)**

**(348,759,062)**

(65,800,000)

-

54,522,372

(24,446,383)

(1,656,926)

-

**(37,380,937)**

-

149,383,600

**149,383,600**

(236,756,398)

-

1,859,540,675

**1,622,784,277**

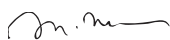
17,878

94,475,212

1,498,291,187

30,000,000

**1,622,784,277**



Md. Matiul Islam  
Chairman



Md. Asaduzzaman Khan  
Managing Director



Md. Shamim Ahamed  
Company Secretary

Ref.

IAS 1.51(a)

IAS 1.10(c)

IAS 1.51(c)

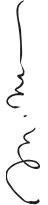
## Industrial and Infrastructure Development Finance Company Limited

### Statement of Changes in Equity

For the year ended 31 December 2012

# STATEMENT OF CHANGES IN EQUITY

	Particulars	Paid-up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Total
	Balance as on 1 January, 2011	328,780,000	149,383,600	205,700,000	44,000,000	295,902,000	223,779,431	1,247,545,031
IAS 1.106(b)	Changes in accounting policy	-	-	-	-	-	-	-
IAS 1.106	Restated balance	-	-	-	-	-	-	-
IFRIC 1.6(a)	Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
IFRIC 1.6(a)	Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
IFRIC 1.6(a)	Currency translation differences	-	-	-	-	-	-	-
IFRIC 1.6(a)	Net gains and losses not recognized in income statement	-	-	-	-	-	-	-
IAS 1.106(a)	Net profit for the year	-	-	-	-	-	22,216,982	22,216,982
IAS 1.106(d)	Dividend (bonus shares)	509,609,000	-	-	-	(295,902,000)	(213,707,000)	-
IAS 1.106(d)	Right Issue of share capital	161,611,000	(149,383,600)	-	-	-	-	12,227,400
IAS 1.106(d)	Appropriations made during the year	-	-	6,500,000	500,000	-	(7,000,000)	-
	<b>Balance as at 31 December, 2012</b>	<b>1,000,000,000</b>	<b>-</b>	<b>212,200,000</b>	<b>44,500,000</b>	<b>-</b>	<b>25,289,413</b>	<b>1,281,989,413</b>

  
Md. Matul Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed  
Company Secretary

Ref:

IAS 151(a)

IAS 165

IAS 151(c)

## Industrial and Infrastructure Development Finance Company Limited

### Liquidity Statement

As on 31 December 2012

Amount in Taka					
Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity
<b>ASSETS:</b>					
Cash	6,393	-	-	-	-
Balances with Bangladesh Bank	173,397,184	-	-	-	-
Balances with other Banks	277,675,079	426,629,971	569,077,199	-	-
Money at call and on short notice	-	-	-	-	-
Investments	-	3,500,000	61,300,000	139,494,169	204,294,169
Loans and advances	-	1,326,281,992	2,455,976,512	2,627,631,541	8,970,982,947
Property, Plant & Equipment	382,021,331	1,600,000	8,394,815	16,404,750	26,699,565
Intangible asset (Computer Softwares)	300,000	-	405,185	345,757	750,942
Other Assets	357,200,000	216,700,000	123,600,000	264,700,000	845,930,639
Non-Banking Assets	-	-	-	-	-
<b>Total Assets</b>	<b>1,190,599,987</b>	<b>1,974,711,963</b>	<b>3,218,753,711</b>	<b>3,048,576,217</b>	<b>3,025,002,210</b>
<b>LIABILITIES:</b>					
Borrowing from other Banks, Fin. Ins. & Agents	827,212,345	942,411,365	1,141,187,556	1,360,665,184	464,777,941
Deposit and other accounts	184,810,512	614,353,634	1,384,451,045	1,237,210,421	1,683,926,157
Provision and other liabilities	123,755,661	293,032,441	396,578,221	230,913,772	290,368,420
<b>Total Liabilities</b>	<b>1,135,778,518</b>	<b>1,849,797,440</b>	<b>2,922,216,822</b>	<b>2,828,789,377</b>	<b>2,439,072,518</b>
<b>Net Liquidity Gap</b>	<b>54,821,469</b>	<b>124,914,523</b>	<b>296,536,889</b>	<b>219,786,840</b>	<b>585,929,692</b>
					<b>11,175,654,675</b>
					<b>1,281,989,413</b>

  
Md. Matul Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed -  
Company Secretary

# CONSOLIDATED BALANCE SHEET

## Industrial and Infrastructure Development Finance Company Limited Consolidated Balance Sheet

As at 31 December 2012

Amount in Taka

Ref.		Notes	31-Dec-2012	31-Dec-2011
IAS 1.38&39)	<b>PROPERTY &amp; ASSETS</b>			
IAS 1.54, IAS 7.7	<b>Cash</b>	3.a		
	In Hand (including foreign currencies)		52,746	49,208
	Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)		173,397,184	94,475,212
			<b>173,449,930</b>	<b>94,524,420</b>
IAS 1.54(d)	<b>Balance with other Banks and Financial Institutions</b>	4.a		
	Inside Bangladesh		1,335,867,707	1,670,167,709
	Outside Bangladesh		-	-
			<b>1,335,867,707</b>	<b>1,670,167,709</b>
IAS 1.54(i)	Money at Call and Short Notice	5	-	30,000,000
IAS 1.54(b)	<b>Investments</b>	6.a		
	Government		-	-
	Others		343,552,783	318,034,972
			<b>343,552,783</b>	<b>318,034,972</b>
IAS 1.54(b)	<b>Loans &amp; Advances</b>	7.a		
	Lease Receivables		2,453,096,573	2,484,809,339
	Advance for Lease Finance		43,714,000	281,589,886
	Direct/ Term Finance		4,762,245,295	4,215,383,149
	Secured Overdraft		201,673,768	81,139,488
	Bills Discounted and Purchased		88,406,330	60,819,792
	Margin Loan		2,754,932,161	2,669,170,484
			<b>10,304,068,127</b>	<b>9,792,912,138</b>
IAS 1.54(a)	<b>Property, Plant &amp; Equipment</b>	8.a	59,338,865	71,218,792
IAS 1.54(c)	<b>Intangible Asset</b>	8.1.a	2,605,986	3,658,381
IAS 1.55& 1.57(a)	<b>Other Assets</b>	9.a	1,059,405,022	900,683,420
IAS 1.55& 1.57(a)	<b>Non-Banking Assets</b>		-	-
	<b>Total Assets</b>		<b>13,278,288,420</b>	<b>12,881,199,832</b>
	<b>LIABILITIES &amp; CAPITAL</b>			
IAS 1.54(k)	<b>Borrowings from other Banks, Financial Institutions &amp; Agent</b>	10.a	4,961,669,484	5,711,652,411
IAS 1.54(m)	<b>Deposits &amp; Other Accounts</b>	11.a		
	Current Deposits & Other Accounts, etc		-	-
	Bills Payable		-	-
	Savings Bank Deposits		-	-
	Term Deposits		5,098,141,066	4,229,849,939
	Bearer Certificate of Deposits		-	-
	Other Deposits		8,455,595	14,856,808
			<b>5,106,596,661</b>	<b>4,244,706,747</b>
IAS 1.55, 1.57(a)	<b>Other Liabilities</b>	12.a	1,988,326,009	1,608,775,492
	<b>Total Liabilities</b>		<b>12,056,592,154</b>	<b>11,565,134,649</b>
	<b>Capital/Shareholders' Equity</b>			
IAS 1.54(r), 1.78(e)	Paid up Capital	13	1,000,000,000	328,780,000
IAS 1.54(r), 1.78(e)	Share Money Deposit	13.2	-	149,383,600
IAS 1.54(r), 1.78(e)	Statutory Reserve	14	212,200,000	205,700,000
IAS 1.54(r), 1.78(e)	General Reserve	15.a	61,500,000	61,000,000
IAS 1.54(r), 1.78(e)	Other Reserve	16	-	-
IAS 1.54(r), 1.78(e)	Stock Dividend	17.a	25,000,000	295,902,000
IAS 1.54(r), 1.78(e)	Retained Earnings	18.a	(77,085,783)	275,274,555
IAS 27.6, 27.26	Minority Interest	18.a.3	82,049	25,028
	<b>Total Shareholders' Equity</b>		<b>1,221,696,266</b>	<b>1,316,065,183</b>
	<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>13,278,288,420</b>	<b>12,881,199,832</b>



# CONSOLIDATED BALANCE SHEET

Ref.  
IAS 1.51(a)  
IAS 1.10(a)  
IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited

### Consolidated Balance Sheet

As at 31 December 2012

		Amount in Taka		
IAS 1.55	OFF-BALANCE SHEET ITEMS	Notes	31-Dec-2012	31-Dec-2011
IAS 37.28, 37.86	<b>Contingent Liabilities</b>	19		
	Letters of Guarantee		568,436,780	770,833,980
	Letters of Credit		44,300,000	29,169,185
	Irrevocable Letter of Credit		-	-
	Bills for Collection		-	-
	Other Contingent Liabilities		-	-
			<b>612,736,780</b>	<b>800,003,165</b>
	<b>Others Commitments:</b>			
	Documentary credits & short term trade related transactions		-	-
	Forward assets purchased and forward deposits placed		-	-
	Undrawn note issuance and revolving underwriting facilities		-	-
	Undrawn formal standby facilities, credit lines and other commitments		-	-
			<b>612,736,780</b>	<b>800,003,165</b>
	<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>612,736,780</b>	<b>800,003,165</b>

*The annexed notes 1 to 43 form an integral part of these financial statements*

  
**Md. Matiul Islam**  
Chairman

  
**Md. Asaduzzaman Khan**  
Managing Director

  
**Md. Shamim Ahamed**  
Company Secretary

Signed as per annexed report on even date

Dhaka, 12 June, 2013

  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

# CONSOLIDATED PROFIT & LOSS ACCOUNT

Ref.

IAS 1.51(a)

IAS 1.10(b)

IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited Consolidated Profit & Loss Account

For the year ended 31 December 2012

Amount in Taka

IAS 1.38&39)

	Notes	31-Dec-2012	31-Dec-2011
<b>A. OPERATING INCOME:</b>			
IFRS 7.20(b) IFRS 7.20(b) IAS 1.85	Interest Income Interest paid on Deposits, Borrowings etc. <b>Net Interest Income</b>	20.a 21.a <b>134,546,755</b>	1,390,405,603 (1,106,753,574) <b>283,652,029</b>
IFRS 7.20(b) IFRS 7.20(c) IAS 1.85	Income from Investment Commission, Exchange and Brokerage Other Operating Income	22.a 23.a 24.a 9,466,974 62,411,619 14,612,156	24,281,902 139,529,929 40,742,554
IAS 1.85	<b>Total Operating Income</b>	<b>221,037,504</b>	<b>488,206,414</b>
<b>B. OPERATING EXPENSES:</b>			
IAS 1.104 IAS 1.97 IAS 1.97 IAS 1.97 IAS 1.97 IAS 1.97 IAS 1.97 IAS 1.98(d) IAS 1.104 IAS 1.97 IAS 1.85	Salaries & Allowances Rent, Taxes, Insurance, Electricity etc. Legal Expenses Postage, Stamp, Telecommunications etc. Stationery, Printing, Advertisement etc. Managing Director's Salary and Fees Directors' Fees Auditor's Fees Loans & Advances Written-off Repair, Depreciation and Amortisation of Company's Assets Other Expenses <b>Total Operating Expenses</b>	25.a 26.a 27.a 28.a 29.a 30 31.a 32.a 33.a 34.a 35.a <b>248,023,841</b>	142,321,739 38,036,789 3,159,702 5,711,881 20,830,765 7,352,484 983,150 264,750 18,360,125 18,637,694 43,782,195 <b>299,441,274</b>
IAS 1.85	<b>C. Profit/(Loss) Before Provision (A-B)</b>	<b>(26,986,337)</b>	<b>188,765,140</b>
IAS 1.97	<b>D. Provision for Loans &amp; Advances:</b>	<b>36.a</b>	
	Specific Provision General Provision Provision for diminution in value of Investments Other Provision <b>Total Provision</b>	20,628,487 (10,979,337) 17,768,573 - <b>49,376,397</b>	62,902,361 (91,219) 30,852,424 - <b>93,663,566</b>
IAS 1.85	<b>E. Profit/(Loss) Before Taxes (C-D)</b>	<b>(76,362,734)</b>	<b>95,101,574</b>
IAS 1.82(d)	<b>F. Provision for Tax:</b>		
	Current Tax Deferred Tax <b>Total Provision</b>	37.a 29,734,908 564,583 <b>30,299,491</b>	62,501,889 684,229 <b>63,186,118</b>
IAS 1.82(f)	<b>G. Profit/(Loss) After Taxes (E-F)</b>	<b>(106,662,225)</b>	<b>31,915,456</b>
IAS 1.85 IAS 1.85	Add: Retained earnings brought forward <b>Profit available for appropriation</b> Less: Appropriations	275,279,489 <b>(168,617,264)</b>	429,554,033 <b>461,469,489</b>
IAS 1.85	Statutory Reserve General Reserve Stock Dividend	6,500,000 500,000 238,707,000 245,707,000 <b>(77,089,736)</b>	3,800,000 18,000,000 164,390,000 186,190,000 <b>275,279,489</b>
IAS 1.85	<b>Retained Earnings</b>	<b>(77,089,736)</b>	<b>275,279,489</b>
IAS 27.6, 27.26	<b>Shareholders of the company</b>	<b>(77,085,785)</b>	<b>275,274,552</b>
IAS 33.66	<b>Minority Interest</b>	<b>(3951)</b>	<b>4,937</b>
	<b>Earnings Per Share (EPS)</b>	<b>38.a</b>	<b>9.71</b>

The annexed notes 1 to 43 form an integral part of these financial statements

  
Md. Matiul Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed  
Company Secretary

Signed as per annexed report on even date

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, 12 June, 2013

■ IIDFC ANNUAL REPORT 2012

# CONSOLIDATED CASH FLOW STATEMENT

Ref.

IAS1.51(a)

IAS 1.10(d)

IAS 1.51(c)

## Industrial and Infrastructure Development Finance Company Limited

### Consolidated Cash Flow Statement

For the year ended 31 December 2012

Amount in Taka

IAS 1.(38&39)

31-Dec-2012

31-Dec-2011

IAS 7.10

#### A CASH FLOW FROM OPERATING ACTIVITIES:

IAS 7.31

Interest receipts in cash

IAS 7.31

Interest payments in cash

IAS 7.31

Dividend receipts in cash

IAS 7.14(b)

Fees and commission receipts in cash

Recoveries of loans previously written-off

IAS 7.14(d)

Cash payments to employees

IAS 7.14(c)

Cash payments to suppliers

IAS 7.35

Income taxes paid

IAS 7.14(b)

Receipts from other operating activities

IAS 7.14(c)

Payments for other operating activities

**Cash generated from operating activities**

IAS 7.19(b)

#### Increase/(decrease) in operating assets and liabilities, Statutory deposits

Loans and advances to other customers

Other assets

Borrowings from Bank

Deposits from other banks/FI

Deposits from customers

Trading liabilities

Other liabilities

#### Net Cash from Operating Activities

IAS 7.10

#### B CASH FLOW FROM INVESTING ACTIVITIES:

IAS 7.16(d)

Proceeds from sale of securities

IAS 7.23(b)

Payments for purchase of securities

IAS 7.16(a)

Purchase of property, plant and equipment

IAS 7.16(a)

Payment against lease obligation

IAS 7.16(b)

Proceeds from sale of property, plant and equipment

Net cash used in investing activities

IAS 7.10

#### C CASH FLOW FROM FINANCING ACTIVITIES:

IAS 7.31

Dividend paid

Issuance of shares

**Net cash from financing activities**

#### D Net increase/(decrease) in cash and cash equivalents (A+B+C)

IAS 7.18

#### E Effects of exchange rate changes on cash and cash equivalents

#### F Cash and cash equivalents at beginning of the year

#### G Cash and cash equivalents at end of the year (D+E+F)

IAS 7.45

#### Cash and cash equivalents at end of the year

Cash in hand

Balance with Bangladesh Bank and its agents bank(s)

Balance with other banks and financial institutions

Money at call and short notice

1,493,860,269

(1,374,203,522)

9,466,974

62,411,619

-

(131,422,335)

5,431,353

(48,472,519)

14,429,168

(85,624,672)

**(54,123,665)**

(511,155,989)

(119,361,187)

(749,982,927)

118,278,747

743,611,167

-

306,030,630

**(212,579,559)**

**(266,703,224)**

-

(25,517,811)

(3,140,553)

(2,240,304)

-

(30,898,668)

-

12,227,400

**12,227,400**

(285,374,492)

-

1,794,692,129

**1,509,317,637**

52,746

173,397,184

1,335,867,707

-

**1,509,317,637**

1,404,411,282

(1,275,972,624)

11,042,921

139,529,929

-

(154,135,771)

(13,552,963)

(43,510,578)

52,068,195

(80,716,149)

**39,164,243**

(456,720,762)

222,910,963

18,671,902

(326,974,611)

941,191,886

-

(519,838,841)

**(120,759,464)**

**(81,595,221)**

-

(129,244,473)

(20,180,096)

(1,656,926)

-

(151,081,495)

-

149,383,600

**149,383,600**

(83,293,116)

-

1,877,985,245

**1,794,692,129**

49,208

94,475,212

1,670,167,709

30,000,000

**1,794,692,129**

  
Md. Matiuul Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**Industrial and Infrastructure Development Finance Company Limited**  
**Consolidated Statement of Changes in Equity**  
For the year ended 31 December 2012

Ref.  
IAS 1.51(a)  
IAS 1.10(c)  
IAS 1.51(c)

	Particulars	Paid-up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Minority Interest	Total
IAS 1.106(b)	Balance as on 1 January, 2011	328,780,000	149,383,600	205,700,000	61,000,000	295,902,000	275,274,555	25,028	1,316,065,183
IAS 1.106	Changes in accounting policy	-	-	-	-	-	-	-	-
IFRIC 1.6(a)	Restated balance	-	-	-	-	-	-	-	-
IFRIC 1.6(a)	Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-
IFRIC 1.6(a)	Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-
IFRIC 1.6(a)	Currency translation differences	-	-	-	-	-	-	-	-
IFRIC 1.6(a)	Net gains and losses not recognized in income statement	-	-	-	-	-	-	-	-
IAS 1.106(a)	Net profit for the year	-	-	-	-	-	(106,662,225)	-	(106,662,225)
IAS 1.106(a)	Transfer to Minority Interest	-	-	-	-	-	8,888	57,021	65,908
IAS 1.106(d)	Dividend (bonus shares)	509,609,000	-	-	-	(270,902,000)	(238,707,000)	-	-
IAS 1.106(d)	Issue of share capital	161,611,000	(149,383,600)	-	-	-	-	-	12,227,400
IAS 1.106(d)	Appropriations made during the year	-	-	6,500,000	500,000	-	(7,000,000)	-	-
	Balance as at 31 December, 2012	1,000,000,000	-	212,200,000	61,500,000	25,000,000	(77,085,783)	82,049	1,221,696,266

  
**Md. Matul Islam**  
Chairman

  
**Md. Asaduzzaman Khan**  
Managing Director

  
**Md. Shamim Ahamed**  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

Ref.

IAS 1.51(a)

IAS 1.10(e)

IAS 1.51 (c)

## Industrial and Infrastructure Development Finance Company Limited

### Notes To The Financial Statements

For the year ended December 31, 2012

#### IAS 1.138(a) 1.0 Legal Status and Nature of the Company:

Industrial and Infrastructure Development Finance Company (IIDFC) Limited, a public limited company was incorporated on the 19th day of 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 23rd day of January, 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (6th & 7th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh.

#### IAS 1.138(b) 1.1 Principal Activities:

IIDFC offers financial services that include promotion and term financing of financially viable industrial undertakings & infrastructure projects, lease financing for all type of machineries and equipments including vehicles for industrial and commercial purposes, financial packaging for syndicated fund arrangement including cross-boarder syndication, acquisition or take over of public sector enterprises, financial or otherwise, slated for privatization and SME financing.

#### IAS 1.138(b) 1.2 Information regarding Subsidiaries:

As on 31st December, 2012, IIDFC Ltd. has two subsidiaries to include for preparation of consolidated financial statements as per Bangladesh Accounting Standard 27 'Consolidated and Separate Financial Statements'.

##### IIDFC Securities Limited:

IIDFC Securities Limited (the Company), a wholly owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC) was incorporated as a private limited company in Bangladesh bearing certificate of incorporation no. C-83521/10 dated 28/03/2010 under the Companies Act 1994 having its registered office at Eunoos Trade Centre (Level 7), 52-53 Dilkusha Commercial Area, Dhaka.

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 (the Company) is a private company, limited by shares was incorporated in Bangladesh on 30 November 1995 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 Limited (IIDFC) 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 counseling, investment counseling, capital structuring, etc.



## NOTES TO THE FINANCIAL STATEMENTS

IAS 1.112(a) **2.0 Significant Accounting Policies and basis of preparation of Financial Statements:**  
IAS 1.117 **2.1 Basis of Preparation of Financial Statements:**

The Financial Statements have been prepared on the basis of going concern concept and basically on accrual method under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) so far adopted in Bangladesh as Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS) by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994 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 December 23, 2009 issued by the Department of Financial Institution and Markets of Bangladesh bank.

### **Basis of Consolidation of Operation of Subsidiaries:**

The financial statements of the company and its subsidiaries have been consolidated in accordance with Bangladesh Accounting Standard 27 'Consolidated and Separate Financial Statements'. The consolidation of the Financial Statements has been made after eliminating all material inter company balances.

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 Minority 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 Minority Interest.

IAS 1.8 **2.1.1 Integral Components of Financial Statements:**

The Financial Statements of the Company include the following components:

1. Balance Sheet as at 31 December, 2012.
2. Profit and Loss Statement for the year ended 31 December, 2012.
3. Cash Flow Statement for the year ended 31 December, 2012.
4. Statement of Changes in Equity for the year ended 31 December, 2012.
5. Liquidity Statement as at 31 December, 2012.
6. Notes to the Financial Statements.

IAS 1.122 **2.2 Use of Estimate & Judgments:**

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles 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.

Provisions and accrued expenses are recognized in the Financial Statements in line with the Bangladesh Accounting Standard (BAS) No. 37 'Provisions, Contingent Liabilities and Contingent Assets' when:





## NOTES TO THE FINANCIAL STATEMENTS

- a) the company has a present obligation, legal or constructive result of a past event,
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

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 recognized in the period in which the estimates are revised.

### IAS 1.111 **2.3 Cash Flow Statements:**

The cash flow statement has been prepared using the Direct Method as mention in line with Bangladesh Accounting standard 7 'Cash Flow Statements'.

### IAS 1.27 **2.4 Consistency:**

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

### IAS 1.36 **2.5 Reporting Period:**

These financial Statements cover one calendar year from January 01 to December 31, 2012.

### IAS 1.51(d) (e) **2.6 Presentation currencies:**

The figures of the financial statements are presented in Bangladeshi currency (BDT) and have been rounded off to the nearest integer.

### **2.7 Books of Accounts of Branch:**

The Company has 1 (one) branch so far as on 31 December, 2012. Books of Accounts of the branch have been maintained at the Head Office of the Company.

### IAS 1.119 **2.8 Assets and Basis of their valuation:**

#### IAS 7.45 **2.8.1 Cash and Cash Equivalents:**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank highly liquid financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

IAS 1.54

## 2.8.2 Investment in Securities:

Investment in marketable ordinary shares as well as investment in non-marketable shares have been shown at cost. Full provision for diminution in value of shares has been made as per Bangladesh Bank guidelines. 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 31 December, 2012).

Unrealized gain on investment was not recognized as income in the financial statements.

IAS 16.73

## 2.8.3 Property, Plant and Equipment:

### 2.8.3.1 Owned 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 Bangladesh Accounting Standard 16 'Property, Plant and Equipment'.

### 2.8.3.2 Leased Assets:

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 Bangladesh Accounting Standard 17 'Leases'. The corresponding obligation under the lease is accounted for as Liability.

### 2.8.3.3 Subsequent expenditure on property, plant and equipment:

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

IAS 16.13 (b & c)

### 2.8.3.4 Depreciation on Property, plant & Equipment:

Depreciation on fixed assets is charged consistently on straight-line method at following rates throughout the estimated useful life of the assets. On newly acquired assets depreciation is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year.

Sl. No	Category of Fixed assets	Rate of Depreciation
01	Motor vehicles	20%
02	Furniture & fixtures	10%
03	Office equipments	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 recognised accordingly in the Profit and Loss Account.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.8.3.5 Intangible Assets and Amortization of Intangible Assets:

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognized at cost and are carried at cost less accumulated amortization and accumulate impairment losses, if any. Amortization is calculated @ 18% using the straight line method. Subsequent expenditure on software assets are capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditures are expensed as incurred.

