# Annual Report 2014



PEOPLE'S LEASING And Financial Services Ltd.

# **ANNUAL REPORT-2014**



# CONTENTS

1.	Letter of Transmittal	3
2.	Notice of the 19th Annual General Meeting	4
3.	PLFSL at a Glance	5
4.	Company's Vision, Mission & Corporate Philosophy	6
5.	PLFS Core Values and Strategic Objectives	7
6.	List of Sponsors	8
7.	Board of Directors	9-10
8.	Board of Directors' Profile	11-16
9.	Management Team	17
10.	Various Committees	18-19
11.	Bankers	20
12.	Company's Major/Principal Activities	21
13.	Message from the Chairman	22-23
14.	Message from the Managing Director	24-25
15.	Directors' Report to the Shareholders	26-44
16.	Status of Corporate Governance	45-53
17.	Functions of the Audit Committee	54-55
18.	Key Operations & Financial Data	56-61
19.	Auditors' Report and Financial Statement	62-71
20.	Notes to the Financial Statement	72-102
21.	Proxy Form	103

2

## **Letter of Transmittal**

All Shareholders,
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

# ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including consolidated and separate Balance Sheet as at December 31, 2014 and Profit & Loss Accounts, Cash Flow Statement and Statement on changes in equity for the year ended December 31, 2014 along with notes thereon of People's Leasing And Financial Services Ltd. for your kind information and record.

Yours Sincerely,

A.K.M. Abdus Sobhan Company Secretary

May 14, 2015

# NOTICE OF THE 19th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th (Nineteenth) Annual General Meeting (AGM) of the Shareholders of People's Leasing And Financial Services Ltd. will be held on Thursday June 25, 2015 at 11.00 AM at RAOWA CONVENTION, HELMET, Hall#01, 1st Floor, VIP Road, Mohakhali, Dhaka-1206 to transact the following businesses and adopt necessary resolutions:

#### **AGENDUM**

Agenda# 01. To receive, consider and adopt the Directors' Report and

Audited Accounts of the Company for the year ended

December 31, 2014.

Agenda# 02. To declare Dividend for the year ended December 31, 2014 as

recommended by the Board of Directors.

Agenda# 03. To elect Directors in place of those who shall retire in

accordance with the provision of the Articles of Association of

the Company.

Agenda# 04. To appoint the Auditors of the Company and to fix their

remuneration for the year 2015.

To transact any other business with the permission of the

Chairman.

By order of the Board

A.K.M. Abdus Sobhan Company Secretary

Dated: Dhaka

Agenda# 05.

May 14, 2015

#### NOTES:

- a. A shareholder of the Company is entitled to attend and vote in the Annual General Meeting or may appoint a proxy to attend the meeting and vote in his/her/their behalf. The proxy form duly stamped with Tk. 20.00 (Revenue Stamp) must be submitted at the Registered Office of the Company not later than 48 hours before the time fixed for the AGM.
- b. The Record Date: Sunday, May 17, 2015.
- c. The Shareholders whose names appearing in the Central Depository of Bangladesh Ltd. (CDBL) Record on the Record Date (Sunday, May 17, 2015) will be eligible to attend the meeting and receive the dividend.
- d. Change of address, if any, should be notified to the related Depository Participant.
- e. Admission to the meeting will be strictly on production of the attendance slip sent with the notice and Proxy Form duly stamped and signed by the shareholders be brought by the proxy holder(s) for attending the AGM on Proxy.

Es: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, No Gift/Gift Coupon/Food Box/Cash or Kind shall be distributed to the shareholders' or Proxy holders at the 19th AGM of the Company.

4

# **PLFSL** at a Glance

Company Name : People's Leasing And Financial Services Ltd.
Company Registration No : C-31162 (283)/96, Dated August 12, 1996

Incorporation : August 12, 1996 Commencement of Business : August 26, 1996

Receipt of License as Non- Banking

Financial Institution : November 24, 1997

Registered Office : Paramount Heights, Level-12th & 13th

65/2/1, Box Culvert Road, Purana Paltan,

Dhaka-1000, Bangladesh

PABX (Hunting): 88 02 712 2228

Fax: 88 02 9562780 E-mail: email@plfsbd.com Website: www.plfsbd.com

December 21, 2014

Authorized Capital : Tk 500,00,000/-(Five hundred crore)

Paid up Capital : Tk 259,49,14,520/First Lease Agreement Signed : April 30, 2002

Commencement of Home Loan Finance : October 25, 2004

Initial Public Offering (IPO) : May (14-18) 2005

Launching of SME Finance : July 05, 2005

Enlisted in DSE & CSE : July 20, 2005

Established Branch at Gulshan, Dhaka : October 30, 2007

Established Branch at Agrabad, Chittagong :

Conversion of Face value of share from

Tk 100/- to Tk 10/- : July 27, 2010

Issuance of Preference Shares : October 06, 2010

Board of Directors : 10 Number of Employees : 79

Number of shareholders as on

Record Date : 43,809 as on Record Date May 17, 2015

Last AGM held : June 26, 2014

Financial Year : January to December
Auditor : MABS & J. Partners
Chartered Accountants

# Company's Vision, Mission & Corporate Philosophy

# Vision:

To be the best performing Financial Institution in the Country for offering quality financial solution.



# Mission:

- Create maximum value for our stakeholders under highest ethical dispensation.
- Pursue for customer satisfaction by providing best & quality services.
- Maximize Shareholders' value through a sustained return on their investment.
- Create an enabling environment for our employees with opportunities to build their career.
- Contribute to the well being of the society as a responsible corporate body in the country.
- To be an Institution helps create wealth for the nation.
- To establish strong presence in the Financial Market of the country.



# **Our Corporate Philosophy:**

Perform our financial responsibilities with proper accountabilities for all our actions and result and bind ourselves to the ethical standards.



# **PLFS Core Values and Strategic Objectives**

# Core Values:

PLFS attaches highest priority to the development of productive enterprises and industrial units consistent with the industrialization programme of the Government for ultimate economic development of the country.

PLFS employees are trained to be good professionals and genuine development partners of the entrepreneurs and thus achieve organizational excellence.





# Strategic Objectives:

- Develop a synergy of high quality and strategically balanced portfolio in the context of our socio-economic structure.
- Develop and provide wide range of financial solutions and services to our customers.
- Mobilize balanced sources of fund for our Marketing Operation.
- Ensure good corporate governance.

ANNUAL REPORT -2014

# **List of Sponsors**

1. Mr. Motiur Rahman	21. Mrs. Monira Akter
2. Mr. Imam Shahed Hossain	22. Mr. Jamil Uddin Bhuiyan
3. Mr. A.K.M Shahidul Islam	23. Mrs. Sophia Khan
4. Mr. Mohammad Irshad Ali	24. Mrs. Shilpi Rani Roy
5. Mr. Mohammad Moshiur Rahman	25. Mrs. Humaira Alamin
6. Mr. Mohammad Shirajul Islam Mollah	26. Mr. Shadab Sajid
7. Mr. Md. Shamsul Islam Mollah	27. Mr. Mohammad Shjidul Huq
8. Dr. Momtaj Begum	28. Mrs. Nargis Alamin
9. Mr. H.B.M Lutfur Rahman	29. Mrs. Kamrun Nahar
10. Mr. Nizamul Ahsan	30. Mr. Mohd. Alauddin
11. Mr. Mohammad Yousuf Ismail	31. Mrs. Sumona Islam
12. Mr. Khabir Uddin Miah	32. Mr. Mahmodul Islam
13. Mr. Bishwajit Kumar Roy	33. Mrs. Shahida Alamin
14. Capt. M. Moazzam Hossain	34. Mr. Mohibur Rahman
15. Mrs. Aktara Khanam	35. Mrs. Marina Irshad
16. Mr. Arafin Shamsul Alamin	36. Mrs. Khaleda Yasmin
17. Dr. Monowar Hossain	37. Mrs. Tahmina Islam
18. Dr. Ekram Hossain	38. Ms. Thaneet Jabeen Irshad
19. Mrs. Nayma Meherin	39. Dr. H.B.M. Iqbal
20. Mrs. Farzana Moazzam	

Annual Report -2014 |

# **Board of Directors**



Capt. M. Moazzam Hossain Chairman



Mr. Nizamul Ahsan Vice Chairman



Mrs. Humaira Alamin Vice Chairman



Mr. Motiur Rahman Director



Mr. Arafin Shamsul Alamin Director



Mr. Khabir Uddin Miah Director



Mrs. Nargis Alamin Director



Ms. Sayma Islam Director



Mr. A H Ekbal Hossain Independent Director



Mr. Ehsan-E- Moazzam Independent Director



10

# **Board of Directors' Profile**



Capt. M. Moazzam Hossain Chairman

Capt. M. Moazzam Hossain was born on 01 June 1961 in a respectable family of Barisal. He started his career with Bangladesh Navy as a Commissioned Officer and later on joined Merchant Navy. He obtained Master Class I degree from Australia and also a fellow of FCIT, UK. He is a successful entrepreneur, industrialist and has ventures in the field of Shipping, Ship Chartering, Investment, Banking, Insurance, Merchant Banking, Stock Brokerage, Readymade Garments and Real Estate Development.



Mr. Nizamul Ahsan Vice Chairman

Mr. Nizamul Ahsan, was born on 1st December, 1955 in a respectable Muslim family of Dhaka. He completed his B.A.(Hons) and M.A. from Dhaka University in 1978. On completion of his academic education he started Import and Construction Business. Mr. Ahsan is the director of Meghna group, Siam Bangla Industries Ltd., Needle Drop (Garments) Ltd. and Proprietor of N. Ahsan & Co. Mr. Ahsan is actively associated with various social and religious activities in his native area and also in Dhaka. In conjugal life Mr. Ahsan is happily coupled with Mrs. Khaleda Yasmin and has been blessed with three daughters.



Mrs. Humaira Alamin Vice Chairman

Mrs. Humaira Alamin, was born in 1972. She is engaged in Textiles, Real Estate and Pharmaceuticals business. She is the Director of Rokara Spinning Mills Ltd, Shamsul Alamin Pharmaceuticals Ltd, Shamsul Alamin Real Estate Ltd., Paramount Properties Ltd. She is one of the leading Women entrepreneurs of the country.



Mr. Motiur Rahman Director

Mr. Motiur Rahman was born in 1957 in a reputed Muslim family of Noapara, Jessore. After completion of formal academic education as a Commerce graduate he entered into business of fertilizers. Mr. Rahman is a Chairman of famous M.K. Group. Mr. Rahman is one of the largest Fertilizer/Commodity Importers of Bangladesh.

Mr. Motiur Rahman is a successful entrepreneur and he is Sponsor Shareholder of a private Bank and Insurance Company.



Mr. Arafin Shamsul Alamin Director

Mr. Arafin Shamsul Alamin was born on 15th July 1968 in a wealthy family of Sirajgonj. His father Late Shamsul Alamin was one of the prominent Industrialists in the country. After completion of formal Education in BBA, he entered into family Business of Shamsul Alamin Group. Mr. Arafin is a successful Industrialist and business entrepreneur in the country. He is engaged in Textiles, Real Estate and Pharmaceuticals business. He is the Director of Fuad Spinning Mills Ltd., Managing Director of Sunny Specialized Spinning Mills Ltd., Managing Director of S A Spinning Mills Ltd., Director of Shamsul Alamin Cotton Mills Ltd., Director of Jahanara Alamin Spinning Mills Ltd., Director of Shamsul Alamin Real Estate Ltd., Director of Thai BD Hatchery Ltd. and Director of Samco Retail Ltd.



Mr. Khabir Uddin Miah Director

Mr. Khabir Uddin Miah, aged 61 years is a Real Estate Developer and owner of Diamond Gallery Ltd., Gulshan , Dhaka - 1212 and Jewellery shops at Gawsia Market, Dhaka. Mr. Khabir Uddin Miah is involved with Jewellery and Real Estate Development business since long.



Mrs. Nargis Alamin Director

Mrs. Nargis Alamin, was born in 1968 and is engaged in Textiles, Real Estate and Pharmaceuticals business. Mrs. Nargis Alamin is the Managing Director of Rokara Spinning Mills Ltd, Shamsul Alamin Pharmaceuticals Ltd., Shamsul Alamin Real Estate Ltd. She is one of the successful Women entrepreneurs of the country.



Ms. Sayma Islam Director

Ms. Sayma Islam was born in 1987. She completed her BBA from Independent University, Bangladesh (IUB). She is Director & CEO of China-Bangla Ceramic Industries Ltd., Director Trustee Securities Ltd., Director, China-Bangla Engineering & Technology Services Ltd., Director. Azbal International Ltd. and Director Dhaka Foshan Mould Co. Ltd. She is one of the emerging young Women entrepreneurs of the country.



Mr. A H Ekbal Hossain Independent Director

Mr. A H Ekbal Hossain was born on March 1st, 1948 in a respectable Muslim family of Chandpur. He completed his Master Degree in Commerce (M.Com) from Dhaka University and obtained PhD from University of New Castle, Portland, Oregon, USA. He obtained his Diploma-in- Banking and enriched his professional skills by attending different Training courses & Workshops on Banking.