### IAS 1.119 **2.9 Basis for valuation of Liabilities and Provisions:**

#### IAS 37.85 **2.9.1 Provision for Tax**

##### IAS 12.46 **a. Current Tax:**

Provision for Current Tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof.

##### IAS 12.(47&15) **b. Deferred Tax:**

The company has adopted a policy of recognition of deferred tax in accordance with Bangladesh Accounting Standard 12 'Income Taxes'. Deferred tax is provided using the liability method for all temporary timing differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax is determined at the effective income tax rate prevailing at the Balance Sheet date.

### IAS 19.120 **2.9.2 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.

#### **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.

### IAS 1.119 **2.9.3 Provision for Bad & Doubtful Debts:**

Provision has been made as per provisioning policy of Bangladesh Bank vide FID circular no: 8, dated 3rd August, 2002. Specific provision is made against investment when the recovery is in doubt or it value is considered impaired. In addition, 1% general provision has been made against loans, lease and advances. Provision @ 5% on the outstanding amount of loan is kept in 'Special Mention Account' after netting off the amount of interest suspense leases as per FID circular no: 3, dated 3rd May, 2006.



## NOTES TO THE FINANCIAL STATEMENTS

### 2.10 Write-off of Loans & advances:

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 (written-off) from the business balance sheet.

IAS 1.119

### 2.11 Revenue Recognition:

#### 2.11.1 Income from Lease Finance:

The lease transactions are accounted for under finance lease in line with IAS -17 as adopted by the Institute of Chartered Accountants of Bangladesh. The aggregate lease receivables including un-guaranteed residual value throughout the lease term are recorded as gross receivables while excess of gross receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned lease income.

#### 2.11.2 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.

#### 2.11.3 Income from Structured Finance:

Income from structured finance is recognized as and when received.

#### 2.11.4 Income from Treasury Operations:

Incomes from treasury operations are recognized on accrual basis.

#### 2.11.5 Income from Margin Loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties.

#### 2.11.6 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 and
- e. Miscellaneous receipts.

### IAS 1.117(b) 2.12 Interest on Bank Loans:

Interest bearing bank loans are recorded at the proceeds received from a particular bank. Interest on bank loan is accounted for on accrual basis to Profit and Loss Account under the head of Financial Expenses at the implicit rate of interest. The accrued interest expenses are not added to the carrying amounts of the loans.



## NOTES TO THE FINANCIAL STATEMENTS

### IAS 1.117(b) **2.13 Earnings per Share:**

Earnings per shares is calculated by dividing the profit or loss attributable to ordinary shares of the IIDFC by the weighted average number of ordinary shares outstanding during the year. IIDFC calculates EPS in accordance with Bangladesh accounting standard 33 'Earnings per Share' which has been shown in the profit and loss and computation is stated in Note no. 38.

Diluted Earnings per share is not required to be calculated for the year as there is no scope for dilution during the year.

### IFRS 8.2 **2.14 Presentation of Operating Segments:**

There are no reportable operating segments of IIDFC as on reporting date according to the definition of operating segments of IAS 14 and IFRS 8.

### IAS 37 **2.15 Contingent Assets & Liabilities:**

The Company does not recognize contingent liabilities and contingent assets but disclosed the existence of contingent liabilities and assets in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company or a present obligation that is not recognized because outflow of resources is not likely or obligation can not be measured reliably.

### IAS 1.65 **2.16 Liquidity Statements:**

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the reporting period as per following bases:

- Balance with other banks 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 equipments are on the basis of their useful lives.
- Other assets are on the basis of their adjustments terms.
- Borrowings from other banks 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 behavioral trends.
- Other liabilities are on the basis of their settlement terms.



## NOTES TO THE FINANCIAL STATEMENTS

### IAS 1.114(a) 2.17 Compliance Report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The following Accounting and Reporting Standards are applicable for Industrial and Infrastructure Development Finance Company Ltd. and which are followed in preparing the Financial Statements of the Company:

Sl. No.	Name of the BAS	BAS No.	Status
01	Presentation of Financial Statements	01	Applied *
02	Inventories	02	Not Applicable
03	Cash Flow Statements	07	Applied
04	Accounting Policies, Changes in Accounting estimates and Errors	08	Applied
05	Events after the Balance Sheet Date	10	Applied
06	Construction Contract	11	Not Applicable
07	Income Taxes	12	Applied
08	Segment Reporting	14	Applied
09	Property, Plant and Equipment	16	Applied
10	Leases	17	Applied
11	Revenue	18	Applied
12	Employee Benefits	19	Applied
13	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
14	The Effects of Changes in Foreign Exchange Rates	21	Not Applicable
15	Borrowing Costs	23	Not Applicable
16	Related Party Disclosures	24	Applied
17	Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
18	Consolidated and Separate Financial Statements	27	Applied
19	Investments in Associates	28	Not Applicable
20	Interest in Joint Ventures	31	Not Applicable
21	Financial Instruments: Presentation	32	Applied
22	Earnings per Share	33	Applied
23	Interim Financial Reporting	34	Not Applicable
24	Impairment of Assets	36	Not Applicable
25	Provision, Contingent Liabilities and Contingent Assets	37	Applied
26	Intangible Assets	38	Applied
27	Financial Instruments: Recognition and Measurement	39	Applied
28	Investment Property	40	Not Applicable
29	Agriculture	41	Not Applicable

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

## NOTES TO THE FINANCIAL STATEMENTS

Sl. No.	Name of the BFRS	BFRS No	Status
01	First Time adoption of IFRS	1	Not Applicable
02	Share Based Payment	2	Not Applicable
03	Business Combinations	3	Not Applicable
04	Insurance Contracts	4	Not Applicable
05	Non-current Assets held for sales and discontinued operations	5	Not Applicable
06	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
07	Financial Instruments: Disclosures	7	Applied
08	Operating Segments	8	Not Applicable

### 2.18 Address of Head Office & Branch Office:

Head office is located at Chamber Building (6th & 7th floor), 122-124 Motijheel Commercial Area, Dhaka-1000 and Chittagong Branch is located at C & F Tower (4th floor), 1222 Sheik Mujib Road, Agrabad Commercial Area, Chittagong.

### 2.19 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 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 1 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.



# NOTES TO THE FINANCIAL STATEMENTS

## Pillar – 1: 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 FIs 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;
- Foreign exchange risk and commodities risk throughout the FI.

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 IIDFCs' 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 FI's income in each business line) and Internal Measurement approach (Statistical measure of FIs operational loss based on its historical loss data). But initially, Basic Indicator Approach has been applied for calculating the capital charge against operational risk.



## NOTES TO THE FINANCIAL STATEMENTS

### 2.20 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## Amount in Taka

Ref.		31-Dec-2012	31-Dec-2011
IAS 7.45	3 <b>Cash:</b>		
IAS 1.77	Cash in hand (Note 3.1)	6,393	17,878
	Balance with Bangladesh Bank and its agent Bank(s) (Note 3.2)	173,397,184	94,475,212
	<b>Total</b>	<b>173,403,577</b>	<b>94,493,090</b>
IAS 1.77	3.1 <b>Cash in Hand</b>		
	Cash in hand represents the amount under impress system of petty cash to meet petty cash expenses both for head office as well as branch offices.		
IAS 1.77	3.2 <b>Balance with Bangladesh Bank:</b>		
	Balance with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). Cash Reserve Requirement (note 3.3) and Statutory Liquidity Reserve (note 3.4) have been calculated and maintained in accordance with Financial Regulations 1994 and FID Circular No. 06 dated 6th November, 2003 and FID Circular No. 02 dated 10th November, 2004.		
IAS 1.77	3.3 <b>Cash Reserve Requirement (CRR)</b>		
	Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank in compliance with FID circular no.6 dated 6th November,2003 and FID Circular No. 02 dated 10th 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	100,578,642	85,646,966
	Actual Reserve Held	173,397,184	94,475,212
	<b>Surplus / (Deficit)</b>	<b>72,818,542</b>	<b>8,828,246</b>
IAS 1.77	3.4 <b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
	Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5% of total liabilities, including CRR of 2.5% 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 & Financial Institutions, Investment at call, unencumbered Treasury Bills, Prize Bond, Savings Certificates & any other assets approved by Bangladesh Bank.		
	Required Reserve	221,584,854	190,490,105
	Actual Reserve Held (note-3.4.1)	285,538,854	207,518,037
	<b>Surplus / (Deficit)</b>	<b>63,954,000</b>	<b>17,027,932</b>
IAS 1.77	3.4.1 <b>Held for Statutory Liquidity Reserve (SLR)</b>		
	Cash in hand	6,393	17,878
	Balance with Bangladesh Bank and its agent Bank(s)	173,397,184	94,475,212
	Balance with other Banks and Financial Institutions (3.4.1.1)	112,135,277	113,024,947
	<b>Total</b>	<b>285,538,854</b>	<b>207,518,037</b>
IAS 1.77	3.4.1.1 <b>Balance with other Banks and Financial Institutions for SLR</b>		
	Social Islami Bank Ltd.	26,253,129	45,715,534
	Southeast Bank Ltd.	11,093,325	-
	Commercial Bank of Cylon	58,492,268	-
	Mutual Trust Bank Limited	16,296,555	-
	Standard Bank Ltd.	-	-
	Bank Alfalah Ltd.	-	20,540,000
	Prime Bank Ltd.	-	30,805,000
	First Security Islami Bank Ltd.	-	15,964,413
	<b>Total</b>	<b>112,135,277</b>	<b>113,024,947</b>
IAS 1.77	3.a <b>Consolidated Cash:</b>		
	IIDFCL	6,393	17,878
	IIDFC Securities Limited	40,987	17,403
	IIDFC Capital Limited	5,366	13,927
	<b>Sub-Total</b>	<b>52,746</b>	<b>49,208</b>
	Balance with Bangladesh Bank and its agent Bank(s) (Note 3.2)	173,397,184	94,475,212
	<b>Total</b>	<b>173,449,930</b>	<b>94,524,420</b>



# NOTES TO THE FINANCIAL STATEMENTS

Ref.

IAS 1.77

## 4 Balance with other Banks and Financial Institutions in Bangladesh:

### Current Accounts:

National Credit & Commerce Bank Ltd.
Pubali Bank Ltd.
Shahjalal Islami Bank Ltd.
Social Islami Bank Ltd.
Agrani Bank Ltd.
BRAC Bank Ltd.
Commercial Bank of Ceylon Plc
IFIC Bank Ltd.
Islami Bank Ltd.
Bangladesh Development Bank
Trust Bank
Uttara Bank Ltd.

Sub-Total

### Short-Term Deposit Accounts:

Southeast Bank Ltd.
United Commercial Bank Ltd.
Bank Asia Ltd.
AB Bank Ltd.
Bank Alfalah Ltd.
The City Bank Ltd.
CitiBank N.A.
Janata Bank Ltd.
Jamuna Bank Ltd.
Mutual Trust Bank Ltd.
National Bank Ltd.
ONE Bank Ltd.
Prime Bank Ltd.
Standard Bank Ltd.
Sonali Bank Ltd.

Sub-Total

### Fixed Deposits Receipts (FDR):

National Credit & Commerce Bank Ltd.
Social Islami Bank Ltd.
Commercial Bank of Ceylon Plc
IFIC Bank Ltd.
Southeast Bank Ltd.
United Commercial Bank Ltd.
Bank Alfalah Ltd.
Mutual Trust Bank Ltd.
Prime Bank Ltd.
First Security Islami Bank Ltd.
Standard Bank Ltd.
Shahjalal Islami Bank Ltd.
ICB Islamic Bank
BIFC

Sub-Total

### Grand Total

4.1

Maturity grouping of Balance with other Banks and Financial Institutions:

On demand
Less than 3 months
More than 3 months but less than 1 year
More than 1 year but less than 5 years
Above 5 years
<b>Total</b>

Amount in Taka

31-Dec-2012

31-Dec-2011

17,335	12,437
2,251	3,746
268	4,420,911
141,082	14,554
6,895	8,045
1,003	3
277,237,316	231,907,905
5,385	6,535
244,526	24,120
9,396	-
4,425	-
5,197	6,347
<b>277,675,079</b>	<b>236,404,603</b>
646,798	335,597
3,500	-
307,337,739	203,984,408
3,755	4,744
96,123	96,588
5,698,755	3,217,420
-	85,408
86,406	83,458
425	-
5,763	6,338
128,469	125,102
3,630	81,264
418,851	10,835,901
-	-
64,480	62,001
<b>314,494,694</b>	<b>218,918,229</b>
-	54,275,000
46,253,129	62,936,798
164,304,768	158,856,875
56,455,357	50,000,000
31,093,325	6,417,682
-	5,000,000
204,641,927	205,234,880
16,296,555	70,315,672
50,468,750	138,209,594
-	164,866,007
61,698,665	56,855,847
30,000,000	-
20,000,000	-
-	70,000,000
<b>681,212,476</b>	<b>1,042,968,355</b>
<b>1,273,382,249</b>	<b>1,498,291,187</b>
277,675,079	455,322,832
426,629,971	422,968,355
569,077,199	620,000,000
-	-
-	-
<b>1,273,382,249</b>	<b>1,498,291,187</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Amount in Taka

		31-Dec-2012	31-Dec-2011
IAS 1.77	4.a <b>Consolidated Balance with other Banks and Financial Institutions:</b>		
	IIDFCL	1,273,382,249	1,498,291,187
	IIDFC Securities Limited (4.a.1)	61,506,943	109,399,698
	IIDFC Capital Limited (4.a.2)	978,515	62,476,824
	<b>Total</b>	<b>1,335,867,707</b>	<b>1,670,167,709</b>
IAS 1.77	4.a.1 <b>Bank Balance of IIDFC Securities Limited</b>		
	Southeast Bank Ltd.	4,796,751	272,253
	Standard Bank Ltd.	275,524	251,751
	Bank Asia Ltd.	193,744	274,802
	One Bank Ltd.	56,236,865	103,600,892
	Standard Chartered Bank	4,059	-
	Exim Bank Ltd.	-	5,000,000
	<b>Total</b>	<b>61,506,943</b>	<b>109,399,698</b>
IAS 1.77	4.a.2 <b>Bank Balance of IIDFC Capital Limited</b>		
	One Bank Ltd.	842,693	59,602,728
	Southeast Bank Ltd.	52,574	2,874,096
	BCB	83,248	-
	<b>Total</b>	<b>978,515</b>	<b>62,476,824</b>
IAS 1.77	5 <b>Money at Call and Short notice:</b>		
	Banking Companies (note-5.1)	-	30,000,000
	Non-Banking Financial Institutions	-	-
	<b>Total</b>	<b>-</b>	<b>30,000,000</b>
	5.1 <b>Money at Call and Short notice from Banking Companies:</b>		
	Jamuna Bank Limited	-	30,000,000
	AB Bank Limited	-	-
		<b>-</b>	<b>30,000,000</b>
IAS 1.77	6 <b>Investments:</b>		
	A. Government Securities		
	Treasury Bill	-	-
	National Investment Bond	-	-
	Bangladesh Bank Bill	-	-
	Government Notes/Bond	-	-
	Prize bond	-	-
	Others	-	-
	<b>Sub Total</b>	<b>-</b>	<b>-</b>
	B. Other Investments		
	Preference Share (Note 6.1)	62,687,408	79,805,208
	Debenture and Bond (Zero Coupon Bond issued by Bank Asia Ltd.)	12,785,286	-
	Other Investments (Note 6.2)	128,821,475	33,817,433
	Gold etc.	-	-
	<b>Sub Total</b>	<b>204,294,169</b>	<b>113,622,641</b>
	<b>Total Investments (A+B)</b>	<b>204,294,169</b>	<b>113,622,641</b>
	6.1 <b>Preference Share</b>		
	A term loan of Tk. 114,040,807.81 has been converted into Redeemable Cumulative Preference Shares for which the Issuers (Summit Uttaranchol Power Co. Ltd. and Summit Purbanchol Power Co. Ltd.) had issued 1,141,198 units of preference shares in favor of IIDFC Ltd. Dividend on those preference shares are being paid semi annually on 30th June and 31st December and principal will be repaid through 7 (seven) installments annually on 31st December in each English calendar year. The tenure of redemption of those shares to be expired on 30th September, 2016. The original term loan amount was 100,000,000.00, which was provided at 12 November, 2007.		
	Opening Balance	79,805,208	96,923,008
	Add: Addition during the year	-	-
	Less: Redemption during the year	(17,117,800)	(17,117,800)
		<b>62,687,408</b>	<b>79,805,208</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.

## 6.2 Other Investments

### Quoted

Active Fine
Apex Adelchi
Asia Insurance
Bank Asia
BEXIMCO LTD.
City Bank
Dhaka Bank
EBL
Eastland Insurance
EBLNRBMF (IIDFC own)
Fareast Islami Life
First Lease Inter
GBBPOWER
ICB
ICB Second NRB MF
International Leasing
Islami Bank
Jamuna Oil
Karnafuli Insurance
Lanka Bangla
Meghna Petroleum
Meghna Life Insurance
Mercantile bank
MJL Bangladesh Ltd.
MTBL
National Bank
NCC Bank
NLI1STMF
One Bank
Padma Life
Peoples Insurance
Pioneer Insurance
Popular Life
Prime Bank Ltd.
Prime Islami Life
Reliance Insurance
RN Spinnings
Sandhani life insu
SIBL
SEBL 1st MF
Southeast Bank
Square Pharma
Standard Bank
UCBL
United Insurance
Uttara Bank

### Sub Total

### Unquoted

EBL NRB Mutual Fund
MJL BD Ltd.
Southeast Bank First Mutual Fund
National Life Insurance Co. First Mutual Fund

### Total (Quoted and Unquoted)

31-Dec-2012

31-Dec-2011

1,530,337	-
2,972,324	-
391,741	-
1,639,595	867,789
3,034,315	-
4,189,182	-
1,871,243	-
4,831,556	-
1,907,355	-
8,750,000	-
2,065,023	1,463,577
535,869	-
837,318	-
8,689,787	-
627,376	374,999
973,857	-
2,547,295	1,753,081
1,381,719	-
625,642	-
4,258,458	2,886,777
6,859,948	-
1,243,000	-
3,542,576	197,719
1,119,527	-
15,856	15,856
3,729,638	-
2,722,954	-
10,000,000	-
5,595,513	14,156
342,047	-
773,299	-
243,750	-
4,933,338	-
-	66,099
1,978,303	1,176,312
983,258	-
4,354,453	-
2,536,572	-
1,248,070	-
10,000,000	-
1,531,894	-
5,687,978	-
1,068	1,068
290,735	-
497,533	-
4,930,172	-
<b>128,821,475</b>	<b>8,817,433</b>
-	-
-	5,000,000
-	-
-	10,000,000
-	10,000,000
-	<b>25,000,000</b>
<b>128,821,475</b>	<b>33,817,433</b>

# NOTES TO THE FINANCIAL STATEMENTS

Ref.

Market price of Quoted Investments as on 31st December, 2012:

Active Fine
Apex Adelchi
Asia Insurance
Bank Asia
BEXIMCO LTD.
City Bank
Dhaka Bank
EBL
Eastland Insurance
EBLNRBMF (IIDFC own)
Fareast Islami Life
First Lease Inter
GBBPOWER
ICB
ICB Second NRB MF
International Leasing
Islami Bank
Jamuna Oil
Karnafuli Insurance
Lanka Bangla
Meghna Petroleum
Meghna Life Insurance
Mercantile bank
MJL Bangladesh Ltd.
MTBL
National Bank
NCC Bank
NLI1STMF
One Bank
Padma Life
Peoples Insurance
Pioneer Insurance
Popular Life
Prime Islami Life
Reliance Insurance
RN Spinnings
Sandhani life insu
SIBL
SEBL 1st MF
Southeast Bank
Square Pharma
Standard Bank
UCBL
United Insurance
Uttara Bank

## Total

### 6.3 Maturity grouping of Investments:

On demand
Less than 3 months
More than 3 months but less than 1 year
More than 1 year but less than 5 years
Above 5 years
Total

### 6.a Consolidated Investments:

IIDFCL
IIDFC Securities Limited (note - 6.a.1)
IIDFC Capital Limited

## Total

Cost Price	Market Price	Prov. Required
1,530,337	1,454,000	(76,337)
2,972,324	2,773,200	(199,124)
391,741	352,000	(39,741)
1,639,595	1,291,548	(348,047)
3,034,315	2,898,000	(136,315)
4,189,182	4,020,000	(169,182)
1,871,243	1,736,000	(135,243)
4,831,556	4,171,720	(659,836)
1,907,355	1,415,000	(492,355)
8,750,000	9,400,000	-
2,065,023	1,725,750	(339,273)
535,869	400,000	(135,869)
837,318	676,281	(161,038)
8,689,787	9,520,828	-
627,376	500,000	(127,376)
973,857	738,675	(235,182)
2,547,295	2,568,000	-
1,381,719	1,160,250	(221,469)
625,642	550,470	(75,172)
4,258,458	3,451,500	(806,958)
6,859,948	5,563,350	(1,296,598)
1,243,000	1,128,000	(115,000)
3,542,576	3,347,542	(195,033)
1,119,527	1,115,863	(3,664)
15,856	13,359	(2,497)
3,729,638	3,315,000	(414,638)
2,722,954	2,184,000	(538,954)
10,000,000	9,200,000	(800,000)
5,595,513	5,001,362	(594,151)
342,047	327,500	(14,547)
773,299	792,000	-
243,750	219,000	(24,750)
4,933,338	4,799,758	(133,580)
1,978,303	1,320,660	(657,643)
983,258	1,137,600	-
4,354,453	3,751,000	(603,453)
2,536,572	2,451,590	(84,982)
1,248,070	1,100,950	(147,120)
10,000,000	8,400,000	(1,600,000)
1,531,894	1,250,000	(281,894)
5,687,978	5,310,900	(377,078)
1,068	691	(377)
290,735	236,000	(54,735)
497,533	460,000	(37,533)
4,930,172	4,438,650	(491,522)
<b>128,821,475</b>	<b>117,667,998</b>	<b>(12,828,266)</b>
	-	-
	3,500,000	-
	61,300,000	17,117,800
	139,494,169	85,589,000
	-	10,915,841
	<b>204,294,169</b>	<b>113,622,641</b>
	204,294,169	113,622,641
	139,258,614	72,139,073
	-	132,273,258
	<b>343,552,783</b>	<b>318,034,972</b>

# NOTES TO THE FINANCIAL STATEMENTS

Ref.

## 6.a.1 Investment of IIDFC Securities Limited

Market Price of investments as on 31 December, 2012

Particulars	Cost Price(a)	Market Price(b)	Required Provision (b-a)
Sixth ICB Mutual Fund	1,274,823	1,393,920	-
Arab Bangladesh Bank Limited	680,395	510,555	(169,840)
AIBL 1st Islamic Mutual Fund	69,083	74,000	-
Asia Insurance Limited	1,790,950	1,504,800	(286,150)
Bank Asia Limited	8,673,714	6,589,750	(2,083,964)
Bangladesh General Insurance Company Limited.	830,084	703,216	(126,868)
BRAC Bank Limited	2,391,488	2,315,592	(75,896)
BSRM Steels Mills Limited	23,149	16,296	(6,853)
Central Insurance Company Limited.	1,192,740	967,260	(225,480)
The City Bank Limited	1,012,365	775,860	(236,505)
Delta Brack Housing Finance Corp. Limited.	215,600	176,400	(39,200)
DBH First Mutual Fund	32,917	35,500	-
Delta Life Insurance Company Limited	29,000	91,440	-
Dhaka Bank Limited	11,672,131	8,584,520	(3,087,611)
Dutch-Bangla Bank Limited	1,224,027	1,228,500	-
Eastern Insurance Co. Limited.	661,200	522,560	(138,640)
Eastland Insurance Company Limited.	1,870,594	1,392,360	(478,234)
Eastern Bank Limited	425,020	321,755	(103,265)
Export Import Bank of Bangladesh Limited	2,130	2,080	(50)
Fareast Islami Life Insurance Company Limited	14,456,033	11,871,142	(2,584,891)
First Lease Finance and Investment Limited.	49,900	40,000	(9,900)
Green Delta Insurance Company Limited	842,810	662,435	(180,375)
ICB AMCL Second NRB Mutual Fund	737,250	631,250	(106,000)
IFIC Bank Ist Mutual Fund	30,256	32,000	-
IFIL Islami Mutual Fund-1	83,536	93,000	-
International Leasing and Financial Services Limited	300,950	201,000	(99,950)
Islami Bank Bangladesh Limited	3,975,419	3,961,140	(14,279)
Islami Insurance Bangladesh Limited.	1,856,148	1,648,350	(207,798)
Karnaphuli Insurance Co Limited.	3,047,410	2,145,900	(901,510)
Lafarge Surma Cement Limited	204,798	197,400	(7,398)
LankaBangla Finance Limited	175,117	212,400	-
Meghna Life Insurance Co Limited.	394,595	321,480	(73,115)
Mercantile Bank Limited.	3,485,236	2,999,388	(485,848)
MJL Bangladesh Limited.	47,436	47,581	-
Mutual Trust Bank Limited.	475,702	350,400	(125,302)
National Bank Limited	2,942,090	2,022,194	(919,896)
National Credit and Commerce Bank Limited	3,201,528	2,484,209	(717,319)
Ocean Containers Limited.	4,105	2,093	(2,012)
ONE Bank Limited.	11,760,947	9,395,629	(2,365,318)
Paramount Insurance Co Limited.	63,400	53,000	(10,400)

# NOTES TO THE FINANCIAL STATEMENTS

[Ref.](#)

## 6.a.1 Investment of IIDFC Securities Limited

Market Price of investments as on 31 December, 2012

Particulars	Cost Price(a)	Market Price(b)	Required Provision (b-a)
Peoples Insurance Company Limited	1,695,007	1,504,250	(190,757)
Phoenix Finance & Investment Limited.	54,200	44,600	(9,600)
PHP First Mutual Fund	349,330	335,000	(14,330)
Pioneer Insurance Company Limited	1,299,533	1,168,000	(131,533)
Popular Life First Mutual Fund	49,250	54,000	-
Pragati Insurance Limited.	675,364	586,560	(88,804)
Pragati Life Insurance Limited.	18,143,638	10,985,184	(7,158,454)
The Premier Bank Ltd	540,300	449,550	(90,750)
Premier Leasing & Finance Limited.	216,550	150,500	(66,050)
Prime Bank Limited	428,609	432,900	-
Prime Islami Life Insurance Limited.	8,711,924	5,882,128	(2,829,796)
Provati Insurance Co Limited.	55,200	49,650	(5,550)
Pubali Bank Limited	2,423	2,475	-
Purabi General Insurance Co Limited.	1,022,373	828,800	(193,573)
RAK Ceramices (Bangladesh) Limited.	3,428,565	2,956,610	(471,955)
Reliance Insurance Limited.	2,445,055	2,559,600	-
Rupali Insurance Company Limited	671,793	697,680	-
Rupali Life Insurance Co Limited.	1,331,800	1,115,376	(216,424)
S. Alam Steels Limited	126,328	98,200	(28,128)
Sandhani Life Insurance Company Limited.	418,854	385,560	(33,294)
Summit Alliance Port Limited.	191,680	129,800	(61,880)
Southeast Bank Ist Mutual Fund	174,623	163,800	(10,823)
Shahjalal Islami Bank Limited.	10,309	11,400	-
Social Islami Bank Limited.	2,639,891	2,371,650	(268,241)
Singer Bangladesh Limited.	971,307	656,400	(314,907)
Southeast Bank Limited.	3,760,574	3,275,000	(485,574)
Square Pharmaceuticals Limited.	35,260	33,720	(1,540)
Square Textiles Limited	307,204	283,728	(23,476)
Standard Bank Limited	2,370,546	2,140,800	(229,746)
Sumit Power Limited.	676,160	596,960	(79,200)
Takaful Islami Insurance Limited.	867,951	783,000	(84,951)
Trust Bank Limited	161,300	150,000	(11,300)
Uttara Bank Limited	3,219,637	2,552,700	(666,937)
<b>Total</b>	<b>139,258,614</b>	<b>110,013,936</b>	<b>(29,637,440)</b>



# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

IAS 1.77

## 7. Loans & Advances:

### Inside Bangladesh:

Gross Lease Receivables	
Less: Unearned Lease Income	
Net Lease Receivables	
Advance for Lease Finance	
Direct/ Term Finance	
Secured Overdraft	
Bills discounted and purchased (note 7.7)	
<b>Sub Total</b>	

### Outside Bangladesh:

Gross Lease Receivables	
Less: Unearned Lease Income	
Net Investment	
Advance for Lease Finance	
Direct/ Term Finance	
Secured Overdraft	
Factoring Finance	
Margin Loan	
<b>Sub Total</b>	

### Total

IAS 1.61

## 7.1 Maturity grouping of Loans & Advances:

On demand	
Less than 3 months	
More than 3 months but less than 1 year	
More than 1 year but less than 5 years	
Above 5 years	
<b>Total</b>	

IFRS 8.20

## 7.2 Sector/Industry-wise Loans & Advances:

Agricultural Sector	
<b>Industrial Sector:</b>	
Textiles	
Garments	
Jutes & Jute related goods	
Food items producer/processing industry	
Plastic Industries	
Lather and Lather Goods	
Iron, Steel and Engineering	
Chemicals and Pharmaceuticals	
Cement/Clingker and Allied Industries	
Service Sector (Hotel, Hospital, Clinic, Tourism, etc.)	
Paper, Printing and Packaging	
Telecommunication and IT Industries	
Glass and Ceramic Industries	
Shipping and Ship Building Industries	
Electronics and Electrical Goods	
Power, Gas, Water and Sanitary	
Transport and Communication	
Real Estate and Housing	
Merchant Banking	
Others	
<b>Total</b>	

### Percentage

0.51%		
7.43%		
6.78%		
0.91%		
3.84%		
1.32%		
0.21%		
2.92%		
7.79%		
1.08%		
2.72%		
4.21%		
4.47%		
0.00%		
2.28%		
0.94%		
4.81%		
2.07%		
4.46%		
1.95%		
39.29%		
<b>100.00%</b>		

31-Dec-2012

31-Dec-2011

2,790,571,806
337,475,233
<b>2,453,096,573</b>
43,714,000
6,184,092,276
201,673,768
88,406,330
<b>8,970,982,947</b>

2,771,831,342
287,022,003
<b>2,484,809,339</b>
281,589,886
5,769,905,162
81,139,488
60,819,792
<b>8,678,263,667</b>

-
-
-
-
-
-
-
-
-

-
-
-
-
-
-
-
-
-

**8,970,982,947**

**8,678,263,667**

382,021,331
1,326,281,992
2,455,976,512
2,627,631,541
2,179,071,571
<b>8,970,982,947</b>

654,546,030
1,066,843,513
2,894,915,331
2,305,986,892
1,755,971,901
<b>8,678,263,667</b>

45,891,170
666,914,460
608,215,470
82,019,560
344,503,090
118,320,610
19,241,590
262,235,350
698,525,730
97,050,750
244,004,100
377,554,690
400,962,030
-
204,119,300
84,346,190
431,529,290
185,460,260
400,394,490
174,752,520
3,524,942,297
<b>8,970,982,947</b>

68,920,021
948,440,031
1,373,810,012
23,120,001
276,350,123
137,960,221
23,110,005
253,640,091
726,810,002
146,640,124
158,670,159
348,110,007
171,920,006
23,280,051
247,930,151
50,900,456
616,940,342
170,640,432
468,880,437
251,650,653
2,190,540,342
<b>8,678,263,667</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

IFRS 8.20

## 7.3 Geographical Location-wise Loans & Advances:

### Inside Bangladesh:

Dhaka Division  
Chittagong Division  
Barishal Division  
Rajshahi Division  
Sylhet Division  
Khulna Division

### Sub Total

### Outside Bangladesh

### Total

Percentage

31-Dec-2012

31-Dec-2011

77.90%  
17.75%  
1.80%  
0.99%  
1.47%  
0.08%

100.00%

6,988,020,851  
1,592,666,346  
161,736,414  
89,022,076  
132,069,043  
7,468,217

8,970,982,947

6,712,852,641  
1,331,754,675  
267,450,303  
97,330,663  
139,169,385  
129,706,000

8,678,263,667

-

100.00%

-

8,970,982,947

-

8,678,263,667

IAS1.77

## 7.4 Classification of Loans & Advances as per Bangladesh Bank circular:

### Unclassified

Standard  
Special Mention Account (SMA)

### Sub Total

87.23%  
7.13%

94.35%

7,825,036,817  
639,294,400

8,464,331,217

7,363,721,667  
889,944,000

8,253,665,667

### Classified

Sub-standard (SS)  
Doubtful (DF)  
Bad/Loss (BL)

### Sub Total

2.61%  
1.83%  
1.21%

5.65%

233,837,860  
164,232,300  
108,581,570

506,651,730

252,152,000  
47,870,000  
124,576,000

424,598,000

### Total

100.00%

8,970,982,947

8,678,263,667

## 7.5 Details of Large Loans & 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 & Advances. Total capital of the company was Tk 1,281,989,413.00 as on 31 December, 2012 where as Tk 1,247,545,031.00 as on 31 December, 2011.

Number of clients  
Outstanding Amount  
Classified Amount  
Measures taken for recovery

1  
189,223,723  
-  
-

2  
78,616,717  
-  
-

IAS 1.77

## 7.6 Particulars of Loans & Advances:

1. Loans & Advances considered good in respect of which the company is fully secured

4,537,889,457

4,267,944,510

2. Loans & Advances considered good against which the company holds no security others than the debtor's personal guarantee

2,687,359,881

2,349,768,475

3. Loans & Advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors

316,221,208

490,639,658

4. Loans & Advances adversely classified for which provision has not been maintained

-

-

5. Loans & Advances due by the directors or officers of the company or any of them either separately or jointly with any other persons

-

-

6. Loans & Advances due from companies of firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members

1,429,512,401

1,569,911,025

7. Maximum total amount of loan & Advances including temporary Loans & 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

-

-

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.		31-Dec-2012	31-Dec-2011
	8. Maximum total amount of Loans & Advances including temporary Loans & 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 & Advances on which interest has not been charged as follows:		
	a. (Decrease)/ Increase in provision	45,556,682	(19,852,813)
	b. Amount of Loans & Advances written off	18,095,008	18,120,222
	c. Amount of collection against written of Loans & Advances	-	-
	d. Interest credited to Interest Suspense Account	(12,877,065)	42,933,390
	11. Loans & Advances written off:		
	a. Current year	18,095,008	18,120,222
	b. Cumulative to date	88,319,245	70,224,237
	c. Amount of written off loans for which law suits have been filed	88,319,245	70,224,237
IFRS 7.8©	<b>7.7 Bills Discounted and Purchased:</b>		
	Inside Bangladesh	88,406,330	60,819,792
	Outside Bangladesh	-	-
	<b>Total</b>	<b>88,406,330</b>	<b>60,819,792</b>
IAS 1.61	<b>7.8 Maturity grouping of Bills Discounted and Purchased:</b>		
	Within 1 month	19,537,714	13,441,116
	Over 1 month but within 3 months	12,973,346	8,925,110
	Over 3 months but within 6 months	47,675,579	32,798,769
	Over 6 months	8,219,691	5,654,797
	<b>Total</b>	<b>88,406,330</b>	<b>60,819,792</b>
	<b>7.a Consolidated Loans &amp; Advances:</b>		
	IIDFCL	8,970,982,947	8,678,263,667
	IIDFC Securities Limited (7.a.1)	2,065,052,659	2,024,483,285
	IIDFC Capital Limited (7.a.2)	689,879,502	644,687,199
		<b>11,725,915,108</b>	<b>11,347,434,151</b>
	Less: Inter Company Loans & Advances		
	IIDFC Securities Limited	1,257,410,630	-
	IIDFC Capital Limited	164,436,351	-
	<b>Total</b>	<b>1,421,846,981</b>	<b>1,554,522,013</b>
		<b>10,304,068,127</b>	<b>9,792,912,138</b>
	<b>7.a.1Loans &amp; Advance of IIDFC Securities Limited</b>		
	Margin Loan	2,065,052,659	2,024,483,285
	<b>7.a.2Loans &amp; Advance of IIDFC Capital Limited</b>		
	Margin Loan	689,879,502	644,687,199
IAS 16.31	<b>8 Property, Plant &amp; Equipment (Details in Annexure-1):</b>		
	<b>Own Finance:</b>		
	<b>A. Cost</b>		
	Motor Vehicles	19,672,295	19,180,295
	Furniture & Fixtures	11,188,882	11,102,297
	Office Equipments	28,694,653	28,411,422
	<b>Total</b>	<b>59,555,830</b>	<b>58,694,014</b>
	<b>B. Less: Accumulated depreciation</b>		
	Motor Vehicles	12,328,169	10,320,262
	Furniture & Fixtures	4,012,489	2,924,046
	Office Equipments	16,515,607	11,402,546
	<b>Total</b>	<b>32,856,265</b>	<b>24,646,854</b>
	<b>C. Written down value at the end of the year (A-B)</b>	<b>26,699,565</b>	<b>34,047,160</b>
	<b>8.1 Intangible Asset - Computer Softwares</b>		
	Cost	2,251,026	2,224,026
	Less: Accumulated amortisation	1,500,084	1,076,900
	<b>Net Book Value at the end of the year</b>	<b>750,942</b>	<b>1,147,126</b>

# NOTES TO THE FINANCIAL STATEMENTS

Ref.

		Amount in Taka	
		31-Dec-2012	31-Dec-2011
<b>Lease Finance:</b>			
<b>D. Cost</b>			
Furniture & Fixtures	-	-	-
Office Equipments	-	-	-
Computer Softwares	-	-	-
Motor Vehicles	-	-	-
<b>Total</b>	-	-	-
<b>E. Less: Accumulated depreciation</b>			
Furniture & Fixtures	-	-	-
Office Equipments	-	-	-
Computer Softwares	-	-	-
Motor Vehicles	-	-	-
<b>Total</b>	-	-	-
<b>F. Written down value at the end of the year (D-E)</b>		-	-
<b>G. Total Property, Plant &amp; Equipment (C+F)</b>		<b>26,699,565</b>	<b>34,047,160</b>
8.a <b>Consolidated Property, Plant &amp; Equipment (Details in Annexure-1.a):</b>			
IIDFCL	26,699,565	34,047,160	
IIDFC Securities Limited (8.a.1)	26,155,964	28,805,477	
IIDFC Capital Limited (8.a.2)	6,483,336	8,366,155	
<b>Total</b>	<b>59,338,865</b>	<b>71,218,792</b>	
8.a.1 <b>Property, Plant &amp; Equipment of IIDFC Securities Limited</b>			
<b>A. Cost</b>			
Motor Vehicles	-	-	-
Furniture & Fixtures	18,254,206	17,601,706	
Office Equipments	17,479,384	15,809,685	
<b>Total</b>	<b>35,733,590</b>	<b>33,411,391</b>	
<b>B. Less: Accumulated depreciation</b>			
Motor Vehicles	-	-	-
Furniture & Fixtures	3,585,593	1,760,171	
Office Equipments	5,992,033	2,845,743	
<b>Total</b>	<b>9,577,626</b>	<b>4,605,914</b>	
<b>C. Written down value at the end of the year (A-B)</b>	<b>26,155,964</b>	<b>28,805,477</b>	
8.a.2 <b>Property, Plant &amp; Equipment of IIDFC Capital Limited</b>			
<b>A. Cost</b>			
Motor Vehicles	3,662,322	3,496,527	
Furniture & Fixtures	4,103,271	4,103,271	
Office Equipments	4,808,371	4,880,627	
<b>Total</b>	<b>12,573,964</b>	<b>12,480,425</b>	
<b>B. Less: Accumulated depreciation</b>			
Motor Vehicles	2,664,746	1,932,279	
Furniture & Fixtures	962,232	551,905	
Office Equipments	2,463,650	1,630,086	
<b>Total</b>	<b>6,090,628</b>	<b>4,114,270</b>	
<b>C. Written down value at the end of the year (A-B)</b>	<b>6,483,336</b>	<b>8,366,155</b>	
8.1.a <b>Consolidated Intangible Asset (Details in Annexure-1.a):</b>			
IIDFCL	750,942	1,147,126	
IIDFC Securities Limited	895,044	1,281,255	
IIDFC Capital Limited	960,000	1,230,000	
<b>Total</b>	<b>2,605,986</b>	<b>3,658,381</b>	

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.			31-Dec-2012	31-Dec-2011
IAS 1.77	9	<b>Other Assets:</b>		
		Investment in shares of subsidiary companies:		
		In Bangladesh	1,025,800,000	365,800,000
		Outside Bangladesh	-	-
		Membership of Dhaka Stock Exchange Ltd.	-	-
		Stationery, stamps, printing materials etc.	-	-
		Advance rent and advertisement	237,380	237,380
		Interest accrued on investment but not collected, commission on shares and debentures and other income receivables	30,187,661	9,005,461
		Security deposits	48,200	48,200
		Preliminary, formation and organization expenses, renovation/development and prepaid expenses	1,452,289	1,119,147
		Branch adjustment	-	-
		Suspense account	-	-
		Balance with BO Account	1,867	8,546
		Others (Note 9.1)	750,403,242	1,288,644,093
		<b>Total</b>	<b>1,808,130,639</b>	<b>1,664,862,827</b>
IAS 1.78(b)	9.1	<b>Others:</b>		
		Deferred Receivables	90,499,708	50,206,306
		Advance for Syndication purposes	471,230	467,130
		Advance for Generator	-	1,002,600
		Advance for Rupali Bank	-	125,000
		Advance for Suppliers	12,329,785	13,621,921
		Advance for Traveling	123,354	15,000
		Advance Tax	361,910,071	322,606,740
		Expenses Receivables	8,540	8,540
		Commission on Bank Guarantee	324,876	493,668
		Advance interest paid	261,430,459	230,860,679
		Accounts Receivable for Treasury	166,181	-
		Receivables from IIDFC Capital Ltd.	2,831,033	2,474,063
		Receivables from IIDFC Securities Ltd.	4,255,155	666,762,446
		Receivable from Alliance Holding	16,052,850	-
		<b>Total</b>	<b>750,403,242</b>	<b>1,288,644,093</b>
9.a		<b>Consolidated Other Assets:</b>		
		IIDFCL	1,808,130,639	1,664,862,827
		IIDFC Securities Limited (note-9.a.1)	210,660,825	191,205,630
		IIDFC Capital Limited (note-9.a.2)	73,889,324	80,962,257
			<b>2,092,680,788</b>	<b>1,937,030,714</b>
		<b>Less:</b> Inter Company assets		
		IIDFC Securities Limited	764,179,155	-
		IIDFC Capital Limited	269,096,611	-
		<b>Total</b>	<b>1,033,275,766</b>	<b>1,036,347,294</b>
			<b>1,059,405,022</b>	<b>900,683,420</b>
9.a.1		<b>Other Assets of IIDFC Securities Limited</b>		
		Membership of Dhaka Stock Exchange Ltd (DSE)	153,119,000	153,119,000
		Advance rent	2,404,000	3,557,920
		Stamp in hand	9,120	25,840
		Security deposits	577,820	584,320
		Accrued interest on FDR	986,111	1,265,000
		Others	53,564,774	32,653,550
		<b>Total</b>	<b>210,660,825</b>	<b>191,205,630</b>
9.a.2		<b>Other Assets of IIDFC Capital Limited</b>		
		License fee	30,196,209	30,196,209
		Receivable from brokerage houses	651,507	7,982,737
		Security deposits	200,000	200,000
		Preliminary, pre-operating expenses and renovation/development	-	838,098
		Advance Tax	40,284,473	40,204,337
		Deferred tax	87,979	-
		Others	2,469,156	1,540,876
		<b>Total</b>	<b>73,889,324</b>	<b>80,962,257</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

IFRS 7.7

## 10 Borrowings from other Banks, Financial Institutions & Agent:

### Inside Bangladesh:

Refinance against SME loan from Bangladesh Bank

From other Scheduled Banks (note - 10.1)

### Sub Total

### Outside Bangladesh

### Total

## 10.1 From other Scheduled Banks & Financial Institutions:

### Long Term Loan

Exim Bank Ltd.

Dhaka Bank Ltd.

Prime Bank Ltd.

Bank Asia Ltd.

Trust Bank Ltd.

Uttara Bank Ltd.

Mercantile Bank Ltd.

Basic Bank Ltd.

Shahjalal Islami Bank Ltd.

Brac Bank Ltd

Pubali Bank Ltd

Bank Alfalah Ltd

National Credit and Commerce Bank Ltd.

United Commercial Bank Ltd

Commercial Bank of Ceylon Plc

Mutual Trust Bank Ltd.

IFIC Bank Ltd.

Premier Bank Ltd.

Social Islami Bank Ltd.

Dutch Bangla Bank Ltd.

First Security Islami Bank Ltd.

Southeast Bank Ltd.

Standard Bank Ltd.

The UAE Bangladesh

### Sub-Total

### Overdraft and money at call short notice

Bank Alfalah Ltd

IFIC Bank Ltd.

Commercial Bank of Ceylon Plc

First Security Islami Bank Ltd.

Mutual Trust Bank Ltd.

National Credit and Commerce Bank Ltd.

Prime Bank Ltd.

Social Islami Bank Ltd.

Standard Bank Ltd.

Southeast Bank Ltd.

### Sub-Total

### Grand Total

### Security against borrowings from other banks, financial institutions and agents:

Secured

Unsecured

### Total

31-Dec-2012

31-Dec-2011

441,917,957
4,294,336,434
<b>4,736,254,391</b>

601,214,377
4,830,437,600
<b>5,431,651,977</b>

-
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-
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<b>4,736,254,391</b>
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<b>5,431,651,977</b>
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-
287,557,983
291,103,359
25,661,119
54,751,960
403,960,163
78,896,798
119,277,005
304,464,053
22,185,802
228,942,431
10,028,126
81,980,621
495,261,797
30,000,008
185,156,554
400,725,598
162,517,252
47,186,106
78,556,561
-
43,409,139
117,543,047
50,000,000
<b>3,519,165,482</b>

-
361,761,978
390,195,921
50,776,960
174,321,050
427,301,465
52,040,958
155,879,863
167,056,736
53,395,511
213,134,023
29,673,750
96,731,821
252,223,908
46,944,445
263,219,376
527,348,737
200,000,000
86,781,927
142,213,770
-
-
157,411,799
-
<b>3,848,413,998</b>

179,859,702
52,243,371
426,693,116
-
-
-
45,090,625
1,230,319
50,053,819
20,000,000
<b>775,170,952</b>

183,881,528
45,197,507
374,001,654
104,271,204
45,707,306
41,638,694
126,982,676
10,001,000
50,342,033
-
<b>982,023,602</b>

<b>4,294,336,434</b>
----------------------

<b>4,830,437,600</b>
----------------------

4,716,254,391
20,000,000
<b>4,736,254,391</b>

4,941,651,977
490,000,000
<b>5,431,651,977</b>



# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

		31-Dec-2012	31-Dec-2011
<a href="#">Ref.</a>			
<b>Maturity grouping of borrowings from other banks, financial institutions and agents:</b>			
Payable on demand		-	-
Up to 1 month		827,212,345	756,782,381
Over 1 month but within 6 months		1,190,341,321	1,314,807,435
Over 6 months but within 1 year		716,014,321	799,093,102
Over 1 year but within 5 years		1,360,665,184	1,696,513,241
Over 5 years		642,021,220	864,455,818
<b>Total</b>		<b>4,736,254,391</b>	<b>5,431,651,977</b>
<b>10.a Consolidated Borrowings from other Banks, Financial Institutions &amp; Agent:</b>			
<b>Inside Bangladesh:</b>			
IIDFCL		4,736,254,391	5,431,651,977
IIDFC Securities Limited (note - 10.a.1)		1,297,618,665	1,356,087,365
IIDFC Capital Limited (note - 10.a.2)		349,643,409	478,435,082
		<b>6,383,516,465</b>	<b>7,266,174,424</b>
<b>Less: Inter Company Borrowings</b>			
IIDFC Securities Limited	1,257,410,630	-	-
IIDFC Capital Limited	164,436,351	1,421,846,981	1,554,522,013
<b>Total</b>		<b>4,961,669,484</b>	<b>5,711,652,411</b>
<b>10.a.1 Borrowings of IIDFC Securities Limited</b>			
<b>Inside Bangladesh:</b>			
IIDFC Ltd		1,257,410,630	1,304,522,013
Phoenix Finance & Investments Ltd		-	20,000,000
One Bank Ltd		40,208,035	31,565,352
<b>Total</b>		<b>1,297,618,665</b>	<b>1,356,087,365</b>
<b>10.a.2 Borrowings of IIDFC Capital Limited</b>			
Bangladesh Commerce Bank Limited		40,000,000	39,877,893
IIDFC Limited		164,436,351	250,000,000
Standard Bank Ltd		145,207,058	188,557,189
<b>Total</b>		<b>349,643,409</b>	<b>478,435,082</b>
<b>IFRS 7.7 11 Deposits &amp; other Accounts:</b>			
Deposits from Banks and Financial Institutions (note-11.2)		874,104,136	755,825,389
Deposits from Customers		4,222,192,038	3,468,989,282
		<b>5,096,296,174</b>	<b>4,224,814,671</b>
Other Deposit		8,455,595	14,856,808
<b>Total</b>		<b>5,104,751,769</b>	<b>4,239,671,479</b>
<b>11.2 Deposits from Banks and Financial Institutions :</b>			
Bangladesh Commerce Bank Limited		20,000,000	-
BRAC Bank Limited		100,000,000	-
Delta Brac Housing Finance Corporation Ltd		9,104,136	8,510,451
Eastern Bank Ltd.		50,000,000	-
ICB Islamic Bank Limited		100,000,000	100,000,000
IFIC Bank Limited		150,000,000	-
Janata Bank Limited		100,000,000	100,000,000
Mercantile Bank Limited		20,000,000	-
Pubali Bank Limited		-	72,314,938
Shahjalal Islami Bank Limited		-	50,000,000
Social Islami Bank Limited		150,000,000	150,000,000
Sonali Bank Limited		150,000,000	150,000,000
United Commercial Bank Limited		25,000,000	125,000,000
		<b>874,104,136</b>	<b>755,825,389</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.  
IAS 1.61