He joined as Probationary, Grade II in the then United Bank Ltd. Pakistan, (Now Janata Bank) on 1st April, 1968. Mr Ekbal Hossain was a professional Banker for about 40 years in Banking Service. He was holding different senior positions such as DGM, General Manager and Managing Director (Current Charge) in different Nationalized Banks. Finally, he retired as the Managing Director of BASIC Bank Ltd. on June 30, 2008.

He has also worked in the FIs such as Oman Bangladesh Leasing and Finance Company and GSP Finance Co (Bangladesh) Ltd. as Managing Director. He retired from GSP Finance Co. (Bangladesh) Ltd. on May 30, 2012.



Mr. Ehsan-E- Moazzam Independent Director

Mr. Ehsan-E-Moazzam was born on February 18, 1989. He obtained Degree in LLB(Hon's), LLM (BPP, U.K.) and Bar-at-Law (U.K). He is engaged in family business and is Director of Law and Remedy, Director of Agrovita Ltd., Director of E-Securities Ltd., Director of Master Ocean Voyage and Admiral Trading Corporation. He is a young entrepreneur with international vision apart being a professional lawyer.



Dr. MA Yousuf Khan Managing Director & CEO

**Dr. MA Yousuf Khan** is a Banker by profession. He started his Banking career in the largest state-owned bank Sonali Bank in the year 1977 as Sr. Officer on probation. He worked in Sonali Exchange Company, USA as Chief Executive Officer from 1998 to 2001. Subsequently he joined Mercantile Bank Limited as Executive Vice President in 2004 and ended service over there in the year 2014 as Deputy Managing Director. He has 5(five) publications relating to the issues of foreign remittance, banking and economics. Besides this, a series of articles published in the daily newspapers and some others are awaiting for publishing.

Dr. Khan was born in a respectable family of Tangail district. He completed his school and college education successfully from Tangail and received his Honors and Master in Agri Economics from Agri-versity, Mymensingh. He did his Ph.D from USA.



Mr. A.K.M. Abdus Sobhan Company Secretary

Mr. A.K.M. Abdus Sobhan was born on December 10, 1944 of Sadarpur Upa-Zilla under Faridpur District. He completed his Graduation Degree in Commerce from Dhaka University in the year 1967 and left for Karachi, erstwhile West Pakistan where he completed his Post Graduation in Personnel Management (DIPM) and Administrative Law (DIPL&R) from National Institute of Management Development, Karachi. He joined Sind Textiles Mills Limited, Lundy, Karachi as Labour Welfare Officer and worked there till November, 1970.

After Liberation he joined National Jute Mills Limited, Ghorasal and subsequently switched over to Glaxo Pakistan Laboratories Ltd, later on Glaxo Welcome Bangladesh Limited, presently GlaxoSmith Kline (GSK) Bangladesh Limited on May 16, 1972 and worked there till February 2002.

Mr. Sobhan joined People's Leasing And Financial Services Limited as Company Secretary on July 01, 2003. Mr. Sobhan enriched his professional skills in Management Development & Human Resources during his services in different organizations. After joining PLFS Ltd. as Company Secretary he has developed his skills in Secretarial Services and acquired adequate knowledge of Compliances of Regulatory matters of different Regulatory Authorities of FIs.

(16)

# **Management Team**



Dr. MA Yousuf Khan Managing Director & CEO



Dr. K. Mustaque Ahmed Deputy Managing Director, CFO



Mr. Md. Helal Uddin Executive Director



Mr. A.N.M Tariq Chowdhury General Manager



Mr. Nripendra Chandra Pandit General Manager



Mr. A.K.M. Abdus Sobhai Company Secretary



Mr. Md. Mizanur Rahman, FCMA Deputy General Manager



Mr. Mukut Subal Cruze Sr. Asst. General Manager



Mr. Mofazzal Hossain Khan Asst. General Manager



Mr. Md. Mahbub Musa Asst. General Manager



Mr. Md. Ruhul Amin Deputy Company Secretary

## **VARIOUS COMMITTEES**

# A. BOARD COMMITTEES

#### **EXECUTIVE COMMITTEE:**

Mr. Arafin Shamsul Alamin : Chairman

Mr. Md. Khabir Uddin Miah : Member

Mrs. Nargis Alamin : Member

Mr. Nizamul Ahsan : Member

Mr. Ehsan-E- Moazzam : Member

Dr. MA Yousuf Khan : Member

# **AUDIT COMMITTEE:**

Mr. A H Ekbal Hossain : Chairman
Mrs. Humaira Alamin : Member
Mr. Motiur Rahman : Member
Ms. Sayma Islam : Member

## **B. MANAGEMENT COMMITTEES**

## CREDIT COMMITTEE:

Dr. MA Yousuf Khan, Managing Director & CEO : Chairman
Mr. Md. Helal Uddin, Executive Director : Member
Dr. K. Mustaque Ahmed, Deputy Managing Director & CFO : Member
Mr. A. N. M. Tariq Chowdhury, General Manager : Member
Mr. Mukut Subal Cruze, Sr. Assistant General Manager : Member

## MANAGEMENT COMMITTEE (MANCOM):

Dr. MA Yousuf Khan, Managing Director & CEO Chairman Mr. Md. Helal Uddin, Executive Director Member Dr. K. Mustaque Ahmed, DMD & CFO Member Mr. A. N. M. Tariq Chowdhury, General Manager Member Mr. Nripendra Chandra Pandit, General Manager Member Mr. Md. Mizanur Rahman, FCMA, Deputy General Manager Member Mr. Mukut Subal Cruze, Sr. Assistant General Manager : Member Mr. Mofazzal Hossain Khan, Assistant General Manager Member

## ASSET-LIABILITY COMMITTEE (ALCO)

01. Dr. MA Yousuf Khan, MD & CEO Chairman : 02. Mr. Md. Helal Uddin, Executive Director Member . 03. Dr. K. Mustaque Ahmed, DMD & CFO Member 04. Mr. A. N. M. Tariq Chowdhury, General Manager Member 05. Mr. Nripendra Chandra Pandit, General Manager : Member 06. Mr. Md. Mizanur Rahman, FCMA, DGM Member 06. Mr. Mukut Subal Cruze, Sr. AGM (Credit) Member 07. Mr. Mofazzal Hossain Khan, AGM (ICC) Member

## RISK MANAGEMENT FORUM (RMF)

01. Mr. Md. Helal Uddin, Executive Director : Chairman 02. Dr. K. Mustaque Ahmed, DMD & CFO Member 03. Mr. A. N. M. Tariq Chowdhury, General Manager Member 04. Mr. Nripendra Chandra Pandit, General Manager Member 05. Md. Mizanur Rahman, DGM (Fin & Acctts) Member 06. Mr. Mukut Subal Cruze, Sr. AGM (Credit) Member : 07. Mr. Mofazzal Hossain Khan, AGM (ICC) Member

#### NATIONAL INTEGRITY STRATEGY (NIS)- INTEGRITY COMMITTEE

01. Dr. K. Mustaque Ahmed, DMD & CFO : Chairman
02. Md. Mizanur Rahman, DGM (Fin & Acctts) : Member
03. Mr. Mukut Subal Cruze, Sr. AGM (Credit) : Member
04. Mr. Mofazzal Hossain Khan, AGM (ICC) : Member

# Bankers PLFS has dealing with the following Banks:



# Company's Major/Principal Activities

# PLFS offers the following services and products

#### **Debt Products:**

- Lease Finance
- Syndicate Finance
- Home Loan
- O Car/ Vehicle Loan
- Finance for Real Estate Developers
- Short Term Loan
- Dong Term Loan
- Agro Based Loan
- SME Loan
- Women Entrepreneurs Loan
- Working Capital
- Project Finance
- Lease Finance under sale and lease back
- 9 Factoring

#### **Liability Products:**

- Short Term Deposit
- 5 Term Deposit
- Annual Profit Term Deposit
- Cumulative Profit Term Deposit
- Monthly Earner Deposit
- Quarterly Earner Deposit
- Q-5 (Quarterly Profit for 5 Times)
- Double Money Scheme
- Triple Money Scheme
- Monthly Deposit Scheme

# Refinance Scheme under Bangladesh Bank/ADB Fund:

- 9 SME Finance Scheme
- Women Entrepreneur Refinance Scheme
- Agro-based Industry Refinance Scheme
- Refinance Scheme under Green Banking
- Brick Kiln Energy Efficiency Project under ADB Fund

# **Corporate Services:**

- Project Finance Appraisal
- Project Loan Syndication
- Syndication Agency Services
- Refinancing Arrangement
- Corporate Financial Advisory
- Securitization of Receivables
- Trusteeship Management
- Professional Supports to SMEs

#### Subsidiary

PLFS Investment Ltd.

# Message From the Chairman



Bismillahir Rahmanir Rahim,
Distinguished Shareholders, Guests of honor, Media personnel,
Members of staff of PLFS, Ladies and Gentlemen,

#### Assalamu Alaikum,

It gives me immense pleasure in welcoming you to the 19th Annual General Meeting (AGM) of your company, People's Leasing And Financial Services Ltd. I am extremely honored in having the opportunity to express my gratitude and heartfelt thanks for reposing so much trust and confidence in the Board and Management Team of the company. On behalf of Board of Directors, I wish to pledge that through prudent and carefully planned strategies, we will continue to add value to shareholders' wealth and achieve PLFS's vision, mission and reinforce its values.

#### Dear Shareholders,

You are aware that there were concerns about slowdown in investment, rising infiation and about corporate performance during the year under review. There was a sense of pessimism in all sectors of the economy amid political unrest, hartals and feeling of insecurity during the year 2014.

I am happy to inform you that despite all obstacles during the year 2014 PLFS recorded a net after tax profit of BDT 196.70 million. Operating income of the company in the year under report stood at BDT 733.20 million as opposed to BDT 641.69 million in 2013 after payment of interest cost on deposit and borrowing for the year 2014 and 2013 respectively. Operating expenses other than interest cost have increased to a level of BDT 188.97 million against BDT 162.67 million in 2013 which was mainly due to increase in financial cost consequent upon high cost of fund contracted earlier, new recruits, increase in cost of electricity etc.

Total deposits have risen to BDT 11,717.30 million indicating 19.37% growth over last year's level of BDT 9,816.00 million.

You will be glad to know that your company's investment, loans and advances as on December 31, 2014 stood at BDT 19,564.28 million as opposed to last year's investment of BDT 17,665.46 million leading to 10.75% growth in this head of accounts.

During the year 2014 NPL ratio of the company increased to 9.40% from previous year's 7.66%. However, we have kept adequate provision of BDT 993.79 million against Non-performing assets of the company. Our Company personnel are striving hard to reduce the quantum of impaired assets.

In this regard, I would like to assure you that we have embarked upon measures along with my colleague, Directors and the Management Team to increase investment, reduce the incidence of impaired assets, to mop up deposits, to reduce financial cost and to earn higher profits during the year 2015

Corporate Social Responsibility (CSR) activities of the company continued to grow to discharge our responsibility to the society. The company extended support to the relevant schemes such as donation to the Prime Minister's Relief & Welfare Fund, donation to different Schools, Clubs, and other social welfare institutions, allow charity for treatment of insolvent patients, distribution of blankets among the severely cold affected poor people and providing scholarship/stipend to the poor but meritorious students and also looking after promotion of staff welfare.

With a glimpse at the national economy it may be mentioned here that disruptions caused by political strife, mounting tensions relating to the political metamorphosis and inadequate improvements in the spheres of roads, power, gas and other infrastructure the attained economic growth fell below 6.4% against projected growth rate of over 7.3%. A big thrust will be needed in 2015 both by Public Sector and Private Sector in order to neutralize the growth rate of 2014.

The condition of stock market was volatile during the year of 2014 and still investors feel insecure for investment in the secondary market. Traders' confidence is still shaky.

Now, I would like to wrap-up by expressing thanks to the valued Clients, Bankers, Lenders, Depositors and Business partners for their continuous support and co-operation.

Among all the adversities in the economy in general and FIs in particular, our Board has declared 10% stock dividend at the ratio of 1(one) bonus share against 10 (ten) shares.

I would like to extend my gratitude to the Government of People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and co-operation.

I would like to express my gratitude to my fellow Board Members for their co-operation and invaluable contributions throughout the year. Last but not the least; I owe my thanks to our Management Team and our caring employees for their hard works and devotion.

Capt. M. Moazzam Hossain, FCIT

Chairman Board of Directors

June 25, 2015

# Message From The Managing Director



Dear Shareholders,

It is indeed a great pleasure to present a glimpse of our achievement to the honorable Directors, Customers, Employees and all the Stakeholders of the company.

In looking back at the year just ended, our Company's performance is particularly noteworthy in the light of the challenges currently confronting the entire NBFI sector. We respond with great prudence as well as with confidence in our ability to meet the challenges. My sincere thanks go to our clients for the trust they have placed in us and to the all members of staff for their extraordinary commitment shown throughout the year without which this result would not have been possible. I am also grateful for the continuous support of our dynamic Board of Directors. This is the best instance of their enduring leadership and business foresight that has made us so proud to be connected with.