## 11.1 Maturity grouping of Deposits & other Accounts:

Payable on demand
Up to 1 month
Over 1 month but within 6 months
Over 6 months but within 1 year
Over 1 year but within 5 years
Over 5 years but within 10 years
Over 10 years

### Total

## 11.a Consolidated Deposits & other Accounts:

IIDFCL
IIDFC Securities Limited
IIDFC Capital Limited (note-11.a.1)

### Sub Total

Other Deposit

### Total

## 11.a.1 Deposits & other Accounts of IIDFC Capital Limited

Deposits from Banks
Deposits from Customers

### Total

IAS 1.77

## 12 Other Liabilities:

Finance Loss Reserve (Note 12.1)
Deferred Tax
Interest Suspense Account (Note 12.2)
Lease Rental Advance
Provision for Current Tax (Note 37)
Liabilities for Financial Expenses
Liabilities for Expenses
Liabilities for other Finance
Obligation under Finance Lease

### Total

IAS 37.84

## 12.1

### Finance Loss Reserve:

#### Movement of Specific provision on classified Loans & Advances:

##### Opening Balance

Less: Provision fully provided loans & advances written-off during the year

Add: Recoveries from previously written-off loans & advances

Add: Specific provision provided during the year

Add: Recoveries & Provision no longer required

Add: Net charge to Profit and Loss Account

##### Closing Balance

#### Movement of General provision on unclassified Loans & Advances:

##### Opening Balance

Add: General provision provided during the year

##### Closing Balance

### Total

#### Particulars of required provision for Loans and Advances:

##### Status of Classification

##### Unclassified (General Provision):

	Base for provision	Rate
Standard	9,055,131,180	1.0%
Special Mention Account (SMA)	596,955,650	5.0%

### Total

##### Classified (Specific Provision):

	Base for provision	Rate
Sub-standard (SS)	148,386,370	20.0%
Doubtful (DF)	108,681,180	50.0%
Bad/Loss (BL)	89,604,690	100.0%

### Total

#### Total Provision required

#### Total Provision made

#### Excess Provision made

31-Dec-2012

31-Dec-2011

-	-
184,810,512	468,514,494
1,228,707,268	1,562,276,793
770,097,411	984,720,432
1,237,210,421	705,381,583
1,683,926,157	518,778,177
-	-
<b>5,104,751,769</b>	<b>4,239,671,479</b>
5,096,296,174	4,224,814,671
-	-
1,844,892	5,035,268
<b>5,098,141,066</b>	<b>4,229,849,939</b>
8,455,595	14,856,808
<b>5,106,596,661</b>	<b>4,244,706,747</b>
-	-
1,844,892	5,035,268
<b>1,844,892</b>	<b>5,035,268</b>
295,500,000	260,576,775
41,015,079	41,015,079
120,000,000	132,877,065
46,096,433	59,355,658
239,947,000	219,447,000
331,651,209	325,637,906
1,005,621	2,730,078
240,157,363	133,985,174
19,275,810	20,234,476
<b>1,334,648,515</b>	<b>1,195,859,211</b>
173,431,328	163,184,813
(18,095,008)	(18,120,222)
-	-
33,456,753	10,246,515
18,095,008	18,120,222
<b>206,888,081</b>	<b>173,431,328</b>
87,145,446	78,790,868
1,466,473	8,354,578
<b>88,611,919</b>	<b>87,145,446</b>
<b>295,500,000</b>	<b>260,576,775</b>
90,551,312	73,637,217
29,847,783	42,039,750
<b>120,399,094</b>	<b>115,676,967</b>
29,677,274	28,903,000
54,340,590	11,967,000
89,604,690	91,918,000
<b>173,622,554</b>	<b>132,788,000</b>
<b>294,021,648</b>	<b>248,464,967</b>
<b>295,500,000</b>	<b>260,576,775</b>
<b>1,478,352</b>	<b>12,111,808</b>

# NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
Ref.		31-Dec-2012	31-Dec-2011
IAS 37.84	12.2 <b>Interest Suspense Account:</b> <b>Opening Balance</b> Add: Amount transferred to interest suspense account during the year Less: Amount recovered from interest suspense account during the year Less: Amount written-off during the year <b>Closing Balance</b>	132,877,065 565,344,525 573,126,582 5,095,008 <b>120,000,000</b>	89,943,675 569,508,791 522,997,787 3,577,614 <b>132,877,065</b>
	12.a <b>Other Liabilities:</b> IIDFCL IIDFC Securities Limited (note - 12.a.1) IIDFC Capital Limited (note - 12.a.2)  <b>Less:</b> Inter Company liabilities IIDFC Securities Limited IIDFC Capital Limited <b>Total</b>	1,334,648,515 412,500,955 248,738,306 <b>1,995,887,776</b>  - 7,561,767 <b>1,988,326,009</b>	1,195,859,211 905,916,665 177,567,001 <b>2,279,342,877</b>  - 670,567,385 <b>1,608,775,492</b>
	12.a.1 <b>Other Liabilities of IIDFC Securities Limited</b> Provision for loans & advances-margin loan Provision for current tax Provision for deferred tax Payable to clients Payable to Southeast Bank Capital Services Ltd Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Intercompany current account <b>Total</b>	58,995,111 37,532,324 1,366,257 28,297,691 6,329,436 49,799 262,428,642 2,578,081 316,667 987,6213 4,730,734 <b>412,500,955</b>	59,357,510 28,443,271 666,138 55,898,763 5,871,789 16,046,824 61,264,875 5,121,600 216,667 4,935,906 668,093,322 <b>905,916,665</b>
	12.a.2 <b>Other Liabilities of IIDFC Capital Limited</b> Finance Loss Reserve Deferred Tax Interest Suspense Account Provision for diminution in value of investment Current Tax Liabilities for Expenses Payable to IIDFC Limited Payable to broker <b>Total</b>	39,578,482 - 156,018,508 - 35,400,954 14,909,329 2,831,033 - <b>248,738,306</b>	29,703,219 47,557 50,424,921 25,693,076 35,390,634 33,751,863 2,474,063 81,668 <b>177,567,001</b>
IAS 1.79	13 <b>Share Capital:</b>		
IAS 1.79(a)(i)	<b>Authorized Capital</b> (10,000,000 shares of Tk. 100 each)	<b>1,000,000,000</b>	<b>1,000,000,000</b>
IAS 1.79(a)(ii)	<b>Subscribed &amp; Paid up Capital :</b> (3,287,800 shares of Tk. 100 each, fully paid up)	<b>1,000,000,000</b>	<b>328,780,000</b>
IAS 1.79(a)(iii)	<b>Paid up share capital as on 31 December, 2012 comprises the followings:</b>		
	<b>Public Sector:</b>		
	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>Value</b>
	Sonali Bank Limited	713,050	71,305,000
	Janata Bank Limited	713,050	71,305,000
	Investment Corporation of Bangladesh	713,050	71,305,000
		<b>2,139,150</b>	<b>213,915,000</b>
	<b>Private Sector:</b>		
	AB Bank Ltd.	413,160	41,316,000
	Bank Asia Ltd.	713,050	71,305,000
	BRAC Bank Ltd.	713,050	71,305,000
	City Bank Ltd.	713,050	71,305,000
	Mutual Trust Bank Ltd.	713,050	71,305,000
	National Bank Ltd.	713,050	71,305,000
	ONE Bank Ltd.	713,050	71,305,000
	Southeast Bank Ltd.	713,050	71,305,000
	Eastland Insurance Co. Ltd.	713,050	71,305,000
	National Life Insurance Co. Ltd.	713,050	71,305,000
	Pragati Insurance Ltd.	713,050	71,305,000
	Mr. Md. Matiuul Islam	317,190	31,719,000
		<b>7,860,850</b>	<b>786,085,000</b>
		<b>10,000,000</b>	<b>1,000,000,000</b>
IAS1.135(d)	13.1 <b>Capital Adequacy</b>		
	The company is subject to the regulatory capital requirement as stipulated in DFIM circular no. 05 dated 24 July, 2011 of Bangladesh Bank. The capital requirement for Non- banking financial institution is neither ratio-based nor risk based. The regulatory authority requires a Non- banking Financial Institutions to have minimum paid up capital of Tk 1,000.00 million.		

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

	31-Dec-2012	31-Dec-2011
Paid up Capital	1,000,000,000	328,780,000
Stock Dividend (Bonus Share) for the year 2008, 2009 & 2010	-	295,902,000
	<b>1,000,000,000</b>	<b>624,682,000</b>
Right Issue (Share money Deposit)	-	149,383,600
<b>Total Capital Maintained</b>	<b>1,000,000,000</b>	<b>774,065,600</b>
Required Capital	1,000,000,000	1,000,000,000
Excess/(Shortage) Capital	-	(225,934,400)
	<b>-</b>	<b>149,383,600</b>

## 13.2 Share Money Deposit

In compliance with DFIM circular No. 09 dated 04 November, 2009 and to meet minimum capital requirement of Basel accord, the Board of Directors in its 127th meeting held on January 03, 2011 approved Right Shares amounting to Taka 149.39 million to increase the paid up capital up to Taka 609.68 million

## IAS1.135(d) 13.3 Capital Adequacy and Market Discipline

As per Capital Adequacy and Market Discipline for Financial Institutions guideline of Bangladesh Bank, IIFDC 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.

### Tier-1 (Core Capital)

Fully Paid-up Capital/Capital lien with BB  
Statutory Reserve  
Non-repayable Share premium account  
General Reserve  
Retained Earnings  
Minority interest in subsidiaries  
Non-Cumulative irredeemable Preference Shares  
Dividend Equalization Account  
Other (if any item approved by Bangladesh Bank)  
**Sub-total**

### Deductions from Tier-1(Core Capital)

Book value of goodwill and any value of any contingent assets  
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. Tier-2 (Supplementary Capital)

General Provision (Unclassified up to special limit+SMA+Off Balance Sheet exposure)  
Assets Revaluation Reserves upto 50%  
Revaluation Reserve for securities upto 50%  
All other preference shares  
Other ( if any item approved by Bangladesh Bank)  
Sub-total  
Deductions, if any

### Total Eligible Tier-2 Capital

## A Total Capital

## B Total Risk Weighted Asset

## C Required Capital

## D Surplus / (Deficit)

### Capital Adequacy Ratio (CAR)

On Core Capital (Tier-1)

On Supplementary capital (Tier-2)

1,000,000,000	774,065,600
212,200,000	205,700,000
-	-
44,500,000	44,000,000
25,289,413	223,779,431
-	-
-	-
-	-
-	-
<b>1,281,989,413</b>	<b>1,247,545,031</b>
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<b>1,281,989,413</b>	<b>1,247,545,031</b>
122,516,032	115,676,967
-	-
-	-
-	-
-	-
122,516,032	115,676,967
-	-
<b>122,516,032</b>	<b>115,676,967</b>
<b>1,404,505,445</b>	<b>1,363,221,998</b>
<b>12,473,518,457</b>	<b>12,494,329,554</b>
<b>1,247,351,846</b>	<b>1,249,432,955</b>
<b>157,153,599</b>	<b>113,789,042</b>
<b>11.26%</b>	<b>10.91%</b>
<b>10.28%</b>	<b>9.98%</b>
<b>0.98%</b>	<b>0.93%</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Total Risk Weighted Asset

SI No.	Particulars	Amount	Amount
A.	Credit Risk:		
	On Balance Sheet (From A.1)	11,339,673,435	11,535,999,768
	Off Balance Sheet (From A.2)	147,138,495	195,625,414
B.	Market Risk (From B.1)	257,642,950	17,187,982
C.	Operational Risk (From C.1)	729,063,577	745,516,390
	<b>Total RWA (A+B+C)</b>	<b>12,473,518,457</b>	<b>12,494,329,554</b>

## A.1 Risk Weighted Asset for credit risk on Balance Sheet exposur (As at 31 December, 2012)

SI	Exposure type	Rating	Risk Weight	Exposure	RWA
a	Cash		0.00	6,393	-
b	Claims on Bangladesh Government & BB		0.00	173,397,184	-
c	Claims on other Sovereigns & Central Banks		0.00	-	-
d	Claims on Bank for International settlements International Monetary Fund and European Central Bank		0.00	-	-
e	Claims on Multilateral Development Banks (MDBs)				-
	i). IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB EIF, NIB, CDB, IDB, CEDB		0.00	-	-
	ii). Other MDBs	1	0.20	-	-
		2,3	0.50	-	-
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	0.50	-	-
f	Claims on Public Sector Entities (Other than Government) in Bangladesh.	1	0.20	-	-
		2,3	0.50	-	-
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	0.50	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## A.1 Risk Weighted Asset for credit risk on Balance Sheet exposer (Contn'd)

SI	Exposure type	Rating	Risk Weight	Exposure	RWA
g	Claims on NBFIs and Banks				-
	i). Original maturity over 3 months	1	0.20	256,924,107	51,384,821.40
		2,3	0.50	413,340,592	206,670,296.00
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	1.00	-	-
	ii). Original maturity upto 3 months		0.20	603,117,550	120,623,510.00
					-
h	Claims on Corporate	1	0.20	708,065,403.00	141,613,080.60
		2	0.50	411,520,654.00	205,760,327.00
		3,4	1.00	533,337,570.00	533,337,570.00
		5,6	1.50	-	-
		Unrated	1.25	4,268,631,287	5,335,789,108.75
i	Securitization Exposures	1	0.20		
		2	0.50		
		3	1.00		
		4	3.50		
j	Claims under Credit Risk Mitigation (From Work Sheet 1(a))	PSE	N/A		
		NBFIs & Banks	N/A		
		Corporate	N/A		
		Retail & Small	N/A		
		Consumer finance	N/A		
		Residential Property	N/A		
		Commercial Real Estate	N/A		
k	Claims categorized as retail portfolio & Small Enterprises (Excluding Consumer Loan)		0.75	1,391,336,281	1,043,502,210.75
					-
l	Consumer finance		1.00	186,308,961.00	186,308,961.00
					-
m	Claims fully secured by residential property		0.50	331,856,570.00	165,928,285.00
					-
n	Claim fully secured by commercial real estate		1.00	-	-
					-
o	1. Past Due Claims (Risk weights are to be assigned net of specific provision)				-
					-
	i). Where specific provisions are less than 20% of the outstanding amount of the past due claim		1.50	593,603,622.00	890,405,433.00
					-
	ii). Where specific provisions are no less than 20% of the outstanding amount of the past due claim		1.00	352,379,382.00	352,379,382.00
					-
	iii). Where specific provisions are more than 50% of the outstanding amount of the past due claim		0.50	108,581,570.00	54,290,785.00
					-



# NOTES TO THE FINANCIAL STATEMENTS

## A.1 Risk Weighted Asset for credit risk on Balance Sheet exposer (Contn'd)

SI	Exposure type	Rating	Risk Weight	Exposure	RWA
	2. Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there against is less than 20% of the outstanding amount		1.00	45,690,778	45,690,778.00
	3. Loans and claims fully secured against residential property that are past due for more than 90 days and/or impaired and specific provision held there- against is more than 20% of outstanding amount		0.75	22,847,139	17,135,354.25
p	Capital Market Exposure		1.25	1,167,406,761	1,459,258,451.25
q	Investment in venture capital		1.50	-	-
r	Unlisted equity investments and regulatory capital instruments issued by other Fis (other than those deducted from capital) held in the Banking book.		1.25	62,687,408.00	78,359,260.00
s	Investment in premises, plant and equipment and all other fixed assets		1.00	27,450,507.00	27,450,507.00
t	Claims on all fixed assets under operating lease		1.00		-
u	All Other Assets				-
	i). Claims on GOB & BB (eg. Advanced Income Tax, reimbursement of Patirakkha/Shadharon Shanchoy Patra, etc.)		0.00	361,910,071.00	-
	ii) Staff Loan/ Investment		0.20	16,823,730.00	3,364,746.00
	iii) Cash items in process of collection		0.20	-	-
	iv) Other Assets (net of specific provision, if any)		1.00	420,420,568.00	420,420,568.00
	<b>Total</b>			<b>12,457,644,088</b>	<b>11,339,673,435</b>

# NOTES TO THE FINANCIAL STATEMENTS

## A.2 Risk Weighted Asset for credit risk on Off Balance Sheet exposur (As at 31 December, 2012)

SI	Exposure type	Rating	Risk Weight	Exposure	RWA
a.	Claims on Bangladesh Government & BB		0.00		-
b.	Claims on other Sovereigns & Central Banks		0.00		-
c.	Claims on Bank for International settlements International Monetary Fund and European Central Bank		0.00		-
	Claims on Multilateral Development Banks (MDBs)				
	i). IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB EIF, NIB, CDB, IDB, CEDB		0.00		-
	ii). Other MDBs	1	0.20		-
		2,3	0.50		-
		4,5	1.00		-
		6	1.50		-
		Unrated	0.50		-
d.	Claims on Public sector entities (Other than Government) in Bangladesh.	1	0.20		-
		2,3	0.50		-
		4,5	1.00		-
		6	1.50		-
		Unrated	0.50		-
e.	Claims on NBFIs and Banks				
	i). Maturity over 3 months	1	0.20		-
		2,3	0.50		-
		4,5	1.00		-
		6	1.50		-
		Unrated	1.00		-
	ii). Maturity upto 3 months		0.20		-
f.	Claims on corporate	1	0.20		-
		2	0.50	294,276,990	147,138,495
		3,4	1.00		-
		5,6	1.50		-
		Unrated	1.25		-
g.	Claims against retail portfolio & Small Enterprise (Excluding consumer loan)		0.75		-
h.	Consumer finance		1.00		-
i.	Claims fully secured by residential property		0.50		-
j.	Claim fully secured by commercial real estate		1.00		-
k.	Investment in venture capital		1.50		-
l.	All other assets		1.00		-
	<b>Total</b>			<b>294,276,990</b>	<b>147,138,495</b>

# NOTES TO THE FINANCIAL STATEMENTS

## A.2.1 Credit Conversion Factors Off - Balance Sheet Exposures (As at 31 December, 2012)

SI No.	Market Risk	CCF	Notional Amount	Credit Exposure
a).	Direct Credit Substitutes	100%	-	
b).	Lending of securities or posting of securities as collateral		-	
c).	Other commitment with certain drawdown			
d).	Performance related contingencies	50%	570,833,980.00	285,416,990.00
e).	Commitments with original maturity over one year or less			
f).	Trade related contingencies	20%	44,300,000.00	8,860,000.00
g).	Commitment with original maturity of one year or less			
h).	Other commitments that can be unconditionally cancelled by any time	0%		
i).	Foreign exchange contract		-	
	<b>Total</b>		<b>615,133,980</b>	<b>294,276,990</b>

## B.1 Market Risk

31 Dec, 2012  
Taka

31 Dec, 2011  
Taka

SI No.	Market Risk	Total Capital Charge	Total Capital Charge
A.	Interest Rate Related Instruments	-	-
B.	Equities	25,764,295	1,718,798
C.	Foreign Exchange Position (if any)	-	-
D.	Commodities (if any)	-	-
	<b>Total</b>	<b>25,764,295</b>	<b>1,718,798</b>

# NOTES TO THE FINANCIAL STATEMENTS

## B.1.1 Capital Charge on Equities

SI No.	Particulars	Amount (Market Value)	RW	Capital Charge	Capital Charge
a.	Specific Risk	128,821,475	10%	12,882,148	859,399
b.	General Market Risk	128,821,475	10%	12,882,148	859,399
	<b>Total</b>	<b>257,642,950</b>		<b>25,764,295</b>	<b>1,718,798</b>

## C.1 Capital Charge for Operational Risk (Basic Indicator Approach) (As at 31 December, 2012)

SI No.	Operational Risk	Year, 2011	Year, 2010	Year, 2009	Capital Charge
		A	B	C	$[(A+B+C)*15\%]/3$
a.	Gross Income	252,276,514	893,372,044	312,478,596	72,906,358

### Amount in Taka

Ref.

31-Dec-2012

31-Dec-2011

IAS 1.77	14	<b>Statutory Reserve:</b>		
		<b>Opening Balance</b>	205,700,000	201,900,000
		Add: Addition during the year	6,500,000	3,800,000
		<b>Closing Balance</b>	<b>212,200,000</b>	<b>205,700,000</b>

The company has transferred 20% of net profit to statutory reserve as per the Financial Institutions Regulations, 1994.

IAS 1.77	15	<b>General Reserve:</b>		
		<b>Opening Balance</b>	44,000,000	43,000,000
		Add: Addition during the year	500,000	1,000,000
		<b>Closing Balance</b>	<b>44,500,000</b>	<b>44,000,000</b>

### 15.a Consolidated General Reserve:

IIDFCL	44,500,000	44,000,000
IIDFC Securities Limited	17,000,000	17,000,000
IIDFC Capital Limited	-	-
	<b>61,500,000</b>	<b>61,000,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.		31-Dec-2012	31-Dec-2011
IAS 1.77	16 <b>Other Reserve:</b>		
	<b>Opening Balance</b>	-	-
	Add: Addition during the year	-	-
	<b>Closing Balance</b>	-	-
	17 <b>Stock Dividend:</b>		
	<b>Opening Balance</b>	295,902,000	131,512,000
	Add: Interim stock Dividend for the year 2012	213,707,000	164,390,000
	Less: Converted into Paid up Capital	(509,609,000)	-
	<b>Closing Balance</b>	-	<b>295,902,000</b>
	17.a <b>Consolidated Stock Dividend</b>		
	IIDFC Limited	-	295,902,000
	IIDFC Securities Ltd	25,000,000	-
		25,000,000	295,902,000
IAS 1.77	18 <b>Retained Earnings carried forward</b>		
	<b>Opening Balance</b>	223,779,431	374,577,072
	Net profit during the year	22,216,982	18,392,359
	Less: Statutory Reserve	(6,500,000)	(3,800,000)
	Less: General Reserve	(500,000)	(1,000,000)
	Less: Interim stock Dividend for the year 2012	(213,707,000)	(164,390,000)
	<b>Closing Balance</b>	<b>25,289,413</b>	<b>223,779,431</b>
	18.a <b>Retained Earnings carried forward:</b>		
	IIDFCL	25,289,413	223,779,431
	IIDFC Securities Limited (note-18.a.1)	(8,548,583)	48,327,791
	IIDFC Capital Limited (note-18.a.2)	(93,830,564)	3,172,270
	<b>Sub-Total</b>	<b>(77,089,734)</b>	<b>275,279,492</b>
	<b>Less: Minority Interest</b>	<b>(3,951)</b>	<b>4,937</b>
	<b>Total</b>	<b>(77,085,783)</b>	<b>275,274,555</b>
	18.a.1 <b>Retained Earnings of IIDFC Securities Limited</b>		
	Opening Balance	48,327,791	434,962
	Net profit during the year	(31,876,374)	64,892,829
	Less: General Reserve	(25,000,000)	17,000,000
	<b>Closing Balance</b>	<b>(8,548,583)</b>	<b>48,327,791</b>
	18.a.2 Retained Earnings of IIDFC Capital Limited		
	Opening Balance	3,172,270	54,542,000
	Net profit during the year	(97,002,834)	(51,369,730)
	<b>Closing Balance</b>	<b>(93,830,564)</b>	<b>3,172,270</b>
IAS 27.6, 27.26	18.a.3 <b>Minority Interest:</b>		
	Share Capital (Minority)	86,000	20,091
	Retained earnings	(3951)	4,937
	<b>Closing Balance</b>	<b>82,049</b>	<b>25,028</b>

Name of Subsidiary Company	Amount of Share Capital	Right of IIDFC	Share of IIDFC	Minority Interest
IIDFC Securities Limited	760,000,000	99.9900%	759,924,000	76,000
IIDFC Capital Limited	305,800,000	99.9967%	305,790,000	10,000
	<b>1,065,800,000</b>		<b>1,065,714,000</b>	<b>86,000</b>

IAS 37.86	19 <b>Contingent Liabilities &amp; Capital Expenditure Commitments:</b>		
	<b>Letter of Guarantee:</b>		
	Money for which the company is contingently liable in respect of guarantees given favoring:		
	Directors	-	-
	Government	-	-
	Banks and other Financial Institutions	-	-
	Others	568,436,780	770,833,980
	<b>Sub Total</b>	<b>568,436,780</b>	<b>770,833,980</b>
	<b>Letter of Credit:</b>		
	For import of equipments under Lease Finance	44,300,000	29,169,185
	<b>Sub-total</b>	<b>44,300,000</b>	<b>29,169,185</b>
	<b>Total</b>	<b>612,736,780</b>	<b>800,003,165</b>
	19.1 <b>Capital Expenditure Commitments:</b>		
	There was no capital expenditure contracted but not incurred or provided for as on 31 December, 2012. There was no capital expenditures authorized by the Board but not contracted as on 31 December, 2012.		

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.

IAS 1.97

		31-Dec-2012	31-Dec-2011
20	<b>Interest Income:</b>		
	Interest income from balance with other Banks & Financial Institutions	25,016,003	3,528,260
	Interest income from Lease Finance	292,282,426	371,137,259
	Interest income from Direct/ Term Finance	1,057,872,802	797,459,031
	Interest income from Secured Overdraft	170,296,893	96,815,520
	Interest income from Bills Discounted & Purchased	17,771,431	5,525,429
	Interest income from Margin Loan	-	-
	<b>Total</b>	<b>1,563,239,555</b>	<b>1,274,465,499</b>
20.a	<b>Consolidated Interest Income:</b>		
	IIDFCL	1,563,239,555	1,274,465,499
	IIDFC Securities Limited (note-20.a.1)	169,040,317	287,786,160
	IIDFC Capital Limited (note-20.a.2)	15,195,518	70,129,161
		<b>1,747,475,390</b>	<b>1,632,380,820</b>
	Less: Inter company transaction		
	IIDFC Securities Limited	190,307,588	
	IIDFC Capital Limited	42,404,222	
	<b>Total</b>	<b>1,514,763,580</b>	<b>1,390,405,603</b>
20.a.1	<b>Interest Income of IIDFC Securities Limited</b>		
	Interest income from margin loan	161,525,737	275,533,985
	Interest income from balance with other banks	7,514,580	12,252,175
	<b>Total</b>	<b>169,040,317</b>	<b>287,786,160</b>
20.a.2	<b>Interest Income of IIDFC Capital Limited</b>		
	Interest income from Margin Loan	14,519,148	67,579,961
	Interest income from balance with other Banks & Financial Institutions	676,370	2,549,201
	<b>Total</b>	<b>15,195,518</b>	<b>70,129,161</b>
IFRS 7.20	21 <b>Interest paid on Deposits, Borrowings etc.:</b>		
	<b>Interest on Deposits:</b>		
	Fixed Deposits	600,573,666	386,482,833
	Short-term Deposits	61,062,963	123,675,884
	Other Deposits	401,813	570,035
		<b>662,038,442</b>	<b>510,728,752</b>
	<b>Interest on Borrowings:</b>		
	For Borrowings from other Banks, Financial Institutions & Agent	<b>684,065,684</b>	<b>553,074,201</b>
	Long Term Loan	588,014,737	496,031,173
	Overdraft Facilities	77,944,972	49,327,125
	Money at call and short notice	18,105,975	7,715,903
	<b>Total</b>	<b>1,346,104,126</b>	<b>1,063,802,953</b>
21.a	<b>Consolidated Interest paid on Deposits, Borrowings etc.:</b>		
	IIDFCL	1,346,104,126	1,063,802,953
	IIDFC Securities Limited (note-22.a.1)	194,986,705	207,588,364
	IIDFC Capital Limited (note-22.a.2)	71,837,804	77,337,474
		<b>1,612,928,635</b>	<b>1,348,728,791</b>
	Less: Inter company transaction		
	IIDFC Securities Limited	190,307,588	
	IIDFC Capital Limited	42,404,222	
	<b>Total</b>	<b>1,380,216,825</b>	<b>1,106,753,574</b>
21.a.1	<b>Interest paid on Deposits, Borrowings etc. of IIDFC Securities Limited</b>		
	Interest on borrowing from IIDFC Ltd	190,307,588	199,570,995
	Interest on borrowing from bank & other financial institutions	4,679,117	8,017,369
	<b>Total</b>	<b>194,986,705</b>	<b>207,588,364</b>
21.a.2	<b>Interest paid on Deposits, Borrowings etc. of IIDFC Capital Limited</b>		
	Interest on borrowing from bank & other financial institutions	71,837,804	77,337,474



# NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		31-Dec-2012	31-Dec-2011
<a href="#">Ref.</a>			
IAS 18.35	22		
	<b>Income from Investment:</b>		
	Capital Gain	2,720,008	496,483
	Dividend Income	10,493,150	10,348,391
	<b>Total</b>	<b>13,213,158</b>	<b>10,844,874</b>
	22.a		
	<b>Consolidated Income from Investment:</b>		
	IIDFCL	13,213,158	10,844,874
	IIDFC Securities Limited	16,056,799	11,675,219
	IIDFC Capital Limited	(19,802,983)	1,761,809
	<b>Total</b>	<b>9,466,974</b>	<b>24,281,902</b>
	22.a.1		
	<b>Income from Investment of IIDFC Securities Limited</b>		
	Dividend income	8,958,804	522,465
	Capital gain on investment in securities	7,097,995	11,152,754
	<b>Total</b>	<b>16,056,799</b>	<b>11,675,219</b>
	22.a.2		
	<b>Income from Investment of IIDFC Capital Limited</b>		
	Dividend income	-	172,065
	Capital gain on investment in securities	(19,802,983)	1,589,744
	<b>Total</b>	<b>(19,802,983)</b>	<b>1,761,809</b>
IFRS 7.20©	23		
	<b>Commission, Exchange and Brokerage:</b>		
	Commission on Securities trading	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	23.a		
	<b>Commission, Exchange and Brokerage:</b>		
	IIDFCL	-	-
	IIDFC Securities Limited	52,078,728	107,641,802
	IIDFC Capital Limited	10,332,891	31,888,127
	<b>Total</b>	<b>62,411,619</b>	<b>139,529,929</b>
IAS 1.97	24		
	<b>Other Operating Income:</b>		
	Syndication Fee income	7,103,332	23,390,932
	Bank Guarantee income	2,625,346	1,950,550
	Application & Processing Fees	2,020,996	2,316,463
	Transfer Fees	662,825	459,204
	Notice pay received	448,865	290,322
	Profit from sale of car	(1,036,325)	1,913,340
	LC Commission	11,079	-
	Cancellation charges	508,868	448,283
	<b>Total</b>	<b>12,344,986</b>	<b>30,769,094</b>
	24.a		
	<b>Consolidated Other Operating Income:</b>		
	IIDFCL	12,344,986	30,769,094
	IIDFC Securities Limited (note-24.a.1)	1,623,538	7,640,783
	IIDFC Capital Limited (note-24.a.2)	638,632	2,332,677
	<b>Total</b>	<b>14,612,156</b>	<b>40,742,554</b>
	<b>Less: Inter company income</b>	<b>326,389</b>	<b>-</b>
	<b>Total</b>	<b>14,285,767</b>	<b>40,742,554</b>
	24.a.1		
	<b>Other Operating Income of IIDFC Securities Limited</b>		
	BO & Trading Accounts Maintenance Income	1,531,955	1,656,709
	Income against CDBL charges	-	5,821,999
	Notice pay received	68,583	108,075
	Cheque dishonour charges	17,000	54,000
	Others	11,000	-
	<b>Total</b>	<b>1,628,538</b>	<b>7,640,783</b>
	24.a.2		
	<b>Other Operating Income of IIDFC Capital Limited</b>		
	Underwriting commission	272,600	1,050,043
	Capital gain from investment in shares	-	-
	Interest on loan to IIDFC	326,389	-
	CDBL fee refunded	39,643	1,282,634
	<b>Total</b>	<b>638,632</b>	<b>2,332,677</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.			31-Dec-2012	31-Dec-2011
IAS 1.104	25	<b>Salaries &amp; Allowances:</b>		
		Basic Salary	42,461,410	46,012,539
		Allowances	25,003,943	22,705,949
		Bonus	6,182,471	11,868,528
		Company's contribution Provident Fund	3,478,537	3,128,408
		Group Insurance	749,256	1,205,871
		Retirement benefits & Gratuity	3,100,241	1,453,712
		<b>Total</b>	<b>80,975,858</b>	<b>86,375,007</b>
25.a		<b>Consolidated Salaries &amp; Allowances:</b>		
		IIDFCL	80,975,858	86,375,007
		IIDFC Securities Limited (note-25.a.1)	26,305,638	39,776,900
		IIDFC Capital Limited (note-25.a.2)	10,555,188	16,169,832
		<b>Total</b>	<b>117,836,684</b>	<b>142,321,739</b>
25.a.1		<b>Salaries &amp; Allowances of IIDFC Securities Limited</b>		
		Basic Salary	13,309,220	19,782,702
		Allowances	8,035,170	7,504,006
		Bonus	2,203,416	8,015,641
		Company's contribution to provident fund	1,208,673	1,961,629
		Group insurance	655,691	725,589
		Retirement benefits & gratuity	893,468	1,787,333
		<b>Total</b>	<b>26,305,638</b>	<b>39,776,900</b>
25.a.2		<b>Salaries &amp; Allowances of IIDFC Capital Limited</b>		
		Basic Salary	5,263,159	7,330,432
		Allowances	3,984,134	4,647,458
		Bonus	864,796	4,006,957
		Employee recreation	-	184,985
		Company's contribution Provident Fund	443,099	-
		Retirement benefits & Gratuity	-	-
		<b>Total</b>	<b>10,555,188</b>	<b>16,169,832</b>
IAS 1.97	26	<b>Rent, Taxes, Insurance, Electricity etc.:</b>		
		Rent, Rate and Taxes	11,738,402	11,146,943
		Insurance	674,042	619,247
		Electricity, Gas and Water	2,530,511	2,054,509
		<b>Total</b>	<b>14,942,955</b>	<b>13,820,699</b>
26.a		<b>Consolidated Rent, Taxes, Insurance, Electricity etc.:</b>		
		IIDFCL	14,942,955	13,820,699
		IIDFC Securities Limited (note-26.a.1)	20,711,889	19,836,625
		IIDFC Capital Limited (note-26.a.2)	4,746,073	4,379,465
		<b>Total</b>	<b>40,400,917</b>	<b>38,036,789</b>
26.a.1		<b>Rent, Taxes, Insurance, Electricity etc. of IIDFC Securities Limited</b>		
		Rent, Rates and Taxes	19,224,938	18,396,220
		Insurance	50,623	60,981
		Electricity, Gas and Water	1,436,328	1,379,424
		<b>Total</b>	<b>20,711,889</b>	<b>19,836,625</b>
26.a.2		<b>Rent, Taxes, Insurance, Electricity etc. of IIDFC Capital Limited</b>		
		Rent, Rates and Taxes	3,869,476	3,463,578
		Insurance	244,728	307,782
		Electricity, Gas and Water	631,869	608,105
		<b>Total</b>	<b>4,746,073</b>	<b>4,379,465</b>
IFRS 7.20©	27	<b>Legal Expenses:</b>		
		Professional charges	2,145,938	985,346
		Legal Expenses	1,854,722	1,171,585
		<b>Total</b>	<b>4,000,660</b>	<b>2,156,931</b>

# NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		31-Dec-2012	31-Dec-2011
Ref. IAS 1.77	27.a <b>Consolidated Legal Expenses:</b>		
	IIDFCL	4,000,660	2,156,931
	IIDFC Securities Limited	92,800	825,363
	IIDFC Capital Limited	172,023	177,408
	<b>Total</b>	<b>4,265,483</b>	<b>3,159,702</b>
IAS 1.97	28 <b>Postage, Stamp, Telecommunications etc.:</b>		
	Postage and Courier	117,777	122,758
	Phone, Fax & Internet	2,545,913	2,339,744
	<b>Total</b>	<b>2,663,690</b>	<b>2,462,502</b>
	28.a <b>Consolidated Postage, Stamp, Telecommunications etc.:</b>		
	IIDFCL	2,663,690	2,462,502
	IIDFC Securities Limited	2,007,770	2,295,058
	IIDFC Capital Limited	439,182	954,321
	<b>Total</b>	<b>5,110,642</b>	<b>5,711,881</b>
IAS 1.97	29 <b>Stationery, Printing, Advertisement etc.:</b>		
	Printing & Stationery	2,270,205	5,198,758
	Advertisement	4,010,937	14,350,083
	<b>Total</b>	<b>6,281,142</b>	<b>19,548,841</b>
	29.a <b>Consolidated Stationery, Printing, Advertisement etc.:</b>		
	IIDFCL	6,281,142	19,548,841
	IIDFC Securities Limited	497,581	947,020
	IIDFC Capital Limited	147,662	334,904
	<b>Total</b>	<b>6,926,385</b>	<b>20,830,765</b>
IAS 1.97	30 <b>Managing Director's Salary and Fees:</b>		
	Basic Salary	3,000,000	3,000,000
	Bonus	500,000	1,500,000
	House Rent Allowance	1,500,000	1,500,000
	Medical Allowance	150,000	150,000
	Entertainment Allowance	150,000	150,000
	Car Allowance	713,843	751,634
	Leave Fare Assistance	-	250,000
	Group Insurance	50,571	50,850
	Earned Leave	400,000	-
	<b>Total</b>	<b>6,464,414</b>	<b>7,352,484</b>
IAS 1.97	31 <b>Directors' Fees</b>		
	Directors' Fees	540,000	710,000
	<b>Total</b>	<b>540,000</b>	<b>710,000</b>
Directors' fees for attending each board meeting are TK. 5,000.00 (Five Thousand) as per Bangladesh Bank Circular. No. 03, dated 24 February, 2010. Directors have not been paid any fees/remuneration for any special services rendered.			
	31.a <b>Consolidated Directors' Fees</b>		
	IIDFCL	540,000	710,000
	IIDFC Securities Limited	105,885	182,354
	IIDFC Capital Limited	37,648	90,796
	<b>Total</b>	<b>683,533</b>	<b>983,150</b>
IAS 1.97	32 <b>Auditor's Fees:</b>	<b>269,200</b>	<b>143,750</b>
	32.a <b>Auditor's Fees:</b>		
	IIDFCL	269,200	143,750
	IIDFC Securities Limited	61,250	58,500
	IIDFC Capital Limited	75,000	62,500
	<b>Total</b>	<b>405,450</b>	<b>264,750</b>
	33 <b>Loans &amp; Advances written-off:</b>		
	Loans & Advances written-off	18,095,008	18,120,222
	Interest waived	-	-
	<b>Total</b>	<b>18,095,008</b>	<b>18,120,222</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

Ref.  
IAS 1.97

33.a **Consolidated Loans & Advances written-off:**

IIDFCL

IIDFC Securities Limited

IIDFC Capital Limited

**Total**

IAS 1.104

34 **Repair, Depreciation and Amortizations of Company's Assets:**

**Repair of Company's Assets:**

Furniture & Fixtures

Office Equipments

**Sub Total**

**Depreciation of Company's Assets:**

Own Assets

**Sub Total**

**Amortisation of Company's Assets:**

Computer Software

**Total Repair and Depreciation of Company's Assets:**

34.a **Consolidated Repair, Depreciation and Amortisation of Company's Assets:**

**Repair of Company's Assets:**

IIDFCL

IIDFC Securities Limited

IIDFC Capital Limited

**Depreciation of Company's Assets:**

IIDFCL

IIDFC Securities Limited

IIDFC Capital Limited

**Amortisation of Company's Assets:**

IIDFCL

IIDFC Securities Limited

IIDFC Capital Limited

**Total Repair and Depreciation of Company's Assets:**

IAS 1.97

35 **Other Expenses:**

Office Maintenance

Traveling & Conveyance

Meeting Expenses

Entertainment

Car Running & Maintenance Expenses

Bank Charge & Excise Duty

Interest for Lease Facility

Training Expenses

Membership Fees & Subscriptions

Books & Periodicals

Capital Issue Expenses

BO Account Charges

ADB Project Expenses

**Total**

35.a **Consolidated Other Expenses:**

IIDFCL

IIDFC Securities Limited

IIDFC Capital Limited

**Total**

IAS 37.84

36 **Provision for Loans & Advances:**

Provision for classified Loans & Advances

Provision for unclassified Loans & Advances

Provision for diminution in value of Investments

Provision for Off-balance Sheet Items

**Total**

36.a **Consolidated Provision for Loans & Advances:**

Provision for classified Loans & Advances

Provision for unclassified Loans & Advances

Provision for diminution in value of Investments

Provision for Off-balance Sheet Items

**Total**

31-Dec-2012

31-Dec-2011

18,095,008	18,120,222
-	239,903
-	-
<b>18,095,008</b>	<b>18,360,125</b>
523,754	301,309
466,736	823,134
<b>990,490</b>	<b>1,124,443</b>
8,209,411	9,072,928
<b>8,209,411</b>	<b>9,072,928</b>
423,184	367,325
<b>9,623,085</b>	<b>10,564,696</b>
990,490	1,124,443
82,732	151,242
501,768	21,900
<b>1,574,990</b>	<b>1,297,585</b>
8,209,411	9,072,928
4,971,712	4,522,363
2,278,668	2,258,145
<b>15,459,791</b>	<b>15,853,436</b>
423,184	367,325
222,211	281,251
838,097	838,097
<b>1,483,492</b>	<b>1,486,673</b>
<b>18,518,273</b>	<b>18,637,694</b>
1,705,571	1,677,827
7,121,237	4,461,548
1,523,471	1,210,208
856,326	3,973,463
5,177,490	4,659,981
473,409	639,404
2,240,304	1,656,926
173,179	1,179,730
782,300	391,310
138,840	89,618
134,058	-
-	-
871,168	549,228
<b>21,197,353</b>	<b>20,489,243</b>
21,197,353	20,489,243
6,267,504	18,297,441
1,852,195	4,995,511
<b>29,317,052</b>	<b>43,782,195</b>
20,628,487	10,023,073
1,466,473	8,354,578
12,828,266	223,442
-	-
<b>34,923,226</b>	<b>18,601,093</b>
20,628,487	62,902,361
(10,979,337)	(91,219)
17,768,573	30,852,424
-	-
<b>49,376,397</b>	<b>93,663,566</b>

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

31-Dec-2012

31-Dec-2011

[Ref.](#)

## IAS 37.84 37 **Provision for Tax:**

Provision for Current Tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof. The current tax rate for the Company is 42.50% on taxable income.

### **Provision for Current Tax:**

#### **Opening Balance**

Add: Provision made during the year

Less: Settlement during the year

#### **Closing Balance**

219,447,000	185,908,313
20,500,000	33,538,687
-	-
<b>239,947,000</b>	<b>219,447,000</b>
<hr/>	
284,189,698	221,003,580
-	-
30,299,491	63,186,118
-	-
<b>314,489,189</b>	<b>284,189,698</b>

## 37.a **Consolidated Provision for Tax:**

Opening Balance

Add: Provision made during the year

Current Tax  
Deferred Tax

29,734,908  
564,583

Less: Settlement during the year

#### **Closing Balance**

## IAS 33.70 38 **Earnings Per Share (EPS):**

Earnings Per Share (EPS) as shown in the face of Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standards (BAS) No. 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 Taka)**

22,216,982	18,392,359
10,000,000	3,287,800
<b>2.22</b>	<b>5.59</b>

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

## 38.a **Earnings Per Share (EPS):**

Earnings per Share (EPS) as shown in the face of Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standards (BAS) No. 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 Taka)**

(106,662,225)	31,915,457
10,000,000	3,287,800
<b>(10.67)</b>	<b>9.71</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

31-Dec-2012

31-Dec-2011

IAS 24.17 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 Bangladesh Accounting Standards No. 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 Balance Taka	Outstanding Balance Taka
Southeast Bank Ltd.	Sponsor Shareholder	FDR Placement	31,740,123	6,417,682
Mutual Trust Bank Ltd.	Sponsor Shareholder	FDR Placement	16,302,318	70,315,672
Bank Asia Ltd	Sponsor Shareholder	STD	307,337,739	-
BRAC Bank Ltd	Sponsor Shareholder	Term Deposit	100,000,000	-
Janata Bank Ltd	Sponsor Shareholder	Term Deposit	100,000,000	100,000,000
Mutual Trust Bank Ltd	Sponsor Shareholder	Term Deposit		-
National Bank Ltd	Sponsor Shareholder	Term Deposit		-
Sonali Bank Ltd.	Sponsor Shareholder	Term Deposit	150,000,000	150,000,000
The City Bank Ltd .	Sponsor Shareholder	Term Deposit	-	10,000,000
National Life Insurance Co. Ltd.	Sponsor Shareholder	Term Deposit		220,800,000
Eastland Insurance Co. Ltd.	Sponsor Shareholder	Term Deposit		22,554,549
Pragati Insurance Company Ltd	Sponsor Shareholder	Term Deposit		-
Bank Asia Ltd.	Sponsor Shareholder	Borrowings	25,661,119	50,776,960
National Bank Ltd.	Sponsor Shareholder	Borrowings		-
BRAC Bank Ltd.	Sponsor Shareholder	Borrowings	22,185,802	53,395,511
Janata Bank Ltd.	Sponsor Shareholder	Borrowings		
Mutual Trust Bank Ltd.	Sponsor Shareholder	Borrowings	185,156,554	308,926,682
			<b>938,383,655</b>	<b>993,187,056</b>

## 40 Board Meetings:

During the period total 13 board meetings were held.



# NOTES TO THE FINANCIAL STATEMENTS

## 41 Audit Committee

### a Particulars of audit committee

In pursuance of the directives of Bangladesh Bank vide DFIM circular no 10 dated 18 September, 2005, 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. S.M. Aminur Rahman	Director	Chairman	Managing Director, Janata Bank Ltd.
Mr. Pradip Kumar Dutta	Director	Member	Managing Director, Sonali Bank Ltd.
Mr. Md. Fayekuzzaman	Director	Member	Managing Director, ICB
Mr. Neaz Ahmed	Director	Member	Managing Director, National Bank Ltd.
Mr. Mahmudul Haque Taher	Director	Member	Chairman, National Life Insurance Co. Ltd.

*The company Secretary of IIDFC acts as the secretary of the Committee*

### b Meetings held by the committee during the year

No. Meeting	Date of Meeting
Seventh (7th)	23-Apr-12
Eighth (8th)	11-Jun-12
Ninth (9th)	30-Dec-12

### c The audit committee has discussed the following issues during the year 2012

- The audit committee reviewed the Financial Statements for the year ended December 31, 2012.
- Reviewed and discussed the Management Letter provided by the external auditor Hoda Vasi Chowdhury & Co. for the year ended December 31, 2011 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 Inspection Report 2011 and management's response to the report.
- Reviewed various reports of internal Control & Compliance Department

# NOTES TO THE FINANCIAL STATEMENTS

42 Others:

## 42.1 Artha Rin Suit Status as on 31.12.2012

Name of the Client	Agreement No.	Suit Value	Remarks
Mitsumaru (B.D) Limited	LA# 018/20003	9,348,367	The suit is Decreed in favor of IIDFC & the copy of Judgment yet to be received . In the meantime the client was paid Tk.10.00 (Ten lac) and committed to submit a proposal of compromise.
Apperal Color Ltd.	LF#023/07 & LF#073/2007	8,270,787	Stayed the suit U/S-44 of the Artha Rin Adalat Ain, 2003. In the meantime the account has been rescheduled.
Setu International Limited	01010903, 03/L/2151/9022 4/72/761001/18 & DF# 87/2004	36,967,596	Next date fixed for Petition hearing on 27.03.2013
Setu International Limited	The Suit is filed with Rupali Bank Ltd.	22,705,521	The suit is being looking after by Rupali bank Limited (Lead Banker), next date not yet fixed.
Cab Bangla	03/S/6100/90400 1/72761024/02 Now (LA# 003/03)	16,683,430	Next date is fixed for submitteting tender procedure of the taxi cabs. On 24.04.2013.
Swapna Steel Limited	DF# 010/2009 & DF#075/2009	9,151,214	Next date is fixed for execution of Warrant of Arrest on 14.05.2013
Swapna Enterprise	DF#053/2008 & DF#097/2008	11,181,546	Next date is fixed for execution of Warrant of Arrest on 14.05.2013
Lagaan	DF# 060/2007 & 054/2008	6,244,184	Next date is fixed for order on 28.03.2013
Setu Computerised Labels Ltd.	DF# 093/2008 & 099/2010	20,667,836	Next date is fixed for execution of Warrant of Arrest on 23.04.2013
Shamsi Lamps Limited	LA# 054/05	23,905,579	Next date is fixed for Serving Somon (S.R)
<b>Total</b>		<b>165,126,060</b>	

### 42.2 Unacknowledged Debt:

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

### 42.3 Employees' Information:

A total number of 80 employees were employed in IIDFC as of 31 December, 2012. All the employees received salary more than Tk. 36,000.00 p.a. during the period 2012.

### IAS 1.98 (d) 42.4 Written-off of Accounts:

During the period under review, an amount of Tk. 18,095,008 has been written-off from the books of accounts of the company with the approvals of Board of Directors via meeting no. 154 dated 30 December, 2012 and Tk. 18,120,222.00 was written-off in the corresponding previous year.