Getting to the financial details, we have provided a snap shot of financial highlights in the report placed before you. In short, we have achieved a Business growth of about 19.07%, Credit growth of about 7.51%, Deposit growth of about 19.37%, Capital and Shareholders Equity growth of about 4.52%. However, it gave us an opportunity to focus on restructuring the organization, redefining our profit centers, development of our Human Resources and improvement of compliance and core risks. We believe that our efforts would help the company to meet unforeseen shocks and achieve sustainable growth in the coming years. To render quality and accelerated services to our existing clientele as well as to potential new customers we are emphasizing on professionalism for which we are investing more on training and automation.

Even though operating in a 'turbulent' context, People's Leasing followed the strategy defined, which was appropriate to the economic and financial environment, naturally giving most attention to capital ratios, liquidity management and to the prudent management of risk, while granting due attention to customers, building foundation to future growth and promoting better efficiency level. We also have a talented human capital that is committed to work together to provide our customers best advice and services. Our diversified business lines, products and locations and finally a clear understanding of and focus on our strategy we know where to direct our efforts.

Other remarkable aspect is, we went on collecting and retaining quality staff which came at around 79 employees. Our operating environment involves expansion, continuous technological advancement and modernization to retain the winning edge. We have tried our best to do last years. I am confident that with the help of our strong foundation, clearly defined objective, strategic priorities and talented workforce, we will ensure continued growth and success for our Company and all of our stakeholders in 2015.

I recognize that success on the business front depends on retaining and developing capable and motivated employee. The success of the individual and hence company depends on the academic and vocational development of all employee and this forms the core of People's Leasing Human Resources strategy. Our responsibility is to provide our people with safe and healthy workplace.

People's Leasing And Financial Services Ltd. has an 18 - long years history, and each time it has faced challenges in the course of its progress, it has emerged stronger. I am confident that with the same spirit that has guided us throughout our history and the continued commitment of everyone in our organization we will once again overcome the challenges and People's Leasing will firmly move along a path to profitability for the future. I would like to thank Team of People's Leasing for their passionate and sincere efforts in coming together as a coherent force to achieve our corporate vision, mission and strategic objectives, while ensuring our core values remain consistent. My sincere note of gratitude goes to our distinguished Chairman and honorable members of the Board of Directors for their continuous guidance, encouragement and empowerment round the year, which is the unique in the history of corporate governance in Bangladesh.

On a personal note, my heartfelt thanks to my fellow management colleagues for their support and commitment in steering the company forward.

Dr. MA Yousuf Khan

Managing Director & CEO

June 25, 2015

Directors' Report-2014



26

# Board of Directors' Report to the Shareholders

#### **DEAR SHAREHOLDERS**

#### Assalamu Alaikum

On behalf of the Board of Directors of People's Leasing and Financial Services Limited (PLFS), I am pleased to welcome you all again in the 19th Annual General Meeting of the company for the year ended December 31, 1014.

The Board of Directors takes the pleasure in presenting the Annual Report for the year 2014. The annual Report includes Auditors' Report, Directors Report and Audited Financial Statements. The report is prepared in compliance with the Companies Act, 1994, Financial Institutions Act, 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission, Bangladesh Bank and other regulatory bodies.

Lease financing is one of the major fund based activity of PLFS. The company offers full payout financial lease for financing capital machinery, equipments, and vehicles. Term Finance, Bridge finance, Equity finance, Syndicating Finances with other financial institutions and banks are also made by PLFS.

#### WORLD ECONOMY

Global economic growth in the year 2014 was lower than the preliminary expectation although increased slightly to 2.6% from 2.5% over the preceding year. Major economies are facing divergent trend. The recovery in United States and United Kingdom appears robust as supported by highly accommodative monetary policy, improved labor market with modest wage growth, significant growth in housing market and credit expansion; whereas Euro Area and Japan are still suffering from structural bottlenecks, imbalanced monetary policy, fragile recovery, high unemployment and unresolved fiscal challenges. On the other hand, China is still growing with a positive trend but continues on a path of gradual deceleration. Growth in middle and low-income countries slipped to 4.4% in 2014. Cyclical factors, weak external demand, supply side constraints, domestic policy tightening caused slowdown in these countries.

Global growth is expected to increase in 2015 to 3.0%, and will stay at 3.2% - 3.3% up to 2016-17. Recovery continuation and activity enhancement will boost up growth in the major economies whereas structural reforms, trade growth, job creation, countercyclical fiscal management will help to enhance the growth in developing countries. Moreover, sharp fall in the oil price at the end of 2014 is expected to continue, which will boost up the global growth with a significant increase in real income, especially in the oil importing countries. In contrast, oil exporting countries will be adversely affected by weaker fiscal management and dwindling exporting earnings.

#### **BANGLADESH ECONOMY**

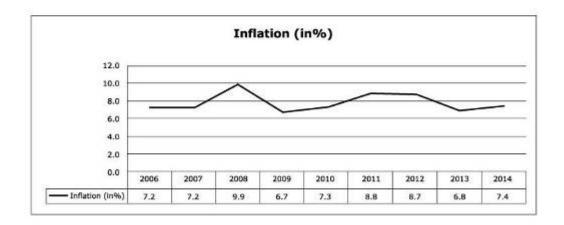
Economic growth in Fiscal Year 2014 (ended June 2014) is provisionally estimated at 6.1% in Bangladesh which has slightly improved over 6.0% growth in Fiscal Year 2013. Due to good

weather and continued government support; agriculture expanded by 3.3%. Industry growth drooped to 8.4% from 9.6% from Fiscal Year 2013. Political unrest before the parliamentary election in January 2014 disturbed the supply of materials and demoralized consumer confidence. Services increased by 5.45% to 5.8% from 5.5% in Fiscal Year 2014. Main reason behind this increase is due to more or less stable political position in the second half of the year.

Garment exports grew briskly which added growth on the demand side of net export. A decline in remittances and shaky consumer confidence before the election confined growth in consumer spending. Investment slightly enhanced to 28.7% of the gross domestic product (GDP) in Fiscal Year 2014 from 28.4% in the previous year. Private investment slipped to 21.4% of GDP from 21.8% in Fiscal Year 2013 while public investment rose from 6.6% to 7.3%. Private investment was restrained by the unstable political scenario, obscurity with infrastructure development, skills deficits and procedural problems that hold back investment. Government's initiative to step up public investment was due to implementation of election pledges during the year. Foreign Direct Investment (FDI) remained low in Fiscal Year 2014.

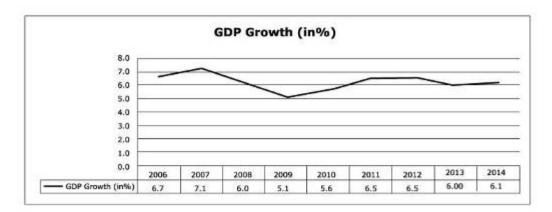
#### INFLATION

Annual average inflation was 7.4% in FY14, which was 6.8% in FY13. On the other hand, point to point basis inflation rate was 7% in June 2014 which was 8.1% in June 2013. Food price was on the rise due to supply chain disruption. Because of low domestic demand non-food inflation has declined to 5.5% in June 2014 which was 7.8% in June 2013. Changes in inflation in last 9 years can be shown in the following graph:



#### GDP GROWTH:

The Gross Domestic Product (GDP) in Bangladesh was worth 129.86 billion US dollars in 2014. The GDP value of Bangladesh represents 0.21 percent of the world economy. GDP was worth 116.03 billion US dollar in 2013. GDP Growth in 2014 and 2013 was 6.1% and 6% respectively. Last 9 years GDP Growth can be shown in the following graph:



#### **FINANCIAL SYSTEM**

The credit and risk management in the banking sector is not in the standard level. Unstable political situation, poor lending decision and change in loan classification status weaken asset quality across state owned banks (SCB) in the reporting year. Implementation of new provision relating to lending and the banks' exposure to stock market by Bangladesh Bank may prevent excessive risk taking characteristics of the banks. Private sector credit growth remained subdued at 12.3%.

The financial system remained under stress and capital market activities continued to remain weak and pessimistic on account of a challenging political and economic environment and overall depressed values. 17 IPO emerged in the reporting year. Overall stock market capitalization at the DSE in 2014 stood at BDT 3,259 billion while turnover increased by 23.07% as compared to last year.

DSE index stood at 4,865 as on December 30, 2014 as compared to 4,267 as on December 30, 2013. DSE index has increased a bit but still it was not enough to create confidence in the minds of the investors to encourage investment and trading activities.

#### **FISCAL POLICY**

Budget for Fiscal Year 2014 is said to be an ambitious budget. Total size of the budget is BDT 2,505.1 billion which was BDT 2,162.2 billion in 2013. This shows an increase of 15.9%. Gross revenue target is BDT 1,829.5 billion which has a budget deficit of BDT 675.5 billion. Revenue target of the budget is 13.7% of GDP. This target is also 16.8% higher than previous year's budget. Total budget deficit is BDT 675.5 billion. BDT 432.8 billion of this deficit will be collected from domestic sources and remaining amount will be collected from external sources. To fulfill domestic target of budget deficit BDT 312.2 billion will be collected from banking sector and remaining BDT 120.6 billion will be collected from non banking sources.

#### Economy and business outlook 2015

Increasing public investment in infrastructure, stimulating private investing activities and domestic consumption growth with the help of remittance recovery and implementing wage increase in the RMG sector will support to achieve the targeted GDP growth of 7.3%. The estimation of Bangladesh Bank is that the GDP growth will range from 6.2% to 6.5% in the current fiscal year. But achieving this 6.5% growth will be challenging because of sluggish growth in private investment- according to Centre for Policy Dialogue (CPD). Comparing to last year remittance there has been 10.5% higher remittance in the first 5 months. Crop production seems to be positive although any environmental calamity can adversely affect this scenario. ADP implementation in the first 5 months has been only 21% of the total targeted ADP. International price trend and domestic demand will trigger inflation. Sharp falling in oil price will help to boost up the external balance and create downward pressure to inflation.

In conclusion, if the political environment remains stable investment activities may improve in 2015 to a large extent.

#### PLFS's Performance in 2014

In 1996 PLFS commenced its operation as a leasing company in the country. Within 18 years of successful operation in Bangladesh, PLFS has diversified its business and emerged as one of the biggest multi-product non-banking financial institutions (NBFIs) of the country with a balanced focus on the Corporate, Retail and SME sectors, while being engaged in providing a diverse bouquet of capital market services through its associated company PLFS Investment Ltd.

Despite several challenges on the political and economic front that led to sluggish industrial growth, frequent strikes and disruptions of communication we should say, PLFS fared well during the year.

## **BUSINESS REVIEW**

**Total Business:** In the year ended on December 31, 2014, the total exposure of the Balance Sheet stood at BDT 22,469.26 million as compared to BDT 18,870.03 million as at December 31, 2013 resulting a growth by 19.07%.

**Credit:** Despite political turmoil, PLFS has achieved moderate growth. As at the close of the year total credits stood at BDT 17,926.97 million as against BDT 16,675.41 million as at December 31, 2013. The growth was 7.51% over the position of last year.

**Investment in Shares:** Investment in shares were BDT 990.05 million as on December31, 2013 which increased to BDT 1,637.31 million at the end of 2014. There was a growth of 65.38%.

**Deposits:** Deposits stood at BDT 9,816.00 million as on 31.12.2013 opposed to BDT 1,1717.30 million as on 31.12.2014. The growth was 19.37%.

**Borrowings:** Borrowing increased by 15.23% from BDT 2,426.01 million on 31.12.13 to BDT 2,795.53 million on 31.12.14.

**Capital & Shareholders' Equity:** Capital & Shareholders' equity stood at BDT 4,545.70 million as on December 31, 2014 as compared to BDT 4,349.00 million as on December31, 2013 showing a growth of 4.52%.

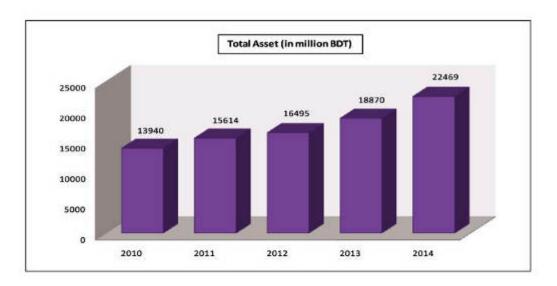
**Profit:** Profit before Tax stood at BDT 217.31 million as on 31st December 2014 as against BDT 324.03 million in 2013.