### 42.5 Subsequent Events:

No subsequent events are occurred after the balance sheet date.

### 43 General:

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

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

  
Md. Matiu Islam  
Chairman

  
Md. Asaduzzaman Khan  
Managing Director

  
Md. Shamim Ahamed  
Company Secretary

## Annexure - 1

### Industrial and Infrastructure Development Finance Company Limited

#### Fixed Assets Schedule

As at 31 December 2012

Ref.  
IAS 16.73

#### Property, Plant & Equipment - Own Finance

Figures in Taka

Serial No.	Particulars	COST			Rate	ACCUMULATED DEPRECIATION				Net Book Value as at 31 Dec 2012
		Opening Balance as at 1 Jan 2012	Additions During the Year	Sale/Transfer during the year		Closing Balance as at 31 Dec 2012	Opening Balance as at 1 Jan 2012	Charged during the year	Adjustment during the year	Closing Balance as at 31 Dec 2012
1	Motor Vehicles	19,180,295	1,742,000	1,250,000	20%	19,672,295	10,320,262	3,257,907	1,250,000	12,328,169
2	Furniture & Fixtures	11,102,297	116,585	30,000	10%	11,188,882	2,924,046	1,116,693	28,250	4,012,489
3	Office Equipments	28,411,422	1,628,806	1,345,575	18%	28,694,653	11,402,546	6,400,138	1,287,077	16,515,607
As on 31 December 2012		58,694,014	3,487,391	2,625,575		59,555,830	24,646,854	10,774,738	2,565,327	32,856,265
As on 31 December 2011		34,507,631	28,240,667	4,054,284		58,694,014	19,069,997	9,072,928	3,496,071	24,646,854
										34,047,160

#### Intangible Asset - Computer Softwares

Figures in Taka

Serial No.	Particulars	COST			Rate	AMORTISATION				Net Book Value as at 31 Dec 2012
		Opening Balance as at 1 Jan 2012	Additions During the Year	Adjustment during the year		Closing Balance as at 31 Dec 2012	Opening Balance as at 1 Jan 2012	Charged during the year	Adjustment during the year	Closing Balance as at 31 Dec 2012
1	Computer Softwares	2,224,026	27,000	-	18%	2,251,026	1,076,900	423,184	-	1,500,084
As on 31 December 2012		2,224,026	27,000	-		2,251,026	1,076,900	423,184	-	1,500,084
As on 31 December 2011		1,964,026	260,000	-	18%	2,224,026	709,575	367,325	-	1,076,900
										1,147,126

**Industrial and Infrastructure Development Finance Company Limited**  
**Consolidated Fixed Assets Schedule**

As at 31 December 2012

Ref. IAS 16.73 **Property, Plant & Equipment - Own Finance**

Figures in Taka

Serial No.	Particulars	COST				Rate	ACCUMULATED DEPRECIATION				Net Book Value as at 31 Dec 2012
		Opening Balance as at 1 Jan 2012	Additions During the Year	Sale/Transfer during the year	Closing Balance as at 31 Dec 2012		Opening Balance as at 1 Jan 2012	Charged during the year	Adjustment during the year	Closing Balance as at 31 Dec 2012	
1	Motor Vehicles	22,874,522	1,907,795	1,250,000	23,532,317	20%	12,450,240	3,990,374	1,250,000	15,190,614	8,341,703
2	Furniture & Fixtures	32,807,274	769,085	30,000	33,546,359	10%	5,236,122	3,352,442	28,250	8,560,314	24,986,045
3	Office Equipments	49,101,734	3,305,805	1,425,132	50,982,407	18%	15,878,375	10,412,302	1,319,387	24,971,290	26,011,117
As on 31 December 2012		104,783,530	5,982,685	2,705,132	108,061,083		33,564,737	17,755,118	2,597,637	48,722,218	59,338,865
As on 31 December 2011		42,934,520	65,903,294	4,054,284	104,783,530		21,196,122	15,864,686	3,496,071	33,564,737	71,218,793

**Intangible Asset - Computer Softwares**

Figures in Taka

Serial No.	Particulars	COST				Rate	AMORTISATION				Net Book Value as at 31 Dec 2012
		Opening Balance as at 1 Jan 2012	Additions During the Year	Adjustment during the year	Closing Balance as at 31 Dec 2012		Opening Balance as at 1 Jan 2012	Charged during the year	Adjustment during the year	Closing Balance as at 31 Dec 2012	
1	Computer Softwares	5,005,281	27,000	164,000	4,868,281	18%	1,346,900	967,055	51,660	2,262,295	2,605,986
As on 31 December 2012		5,005,281	27,000	164,000	4,868,281		1,346,900	967,055	51,660	2,262,295	2,605,986
As on 31 December 2011		1,964,026	3,041,255	-	5,005,281	18%	709,575	637,325	-	1,346,900	3,658,381

**Annexure-2**

**Industrial and Infrastructure Development Finance Company Limited**  
**Highlights**

Sl.	Particulars	2012	2011
1.	Paid-up Capital	1,000,000,000	328,780,000
2.	Total Capital	1,281,989,413	1,247,545,031
3.	Capital Surplus	281,989,413	918,765,031
4.	Total Assets	12,457,644,088	12,114,727,698
5.	Total Deposits	5,104,751,769	4,239,671,479
6.	Total Leases, Loans and Advances	8,970,982,947	8,678,263,667
7.	Total Contingent Liabilities and Commitments	612,736,780	800,003,165
8.	Credit Deposit Ratio	175.74%	204.69%
9.	Percentage of Classified Loans Against Total Loans and Assets	5.65%	4.89%
10.	Profit After Tax and Provision	22,216,982	18,392,359
11.	Amount of Classified Loans During Current Year	506,651,730	424,598,000
12.	Provisions Kept Against Classified Loans	173,622,554	173,431,328
13.	Provision Surplus Against Classified Loans	1,478,352	12,111,808
14.	Cost of Fund	14.50%	13.71%
15.	Interest Earnings Assets	10,244,365,196	10,206,554,854
16.	Non- Interest Earnings Assets	2,213,278,892	1,908,172,844
17.	Return on Investment (ROI)	7.16%	5.77%
18.	Return on Assets (ROA)	6.48%	5.28%
19.	Income from Investment	1,576,452,713	1,285,310,373
20.	Earnings per Share	2.22	5.59
21.	Net Income per Share	2.22	5.59
22.	Price Earnings Ratio	N/A	N/A





Auditors' Report  
to the Shareholders  
of

**IIDFC Capital Limited**



Mohammad Saleh Ahmed, Chief Executive Officer





## AUDITORS' REPORT

### Auditors' Report to the Shareholders of IIDFC Capital Limited

**W**e have audited the accompanying financial statements of IIDFC Capital Limited (the company), which comprises the statement of financial position (balance sheet) as at 31 December 2012, statement of comprehensive income (income and expenditure statement), statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

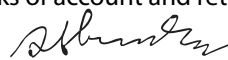
#### Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the results its operations and its cash flows for the year then ended and comply with the requirements of Companies Act 1994 and other applicable laws and regulations.

#### 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 those books; and
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (income and expenditure statement) dealt with by the report are in agreement with the books of account and returns.

Dated, 25 March 2013



**S. F. AHMED & CO**

Chartered Accountants

# STATEMENT OF FINANCIAL POSITION

( Balance Sheet)

## IIDFC Capital Limited

Statement of Financial Position (Balance Sheet)  
as on December 31, 2012

Amount in Taka


	Notes	At 31 Dec 2012	At 31 Dec 2011
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property plant and equipment	3	7,443,336	9,596,155
Intangible asset	4	30,196,209	30,196,209
Pre-operating expenses	5	-	838,098
Deferred tax assets	9	87,979	-
<b>Total non- current assets</b>		<b>37,727,524</b>	<b>40,630,462</b>
<b>Current Assets</b>			
Investment in quoted securities	6	-	132,273,258
Margin loans	7	689,879,502	644,687,199
Advances and receivables	8	42,953,628	41,945,213
Receivable from brokerage houses		651,507	7,982,737
Cash and cash equivalents	10	983,881	62,490,751
<b>Total current assets</b>		<b>734,468,518</b>	<b>889,379,158</b>
<b>Total assets</b>		<b>772,196,042</b>	<b>930,009,620</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	11	305,800,000	305,800,000
Retained earnings	12	(133,830,564)	(36,827,730)
Shareholders' equity		171,969,436	268,972,270
<b>Non-Current Liability</b>			
Term loan	13	295,207,058	338,557,189
Deferred tax liability		-	47,557
<b>Total non-current liability</b>		<b>295,207,058</b>	<b>338,604,746</b>
<b>Current Liabilities</b>			
Short term loan	14	54,436,351	139,877,893
Interest suspense account		156,018,509	50,424,921
Accruals and provisions	15	14,909,327	33,751,863
Payable to IIDFC Limited	16	2,831,033	2,474,063
Provision for taxation	17	35,400,954	35,390,634
General provision on outstanding loans	18	-	6,446,872
Customers' deposits	19	1,844,892	5,035,268
Provision for diminution in value of investment		-	25,693,076
Provision for loan loss on margin loan	20	39,578,482	23,256,347
Accounts payable		-	81,668
<b>Total current liabilities</b>		<b>305,019,548</b>	<b>322,432,604</b>
<b>Total liabilities</b>		<b>600,226,606</b>	<b>661,037,350</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>772,196,042</b>	<b>930,009,620</b>

See Annexed Notes

for IIDFC Capital Limited

  
**Md. Matiul Islam**  
Chairman

  
**Mohammad Saleh Ahmed**  
Chief Executive Officer

  
**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed

**S. F. AHMED CO**  
Chartered Accountants

25 March, 2013

■ IIDFC ANNUAL REPORT 2012

# STATEMENT OF FINANCIAL POSITION

## (Income Statement)

### IIDFC Capital Limited

#### Statement of Comprehensive Income (Income and Expenditure Statement)

for the year ended December 31, 2012

	Notes	Amount in Taka	
		Year Ended 31 Dec 2012	Year Ended 31 Dec 2011
Interest income	21	15,195,518	70,129,161
Interest expense	22	(71,837,804)	(77,337,474)
Net interest income		(56,642,286)	(7,208,312)
Fee and commission income	23	13,376,767	55,157,371
Fee and commission expense	24	(3,043,876)	(23,269,244)
Net fee and commission income		10,332,891	31,888,127
Income from investment in securities	25	-	1,589,744
Loss on investment in securities		(19,802,982)	-
Other operating income	26	598,989	1,222,108
Total operating income		(65,513,388)	27,491,668
Operating expenses	27	(18,526,740)	(27,186,636)
Depreciation	3	(2,278,668)	(2,258,145)
Amortisation	5	(838,098)	(838,097)
Operating profit		(87,156,894)	(2,791,210)
Non operating income		39,643	1,282,634
Profit / (loss) before provision		(87,117,251)	(1,508,576)
General provision on outstanding loans	18	-	(273,540)
Provision for loan losses	20	(9,875,263)	(23,256,347)
Provision for diminution in value of investment		-	(25,693,076)
		(9,875,263)	(49,222,963)
Profit/(loss) before income tax		(96,992,514)	(50,731,539)
Provision for corporate income tax	28	(10,320)	(638,191)
Current tax		145,856	620,100
Deferred tax		(135,536)	18,091
Net loss after tax		(97,002,834)	(51,369,730)

See Annexed Notes


for IIDFC Capital Limited

  
Md. Matiul Islam  
Chairman

  
Mohammad Saleh Ahmed  
Chief Executive Officer

  
Md. Shamim Ahamed  
Company Secretary

Signed in terms of our report of even date annexed

  
S. F. AHMED CO  
Chartered Accountants

25 March, 2013

IIDFC ANNUAL REPORT 2012

# STATEMENT OF CASH FLOWS

## IIDFC Capital Limited

Statement of Cash Flows  
for the year ended December 31, 2012

Amount in Taka

### A. Cash Flows from Operating Activities

Interest and commission receipts  
Fee and commission income  
Other (loss)/income  
Customers' deposits  
Payment to employees  
Payment of operating expenses  
Interest paid  
Advances  
Current account with IIDFC Limited  
Loan to customers  
Net cash used in operating activities

Year Ended  
31 Dec 2012

15,195,518
10,332,891
(19,189,594)
(3,190,376)
(10,555,188)
(9,131,657)
(85,128,774)
699,202
356,970
73,643,419
(26,967,589)

Year Ended  
31 Dec 2011

70,129,162
31,888,127
4,094,486
(211,036,388)
(13,354,547)
(14,509,449)
(49,743,277)
(5,278,447)
(30,993,427)
214,885,561
(3,918,199)

### B. Cash Flows from Investing Activities

Investment in shares, etc  
Acquisition of property, plant and equipment  
Sale from property, plant and equipment  
Net cash from/(used in) investing activities

94,378,241
(173,095)
47,246
94,252,392

(111,627,772)
(5,553,536)
-
(117,181,308)

### C. Cash Flows from Financing Activities

Share capital  
Demand loan  
Refund of term loan  
Net cash from/(used in) financing activities

-
(85,441,542)
(43,350,131)
(128,791,673)

65,800,000
139,877,893
(39,824,712)
165,853,181


Net increase/(decrease) in cash and cash equivalents (A+B+C)  
Cash and cash equivalents at beginning of the year  
Cash and cash equivalents at end of the year

(61,506,870)
62,490,751
983,881

44,753,674
17,737,077
62,490,751

for IIDFC Capital Limited

  
**Md. Matiul Islam**  
Chairman

  
**Mohammad Saleh Ahmed**  
Chief Executive Officer

  
**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed

25 March, 2013

  
**S. F. AHMED CO**  
Chartered Accountants

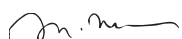
# STATEMENT OF CHANGES IN EQUITY

## IIDFC Capital Limited

Statement of Changes in Equity  
for the year ended December 31, 2012

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Year ended 31 December 2011:			
Balance at 01 January 2011	200,000,000	54,542,000	254,542,000
Share issued during the year	65,800,000	-	65,800,000
Bonus shares for the year 2011	40,000,000	(40,000,000)	-
Net loss for the year 2011	-	(51,369,730)	(51,369,730)
Balance at 31 December 2011	305,800,000	(36,827,730)	268,972,270
Year ended 31 December 2012:			
Balance at 01 January 2012	305,800,000	(36,827,730)	268,972,270
Net loss for the year	-	(97,002,834)	(97,002,834)
Balance at 31 December 2012	305,800,000	(133,830,564)	171,969,436

for IIDFC Capital Limited



**Md. Matiul Islam**  
Chairman



**Mohammad Saleh Ahmed**  
Chief Executive Officer



**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed



**S. F. AHMED CO**  
Chartered Accountants

25 March, 2013



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Background

IIDFC Capital Limited (the Company) is a private company, limited by shares was incorporated in Bangladesh on 30 November 1995 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 Limited (IIDFC), 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. It 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.

## 2. Significant Accounting Policies

### 2.1 Basis of preparation of financial statements

The financial statements of the Company under reporting have been prepared under historical cost convention in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

### 2.2 Revenue recognition

#### a. Interest income

Income from margin loan is recognised on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties.

#### b. Fees and commission income

Fee and commission income is recognised when the corresponding service is provided. Fee 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 markets
- iii) Settlement fee charged to customers trading in the secondary capital markets
- iv) Documentation fees charged to clients for opening accounts with the company
- v) Underwriting commission

#### c. Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Dividend income is presented separately in these financial statements.

#### d. Finance income

Finance income comprises of interest income on savings accounts. Interest income is recognised as it accrues, using the effective interest method.

#### e. Other operational income

Other operational income is recognized as and when received. Such income comprises of various miscellaneous receipts.



# NOTES TO THE FINANCIAL STATEMENTS

## 2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation. Cost includes amounts paid to the vendors along with all incidental expenses to install or construct the items of property, plant and equipment.

### 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 of depreciation (%)
Motor vehicles	20
Furniture and fixtures	10
Office equipment	18
Software	18

## 2.4 Statement of cash flows

The cash flow statements is prepared using the Direct Method as mentioned in Bangladesh Accounting Standard (BAS) No. 7 "Statement of Cash Flows".

## 2.5 Intangible assets

This amount was paid to South Asia Capital Limited for acquiring 100% shares of the said Company along with the licence issued by BSEC registration certificate no. MB-1.043/98-16 to operate as a full-fledged merchant banker. Subsequently the name of the company was changed to IIDFC Capital Limited as approved by BSEC and issued a new registration certificate no. 41/2010 on 26 April 2010 in the name of IIDFC Capital Limited. The Company started its business on 14 January 2010 in the name of IIDFC Capital Limited.

## 2.6 Employees' benefit obligation

The Company 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 will be administered by a Board of Trustees and invested separately from the Company's assets.

The Company approved gratuity scheme as per gratuity rules which also will be administered by a Board of Trustees and invested separately from the Company's assets.

## 2.7 Consistency

In accordance with the IFRS framework for the presentation of Financial Statements together with Bangladesh Accounting Standard (BAS) No. 1 "Presentation of Financial Statements" and Bangladesh Accounting Standard (BAS) No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors", IIDFC Capital Limited applies the accounting disclosure principles consistently from one period to the next.

## 2.8 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Provisions and accrued expenses are recognised in the financial statements in line with the Bangladesh Accounting Standards (BAS) No. 37 "Provisions, Contingent Liabilities and Contingent Assets" when

- a) the Company has a present obligation, legal or constructive result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

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 form the basis of making the judgements about carrying values of assets and liabilities that 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.

### 2.9 Deferred tax

The company has adopted a policy of recognition of deferred tax in accordance with Bangladesh Accounting Standard (BAS) No. 12 "Income Taxes". Deferred tax is provided using the liability method for all temporary timing differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax is determined at the effective income tax rate prevailing at the Balance Sheet date.

### 2.10 Current tax

Provision for current tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof.

### 2.11 Recognition and measurement of financial instrument

The Company invested Taka 132,273,258 in quoted securities as on 2011, traded on the secondary capital market in Bangladesh. Realised gains and dividend income on this investment has been regularly re-invested during the year. Approximately 60% of these funds are traded on a regular basis while 40% is held as medium term investment. These securities has been classified as fair value through profit or loss and gains and losses arising from change in the fair value of such securities are recognised in income and expenditure statement as per BAS 39 Financial Instruments: Recognition and Measurement.

### 2.12 Loan loss provision

Provision for classified margin loan has been made @ 20% on the amount as actually required during the year as per directive no: SEC/CMRRCD/2009-193/144 dated 27 February 2013 of BSEC and provision for unclassified/good margin loan of previous years (2010 and 2011) has been reversed.

# NOTES TO THE FINANCIAL STATEMENTS

## Amount in Taka

### Statement of Financial Position

At  
31 Dec 2012

At  
31 Dec 2011

#### 3. Property, Plant and Equipment

Cost:

Opening balance

Add: Addition during the year

Less: Disposal during the year

Closing balance (A)

#### Depreciation:

Opening balance

Less: Adjustment during the year

Add: Charge for the year

Closing balance (B)

Written down value (A-B)

Details are shown in [Annex A](#).

#### 4. Intangible asset

License fee

#### 5. Pre-operating expenses

Opening balance

Add: Addition during the year

Closing balance (A)

#### Amortisation:

Opening balance

Add: Amortised during the year (note 5.1)

Closing balance (B)

Written down value (A-B)

5.1 This represents amortisation of pre-operating expenses out of Taka 2,514,292 in three years beginning from 2010 as decided in the 8th meeting of Board of Directors of IIDFC Capital Limited held on 30 December 2010.

#### 6. Investment in quoted securities

13,980,425	8,426,889
173,095	5,553,536
(79,556)	-
14,073,964	13,980,425
4,384,270	2,126,125
(32,310)	
2,278,668	2,258,145
6,630,628	4,384,270
7,443,336	9,596,155
30,196,209	30,196,209
2,514,292	2,514,292
-	-
2,514,292	2,514,292
1,676,194	838,097
838,098	838,097
2,514,292	1,676,194
-	838,098
-	132,273,258

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

	At 31 Dec 2012	At 31 Dec 2011
<b>7. Margin loans</b>	689,879,502	644,687,199
The portfolio management department extends margin loan facilities to customers trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The loan ratio varies based on directives issued time to time by the Bangladesh Securities and Exchange Commission.		
<b>8. Advances and receivables</b>		
Advances against/to	-	100,000
Repair and maintenance expenses	40,284,473	40,204,337
Income tax		
Receivable from/against		
IIDFC Limited	1,729,077	-
Income receivable from yearly accounts maintenance fee	264,500	-
IIDFC Securities Limited	475,578	1,330,876
Total Communication Limited	-	90,000
Salta Capital Limited	-	20,000
Security deposit to CDBL	200,000	200,000
	42,953,628	41,945,213
<b>9. Deferred tax</b>		
Opening balance	(47,557)	-
Add: Additions (note 9.1)	135,536	(47,557)
Closing balance	87,979	(47,557)
<b>9.1 Deferred tax assets</b>		

Deferred tax assets has been recognised and measured in accordance with the provision of BAS 12: Income Taxes.  
Deferred tax assets is calculated as under:

Amount in Taka

Particular	Amounts in Taka Carrying value of assets/liabilities at 31 Dec 2012	Tax base	Taxable/ (deductible) temporary difference	At 31 Dec 2011
Property plant and equipment	7,443,336	7,804,765	361,429	(126,818)
Applicable tax rate			37.50%	37.50%
			<b>135,536</b>	<b>(47,557)</b>
<b>10. Cash and cash equivalents</b>				
Cash in hand			5,366	13,927
Bank balance with:				
Southeast Bank Limited			52,574	2,874,096
ONE Bank Limited			842,693	59,602,728
Bangladesh Commerce Bank Limited			83,248	-
			<b>983,881</b>	<b>62,490,751</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Amount in Taka

At 31 Dec 2012      At 31 Dec 2011

### 11. Share Capital

Authorised capital:

5,000,000 ordinary shares of Taka 100 each

Subscribed and paid up capital:

3,058,000 ordinary shares of Taka 100 each

Paid-up share capital at 31 December 2012 comprises the following:

500,000,000	500,000,000
305,800,000	305,800,000

Name of shareholder	"Number of shares"	"Face value per share"	"% of shareholding"	"Value/ Taka"
Industrial and Infrastructure Development Finance Company Limited	305,7880	100	99.9961%	305,788,000
M Matiul Islam	120	100	0.0039%	12,000
	<b>3,058,000</b>		<b>100%</b>	<b>305,800,000</b>

### 12. Retained earnings

Opening balance

Less: Issue of stock dividend (bonus shares) for the year

**Add:** Net loss for the year

**Closing balance**

(36,827,730)	54,542,000
-	40,000,000
(36,827,730)	14,542,000
(97,002,834)	(51,369,730)
<b>(133,830,564)</b>	<b>(36,827,730)</b>

### 13. Term loan

IIDFC Limited (note 13.1)

Standard Bank Limited (note 13.2)

**Less:** Repayment during the year

150,000,000	150,000,000
188,557,189	200,000,000
(43,350,131)	(11,442,811)
145,207,058	188,557,189
<b>295,207,058</b>	<b>338,557,189</b>

**13.1** The above loan was taken from IIDFC Limited, a related party to the Company with an interest rate ranging from 16% to 17% throughout the year. Interest on such loan is being paid quarterly whereas principal amount will be paid at a time.

**13.2** The above loan was taken from Standard Bank Limited with an interest rate of 18% per annum. Interest on such loan is being paid quarterly during first year from the date of disbursement, thereafter loan is repayable along with interest on quarterly basis.

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

	At 31 Dec 2012	At 31 Dec 2011
<b>14. Short Term Loan</b>		
IIDFC Limited	14,436,351	100,000,000
Bangladesh Commerce Bank Limited	40,000,000	39,877,893
	54,436,351	139,877,893
<b>15. Accruals and provisions</b>		
Financial charges	13,449,694	31,110,664
Term loan	-	1,618,099
Office rent	538,601	538,603
Withholding income tax	68,769	203,335
Withholding VAT	66,943	160,709
Audit fee	75,000	62,500
Utilities	34,866	29,538
Central Depository Bangladesh Ltd (CDBL) charges	14,645	28,416
Provident Fund	659,825	-
Others	984	-
	14,909,327	33,751,863
<b>16. Payable to IIDFC Limited</b>		
Opening balance	2,474,063	33,467,490
Add: Additions during the year	4,438,379	15,911,539
	6,912,442	49,379,029
<b>Less:</b> Adjustment during the year	4,081,409	46,904,966
Closing balance	2,831,033	2,474,063
<b>17. Provision for corporate income tax</b>		
Opening balance	35,390,634	34,770,534
Add: Provision made during the year (note 28)	10,320	620,100
Closing balance	35,400,954	35,390,634
<b>18. General provision on outstanding loans</b>		
Opening balance	6,446,872	6,173,332
Add: Provision made during the year	-	273,540
Less: Adjustment during the year	6,446,872	-
Closing balance	-	6,446,872
<b>19. Customers' deposits</b>		
Deposits	1,844,892	5,035,268

Customer deposits represent uninvested funds lying with the Company's account at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

	At 31 Dec 2012	At 31 Dec 2011
<b>20. Provision for loan loss on margin loan</b>		
Opening balance	23,256,347	-
Add: Provision made during the year	16,322,135	23,256,347
<b>Closing balance</b>	<b>39,578,482</b>	<b>23,256,347</b>

The Company has maintained provision on the loans provided to the clients who have negative equity over their loan as at 31 December 2012 due to persistent fall of all share index. This provision has been maintained in consideration of decline in share prices and compliance with the accounting convention of conservation, though actual loss has not caused as yet since shares have not been disposed off.

<b>21. Interest income</b>		
Interest on margin loan	14,519,148	67,579,961
Interest on bank deposit	676,370	2,549,201
	<b>15,195,518</b>	<b>70,129,161</b>

The Company charges quarterly interest on margin loan utilised on each portfolio account at the rate of 18% based on the amount of deposit made in each portfolio account.

<b>22. Interest expense</b>		
Term loan	56,345,802	57,085,785
Demand loan	15,492,002	20,251,689
	<b>71,837,804</b>	<b>77,337,474</b>

<b>23. Fee and commission income</b>		
Management fee (note 23.1)	6,638,307	11,940,620
Settlement fee (note 23.2)	6,469,960	43,196,751
Documentation fee	4,000	20,000
Yearly account maintainance fee	264,500	-
	<b>13,376,767</b>	<b>55,157,371</b>
<b>23.1 Management fee</b>		
Self-margin discretionary account (SMDA)	6,404,894	11,800,839
Non-margin discretionary account (NMDA)	233,413	139,781
	<b>6,638,307</b>	<b>11,940,620</b>

Management fee is charged on self margin discretionary accounts and non-margin discretionary accounts for rendering various services, like receipt and delivery of shares, caustudy of shares, etc. The fee is charged in various rate as per Company's policy.

<b>23.2 Settlement fee</b>		
Self-margin discretionary account	5,540,046	41,803,001
Non-margin discretionary account	929,914	1,393,750
	<b>6,469,960</b>	<b>43,196,751</b>

This represents the transaction fee realised by the Company on the value of each transaction done through the stock exchange. The fee ranges from 0.30% to 0.40% based on the brokerage house at which the transaction is initiated.

<b>24. Fees and commission expenses</b>		
SMDA	2,504,058	22,724,106
NMDA	539,818	545,138
	<b>3,043,876</b>	<b>23,269,244</b>



# NOTES TO THE FINANCIAL STATEMENTS

Amount in Taka

At 31 Dec 2012      At 31 Dec 2011

This represents transaction fee paid by the Company to its designated brokerage houses on the value of transactions done through the stock exchange. The rate of fee varies according to the agreement made with each brokerage house by the Company.

<b>25. Income from investment in securities</b>		
Income from sale of quoted securities	-	1,589,744
<b>26. Other operating income</b>		
Underwriting commission	272,600	1,050,043
Dividend income	-	172,065
Interest on loan to IIDFC limited	326,389	-
	<b>598,989</b>	<b>1,222,108</b>
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
<b>27. Operating expenses</b>		
Salary and allowances	10,555,188	15,824,611
Office rent	3,869,476	3,463,578
CDBL charges and registration fee	526,448	3,349,020
Postage, stamps, telecommunication, etc	179,582	642,546
Office utilities	631,869	608,105
Entertainment	276,002	489,472
Promotional expenses	-	20,000
Vehicle maintenance	422,274	1,075,941
Printing and stationery	147,662	314,904
Internet expenses	259,600	311,775
Insurance premium	244,728	307,781
Professional fees	172,023	177,408
Directors' fee	37,648	90,796
Security service expenses	133,602	84,500
SEC fees and charges	200,000	80,000
Registration and subscription fee	150,000	75,000
Audit fee	75,000	62,500
Office maintenance	73,281	57,687
Bank charges and commission	45,635	51,950
Uniform and liveries	-	41,600
Repairs and maintenance	501,768	21,900
Newspapers, magazines, books and periodicals	9,313	13,367
Conveyance	4,692	10,140
Training expenses	-	6,000
Others	10,949	26,055
	<b>18,526,740</b>	<b>27,186,636</b>
<b>28. Provision for corporate income tax</b>		
Current tax expense	145,856	620,100
Deferred tax liabilities	-	18,091
Deferred tax assets (note 9)	(135,536)	-
	<b>10,320</b>	<b>638,191</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 29. Related Party Transactions

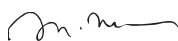
During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: Related Party Disclosures, these are detailed below:

Name of party	Relationship	Nature of Transaction	Outstanding Balance at 31 December 2012	Outstanding Balance at 31 December 2011
IIDFC Limited	Parent company	Administrative cost	2,831,033	2,474,063
IIDFC Securities Limited	"Subsidiary of parent company"	Investment in shares	(1,729,077)	-
		Administrative cost	475,579	1,330,876
		Brokerage service	87,959	-

## 30. Others

- 30.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 30.2 Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.
- 30.3 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

for IIDFC Capital Limited



Chairman



Chief Executive Officer



Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

## Annex A

### Details of property, plant and equipment

Category of asset	Cost			Depreciation			Amounts in Taka			
	Balance at 01 January 2012	Addition during the year	disposal	Total at 31 December 2012	Rate (%)	To 01 January 2012	Adjustment during the year	Charge for the year 2012	Total to 31 December 2012	Written down value as on 31 December 2012
Motor vehicles	3,496,527	165,795	-	3,662,322	20	1,932,279		732,467	2,664,746	997,576
Furniture and fixtures	4,103,271	-	-	4,103,271	10	551,905		410,327	962,232	3,141,039
Office equipment	4,880,627	7,300	79,556	4,808,371	18	1,630,086	32,310	865,874	2,463,650	2,344,721
Software	1,500,000	-	-	1,500,000	18	270,000		270,000	540,000	960,000
Total at 31 December 2012	13,980,425	173,095	79,556	14,073,964		4,384,270	32,310	2,278,668	6,630,628	7,443,336
Total at 31 December 2011	8,426,889	5,553,536	-	13,980,425		2,126,125	-	2,258,145	4,384,270	9,596,155

Auditors' Report  
to the Shareholders  
of  
**IIDFC Securities  
Limited**





A.T.M. Nasir Uddin, Chief Executive Officer



Ashrafun Nessa -Chief Operating Officer



## AUDITORS' REPORT

### Auditors' Report to the Shareholders of IIDFC Securities Limited

**W**e have audited the accompanying financial statements of IIDFC Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2012, statement of comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

#### 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 those books; and
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.

Dated, 27 May, 2013

■ IIDFC ANNUAL REPORT 2012



**S. F. AHMED & CO**  
Chartered Accountants



# STATEMENTS OF FINANCIAL POSITION

(Balance Sheet)

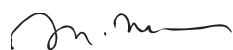
## IIDFC Securities Limited

### Statement of Financial Position ( Balance Sheet)

at 31 December 2012

	Notes	Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	26,155,964	28,805,477
Intangible assets	5	895,044	1,281,255
Cost of DSE membership	6	153,119,000	153,119,000
		180,170,008	183,205,732
<b>Current Assets</b>			
Investment in quoted securities	7	139,258,614	72,139,073
Loans and advances	8	2,065,052,659	2,024,483,285
Cash and bank balances	9	61,547,930	109,417,101
Advance against corporate income tax	10	42,615,677	30,918,280
Other assets	11	14,926,148	7,168,350
		2,323,401,028	2,244,126,089
<b>Total Assets</b>		<b>2,503,571,036</b>	<b>2,427,331,821</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	760,000,000	100,000,000
Retained earnings	13	(8,548,584)	48,327,791
General reserve		17,000,000	17,000,000
Stock dividend issued	14	25,000,000	-
<b>Total Equity</b>		<b>793,451,416</b>	<b>165,327,791</b>
<b>Non-Current Liabilities</b>			
Long term loan	15	1,237,410,630	1,304,522,013
Deferred tax liability	16	1,366,257	666,138
		1,238,776,887	1,305,188,151
<b>Current Liabilities</b>			
Short term loan	17	60,208,035	51,565,352
Inter-company current account	18	4,730,734	668,093,322
Payable to clients		28,297,691	55,898,763
Accounts payable	19	6,379,235	21,918,613
Accrued expenses	20	1,676,408	2,665,675
Provision for corporate income tax	21	37,532,324	28,443,271
Provision for loans loss - margin loan	22	321,423,753	120,622,385
Provision for investment in securities		9,876,213	4,935,906
Other liabilities	23	1,218,340	2,672,592
		471,342,733	956,815,879
<b>Total Liabilities</b>		<b>1,710,119,620</b>	<b>2,262,004,030</b>
<b>Total Equity and Liabilities</b>		<b>2,503,571,036</b>	<b>2,427,331,821</b>

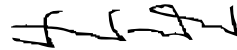
The accompanying notes form an integral part of these financial statements.  
for IIDFC Securities Limited



**Md. Matiul Islam**  
Chairman



**Md. Asaduzzaman Khan**  
Director

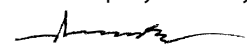


**A.T.M. Nasir Uddin**  
Chief Executive Officer



**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed  
Dated, 27 May 2013



**S. F. AHMED & CO**  
Chartered Accountants  
IIDFC ANNUAL REPORT 2012



# STATEMENTS OF COMPREHENSIVE INCOME

(Income Statement)

## IIDFC Securities Limited

### Statement of Comprehensive Income (Income Statement)

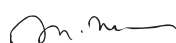
for the year ended 31 December 2012

Amounts in Taka

	Notes	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Revenue</b>			
Interest income from margin loan		161,525,737	275,533,985
<u>Less:</u> Interest expense on borrowed fund		194,986,705	207,588,364
<b>Net interest income/(loss)</b>		<b>(33,460,968)</b>	<b>67,945,621</b>
Brokerage commission	24	52,078,728	107,641,802
<u>Less:</u> Direct cost	25	4,515,270	13,267,366
		47,563,458	94,374,436
Capital gain on investment in securities		7,097,995	11,152,754
Income on bank deposit		7,514,580	12,252,175
Dividend income		8,958,804	522,465
Other operating income	26	1,628,538	7,640,783
		25,199,917	31,568,177
<b>Total operating income</b>		<b>39,302,407</b>	<b>193,888,234</b>
<u>Less:</u> Operating expenses	27	56,811,702	74,146,654
<b>Operating profit/(loss)</b>		<b>(17,509,295)</b>	<b>119,741,580</b>
Fair value adjustments for fall in values of investment in securities		(4,940,307)	(4,935,906)
<b>Profit/(loss) before provision</b>		<b>(22,449,602)</b>	<b>114,805,674</b>
Provision for loan losses		362,399	(20,903,605)
<b>Profit/(loss) before income tax</b>		<b>(22,087,203)</b>	<b>93,902,069</b>
Provision for taxation			
Current tax		9,089,053	28,343,102
Deferred tax		700,119	666,138
		9,789,172	29,009,240
<b>Net profit/(loss) after tax</b>		<b>(31,876,375)</b>	<b>64,892,829</b>
<b>Earning Per Share (EPS)</b>	<b>28</b>	<b>(10.9)</b>	<b>51.9</b>

The accompanying notes form an integral part of these financial statements.

for IIDFC Securities Limited



**Md. Matiul Islam**  
Chairman



**Md. Asaduzzaman Khan**  
Director



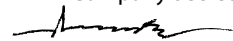
**A.T.M. Nasir Uddin**  
Chief Executive Officer



**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed

Dated, 27 May 2013



**S. F. AHMED & CO**  
Chartered Accountants


# STATEMENTS OF CHANGES IN EQUITY

## IIDFC Securities Limited Statement of Changes in Equity at 31 December 2012

Amounts in Taka

Particulars	Share Capital	General Reserve	Stock Dividend issued	Retained earnings	Total
Year 2011:					
Balance at 01 January 2011	100,000,000	-	-	434,962	100,434,962
Net profit for the year 2011	-	-	-	64,892,829	64,892,829
Transfer to general reserve	-	17,000,000	-	(17,000,000)	-
Balance at 31 December 2011	100,000,000	17,000,000	-	48,327,791	165,327,791
Year 2012:					
Balance at 01 January 2012	100,000,000	17,000,000	-	48,327,791	165,327,791
Stock dividend for the year 2011	-	-	25,000,000	(25,000,000)	-
Share issue during the year	660,000,000	-	-	-	660,000,000
Net loss for the year 2012	-	-	-	(31,876,375)	(31,876,375)
Balance at 31 December 2012	760,000,000	17,000,000	25,000,000	(8,548,584)	793,451,416

for IIDFC Securities Limited



**Md. Matiul Islam**  
Chairman



**Md. Asaduzzaman Khan**  
Director



**A.T.M. Nasir Uddin**  
Chief Executive Officer



**Md. Shamim Ahamed**  
Company Secretary

Signed in terms of our report of even date annexed

Dated, 27 May 2013



**S. F. AHMED & CO**  
Chartered Accountants

# STATEMENTS OF CASH FLOWS

## IIDFC Securities Limited

### Statement of Cash Flows

for the year ended 31 December 2012

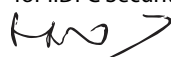
Amounts in Taka

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>A. Cash flows from operating activities</b>		
Interest income receipt	161,525,737	275,533,985
Interest paid on borrowing	(194,986,705)	(207,588,364)
Brokerage commission receipt	52,078,728	107,641,802
Dividend receipts	8,958,804	522,465
Capital gains on investment in shares	7,097,995	11,152,754
Payments to employees	(26,305,638)	(39,776,900)
Income tax paid	(11,697,397)	(30,839,542)
Receipts from other operating activities	9,143,118	19,892,958
Payments for other operating activities	(44,416,701)	(97,879,957)
<b>Cash generated from/(used in) operating activities before changes in operating assets and liabilities</b>	<b>(38,602,059)</b>	<b>38,659,201</b>
<b>Increase/(decrease) in operating assets and liabilities</b>		
Other assets	(7,371,587)	(3,878,595)
Inter-company current account	(663,362,588)	763,512,312
Disbursement of loans and advances	(40,569,374)	(2,024,483,285)
Payable to clients	(27,601,072)	55,898,763
Accounts payable	(15,539,378)	21,918,613
Accrued expenses	(989,267)	7,555,581
Other liabilities	214,076,594	152,109,119
<b>Net decrease in operating assets and liabilities</b>	<b>(541,356,672)</b>	<b>(1,027,367,492)</b>
<b>Net cash used in operating activities</b>	<b>(579,958,731)</b>	<b>(988,708,291)</b>
<b>B. Cash flows from investing activities</b>		
Investment in shares	(67,119,541)	(72,139,073)
Acquisition of membership of Dhaka Stock Exchange Ltd	-	(153,119,000)
Acquisition of property, plant and equipment	(2,322,199)	(33,411,391)
<b>Net cash used in investing activities</b>	<b>(69,441,740)</b>	<b>(258,669,464)</b>
<b>C. Cash flows from financing activities</b>		
Issue of share capital	660,000,000	-
Payment of term borrowing	(58,468,700)	1,356,087,365
<b>Net cash from financing activities</b>	<b>601,531,300</b>	<b>1,356,087,365</b>
<b>D. Net changes in cash and cash equivalents (A+B+C)</b>	<b>(47,869,171)</b>	<b>108,709,610</b>
<b>E. Opening cash and cash equivalents</b>	<b>109,417,101</b>	<b>707,491</b>
<b>F. Closing cash and cash equivalents</b>	<b>61,547,930</b>	<b>109,417,101</b>

  
Md. Matiul Islam

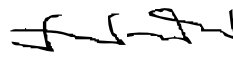
Chairman

for IIDFC Securities Limited



Md. Asaduzzaman Khan

Director



A.T.M. Nasir Uddin

Chief Executive Officer



Md. Shamim Ahamed

Company Secretary

Signed in terms of our report of even date annexed  
Dated, 27 May 2013

  
**S. F. AHMED & CO**  
Chartered Accountants



# IIDFC Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

### 1 Background

IIDFC Securities Limited (the Company), a fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC) was incorporated in Bangladesh as a private limited company on 28 March 2010 under the Companies Act 1994 having its registered office at Dhaka. In compliance with all regulatory requirements, IIDFC Limited formed a fully owned subsidiary on 28 March 2010 in the name of IIDFC Securities Limited (ISL) and transferred the membership of Dhaka Stock Exchange on 06 June 2010 to the subsidiary.

### 2 Principal activities

The principal activities of the Company are to carry out the business of stock brokers and dealers, shares and securities, commercial papers, bonds, debentures, debentures stocks, etc.

### 3. Basis of preparation of the financial statements and significant accounting policies

#### 3.1 Accounting estimates

The financial statements of the Company are prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles, following Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Financial Institution Act 1993, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations. Wherever appropriate, such principles are explained in succeeding notes.

#### 3.2 Revenue recognition

Revenue comprise of settlement fees (commission), interest on margin loan and dividend. Details of revenue recognition policy are given as under:

**Brokerage Commission** is recognized as income when selling or buying order is executed.

**Interest income** from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties and charged at the end of the quarter.

**Dividend** is recognized as income when cash received.

#### 3.3 Presentation of currencies

The financial statements have been 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 integer.

#### 3.4 Property, plant and equipment

Items of 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 asset to its working condition for its intended use as per Bangladesh Accounting Standard 16 'Property, Plant and Equipment'.

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day-to-day servicing items of property, plant and equipment are expensed when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## Depreciation

Depreciation on property, plant and equipment is charged consistently on straight-line method at following rates throughout the estimated useful life of the assets. On newly acquired assets depreciation is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year.

<b><u>Category of asset</u></b>	<b><u>Rate of Depreciation</u></b>
Furniture and fixtures	10%
Office decoration	10%
Office equipment	18%

## 3.5 Intangible assets and amortization of Intangible assets

Intangible assets represent the value of computer software. Intangible assets acquired separately are measured at cost as recognized initially and are carried at cost less accumulated amortization and accumulate impairment losses, if any. Amortization is calculated @ 18% using the straight line method. Subsequent expenditure on software (asset) is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditures are expensed as incurred.

## 3.6 Investment in securities

- Investment in marketable ordinary shares has been shown at cost, on an aggregate portfolio basis. Investment in non -marketable shares is also valued at cost.
- Stock dividend (bonus shares) is added with existing shares with no additional value which results decrease in per unit cost price of the existing shares.
- Provision for diminution of investment in securities has been made @ 20% on the amount as actually required during the year as per directive no: SEC/CMRRCD/2009-193/144 dated 27 February 2013 of BSEC.

## 3.7 Provision on margin loan

Provision for classified margin loan has been made @ 20% on the amount as actually required during the year as per directive no: SEC/CMRRCD/2009-193/144 dated 27 February 2013 of BSEC and provision for unclassified/good margin loan of previous years (2010 and 2011) has been reversed as decided in the 12th meeting of the Board of Directors dated 16 April 2013.

## 3.8 Provision for current tax

Provision for taxation for the year ended 31 December 2012 has been made on the basis of the provisions of the income tax laws.



## NOTES TO THE FINANCIAL STATEMENTS

### 3.9 Provision for deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between 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 by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities on the same taxable entity.

### 3.10 Employees' benefit obligation

#### Defined contribution plan

The Company operates a contributory provident fund recognized by National Board of Revenue for its permanent employees equally contributed by employer and employees. The fund is administered by a separate Board of Trustees.

#### Defined Benefit Plan

The Company operates a gratuity scheme as per gratuity rules which is administered by a separate Board of Trustees.

#### Other benefit program for Employees

The Company operates a group life insurance scheme for its permanent employees.

### 3.11 Books of account of branch offices

The Company has 2 (two) branches each at Dhaka and Chittagong. Books of account of the branches are maintained at Head Office based on which the accounts are consolidated.

# NOTES TO THE FINANCIAL STATEMENTS

## IIDFC Securities Ltd.

For the year ended 31 December, 2012

### 4. Property, plant and equipment

Asset category	Cost			Depreciation				Amounts in Taka	
	At 01 Jan 2012	Addition during the year	Adjustment/ transfer/disposal during the year	Total 31 Dec 2012	Rate (%)	To 01 Jan 2012	Charged during the year	Adjustment during the year	Written down value at 31 Dec 2012
Furniture and fixtures	4,733,239	-	-	4,733,239	10	473,324	473,325	-	3,786,590
Office decoration	12,868,467	652,500	-	13,520,967	10	1,286,847	1,352,097	-	10,882,023
Office equipment	15,809,685	1,669,699	-	17,479,384	18	2,845,743	3,146,290	-	11,487,351
Total at 31 December 2012	33,411,391	2,322,199	-	35,733,590		4,605,914	4,971,712	-	26,155,964
Total at 31 December 2011	-	34,729,391	1,120,300	33,609,091		-	4,803,614	-	28,805,477

### 5. Intangible assets

Asset category	Cost			Amortisation				Amounts in Taka	
	At 01 Jan 2012	Addition during the year	Adjustment/ transfer/disposal during the year	Total 31 Dec 2012	Rate (%)	To 01 Jan 2012	Amortised during the year	Adjustment during the year	Written down value at 31 Dec 2012
Computer Software	1,562,506	-	164,000	1,398,506	18	281,251	273,871	51,660	895,044
Total at 31 December 2012	1,562,506	-	164,000	1,398,506		281,251	273,871	51,660	895,044
Total at 31 December 2011	-	1,562,506	-	1,562,506		-	281,251	-	1,281,255

### 5.1 Amortisation of intangible assets

Amounts in Taka	
Amortisation during the year	273,871
Less: Adjustment during the year	51,660
Charged to profit and loss statement	222,211



# NOTES TO THE FINANCIAL STATEMENTS

	<b>Amounts in Taka</b>	
	<b>At 31 Dec 2012</b>	<b>At 31 Dec 2011</b>
<b>6. Cost of DSE membership</b>	153,119,000	153,119,000

This represents value of Membership of Dhaka Stock Exchange Limited which was transefered from Industrial & Infrastructure Development Finance Company Limited (IIDFC) to IIDFC Securities Limited under a Vendor's Agreement signed between IIDFC and IIDFC Securities Limited on 6 June 2010.