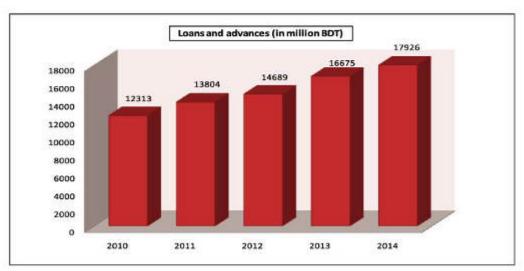
# **Operating Results:**

PLFS's net profit after tax in 2014 was BDT196.70 million-featuring a decrease of 11.96% over the previous year. Figures of profit, assets and loans and advances are depicted in the chart below:

BDT in million

Particulars	2014	2013	%change
Net Interest Income	379	482	-21%
Income from Investment	218	86	153%
Other Operating Income	136	73	86%
Operating Expense	189	163	16%
Loan & Lease provision	327	140	134%
Net Profit Before Tax	217	324	-33%
Profit after Tax	197	223	-12%





# SME FINANCE

As per guidelines and instructions of Bangladesh Bank the company has undertaken SME financing task very earnestly. During the previous year the company financed SME Loans amounting to BDT 422.90 million as against target of BDT 600.00 million. During the year under report the company disbursed BDT 574.00 million as SME Loans against target of BDT 700.00 million. There was a growth of 35.73% over the previous year and an achievement of 82% to target. The company has already opened a help desk named "Women Entrepreneurship Desk" and a dedicated team is working to boost up SME loans and loans to women entrepreneurs.

(32)

#### HOUSING FINANCE

As at December 31, 2014 our finance in Housing sector stood at BDT 322.62 million as against BDT 272.82 million as of previous year. Our finance extended to Real Estate and Housing Industry is experiencing a set back since 2011 due to fall in the sale of flats in the Housing Sector. But we continued to finance the Developer and Retail Customers selectively. However, we believe that this sector will continue to grow with increasing retail customer base in the coming years.

#### MONEY MARKET OPERATION

For pursuing a tight monetary by Bangladesh Bank (BB)the situation became flexible due to surplus of money in the hands of Commercial Banks, lower credit disbursements and high foreign exchange reserve due to rising export and remittance and declining import. BB in its last monetary policy gave indication of lower domestic rates ahead.

During the year under report the company received Call Loan of BDT 27,070 million from different banks and FIs and paid BDT 26,770 million back to lenders.

#### CAPITAL MARKET OPERATIONS

PLFS capital market business suffered since the market collapsed in the end- 2010, like all other players in the market. Revenues have shrunk as trading volumes have declined dramatically while provisions have to be made in line with BSEC/BB guidelines for those parts of margin loan portfolios where values are less than the cost prices. Importantly, we have also de-recognized all income generated from such impaired assets, in line with the most conservative international accounting practices. Nevertheless, portfolio value of PLFS was higher than the cost price i.e. market price was BDT 1,773.16 million and cost price was BDT 1,637.31 million during the year under review.

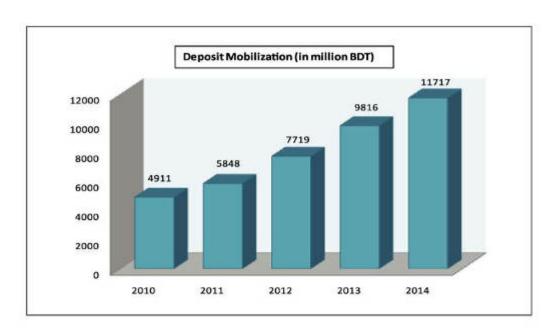
#### **BANKING ARRANGEMENTS**

In 2014 the company obtained BDT 1657.06 million from banks as term loans to finance its operations and re-paid BDT 1287.54 million as per terms and conditions of contracts. The weighted average rate of borrowing was 13.50%.

#### DEPOSIT MOBILIZATION

PLFS mobilizes term deposits from corporate and individuals through its wide range of deposits schemes with different maturity options, monthly/quarterly/half yearly/yearly income options, double/triple money options, monthly saving options etc. The deposit base of the company continued to register a steady growth and stood at BDT11,717.30 million as on December31, 2014 compared to BDT9,816.00 million of previous year, registering a growth of 19.37%. The Board gave a policy decision to mobilize private deposits in order to minimize dependency on term loan and term deposits from banks and accordingly a cell was created with contractual staff to harness deposits from the market and the officers so recruited have shown brilliant performance in mobilizing term deposits from the market. The deposit growth is depicted in the chart below:

ANNUAL REPORT -2014 |-



# **HUMAN RESOURCES**

PLFS persistently reviews the existing human resource policies and implements effective management policies and practices to enrich the quality of its employees. We provide training to our employees through opportunities offered by Bangladesh Bank, DSE, CSE, BLFCA and other external training program organizers to enhance their professional knowledge and skills. We also provide them good and congenial working atmosphere. We believe in the policy of a satisfied worker is the greatest asset for a company and accordingly we are offering the facilities of encashment of Earned Leave, Leave Fair Assistance, Maternity Leave of 6(six) months with pay, Performance Bonus, Target Bonus other than Festival Bonus to our employees.

#### STAFF STRENGTH

Staff strength of the company as on December 31, 2014 was as under:

Management Staff & Executive Officer : 65
Support Services : 14

PLFS is an equal opportunity employer. The company's policy is to ensure equal opportunity for all in selection, recruitment, development, training, promotion and rewards. Our company always practises equal treatment to all employees irrespective of their age, race, religion, sect and gender. Our company has adopted the policy circulated by Govt. on 'National Integrity Strategy' and we are pursuing to implement the concepts and fundamentals as laid down in the policy in its fullest meaning.

(34)

#### RISK MANAGEMENT

Risks of the company may be defined as the possibility of losses financial or otherwise. The risk management of the company covers 05 core risks i.e. Credit Risk, Asset-Liability Management Risk (Balance Sheet Risk), Money Laundering and Terrorist Financing Risk, Information Technology Risk and Internal Control & Compliance Risk. Moreover Operational Risk, Market Risk, Liquidity Risk, Reputational Risk and Sustainability Risk etc. are also taken into consideration. The company strictly follows the guidelines of Bangladesh Bank and requirement of other regulatory bodies in all respects. A separate Risk Analysis Unit (RAU) and Risk Management Forum (RMF) are in place. In addition to those PLFS has different committees namely, MANCOM and ALCO. Credit Committee, Recovery Review Committee etc. We have a separate and independent Internal Control and Compliance Deptt. under an Assistant General Manager. The company has also adopted the principles of **Green Banking Activities** as a part of its compliance.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our company is very careful about the compliance of Corporate Social Responsibility (CSR) as it means in letter and spirit. We not only look for congenial environment of our employees in which they work but also care for rendering high standard of services to our clients, encourage investments in environment friendly projects and we are also striving for upliftment of social environment to mitigate human sufferings and we lay emphasis on broadening higher education for the poor but meritorious students and accordingly we have been granting stipends to poor but meritorious students at university level.

With a view to promote CSR activities our company was involved in the following social programs:

- # The Company extended stipends for H.S.C passed students for purchasing books and defraying monthly educational expenses during the year. The program will continue in the coming years depending on individual performance of the students basing on their results of 2014.
- # Distributed 1600 blankets to the poor people of different districts who were caught in unprecedented coldness during the winter in 2014.
- # Contributed to National Day Supplements, Sports and Cultural Activities through profuse advertisements in the Souvenirs published for the purpose.

## **AUDIT COMMITTEE**

An Audit Committee of the Board has been re-constituted on August 19, 2013 as per following:

 01.
 Mr. AH. Ekbal Hossain, Independent Director
 : Chairman

 02.
 Mr. Motiur Rahman, Director
 : Member

 03.
 Mrs. Humaira Alamin, Director
 : Member

 04.
 Ms. Sayma Islam, Director
 : Member

The committee is headed by Mr. AH. Ekbal Hossain, Independent Director of the company who has got wide range of knowledge, understanding and experience in management of finance, accounts and advances as ex-Managing Director of Rupali Bank Ltd., BASIC Bank Ltd. and GSP Finance Company Ltd. The Audit Committee is responsible to the Board of Directors. The committee holds meeting once in a quarter. The Managing Director attends the meeting of the Audit Committee on invitation.

The objectives of the committee is to ensure proper and adequate financial control based on the TOR of Audit Committee and it assists the Board of Directors in discharging its responsibilities and obligations towards the shareholders of the company.

The Committee ensures that a sound financial reporting system is in place and sound management is there and provides accurate, appropriate and timely information to the Board of Directors, the Management, the Regulatory bodies and Shareholders in line with Bangladesh Bank and BSEC directives in this respect.

#### **Audit Committee Report**

4 (Four) meetings of the Audit Committee of the Board were held on 13.02.2014, 12.06.2014, 19.07.2014 and 09.11.2014 respectively.

The summary and discussions of the meetings of Audit Committee were as under:

#### Discussion of 1st meeting held on 13.02.2014:

- a) Discussed issues arising out of the earlier meeting no. 6 held on November 9, 2013. The Chairman proposed to hold the Audit Committee Meeting on the same day of the Board Meeting in their before or after the time of Board Meeting. The committee advised the management those necessary steps to be taken to adjust/regularize/re-schedule the big default accounts by 31st March, 2014. The committee also advised that the cases filed in the court be pursued with the Lawyer to expedite disposal of the cases and the rest of the accounts under Top twenty defaulters be settled by negotiation and dialogue with them.
- b) Discussed and reviewed regarding Automation work & advised the management to complete it in the shortest possible time. LIVE operation be invariably completed by June 30, 2014. The committee advised that vendor be persuaded to install software without any further loss of time.
- c) Discussed matter relating to irregularities in advances and reviewed Non-performing Loans (NPL) and Recovery thereof and decided that the core committee headed by Dr. K. Mustaque Ahmed, Deputy Managing Director should submit his report to the committee as soon as the work is completed as per decision of the Audit Committee's earlier meeting in the next meeting of the committee.
- d) Discussed regarding "PLFS Tower, General and Administrative Expenses and Business Development Expenses. The committee advised the management to make all out efforts to complete the Math Parcha, Muaiton/DCR of the land "PLFS Tower" located at 73, Green Road, Dhaka-1215 and Registration formalities be completed by mid April, 2014 in the name of PLFS. The committee advised that General and Administrative Expenses and Business Development Expenses be reduced gradually and the statement be submitted to the Board on monthly basis with a copy to Audit Committee as and when meeting will be held.

#### Discussion of 2<sup>nd</sup> meeting held on 12.06.2014:

- a) Discussed issues arising out of the earlier meeting no. 7 held on February 13, 2014. The committee advised that party wise recovery position of all the advance accounts from January 2014 to May 2014 be prepared by Chairman Core Committee in consultation and co-ordination with General Manager, recovery and the same be submitted in the next meeting of the Audit Committee through the Managing Director.
- b) Discussed issues regarding Automation work, Installation of Software and other issues. The committee advised that-
  - Automation work to be completed within the shortest possible time so that operation is invariably completed by June 30, 2014 and the system goes into LIVE operation without any interruption from 1st July 2014.
  - Vendor will be persuaded to install the Software without any flaw in the system.
  - Deliberations will be made on Special Audit Report of Bangladesh Bank, External Audit Report and Internal Control compliance on receipt of detailed papers in the next meeting of the Audit Committee.

#### Discussion of 3rd meeting held on 19.07.2014:

Discussed issues arising out of the earlier meeting no. 8 held on June 12, 2014. The Chairman proposed that Audit Committee meeting to be held at least once in two months for better coordination and discussed various issues. The committee advised that-

- The advance accounts with statement of all loan/leases advances be prepared jointly by Accounts and recovery Department and it should be submitted to the next meeting of the Audit Committee.
- Automation work will be completed as per decision of the previous meeting.
- It was re-iterated that General & Administrative Expenses and Business Development Expenses be reduced as a matter of thrifty measure.

#### Discussion of 4th meeting held on 09.11.2014:

Discussed issues arising out of the earlier meeting no. 9 held on July 19, 2014. The Committee discussed and reviewed the following:

- a) The Chairman expressed his deep sorrow for fire incident which occurred at Paramount Heights in the early hours on 22.9.2014 which took the life of one guard on duty and caused heavy damaged to the office installations. As a result, the audit committee meeting could not be held in due time. He expressed his satisfaction on the progress of repairing works and restoration of normalcy within the shortest possible time and then confirmed the minutes.
- Discussed and reviewed matters relating to Financial and Other affairs of the company, Special Report of Bangladesh Bank, Internal and External Audit Reports, Internal Control System and Procedures and required compliances including Automation of Accounts. The committee advised the management for automation within the expected time of 31st December, 2014 and the committee advised that to gear up recovery default accounts be distributed among the concerned officers with the admixture of both good and bad clients.

- c) Discussed and reviewed regarding a letter received by Chairman of the Board on Special Audit from Bangladesh Bank and it was decided that after receiving the report necessary steps to be taken.
- d) Discussed and reviewed about the damage caused by fire incident at our Head Office and particularly about the extent of damage of the office equipments. The committee advised that the bills for repairing and refurbishing works are to be submitted to the Board for approval. The committee also advised to submit expenditure statement in every meeting of Audit Committee and steps to be taken to reduce variable expenses as much as practicable.

#### **AUDITORS**

The auditors of the company **M/S. MABS & J Partners**, Chartered Accountants, Park Plaza (Suit N-9) 31, Banani C/A, Road 17, Dhaka-1213, Bangladesh have carried out the Audit of the company for the year 2014 as per decision of the 18th Annual General Meeting (AGM) held on 26th June, 2014 with a remuneration of Tk.2,20,000.00. The firm has completed 3 (three) years, retiring and not eligible for re-appointment as per Bangladesh Bank Rules. The company has received proposals from different Chartered Accounts Firms but amongst them M/s. Rahman Mostafa Alam & Co., Chartered Accountants, address: Paramount Heights (7th floor D2), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, enlisted with Bangladesh Bank in Grade 'A' SI. #17 willing to carry out the Audit of the company until the conclusion of the next Annual General Meeting for the year 2015 with a remuneration of Tk. 2,50,000/-

M/s. MABS & J Partners, Chartered Accountants has audited our financial statements and they have qualified our accounts as under:

#### Reference to Note#7.0:

While verifying borrowers' file we found a shortfall of Taka 272.72 crore in making provision against different types of overdue loans in 24(twenty four) borrowers' file covering loan amount of Taka 371.49 crore. Out of this total shortfall, Taka 223.67 crore was against 06 (six) borrowers, which were transferred to unclassified category from classified loan category and also transferred Taka 22.89 crore from 'interest suspense' to 'interest income' in the strength of company's Board decision of rescheduling without getting required clearance from Bangladesh Bank.

#### Reference to Note #6.3.1:

Consolidation of Financial statements has not been made as per BAS-27 and Companies Act 1994 although the company held 66.50% share of PLFS Investment Limited. The amount of investment of Taka 160,597,500 has been shown in the financial statements as "Other Investment in Shares".

#### Reference to Note#7.1.2:

To comply with the policy directives of Bangladesh Securities and Exchange Commission (BSEC), margin loan accounts of the leasing companies were to be transferred to its subsidiary and the subsidiary to be so formed is to deal with the margin loan and share business. We observed that the company, without forming its subsidiary, has been dealing with the margin loan and recognized an amount of Taka 83.27 crore as interest income on such margin loan of Taka 705.05 crore.

In respect of reference note nos. 7.0, 6.3.1 & 7.1.2 respectively our clarifications are given as under:

Reference# 7.0

No. of Borro- wers	Amount O/s	Provision Required	Provi- sion Main- tained	Add. Provision suggested	Present position	Reasons	Remarks
1	2	3	4	5	6	7	8
5	90.30	88.48	2.04	86.45	Rescheduling sent to Bangladesh Bank. Waiting for approval from Bangladesh Bank	Expecting clearance from B.B accordingly these accounts were shown as UC	In anticipation of B.B approval Interest Suspense Account was debited and taker to Income Account
1	144.46	144.46	7.22	137.23	This is the subsidiary of PLFS. Rescheduling proposal will be placed to Board.  Some portion to be transferred to equity.	Expecting clearance from B.B accordingly these accounts were shown as UC	To be rescheduled and partly to be transferred to equity
4	44.36	22.90	1.48	21.42	Bangladesh Bank has extended time for recovery of the amount within June/2015	B.B has extended	ion is not applicable as time for payment upto
14	92.37	46.85	19.22	27.62	Time to be sought fro shortfall over a period of		nk to make good the
Total no. of borro wers 24	371.49	302.69	29.96	272.72		×100×100	

#### Reference# 6.3.1

Financial year of PLFS Investment Ltd. is July to June and that of PLFS is Jan to Dec. differs from each other and PLFS Investment Ltd. has already finalized their accounts for the year 2014 in June 2014 for which accounting period of PLFSL and PLFSIL does not match with each other. However, Board of PLFSIL already has taken decision to prepare their accounts matching with the period of mother company PLFSL and accordingly PLFSL will consolidate the accounts of subsidiary company from the annual accounts of 2015.

#### Reference# 7.1.2

Process is on going to transfer the margin loan to our subsidiary company PLFS Investment Limited.

#### **CORPORATE & FINANCIAL REPORTING**

The company is determined to ensure good governance by complying with all the applicable rules and regulations of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission. It has complied with all the requirements of Corporate Governance and the Directors are pleased to confirm the following:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules 1987. These statements present fairly the company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the company have been maintained.

- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- Bangladesh Financial Reporting Standards (BFRS) have been followed in preparation of the financial statements.
- The systems of internal control are sound and have been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There is no significant deviation in operating result of the business of the company compared to last year.
- h) The key operating and financial data for the last five years have been annexed.

#### PATTERN OF SHAREHOLDING

Paid-up capital of the company was BDT 259,49,14,520/- divided into 25,94,91,452 shares of taka 10/- each as on December 31, 2014.

a. Parent/Subsidiary/Associated Companies and Other related parties-

PLFS Investments Ltd. is the only subsidiary company of Peoples' Leasing and Financial Services Ltd. This subsidiary company holds no share of us. PLFSL invested BDT 160.60 million as capital to PLFS Investments Ltd. as on December31, 2014.

b. Holding Pattern of Share held by Directors:

SI. No.	Name of Director	No. of shareholding
01	Capt. M. Moazzam Hossain, Chairman	52,41,033
02	Mr. Khabiruddin Miah, Vice Chairman	56,08,961
03	Mr. Motiur Rahman, Director	59,41,063
04	Mrs. Nargis Alamin, Director	53,13,900
05	Mr. Nizamul Ahsan, Director	51,90,384
06	Mrs. Humaira Alamin, Director	56,85,632
07	Mr. Arafin Shamsul Alamin, Director	56,64,574
08	Ms. Sayma Islam, Director	61,38,302
09	Mr. Ehsan-E-Moazzam, Independent Director	
10	Mr. A.H. Ekbal Hossain, Independent Director	

 c. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children

SI. No.	Name of Executive	No. of shareholding
01	Dr. M.A Yousuf Khan, MD & CEO	
02	Dr. K. Mustaque Ahmed, DMD & CFO	
03	Mr. A.N.M. Tariq Chowdhury, General Manager	<u> </u>
04	Mr. Nripendra Chandra Pandit , General Manager	NIL
05	Mr. A.K.M. Abdus Sobhan, Comapny Secretary	
06	Mr. Md. Mizanur Rahman, Depury General Manager	
07	Mr. Mukut Subal Cruze, Sr. AGM	
08	Mr. Mofazzal Hossain Khan, AGM	

Shareholdings by spouses and children of the above mentioned executives were NIL as on December 31, 2014.

d. Shareholders holding 10% or more voting right: Nil

#### Related Party Disclosure:

SI. No.	Name of the Director	Status in the Institution	Name of the firms/companies in which interested is the proprietor, partner, director, managing agent, guarantor, employee etc.
01.	Capt. M. Moazzam Hossain	Chairman	Master Ocean Voice Enterprise     Admiral Bricks Company Ltd.     Admiral Trading Corporation     Paramount Properties Ltd.     Agrovita Ltd.     E-Securities Ltd.     South Bangla Agricultural & Commerce Bank Ltd.
02.	Mr. Nizamul Ahsan Vice	Chairman	Meghna Group     Siam Bangla Industries Ltd.     Needle Drop (Garment) Ltd.     N. Ahsan & Co.
03.	Mrs. Humaira Alamin	Vice Chairman	Rokara Spinning Mills     Shamsul Alamin Pharmaceuticals Ltd.     Shamsul Alamin Real Estate Ltd.     Paramount Properties Ltd.
04.	Mr. Motiur Rahman	Director	M.K Trade International     Highway Filling Station     Arman Enterprise     M/S. Motiur Rahman     Jess Tower     South Bangla Agricultural & Commerce Bank Ltd.
05.	Mrs. Nargis Alamin	Director	Rokara Spinning Mills     Shamsul Alamin Pharma Ltd.     Shamsul Alamin Real Estate Ltd.     Paramount Properties Ltd.     Shamsul Alamin Fabric Ltd.
06.	Mr. Arafin Shamsul Alamin	Director	1. Fuad Spinning Mills Ltd. 2. Sunny Specialised Spinning Mills Ltd. 3. S.A. Spinning Mills Ltd. 4. Shamsul Alamin Cotton Mills Ltd. 5. Jahanara Alamin Spinning Mills Ltd. 6. Shamsul Alamin Real Estate Ltd. 7. Thai BD. Hatchery Ltd. 8. Samco Retail Ltd.
07.	Mr. Khabir Uddin Miah	Director	Al Hassan Jewelers Ltd.     Al Hassan Diamond Gallery Ltd.
08.	Ms. Sayma Islam	Director	Trustee Securities Ltd.     China-Bangia Ceramics Industries Ltd.     Azbal International Ltd.     China-Bangia Engineering and Technology Services Ltd.
09.	Mr. A H Ekbal Hossain	Independent Director	*
10.	Mr. Ehsan-E- Moazzam	Independent Director	

#### **Related Party Transaction:**

The company in normal course of business has entered into transactions with other entities that fall with in the definition of related party contained in the Bangladesh Accounting Standards 24. The Company believes that the terms of related party transaction are not significantly different from those that could have been obtained from third parties. Exposure with related party as at 31 December 2014 is as under.

ANNUAL REPORT -2014

Name of the Related Party	Nature of Facility	Outstanding at 01.01.2014	Transac	ctions	Outstanding as at 31.12.2014
Ms. Humaira Alamin	Term	200200-000000	Debt	Credit	0.000.000.000
Director	Deposit Receipts	2,417,900	500,000	32,100	1,950,000
Mr. Arafin Shamsul Alamin	Term Deposit	600,000	100,000		500,000
Shareholder	Receipts		0.0000000000000000000000000000000000000		
Mr. Alamgir Shamsul Alamin Shareholder	Term Deposit Receipts	11,627,000	264,654	6,740,155	18,102,501

Name of Related Party	Relationship	Nature of Facilities	Outstanding as at 31.12.2014
Fuad Spinning Mills Ltd.	Concern related to Director	Term Loan	78,341,157
S.A Spinning Mills Ltd.	Concern related to Director	Term Loan	134,505,786
S.A Spinning Mills Ltd.	Concern related to Director	Term Loan	15,526,514
Canadian Trillilinium School Ltd.	Concern related to Director	Term Loan	19,373,710
Mrs. Shilpi Rani Roy	Sponsor Shareholder	Term Loan	31,709,833
Mr. Bishwajit Kumar Roy	Sponsor Shareholder	Lease Finance	1,981,134
Mr. Bishwajit Kumar Roy	Sponsor Shareholder	Term Loan	28,425,666

#### Dividend

Considering the scenario of the financial sector and current strength of the company, the Board of Directors has recommended 10 % Bonus Share (1 bonus share against 10 shares) on the profit of the year ended December 31, 2014 and whose names appearing in the CDBL Record on the Record date of May 17, 2015 will be entitled to bonus share at the ratio of 1:10 shares. With the issuance of the aforesaid Stock Dividend, the paid-up Capital of the company would increase to BDT 2854.4 million.

#### **Appropriation of Profit**

The Board, therefore, proposes the following appropriation before recommending the dividend for the year 2014:

Description	Amount in BDT
Net profit for the year 2014	19,66,95,745
Profit brought forward from B/S of 2013	36,51,45,759
Profit available for appropriation	56,18,41,504
Appropriation:	73%
Stock Dividend for the year 2013 @10%	23,59,01,320
Cash Dividend for the year 2013	Nil
Stock Dividend @ 10% ( 1:10) for 2014(Proposed)	25,94,91,452
Statutory Reserve	3,93,39,149
Surplus	2,71,09,585

ANNUAL REPORT -2014 |

MEETING ATTENDANCE BY THE DIRECTORS OF PLEOPLE'S LEASING AND FINANCIAL SERVICES LTD. DURING 2014

SI.No	Name of Directors	Board	Board of Directors Meeting	s Meeting	Executi	ve Commit	Executive Committee Meeting	Audit	Audit Committee Meeting	Meeting	Total Remuneration paid for the year 2014	Remarks
		Total Board Meeting	Meeting	Remuneration paid for attending the meeting (Taka)	Total EC Meeting	Meeting Attended	Remuneration paid for attending the meeting (Taka)	Total AC Meeting	Meeting Attended	Remunera tion paid for attending the meeting (Taka)		
01.	Capt. M.Moazzam Hossain	14	14	=/0000'02	12			ঘ			=/000'04	
05.	Mr. Khabir Uddin Miah	14	14	=/000'04	12	12	=/000'09	4			1,30,000/=	
03.	Mr. Motiur Rahman	14	14	=/000'02	12			4	4	=/000'02	=/000'06	
8	Mr. Niazmul Ahsan	14	14	=/000'02	12	10	=/0000'05	4			1,20,000/=	
02.	Mrs. Nargis Alamin	14	14	=/0000'02	12	0	45,000/=	4			1,15,000/=	
.90	Mrs. Humaira Alamin	14	12	=/0000'09	12			4	4	=/0000'02	=/000'08	
.70	Mr. Arafin Shamsul Alamin	14	13	=/000'59	12	12	=/000'09	4			1,25,000/=	
98	Mr. Shirajul Islam Mollah	14	90	=/000'0E	12			4	Е	15,000/=	45,000/=	Resigned on 19-07-2014
69	Mr. Biswajit Kumar Roy	21	8	=/000'51	12	4	=/000/02	4			35,000/=	Resigned on 23-04-2014
10.	Mr. Sharder Niamul Islam	14	03	=/000'51	12			4	1	=/000'5	20,000/=	Resigned on 24-03-2014
11.	Ms. Sayma Islam	14	90	=/000'08	12			4	1	=/000/5	35,000/=	
12.	Mr. Ehsan-E-Moazzam	14	07	35,000/=	12	9	=/000'08	4			=/000'59	
13.	Mr. A H Ekbal Hossain	14	14	=/0000'02	12			4	4	20,000/=	=/000'06	
otal	Total Remuneration Paid			=/000'02'9			2,65,000/=			=/000'58	85,000/= 10,20,000/=	

#### **Election of Directors**

In accordance with section 128 of the Article of Association of the company, the following Directors shall retire in the 19th Annual General Meeting and being eligible offered themselves for re-election:

- Mr. Arafin Shamsul Alamin, Folio#018
- 02. Mrs. Humaira Alamin, Folio#033
- 03. Mr. Motiur Rahman, Folio#001
- 04. Capt M. Moazzam Hossain, Folio#015

#### Acknowledgement

The Board of Directors take the opportunity to express its appreciation and gratitude to the valued Shareholders, Clients, Bankers, Lenders, Depositors and Business partners for their continuous support and co-operation. The Board also expresses its deep gratitude to Bangladesh Bank, Securities & Exchange Commission (SEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Registrar of Joint Stock Companies and Firms (RJSC), National Board of Revenue and other Regulatory Bodies for their assistance, valuable guidance and advices from time to time.