**7. Investments in quoted securities**  
Details of investment in quoted securities  
as on 31 Dec 12 are as under :

	<b>Cost Price (a)</b>	<b>Market Price (b)</b>	<b>Required Provision (c=b-a)</b>
Sixth ICB Mutual Fund	1,274,823	1,393,920	-
Arab Bangladesh Bank Limited	680,395	510,555	(169,840)
AIBL 1st Islamic Mutual Fund	69,083	74,000	-
Asia Insurance Limited	1,790,950	1,504,800	(286,150)
Bank Asia Limited	8,673,714	6,589,750	(2,083,964)
Bangladesh General Insurance Company Limited	830,084	703,216	(126,868)
BRAC Bank Limited	2,391,488	2,315,592	(75,896)
BSRM Steels Mills Limited	23,149	16,296	(6,853)
Central Insurance Company Limited	1,192,740	967,260	(225,480)
The City Bank Limited	1,012,365	775,860	(236,505)
Delta Brack Housing Finance Corporation Limited	215,600	176,400	(39,200)
DBH First Mutual Fund	32,917	35,500	-
Delta Life Insurance Company Limited	29,000	91,440	-
Dhaka Bank Limited	11,672,131	8,584,520	(3,087,611)
Dutch-Bangla Bank Limited	1,224,027	1,228,500	-
Eastern Insurance Company Limited	661,200	522,560	(138,640)
Eastland Insurance Company Limited	1,870,594	1,392,360	(478,234)
Eastern Bank Limited	425,020	321,755	(103,265)
Export Import Bank of Bangladesh Limited	2,130	2,080	(50)
Fareast Islami Life Insurance Company Limited	14,456,033	11,871,142	(2,584,891)
First Lease Finance and Investment Limited	49,900	40,000	(9,900)
Green Delta Insurance Company Limited	842,810	662,435	(180,375)
ICB AMCL Second NRB Mutual Fund	737,250	631,250	(106,000)
IFIC Bank Ist Mutual Fund	30,256	32,000	-
IFIL Islami Mutual Fund-1	83,536	93,000	-
International Leasing and Financial Services Limited	300,950	201,000	(99,950)
Islami Bank Bangladesh Limited	3,975,419	3,961,140	(14,279)
Islami Insurance Bangladesh Limited	1,856,148	1,648,350	(207,798)
Karnaphuli Insurance Company Limited	3,047,410	2,145,900	(901,510)
Lafarge Surma Cement Limited	204,798	197,400	(7,398)
LankaBangla Finance Limited	175,117	212,400	-
Meghna Life Insurance Company Limited	394,595	321,480	(73,115)
Mercantile Bank Limited	3,485,236	2,999,388	(485,848)
MJL Bangladesh Limited	47,436	47,581	-
Mutual Trust Bank Limited	475,702	350,400	(125,302)
National Bank Limited	2,942,090	2,022,194	(919,896)
National Credit and Commerce Bank Limited	3,201,528	2,484,209	(717,319)
Ocean Containers Limited	4,105	2,093	(2,012)
ONE Bank Limited	11,760,947	9,395,629	(2,365,318)
Paramount Insurance Company Limited	63,400	53,000	(10,400)
Peoples Insurance Company Limited	1,695,007	1,504,250	(190,757)
Phoenix Finance and Investment Limited	54,200	44,600	(9,600)
PHP First Mutual Fund	349,330	335,000	(14,330)

# NOTES TO THE FINANCIAL STATEMENTS

	Amounts in Taka		
	At 31 Dec 2012	At 31 Dec 2011	
	Cost Price (a)	Market Price (b)	Required Provision (c=b-a)
Pioneer Insurance Company Limited	1,299,533	1,168,000	(131,533)
Popular Life First Mutual Fund	49,250	54,000	-
Pragati Insurance Limited	675,364	586,560	(88,804)
Pragati Life Insurance Limited	18,143,638	10,985,184	(7,158,454)
The Premier Bank Limited	540,300	449,550	(90,750)
Premier Leasing and Finance Limited	216,550	150,500	(66,050)
Prime Bank Limited	428,609	432,900	-
Prime Islami Life Insurance Limited	8,711,924	5,882,128	(2,829,796)
Provati Insurance Company Limited	55,200	49,650	(5,550)
Pubali Bank Limited	2,423	2,475	-
Purabi General Insurance Company Limited	1,022,373	828,800	(193,573)
RAK Ceramices (Bangladesh) Limited	3,428,565	2,956,610	(471,955)
Reliance Insurance Limited	2,445,055	2,559,600	-
Rupali Insurance Company Limited	671,793	697,680	-
Rupali Life Insurance Company Limited	1,331,800	1,115,376	(216,424)
S. Alam Steels Limited	126,328	98,200	(28,128)
Sandhani Life Insurance Company Limited	418,854	385,560	(33,294)
Summit Alliance Port Limited	191,680	129,800	(61,880)
Southeast Bank Ist Mutual Fund	174,623	163,800	(10,823)
Shahjalal Islami Bank Limited	10,309	11,400	-
Social Islami Bank Limited	2,639,891	2,371,650	(268,241)
Singer Bangladesh Limited	971,307	656,400	(314,907)
Southeast Bank Limited	3,760,574	3,275,000	(485,574)
Square Pharmaceuticals Limited	35,260	33,720	(1,540)
Square Textiles Limited	307,204	283,728	(23,476)
Standard Bank Limited	2,370,546	2,140,800	(229,746)
Sumit Power Limited	676,160	596,960	(79,200)
Takaful Islami Insurance Limited	867,951	783,000	(84,951)
Trust Bank Limited	161,300	150,000	(11,300)
Uttara Bank Limited	3,219,637	2,552,700	(666,937)
	<b>139,258,614</b>	<b>110,013,936</b>	<b>(29,637,440)</b>

## 8. Loans and advances

2,065,052,659

2,024,483,285

This represents loan facilities extended to the customers for trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The loan ratio was fixed based on directives issued time to time by Bangladesh Securities and Exchange Commission.

## 9. Cash and bank balances

Cash in hand (note 9.1)

40,987

17,403

Bank balances in

Short-term deposit account (note 9.2)

21,506,943

54,399,698

Fixed deposit account (note 9.3)

40,000,000

55,000,000

**61,547,930**

**109,417,101**

### 9.1 Cash in hand

Head office

23,834

2,527

Gulshan branch

5,918

3,223

Chittagong branch

11,235

11,653

**40,987**

**17,403**

# NOTES TO THE FINANCIAL STATEMENTS

		<b>Amounts in Taka</b>	
		<b>At 31 Dec 2012</b>	<b>At 31 Dec 2011</b>
<b>9.2 Short-term deposit account</b>			
Southeast Bank Ltd	4,796,751	272,253	
Standard Bank Ltd	275,524	251,751	
Bank Asia Ltd	193,744	274,802	
ONE Bank Ltd	16,236,865	53,600,892	
Standard Chartered Bank	4,059	-	
	21,506,943	54,399,698	
<b>9.3 Fixed deposit account</b>			
EXIM Bank Ltd	-	5,000,000	
ONE Bank Ltd	40,000,000	50,000,000	
	40,000,000	55,000,000	
<b>10. Advance against corporate income tax</b>			
Advance tax paid	6,000,000	6,000,000	
Tax deducted at source (note 10.1)	32,515,136	23,426,083	
Income tax withheld from dividend income	1,974,003	104,408	
Income tax withheld from FDR, etc	2,126,538	1,387,789	
	42,615,677	30,918,280	
<b>10.1 Tax deducted at source</b>			
DSE-Dealer	250,127	151,160	
DSE-Broker	32,265,009	23,274,923	
	32,515,136	23,426,083	
The amount has been deducted by Dhaka Stock Exchange Ltd from the transaction amount under Section 53 BBB of the Income Tax Ordinance 1984 is the final tax liabilities of the Company under section 82C of that ordinance.			
<b>11. Other assets</b>			
Advance against office rent	2,404,000	3,557,920	
Advance against right offer	1,662,320	-	
Stamp in hand	9,120	25,840	
Security deposits (note 11.1)	577,820	584,320	
Accrued interest on FDR	986,111	1,265,000	
Others (note 11.2)	9,286,777	1,735,270	
	14,926,148	7,168,350	
<b>11.1 Security deposits</b>			
CDBL	100,000	100,000	
C&F Tower, Chittagong	449,820	449,820	
BTCL	15,000	15,000	
Elite Security Services Ltd	13,000	19,500	
	577,820	584,320	
<b>11.2 Others</b>			
Advance to employees	22,000	60,000	
Advance to supplier	4,278	-	
Receivable from DSE- broker and dealer (note 11.2.1)	9,197,243	1,514,810	
Receivable from clients against CDBL charges	63,256	160,460	
	9,286,777	1,735,270	
<b>11.2.1 Receivable from DSE - broker and dealer</b>			
Receivable from DSE -Broker:			
Categories A, B, G & N	7,126,543	101,400	
Category Z	-	1,413,410	
	7,126,543	1,514,810	
Receivable from DSE -Dealer:			
Categories A, B, G & N	2,070,700	-	
	9,197,243	1,514,810	

# NOTES TO THE FINANCIAL STATEMENTS

			Amounts in Taka	
			At 31 Dec 2012	At 31 Dec 2011
<b>12. Share Capital</b>				
<b>12.1 Authorised capital</b>				
500,000,000 shares of Taka 10 each			5,000,000,000	5,000,000,000
<b>12.2 Issued, subscribed and paid-up capital</b>				
76,000,000 shares of Taka 10 each			760,000,000	100,000,000
Shareholding position of the Company at 31 December was as under:				
	Number of shares	% of holding		
<u>Name of shareholder</u>				
IIDFC Limited	75,992,400	99.99	759,924,000	99,900,000
Md. Matiul Islam	76,000	0.01	76,000	100,000
	<u>76,000,000</u>	<u>100</u>	<u>760,000,000</u>	<u>100,000,000</u>
<b>13. Retained earnings</b>				
Opening balance			48,327,791	434,962
<u>Add/Less:</u> Net profit/(loss) for the year			(31,876,375)	64,892,829
			16,451,416	65,327,791
<u>Less:</u> Transferred to general reserve			-	17,000,000
Stock dividend issued			25,000,000	-
			25,000,000	17,000,000
<b>Closing balance</b>			<b>(8,548,584)</b>	<b>48,327,791</b>
<b>14. Stock dividend issued</b>			25,000,000	-

The Board of Directors in its 7th meeting held on 21 May 2012 has recommended stock dividend @ 25% ie, one bonus share for every four fully paid shares (1:4) of Taka 100 each (amounting to Taka 25,000,000). This has already been placed for approval from Bangladesh Securities and Exchange Commission (BSEC) dated 11 October 2012.

## 15. Long-term loan

IIDFC Limited (note 15.1)

### 15.1 IIDFC Limited

Term Loan-up to 6 years  
Term Loan-up to 10 years  
Long Term Loan

	1,237,410,630	1,304,522,013
728,470,316	-	-
508,940,314	-	-
-	1,304,522,013	1,304,522,013
<u>1,237,410,630</u>	<u>1,304,522,013</u>	<u>1,304,522,013</u>

The above loan was taken from IIDFC Limited, the holding company of IIDFC Securities Limited at an annual interest rate of 17%, under agreement dated 01 January 2012 and 01 February 2012 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in Taka

At  
31 Dec 2012

At  
31 Dec 2011

### 16. Deferred tax liability

Deferred tax liability has been recognised and measured in accordance with the provision of BAS 12: Income Tax. Deferred tax liability is attributable to the following:

Particulars	Carrying amount of assets/liabilities	Tax base	Taxable/ (deductible) temporary difference	Taxable/ (deductible) temporary difference
Furniture and fixtures	3,786,590	3,786,590	-	-
Office decoration	10,882,023	10,882,023	-	-
Office equipment	11,487,352	8,739,045	2,748,307	1,276,367
Computer software	895,044	-	895,044	500,002
	27,051,009	23,407,658	3,643,351	1,776,369
Applicable tax rate			37.5%	37.5%
Deferred tax liability			1,366,257	666,138
<b>17. Short-term loan</b>				
Phoenix Finance and Investments Ltd			-	20,000,000
IIDFC Limited			20,000,000	-
ONE Bank Ltd			40,208,035	31,565,352
			60,208,035	51,565,352
<b>18. Inter-company current account</b>				
IIDFC Limited (note 18.1)			4,255,155	666,762,446
IIDFC Capital Ltd			475,579	1,330,876
			4,730,734	668,093,322
<b>18.1 IIDFC Limited</b>				
Cost of DSE membership			-	153,119,000
Cost of fixed assets and management expenses			-	62,314,928
Provision for employer's contribution to provident fund			2,149,129	2,149,129
Provision for employer's contribution to gratuity fund			2,106,026	2,262,504
Accrued interest on short term borrowing			-	263,606,659
Short term borrowing			-	183,310,226
			4,255,155	666,762,446

# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in Taka

### 19. Accounts payable

Merchant banks (note 19.1)  
DSE - broker and dealer (note 19.2)

#### 19.1 Merchant banks

IIDFC Capital Limited  
Southeast Bank Capital Services Ltd

#### 19.2 DSE - broker and dealer

DSE broker:  
Categories A, B, G and N  
Category Z

DSE dealer :  
Categories A, B, G and N  
Category Z

### 20. Accrued expenses

Suppliers (note 20.1)  
Office rent and service charges  
Online and data communication charges  
CDBL charges  
Audit fees  
Electricity bills  
Meeting expenses  
Financial expenses  
Security charges  
Telephone bills -BTCL  
Water and sewerage charges  
Fresh water  
Plantation

#### 20.1 Suppliers

Design Source  
Techonophilic Ltd  
Bengal Solutions Ltd  
Mindspring Research  
Siyam Enterprise  
Rain Computers  
Signtech Ltd  
Omi Thai Aluminium  
Shining Corpoarton  
Maa Copmputers

	At 31 Dec 2012	At 31 Dec 2011
Merchant banks (note 19.1)	6,329,436	5,871,789
DSE - broker and dealer (note 19.2)	49,799	16,046,824
	6,379,235	21,918,613
<b>19.1 Merchant banks</b>		
IIDFC Capital Limited	87,959	2,503,448
Southeast Bank Capital Services Ltd	6,241,477	3,368,341
	6,329,436	5,871,789
<b>19.2 DSE - broker and dealer</b>		
DSE broker:		
Categories A, B, G and N	15,545	15,825,016
Category Z	96	27,002
	15,641	15,852,018
DSE dealer :		
Categories A, B, G and N	1,333	194,806
Category Z	32,825	-
	34,158	194,806
	49,799	16,046,824
<b>20. Accrued expenses</b>		
Suppliers (note 20.1)	276,500	1,192,952
Office rent and service charges	838,472	570,600
Online and data communication charges	312,253	383,525
CDBL charges	66,956	237,544
Audit fees	69,000	60,000
Electricity bills	38,070	55,000
Meeting expenses	17,648	52,942
Financial expenses	-	45,627
Security charges	21,459	39,000
Telephone bills -BTCL	14,045	9,700
Water and sewerage charges	10,920	9,360
Fresh water	9,435	6,735
Plantation	1,650	2,690
	1,676,408	2,665,675
<b>20.1 Suppliers</b>		
Design Source	275,000	916,122
Techonophilic Ltd	-	200,000
Bengal Solutions Ltd	-	38,250
Mindspring Research	-	17,544
Siyam Enterprise	-	8,320
Rain Computers	-	4,888
Signtech Ltd	-	4,408
Omi Thai Aluminium	-	1,920
Shining Corpoarton	-	1,500
Maa Copmputers	1,500	-
	276,500	1,192,952

# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in Taka

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>21. Provision for corporate income tax:</b>		
Opening balance	28,443,271	295,267
<u>Less:</u> Settlement of previous tax liability	-	195,098
	28,443,271	100,169
<u>Add:</u> Provision made during the year	9,089,053	28,343,102
	<b>37,532,324</b>	<b>28,443,271</b>
Provision for corporate income tax is made on accounting profit for the year after adjustments for taxable allowances and disallowances as per tax laws.		
<b>22. Provision for loans loss- margin loan</b>		
General and specific provision (note 22.1)	58,995,111	59,357,510
Interest suspense account (note 22.2)	262,428,642	61,264,875
	<b>321,423,753</b>	<b>120,622,385</b>
<b>22.1. General and specific provision</b>		
<b>General provision</b>		
Opening balance	29,734,569	-
<u>Add:</u> Transferred from IIDFC Ltd	-	38,453,905
<u>Less:</u> Adjustment made during the year	29,734,569	8,719,336
<b>Closing balance (a)</b>	-	29,734,569
<b>Specific provision</b>		
Opening balance	29,622,941	-
<u>Add:</u> Provision made during the year	29,372,170	29,622,941
<b>Closing balance (b)</b>	58,995,111	29,622,941
<b>Total (a+b)</b>	58,995,111	59,357,510
<b>22.2 Interest suspense account</b>		
Opening balance	61,264,875	-
<u>Less :</u> Realized during the year	8,568,847	-
	52,696,028	-
<u>Add:</u> Transferred during the year	209,732,614	61,264,875
Closing balance	262,428,642	61,264,875
<b>23. Other liabilities</b>		
Reserve for risk fund	316,667	216,667
Provision for Gratuity	893,468	-
Others	8,205	2,455,925
	<b>1,218,340</b>	<b>2,672,592</b>
<b>24. Brokerage commission</b>		
Commission on securities trading	52,078,728	107,640,477
Commission on sale of mutual fund as selling agent	-	1,325
	<b>52,078,728</b>	<b>107,641,802</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in Taka

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>25. Direct cost</b>		
Laga charges	3,635,621	6,984,649
Howla charges	766,696	1,140,862
CDBL charges	112,953	5,141,855
	<b>4,515,270</b>	<b>13,267,366</b>
<b>26. Other operating income</b>		
BO and trading accounts maintenance income	1,531,955	1,656,709
Refund of CDBL charges	-	5,821,999
Notice pay received	68,583	108,075
Charges for dishonour of cheques	17,000	54,000
Others	11,000	-
	<b>1,628,538</b>	<b>7,640,783</b>
<b>27. Operating expenses</b>		
Salaries and allowances (note 27.1)	26,305,638	39,776,900
Rent, insurance, electricity, etc (note 27.2)	20,711,889	19,836,625
Legal and professional expenses	92,800	825,363
Postage, stamp, telecommunications, etc (note 27.3)	2,007,770	2,295,058
Stationery, printing, advertisement, etc (note 27.4)	497,581	947,020
Directors' fees (note 27.5)	105,885	182,354
Auditors' fees	61,250	58,500
Loans and advances written off	-	239,903
Repair and maintenance (note 27.6)	82,732	151,242
Depreciation (note 27.7)	4,971,712	4,803,614
Other expenses (note 27.8)	1,974,445	5,030,075
	<b>56,811,702</b>	<b>74,146,654</b>
<b>27.1 Salaries and allowances</b>		
Basic	12,029,016	14,483,249
House rent	6,145,842	6,815,813
Conveyance	489,026	527,845
Medical	614,668	681,596
Entertainment	125,634	153,752
Car allowance	660,000	810,000
Incentive bonus	-	7,699,263
Festival bonus	2,203,416	2,191,378
Company's contribution to provident fund	1,208,673	2,149,129
Group insurance	655,691	775,370
Leave fare assistance	1,224,836	1,227,001
Leave encashment	55,368	-
Retirement benefits and gratuity	893,468	2,262,504
	<b>26,305,638</b>	<b>39,776,900</b>
<b>27.2 Rent, insurance, electricity, etc</b>		
Office rent and service charge	18,955,563	17,997,408
Water and sewerage	312,780	248,746
Electricity	1,123,548	1,130,678
Fees, renewal and registration	269,375	398,812
Insurance on fixed assets	50,623	60,981
	<b>20,711,889</b>	<b>19,836,625</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in Taka

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>27.3 Postage, stamp, telecommunications, etc</b>		
Data communication expenses	1,128,158	1,220,726
Internet expenses	233,820	327,845
Telephone set	-	4,200
Telephone	102,951	148,840
Mobile	475,664	483,809
Postage and courier	48,507	17,458
Stamp charges	18,670	92,180
	2,007,770	2,295,058
<b>27.4 Stationery, printing, advertisement, etc</b>		
Printing and stationery	423,129	509,645
Paper, ribbon and cartridge	66,358	231,013
Table stationery	1,062	5,270
Advertisement in newspaper	5,000	72,450
Research and development	-	52,632
Business promotion expenses	2,032	76,010
	497,581	947,020
<b>27.5 Directors' fees</b>		
Fees	90,000	155,000
VAT	15,885	27,354
	105,885	182,354
<b>27.6 Repair and maintenance</b>		
Office equipment	48,378	101,200
Furniture & Fixture	1,458	-
Decoration & Renovation	23,646	-
Computer software	9,250	50,042
	82,732	151,242
<b>28.7 Depreciation</b>		
Office equipment	3,146,290	2,845,743
Office decoration	1,352,097	1,286,847
Furniture and fixtures	473,325	473,324
Motor vehicle	-	197,700
	4,971,712	4,803,614
<b>27.8 Other expenses</b>		
Entertainment	342,191	2,503,151
Amortisation of intangible assets (note 5.1)	222,211	281,251
Bank charge	95,285	139,581
Reserve for risk fund	100,000	100,000
Training expenses	12,000	40,800
Travelling and conveyance (note 27.8.1)	47,149	224,072
Internship allowance	-	22,742
Newspaper and magazine	12,631	21,334
Books and periodicals	9,000	14,281
Membership fees and subscriptions	4,700	4,700
Vehicle running expenses	-	89,719
Office maintenance (note 27.8.2)	1,129,278	1,588,444
	1,974,445	5,030,075

## NOTES TO THE FINANCIAL STATEMENTS

### Amounts in Taka

		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>27.8.1</b>	<b>Travelling and conveyance</b>		
	Local	47,149	114,952
	Foreign	-	109,120
		47,149	224,072
<b>27.8.2</b>	<b>Office maintenance</b>		
	Sub-staff salary-contractual	694,550	701,193
	Cleaning charges	58,587	140,457
	Security charges	133,607	325,000
	Fresh water	91,910	122,895
	Plantation	19,800	133,880
	Purchase of utensils	2,917	18,833
	Uniform and other apparels	49,800	27,960
	Other maintenance	78,107	118,226
		1,129,278	1,588,444

### 28. Earnings per share (EPS)

Earnings Per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard 33: Earnings Per Share. The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the year ended 31 December 2012.

#### Basic Earnings Per Share has been calculated as under:

Earnings attributable to ordinary shareholders (Net Loss after Tax) (31,876,375)  
 Restated weighted average no. of ordinary shares 2,913,562  
 Basic Earnings Per Share -restated -10.9

Particulars	No. of shares	Weight
Share outstanding as on 01 Jan 2012	1,000,000	365
Bonus shares issued	250,000	365
New shares issued 30 Sept.2012	6,600,000	92
	<b>7,850,000</b>	

#### Restated weighted average number of ordinary shares

Number of ordinary shares at 1 January 1,250,000  
 Share issue during the year 6,600,000  
 Bonus share issued -  
 Weighted average no. of ordinary shares at 31 December 7,850,000  
 Restated weighted average number of ordinary shares 7,850,000  
 Earnings Per Share -10.9  
 Earning Per Share (restated) -10.9

	(31,876,375)	64,892,829
	2,913,562	1,250,000
	-10.9	51.9
	1,000,000	1,000,000
	250,000	250,000
	1,663,562	-
	<b>2,913,562</b>	<b>1,250,000</b>
	1,250,000	1,000,000
	6,600,000	-
	-	250,000
	7,850,000	1,250,000
	7,850,000	1,250,000
	-10.9	51.9
	-10.9	51.9

## NOTES TO THE FINANCIAL STATEMENTS

### 29. Employees' information

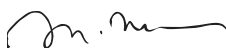
A total number of 44 employees were employed in IIDFC Securities Ltd as on 31 December 2012. All the employees received salary more than Taka 36,000 p.a during the year 2012.

### 30. General

30.1 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current years presentation.

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

for IIDFC Securities Limited



**Md. Matiul Islam**  
Chairman



**Md. Asaduzzaman Khan**  
Director



**A.T.M. Nasir Uddin**  
Chief Executive Officer



**Md. Shamim Ahamed**  
Company Secretary

Dated, 27 May, 2013

## PHOTOGRAPHS FROM IIDFC'S ALBUM

### 11<sup>th</sup> Annual General Meeting





## PHOTOGRAPHS FROM IIDFC'S ALBUM



## PHOTOGRAPHS FROM IIDFC'S ALBUM

### AGM SNAP SHOTS





## PHOTOGRAPHS FROM IIDFC'S ALBUM

### AGM SNAP SHOTS



## PHOTOGRAPHS FROM IIDFC'S ALBUM

### WORKSHOP



Workshop on Bangladesh industrial energy efficiency finance program at ADB Office in Dhaka

## PHOTOGRAPHS FROM IIDFC'S ALBUM

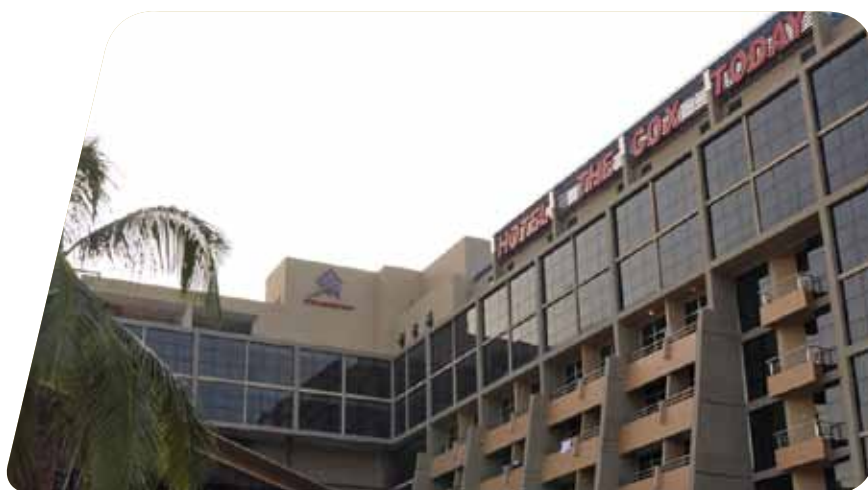
### Corporate Finance



Embroidery machine financed by IIDFC



Circular Knitting Machine of Masco Industries Ltd.



Hotel The Cox Today , Cox's Bazar



## PHOTOGRAPHS FROM IIDFC'S ALBUM

Structure Finance Department

PROJECTS IMPLEMENTED UNDER IIDFC'S SYNDICATION



Sinha Power Generation Company Ltd.



Anwara Mannan Textile Mills Limited

## PHOTOGRAPHS FROM IIDFC'S ALBUM

### SME Finance



HNB Trade International (Brick Manufacturing)



Neetol Printing Service Concern



Eke Tex (Pvt) Limited (Towel Manufacturing)





## INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

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### PROXY FORM

I/we.....

of.....

being a member of Industrial and Infrastructure Development Finance Company Limited do hereby

appoint Mr./Mrs./Ms.....

of.....or failing him/her.....of.....

as proxy to attend and vote for me/us and on my/our behalf in the 12th Annual General Meeting of the company to be held on **Sunday, June 30, 2013 at 8.00 p.m. at MTB Center, Sun Floor, Level 5, 26 Gulshan Avenue, Plot 5, Block SE(D), Gulshan 1, Dhaka 1212** Bangladesh and any adjournment thereof.

As witness my/our hand this .....day of .....2013.

.....  
Signature of Shareholder

Revenue  
Stamp of  
Tk. 10.00

.....  
Signature of Proxy







**INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LTD**

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