The Chairman of the Board of Directors takes the pleasure to thank his colleagues for their support and co-operation for persistent growth and standardization of the company in all spheres.

The board's sincere appreciation is due to the management and all members of the staff who worked with a sense of dedication, loyalty and cohesion under the leadership of Managing Director for upliftment and sustainability of the company.

Finally, the members of the Board sincerely thank the shareholders and assure them that the Board will work relentlessly and resolutely to come up to their expectation during the upcoming year.

For and on behalf of the Board of Directors.

Capt. M. Moazzam Hossain

Chairman June 25, 2015

### Certificate of Compliance of Conditions of Corporate Governance Guidelines to the Shareholders of

#### People's Leasing and Financial Services Limited

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by People's Leasing and Financial Services Limited for the year ended on December 31, 2014 as Stipulated in clause 7(i) of the BSEC notification no SEC/CMRRECD/2006-158/134/Admin/44 dated August 07, 2012.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of People's Leasing and Financial Services Limited. Our examination for issuing this certification was limited to the checking of procedure and implementation thereof, adopted by People's Leasing and Financial Services Limited for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, People's Leasing and Financial Services Limited has complied with condition of corporate governance stipulated in the above mentioned BSEC notification dated August 07, 2012.

Dated: Dhaka May 05, 2015 Rahman Mostafa Alam & Co.
Chartered Accountants

Ref: PLFS/SECRETARY/19TH AGM-COMPLIANCE /2015

#### May 14, 2015

The Chairman

Board of Directors

People's Leasing And Financial Services Ltd.

#### "Due Diligence" - Declaration to the Board.

The following is provided to the Chairman of the Board of Directors of People's Leasing And Financial Services Limited in our capacity as the persons responsible for performing the functions of Managing Director & CEO and DMD & Chief Financial Officer of the Financial Institution.

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August, 2012 and as per rules, regulations, guidelines of Bangladesh Bank and requirements of all regulators, we declare that for the financial year ended 31 December, 2014:

- We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- ii) There are, to the best of our knowledge and belief, no transactions entered into by the PLFS Ltd. during the year and previous years which are fraudulent, illegal or violation of the Financial Institution's (PLFS Ltd.) code of conduct.

Also we declare that due diligence and compliance of all board decisions, Bangladesh Bank regulations were observed carefully.

Mr. Mofazzal Hossain Khan

Assistant General Manager, ICCD

Dr. K. Mustaque Ahmed Deputy Managing Director & Chief Financial Officer

Counter Signed By

Dr. MA Yousuf Khan Managing Director & CEO

#### STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated August 7, 2012 (Issued under section 2CC of The Securities and Exchange Ordinance, 1969)

(Report under condition No.7.00)

Condition No.	Title	(Pu	liance Status t / in the riate column)	Remarks (If any)
11657502		Complied	Not Complied	1,000,000
1	BOARD OF DIRECTORS			
1.1	Board's size			
	The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	1		
1.2	Independent Directors			
1.2(1)	At least one fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors.		1	One Independent Director is there and another Independent Director appointed but resigned and appointment of another Independent Director is under process
1.2(ii)(a)	Independent Director does not hold any Share in the Company or holds less than one percent (1%) shares of the total pald-up Shares of the Company.	1		None of Independent Directors holds any share of the company
1.2(ii)(b)	Independent Director is not a Sponsor of the Company and is not connected with the Company's any Sponsor or Director or Shareholder who holds one percent (1%) or more Shares of the total pald-up Shares of the Company on the basis of family relationship. His /Her family members also should not hold above mentioned Shares in the Company.	2		
1.2(ii)(c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary/Associated Companies.	1		
1.2(ii)(d)	Independent Director is not a Member, Director or Officer of any Stock Exchanges.	-		
1.2(ii)(e)	Independent Director is not a Shareholder, Director or Officer of any member of Stock Exchange or an intermediary of the Capital Market.	1		
1.2(II)(f)	Independent Director is not a partner or an Executive or was not a Partner or an Executive during the preceding 3 (three) years of the concerned Company's statutory audit firm.	/		
1.2(II)(g)	Independent Director shall not be an Independent Director in more than 3 (three) listed Companies.	-		
1.2(II)(h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFI).	-		
1.2(11)(1)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	1		
1.2(111)	Independent Director (s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM).	-		
1.2(iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.	-		No such incidence

ANNUAL REPORT -2014

Condition No.	Title	(Pu	liance Status t / in the riate column)	Remarks (If any)
000000		Complied	plied Not Complied	37 37
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	1		
1.2(vi)	The tenure of Office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	/		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and Corporate laws and can make meaningful contribution to business.	•		
1.3(ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law Background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of Corporate Management/Professional experiences.	,		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission,	N/A		No such incidence
1.4	Chairman of the Board and Chief Executive Officer:			
	The positions of the Chairman of the Board and the Chief Executive Officer of the Companies shall be filled by different individuals. The Chairman of the Company shall be elected from among the Directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	,		
1.5	The Director's Report to Shareholders		1	
	The Directors of the Companies shall include the following additional statements in the Director's Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1.5(i)	Industry outlook and possible future developments in the industry.	/		
1.5(ii)	Segment-wise or product-wise performance.	1		
1.5(iii)	Risks and concerns.	1		
1.5(IV)	A discussion on Cost of Goods sold, Gross Profit. Margin and Net Profit Margin.	/		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	N/A		No such incidence
1.5(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	/		
1.5(vii)	Utilization of proceeds from Public Issues, Rights Issues and/or through any others instruments.			No such item exists
1.5(VIII)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing etc.			No such events occurred
1.5(ix)	If significant variance occurs between quarterly financial performance and Annual Financial Statements the Management shall explain about the variance on their Annual Report	,		

ANNUAL REPORT -2014 |

Condition No.	Title	(Pu	liance Status t / in the riate column)	Remarks (If any)
(3177)		Complied	Not Complied	
1.5(x)	Remuneration to Directors including Independent Directors.	1		
1.5(xi)	The financial statements prepared by the Management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	,		
1.5(xii)	Proper books of account of the issuer Company have been maintained.	1		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	1		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	*		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	V		
1.5(xvi)	There are no significant doubts upon the issuer Company's ability to continue as a going concern. If the issuer Company is not considered to be a going concern. The fact along with reasons thereof should be disclosed.	~		
1.5(xvii)	Significant deviations from last year's operating results of the issuer Company shall be highlighted and the reasons thereof should be explained.	,		
1.5(xviii)	Key operating and financial data of at least preceding five (5) years shall be summarized.	1		
1.5(xix)	If the issuer has not declared Dividend (Cash or Stock) for the year, the reasons thereof shall be given.	N/A		Not applicable, as the company declared stock dividend @10% for 2014
1.5(xx)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	1		
1.5(xxi)	The Pattern of Shareholding shall be reported to disclose the aggregate number of Shares (along with name wise details where stated below) held by:-			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	1		
1.5(xxi)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouses and minor Children (name wise details).	1		
1.5(xxi)c)	Executives (Top 5 (five) salaried employees of the Company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit).	,		
1.5(xxi)d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details).	1		
1.5(xxII)	In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:			

ANNUAL REPORT -2014

Condition No.	1 Title		liance Status t / in the riate column)	Remarks (If any)
		Complied	Not Complied	
1.5(xxii)a)	A brief resume of the Director.	/	i i	
1.5(xxii)b)	Nature of his/her expertise in specific functional areas.	/		
1.5(xxii)c)	Names of Companies in which the person also holds the directorship and the membership of committees of the Board.	/		
2.0	CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)			
2.1	Appointment			
	The Company shall appoint a Chief Financial Officer (CFO), Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	/		
2.2	Requirement to attend the Board Meetings			
	The CFO and the Company Secretary of the Company shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	/		
3.0	AUDIT COMMITTEE			
3(i)	The Company shall have an Audit Committee as a Sub-Committee of the Board of Directors.	-/		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.	2		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	/		
3.1	Constitution of the Audit Committee:			
3.1(i)	Audit Committee shall be composed of at least 3 (three) members.	1		
3.1(ii)	The Board of Directors shall appoint members of Audit Committee who shall be Directors' of the Company and shall include at least one (1) Independent Director.	,		
3.1(iii)	All members of the Audit Committee should be 'financially literate' and at least one (1) member shall have accounting or related financial management experience.	,		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ise) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	,		Not happened such incidence as yet

ANNUAL REPORT -2014 |

Condition No.	Title	(Pu	liance Status t / in the riate column)	Remarks (If any)
		Complied	Not Compiled	
3.1(v)	The Company Secretary shall act as the Secretary of the Committee.	-		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.	1		
3.2	Chairman of the Audit Committee			
3.2(1)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of Audit Committee, who shall be an Independent Director.	1		
3.2(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	1		
3.3	Role of the Audit Committee			
3.3(i)	Oversee the financial reporting process.	1		
3.3(11)	Monitor choice of accounting policies and principles.	1		
3.3(iii)	Monitor Internal Control Risk Management process.	1		
3.3(iv)	Oversee hiring and performance of external Auditors.	1		
3.3(v)	Review along with the Management, the Annual Financial Statements before submission to the Board for approval.	~		
3.3(vi)	Review along with the Management, the quarterly and Half yearly Financial Statements before submission to the Board for approval.	1		
3.3(vii)	Review the adequacy of Internal Audit function.	1		
3.3(viii)	Review statement of significant related party transactions submitted by the Management.	1		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by Statutory Auditors.	1		
3.3(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the Company shall disclose to the Audit Committee about the uses/applications of funds by major category (Capital expenditure, Sales and Marketing expenses, Working Capital etc.) on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		Not Applicable
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	1		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any;			
3.4.1(ii)(a)	Report on conflicts of interests.			No such incidence
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the Internal Control System.			No such incidence
3.4.1(ii)(c)	Suspected infringement of Laws, including Securities related Laws, Rules and Regulations.			No such incidence
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.			No such incidence

ANNUAL REPORT -2014

Condition No.	Title	(Pu	lance Status t / in the riate column)	Remarks (If any)
Sitte		Complied	Not Complied	
3.4.2	Reporting of the Authorities			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the Financial condition and results of operation and has discussed with the Board of Directors and the Management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three (3) times or completion of a period of six (6) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		No such incidence
3.5	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the issuer Company.	N/A		No such incidence
4.00	EXTERNAL/STATUTORY AUDITORS			
	The issuer Company should not engage its external/statutory auditors to perform the following services of the Company; namely	1		
4.0(i)	Appraisal or valuation services or fairness opinions.	1		
4.0(ii)	Financial Information Systems design and implementation.	1		
4.0(111)	Book-keeping or other Services related to Financial Statements.	-		
4.0(iv)	Broker-Dealer Services.	-		
4.0(v)	Actuarial Services.	1		
4.0(vi)	Internal Audit Services.	1		
4.0(vii)	Any other services that the Audit Committee determines.	-		
4.0(viii)	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company,	,		The Audit firm has declared that none of them holds any Shares in the Company
4.0(ix)	Audit/Certification services on compliance of Corporate Governance as required under clause (I) of condition No. 7.	/		
5	SUBSIDIARY COMPANY			
5(1)	Provisions relating to the composition of the Board of Directors of the holding Company shall be made applicable to the composition of the Board of Directors of the Subsidiary Company.	,		
5(11)	At least 1 (one) Independent Director of the board of Directors of the holding Company shall be a Director on the board of Directors of Subsidiary Company.		1	Appointment of Independent Director is under process

ANNUAL REPORT -2014 |

Condition No.	Title	(Pu	iance Status t / in the riate column)	Remarks (If any)
(17,200)		Complied	Not Compiled	55 200
5(III)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following meeting of the Board of Directors of the holding Company.	-		
5(iv)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the Subsidiary Company also.	-		
5(v)	The Audit Committee of the holding Company shall also review the financial statements, in particular the investments made by the subsidiary Company.	1		
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)			
6(I)(a)	The CEO and CFO shall certify to the Board that, they have reviewed financial statements for the year and that to the best of their knowledge and belief, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	*		
6(I)(b)	The CEO and CFO shall certify to the Board that, they have reviewed financial statements for the year and that to the best of their knowledge and belief, these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.	/		
6(II)	The CEO and CFO shall certify to the Board that, there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.	,		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7(i)	The Company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the Shareholders along with the Annual Report on a yearly basis.	1		Certificate has been obtained from Rahman Mostafa Alam & Co., Chartered Accountants which has been published in the Annual Report
7(ii)	The Directors of the Company shall state, in accordance with the Annexure attached in the Director's report whether the Company has complied with these conditions.	1		

ANNUAL REPORT -2014

## Terms of Reference (TOR) And Function of Audit Committee of Board of Directors of PLFS.

The Board of Directors in its 263rd meeting held on August 19, 2013 approved the Audit Committee of the Board as under:

01. Mr. AH. Ekbal Hossain, Independent Director : Chairman
02. Mr. Motiur Rahman, Director : Member
03. Mrs. Humaira Alamin , Director : Member
04. Mr. Md. Shirajul Islam Mollah, Director : Member

As per Gazette Notification dated 07.08.2012 published by Bangladesh Securities and Exchange Commission, the Terms of Reference (TOR) of Audit Committee are as under:

#### 01. Role of Audit Committee:

- 1.1 Oversee the Financial Reporting Process and assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company (PLFS) and in ensuring a good monitoring system within the business.
- 1.2 Monitor Internal Control Risk Management process.
- 1.3 Oversee hiring and performance of external auditors.
- 1.4 Monitor choice of accounting policies and principles.
- 1.5 Review along with the management, the annual financial statements before submission to the Board for approval.
- 1.6 Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
- 1.7 Review the adequacy of internal audit function.
- 1.8 Review statement of significant related party transactions submitted by the management.
- 1.9 Review Management Letters/Letters of Internal Control weakness issued by statutory auditors.
- 1.10 When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the PLFS shall disclose to the Audit Committee about the uses/applications of funds by major category (Capital Expenditure, Sales and Marketing Expenses, Working Capital etc.) on a quarterly basis, as a part of its quarterly declaration of financial results. Further, on an annual basis, the PLFS shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.

#### 02. Report to the Board of Directors-

- 1.1 The Audit Committee shall report on its activities to the Board of Directors.
- 1.2 The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:
  - a) Report on conflicts of interests;
  - Suspected or presumed fraud or irregularity or material defect in the internal control system;
  - c) Suspected infringement of laws, including securities related laws, rules and regulations;
  - d) Any other matter which shall be disclosed to the Board of Directors immediately.

#### 03. Report to the Authorities-

If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Bangladesh Securities and Exchange Commission, upon reporting of such matters to the

Board of Directors for three times or completion of a period of 6(six) months from the date of first reporting to the Board of Directors, whichever is earlier.

#### 04. Reporting to the Shareholders and General Investors-

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 2.2 above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.

#### 05. Functions of Audit Committee

In compliance with the BSEC Notification dated February 20, 2006 relating to Corporate Governance Guidelines, Clause 3.1, People's Leasing And Financial Services Limited has constituted an Audit as a sub-committee of Board of Directors to assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the affairs of the company and in ensuring control and good monitoring system in overall affairs of the company by including Independent Director in the committee.

The Audit Committee comprises of 04(four) Directors including Independent Director as Chairman. The Committee is headed by **Mr. A.H. Ekbal Hossain, Independent Director** of the company who has got wide range of knowledge, understanding and experience in management of finance, accounts and advances. The Audit Committee is responsible to the Board of Directors. The Managing Director attends the meeting of the Audit Committee on invitation.

The objective of the committee is to ensure proper and adequate internal financial control based on the TOR of Audit Committee of the company's operations and assist the Board of Directors in discharging its responsibilities and obligations towards the shareholders of the company.

The Committee ensures that a sound financial reporting system is in place and sound management is there and provides accurate, appropriate and timely information to the Board of Directors, the Management, the Regulatory bodies, and shareholders in line with Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) in this respect.

The Committee has the authority to examine any matters relating to the financial and other affairs of the company, to review all internal and external Audit Reports, inspection programs, internal control system and procedures to ensure that the company is functioning on compliant footing.

#### During 2014 the Committee carried out the following:

- Reviewed PLFS's Compliance status of Bangladesh Bank's guidelines, rules, and regulations, BSEC's Corporate Governance guidelines etc.
- Reviewed and discussed the Report of Statutory Auditors, replies given and actions taken by the Management on various observations and queries of the External Statutory Auditors and placed the same before the Board.
- III. Report of the Bangladesh Bank's Inspection Team was reviewed and recommendations of the Inspection Team and replies of the Management on various observations were discussed in details for taking appropriate actions on the objections raised.
- Reviewed various reports of operational Risk Management and streamlined the operation system and financial procedures.
- Compliance report on observation, recommendations and decisions of the Audit Committee Meetings.
- VI. Presentation on improvement in Auditing System of the Company.
- VII. Reviewed Recovery position of Non-performing Loans (NPL) in general case filed loans in particular during the year 2014.

The Committee meets once in every quarter of the Calendar year 2014.

The Committee reports to the Board about conflicts of interest , suspected or presumed fraud forgery, irregularity, money laundering or material defect in the fund control system and suspected infringement of Laws, Rules and regulation relating to Bangladesh bank , Bangladesh Securities and Exchange Commission(BSEC) and other regulatory bodies.

#### Key Operations & Financial Data

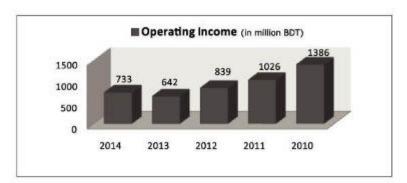


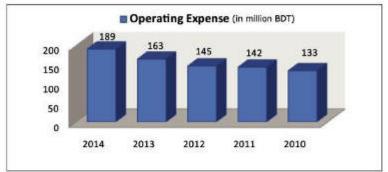
#### **Key Operations & Financial Data**

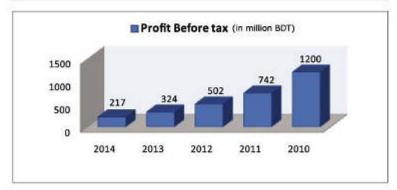
Tk. In million

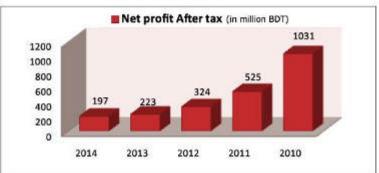
Particulars			Year		
	2014	2013	2012	2011	2010
Operating Income	733	642	839	1026	1386
Operating Expenses	189	163	145	142	133
Profit before Tax	217	324	502	742	1200
Net Profit after Tax	197	223	324	525	1031
Investment in Leases	3028	3214	3171	4438	4302
Investment in Term Finances	14899	13461	11518	9365	8011
Shareholders' Equity	4546	4349	4126	3897	3372
Paid-up Capital	2595	2359	2097	1906	1089
Earnings Per Share	0.76	0.95	1.54	2.76	9.47
Dividend	10%	10%	12.50%	15%	75%
Return on Equity	4.78%	7.45%	12.17%	19.05%	30.59%

ANNUAL REPORT -2014

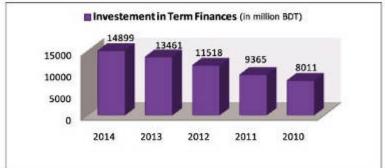




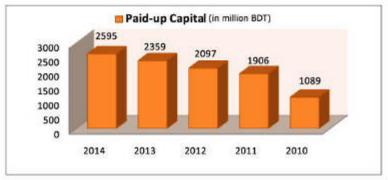


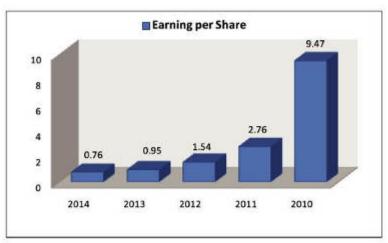


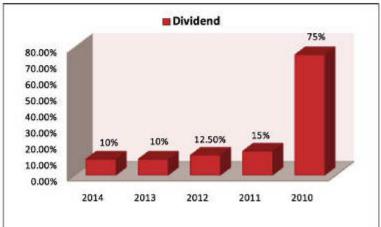


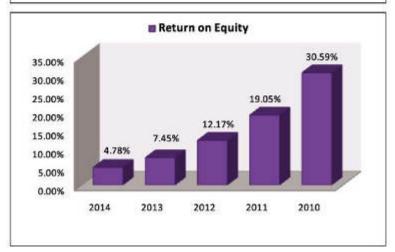












#### Sector wise credit portfolio

As on December 31, 2014

Particulars	Taka (Fig in '000'BDT)	Percentage
Trade and Commerce	3,561,764	19.87%
Garments and Knitwear	905,290	5.05%
Textile	15,233	0.08%
Jute and Jute products	171,465	0.96%
Food Production and Processing Ind.	175,196	0.98%
Plastic Industry	0	0
Leather and Leather Goods	80,459	0.45%
Iron, Steel and Engineering	340,904	1.90%
Pharmaceuticals and Chemicals	530,281	2.96%
Telecommunication and IT	491,802	2.74%
Paper, Printing and Packaging	3,142	0.02%
Electronics and Electrical Products	98,524	0.55%
Power, Gas, Water and Sanitary Service	447,441	2.50%
Transport and Aviation	872,529	4.87%
Agriculture	656,098	3.66%
Housing	987,682	5.51%
Others	8,589,166	47.91%
Grand total	17,926,974	100.00%

ANNUAL REPORT -2014 61

# AUDIT REPORT AND FINANCIAL STATEMENTS OF PEOPLE'S LEASING AND FINANCIAL SERVICES LIMITED

For the Year Ended 31 December 2014



# AUDITORS' REPORT TO THE SHAREHOLDERS OF PEOPLE'S LEASING AND FINANCIAL SERVICES LTD.

We have audited the accompanying financial statements of PEOPLE'S LEASING AND FINANCIAL SERVICES LIMITED which comprise the Statement of Financial Position as at 31 December 2014 and the related Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, Statement of Liquidity Analysis and notes to the financial statements for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory information.

#### 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 (BASs) Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the Rules and Regulations Issued by Bangladesh Bank, the Bangladesh Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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' judgment including the assessment of the risks of material misstatement of the financial statements, 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 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.

#### Basis for qualified opinion

#### 01. Reference to Note # 7.0:

While verifying borrowers' files we found a shortfall of Taka 272.72 crore in making provision against different types of overdue loans in 24 (twenty four) borrowers' file covering loan amount of Taka 371.49 crore. Out of this total shortfall, Taka 223.67 crore was against 06 (six) borrowers, which were transferred to unclassified category from classified loan category and also transferred Taka 22.89 crore from 'interest suspense' to 'interest income' in the strength of company's Board decision of rescheduling without getting required clearance from Bangladesh Bank.

#### 02. Reference to Note # 6.3.1:

Consolidation of financial statements has not been made as per BAS-27 and Companies Act 1994 although the company held 66.50% share of PLFS Investment Limited. The amount of investment of Taka 160,597,500 has been shown in the financial statements as "Other Investment in Shares".

#### 03. Reference to Note # 7.1.2:

To comply with the policy directives of Bangladesh Securities and Exchange Commission (BSEC), margin loan accounts of the leasing companies were to be transferred to its subsidiary and the subsidiary to be so formed is to deal with the margin loan and share business. We observed that the company, without forming its subsidiary, has been dealing with the margin loan and recognized an amount of Taka 83.27 crore as interest income on such margin loan of Taka 705.05 crore.

#### Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, the financial statements along with notes thereon of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of state of the company's affairs as at 31 December 2014, and of the results of its operations and Cash Flows for the year then ended and comply with the Financial Institutions Act 1993, the Rules and Regulations Issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

We also report that

- 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;
- 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;
- The Company's statement of Financial Position and Comprehensive Income Statement dealt with by the report are in agreement with the books of account;
- d) 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 to the extent applicable to the company;
- e) The Financial Position of the company as at 31 December 2014 and the profit for the year then ended have been properly reflected in the Financial Statements of the company, and these Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles;
- The expenditure incurred and payments made were for the purposes of the company's business;
- Adequate provisions have been made for loans and advances, investments and other assets which are, in our opinion, doubtful of recovery;
- The company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;
- The information and explanations required by us has been received and found satisfactory;
- As far as it was revealed from our test checks, the existing rules and regulations for loan/advance and lease sanctioning and disbursements as well as classification, provisioning and suspension of interest have been followed properly;
- Adequate capital of the company, as required by law, has been maintained during the year under audit:
- It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable fraud and forgeries;
- m) 80 percent of the risk weighted assets have been reviewed spending over 1,450 person hours.

Dated: Dhaka, 30 April 2015

#### People's Leasing and Financial Services Limited

Statement of Financial Position As at 31 December, 2014

Particulars	Notes	Amount	in Taka
Particulars	Notes	31.12.2014	31.12.2013
Property and Assets		-	
Cash and Cash equivalent	3	45,124,401	41,472,825
Cash In hand		520,688	492,237
Balance with Bangladesh Bank and its agent banks		44,603,713	40,980,588
Balances with other Banks and Financial Institutions	4	345,135,923	118,496,430
n Bangladesh		345,135,923	118,496,430
Outside Bangladesh		-	-
Money at call and short notice	5		
Investments	6	1,637,307,700	990,051,679
Sovernment Securities		+	
Other Investments		1,637,307,700	990,051,679
Leases, Loans and advances		17,926,974,143	16,675,405,266
oans, cash credits, overdrafts, etc.	7	17,926,974,143	16,675,405,266
ills purchased & discounted	8	•	•
ixed assets including premises, furniture and fixtures	9	63,010,997	59,963,619
Other assets	10	2,451,707,352	984,641,271
Non-financial institution assets		-	
Total Assets		22,469,260,516	18,870,031,091
Liabilities and Capital			
liabilities:			
Sorrowings from Other Banks, Financial Institutions and agents	11	2,795,526,832	2,426,010,646
Deposits and other accounts	12	11,717,303,221	9,816,000,524
ease / Loan Advance		110,090,338	87,347,438
'erm Deposit		11,586,161,302	9,697,336,465
Deposits Under Schemes		21,051,581	31,316,521
Other liabilities	13	3,410,731,526	2,279,016,730
Total Liabilities		17,923,561,579	14,521,027,900
Capital / Shareholders' Equity			
aid up capital	14	2,594,914,520	2,359,013,200
tatutory reserve	15	645,578,147	606,238,998
Seneral reserve	16	•0	
Share Premium	17	1,018,605,234	1,018,605,234
Retained earnings	18	285,601,036	365,145,759
Total Shareholders' Equity		4,545,698,937	4,349,003,191
Total Liabilities and Shareholders' Equity		22,469,260,516	18,870,031,091

Particulars	Notes	Amount	in Taka
Particulars	Notes	31.12.2014	31.12.2013
Off-Balance Sheet Items			
Contingent liabilities	19		15
Acceptances and endorsements			
Letters of guarantee	19.1		
Irrevocable letters of credit		*	
Bill for collection		2	
Other contingent liabilities	U.	-	
Other commitments			
Documentary credits and short term trade-related transactions		*	
Forward assets purchased and forward deposits placed			
Spot and forward foreign exchange contracts		+	
Undrawn note issuance and revolving underwriting facilities		*	
Undrawn formal standby facilities, credit lines other commitments		4	1
Total off-Balance Sheet items including contingent liabilities			- 4

The annexed notes from 1 to 35 and 'annexure A and B' form an integral part of these financial statements.

Signed in terms of our separate report of even date annexed

Dated: Dhaka, 30 April 2015

#### People's Leasing and Financial Services Limited

Statement of Comprehensive Income For the year ended 31 December, 2014

Particulars	Notes	Amount	in Taka
Particulars	notes	31.12.2014	31.12.2013
Operating Income			
ncome from Loans & Advances	20	2,156,816,189	1,640,117,741
ncome from Lease Finance	1555	262,249,202	260,419,487
otal operating income	1	2,419,065,391	1,900,537,228
ess: Interest paid on deposits and borrowings	21	2,039,569,809	1,418,743,679
let interest income		379,495,582	481,793,549
ncome from Investment		217,537,739	86,443,500
Other operational income	22	136,169,153	73,454,400
otal operating income		733,202,474	641,691,449
perating Expenses	00000	800000000000000000000000000000000000000	
alary and allowances	23	87,295,675	69,143,631
tent, taxes, insurance, electricity	24	11,943,553	6,784,316
egal expenses	25	591,954	991,336
ostage, stamp, telecommunication	26	2,108,849	1,557,497
Stationery, printing, advertisement	27	7,379,561	7,624,141
hief Executive Officer's salary & fees	28	5,235,191	6,000,000
Directors' fee		1,020,000	1,070,000
uditors' fee		220,000	200,000
Depreciation and Repairs of Fixed assets	29	11,344,478	11,903,874
Other expenses	30	61,833,415	57,398,783
otal operating expenses		188,972,676	162,673,578
Profit before provisions		544,229,798	479,017,871
rovision against loans and advances	1	326,916,000	140,488,000
rovision for diminution in value of investments			15,999,053
Provision for off balance sheet items/exposure			(1,500,000)
otal provision	9	326,916,000	154,987,053
Profit before tax	1	217,313,798	324,030,818
rovision for tax	31	20,618,053	100,501,508
Current Tax	1	21,223,714	108,427,110
Deferred Tax	- 4	(605,661)	(7,825,502)
Profit after tax for the year		196,695,745	223,429,210
tetained earnings, brought forward		365,145,759	448,514,960
Profit available for appropriation		561,841,504	671,944,170
appropriations	1	275,240,469	306,798,411
tatutory Reserve	Ī	39,339,149	44,685,841
General Reserve			
Sonus shares		235,901,320	262,112,570
Cash dividend	Į.	-	17.10
tetained earnings, carried forward		286,601,036	365,145,759
Earning Per Share (EPS) before restatement	32	0.76	0.95
Earning Per Share (EPS) after restatement	32	0.76	0.95

Managing Director & CEO

The annexed notes from 1 to 35 and 'annexure A and B' form an integral part of these financial statements.

Chairman Director Direct

Signed in terms of our separate report of even date annexed

Dated: Dhaka, 30 April 2015

#### People's Leasing and Financial Services Limited

Statement of Cash Flows For the year ended 31 December, 2014

Particulars	Amount	in Taka
Particulars	31.12.2014	31.12.2013
ash flows from operating activities		
Interest receipts	2,409,431,777	1,906,567,931
Interest payments	(2,046,460,637)	(1,320,894,426)
Dividend receipts	23,674,041	5,297,113
Fees & Commission receipts	(2000 (2000)(2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (200) (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (200) (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000))(2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (2000 (200) (2000 (2000)(200)(2	21722170
Recoveries of Loans previously written off		3
Payments to employees	(92,530,866)	(76,107,298
Payments to suppliers	(7,379,561)	(6,701,332
Income taxes paid	(36,031,819)	(123,958,102
Receipts from other operating activities	330,032,851	148,734,607
Payments for other operating activities	(81,217,267)	(67,018,265
Cash Generated from Operating profit before changes	(01,217,207)	(07,010,203
in operating assets and liabilities	499,518,519	465,920,228
(Increase) / Decrease in operating Assets	(2,686,627,791)	
Trading securities-debentures and shares	(2,000,027,791)	(2,065,657,776)
Statutory Deposits		
Purchase-sale of trading securities	5	1
Lease, Loans and advances to other banks and other financial institutions	100000000000000000000000000000000000000	10020201002
Lease Finance to customers	209,168,553	(43,841,192)
Loans and advances to Customers	(1,438,363,877)	(1,942,490,569)
Other assets	(1,457,432,467)	(79,326,015)
Increase / (Decrease) in Liabilities	2,781,768,606	2,067,079,675
Deposits from other Banks and other financial institutions	1,616,107,292	1,839,931,098
Deposits from customers (Other than Banks)	285,195,405	250,805,010
Other liabilities account of customers	200/100/100	250/050/01
Trading liabilities		1
Other liabilities	880,465,909	(23,656,433)
Net Cash received from operating activities (A)	594,659,334	467,342,127
ash flows from investing activities		THE LANGE SHARE
Proceeds from sale of securities	1000000	12.20
	352,552,250	250,606,457
Payment for purchase of Securities	(1,052,515,766)	(728,534,542)
Advance for Lease Finance	(22,373,553)	7,713,880
Purchase of Fixed Assets	(10,892,360)	(6,536,419)
Sale of old vehicles		623,678
Net cash used in investing activities (B)	(733,229,429)	(476,126,946)
ash flows from Financing Activities	The state of the s	
Dividend Paid	(655,025)	(15,663,765
Receipts of Term Loan	1,657,060,572	1,418,711,513
Re-payment of Term Loan	(1,287,544,386)	(1,482,243,393)
Increase in Share Capital	(0.000000000000000000000000000000000000	
Preference Share Premium	2	3
Net cash received from financing activities (C)	368,861,161	(79,195,645)
let increase / (decrease ) in cash and cash equivalents (A+B+C)	230,291,066	(87,980,464)
Effect of exchange rate changes on cash and cash equivalents		***************************************
Opening Cash and Cash Equivalents	159,969,258	247,949,722
ash and cash equivalents at end of the year	390,260,324	159,969,258
at all at all all all all all all all a		200/200/200

Director

Managing Director & CEO

Dated: Dhaka, 30 April 2015

Chairman

People's Leasing and Financial Services Limited
Statement of changes in Equity
For the year ended 31 December, 2014

Amount in Taka

4,545,698,937	286,601,036	1,018,605,234	*	645,578,147	2,594,914,520	Balance as at December 31, 2014
	(235,901,320)			•	235,901,320	Issue of Bonus Shere ( Stock Dividend )
	,					Issue of Preference Share
		152	**	30	(#	Transfer to General Reserve
,	(39,339,149)			39,339,149		Transfer to Statutory Reserve
196,695,745	196,695,745					Net profit for the year
4,349,003,192	365,145,759	1,018,605,234	100	606,238,998	2,359,013,200	Balance as at January 01, 2014
Total	Retained earnings	Share Premium	General Reserve	Statutory Reserve	Paid up Capital	Particulars

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Share Premium	Retained earnings	Total
Balance as at January 01, 2013	2,096,900,630	561,553,157	*	1,018,605,234	448,514,961	4,125,573,982
Net profit for the year					223,429,210	223,429,210
Transfer to Statutory Reserve	0	44,685,841			(44,685,841)	
Transfer to General Reserve	*3			*	*10	•
Cash Dividend	*:				*:	
Issue of Preference Share	100	**			**	100
Issue of Bonus Share ( Stock Dividend )	262,112,570	12.0			(262,112,570)	*
Balance as at December 31, 2013	2,359,013,200	606,238,998	120	1,018,605,234	365,145,759	4,349,003,192

Dated: Dhaka, 30 April 2015

Chairman

Director :

Managing Director & CEO

DMD/Cro

# People's Leasing and Financial Services Limited Statement of Liquidity Analysis (Maturity of Asset and Liability) For the year ended 31 December, 2014

Bushbarhase	Make	Repayable on	Up to 1 month's	1-3 month's	3-12 month's	1-5 years	More than	Amon	Amount in Taka
randonara	200			maturity	maturity	maturity	maturity	2014	2013
Assets:									
Cash	3.1		520,688		.,		3	520,688	492,237
Balances with Bangladesh bank and its agents bank(s)	3.2	20	44,603,713	•	337			44,603,713	40,980,588
Balances with other banks and financial institutions	0.4	3	75,929,903	93,186,699	176,019,321		.*	345,135,923	118,496,430
Money at call & short notice	5.0			- Carrier Control	The same of the same of				
Investments	6.4		327,461,540	491,192,310	654,923,080	163,730,770		1,637,307,700	990,051,679
Leases, Loans & Advances	7.3	*	358,539,483	896,348,707	2,689,046,121	9,859,835,778	4,123,204,054	17,926,974,143	16,675,405,266
fixed assets including land, building, furniture & fixtures		*:	**	٠	100	40,957,147	22,053,850	63,010,997	59,963,619
Other Assets	10		98,068,294	245,170,735	490,341,471	1,225,853,676	392,273,176	2,451,707,352	984,641,271
Non-financial institution									
Total Assets	-		905,123,621	1,725,898,451		4,010,329,993 11,290,377,371 4,537,531,080	4,537,531,080	22,469,260,516 18,870,031,091	18,870,031,091
Liabilities:							*		
Borrowing from Bangladesh Bank, Other Banks,	11.4		209,664,512	419,329,025	838,658,050	1,244,009,440	83,865,805	2,795,526,832	2,426,010,646
Financial Institutions & agent	19							Y	
Deposits	12.4		410,105,613	585,865,161	2,343,450,644	6,385,930,256	1,991,941,547	11,717,303,221	9,816,000,524
Other Accounts		200					Total Control of the		District Control of the Control of t
Provision & other liabilities	13.0		255,804,864	682,146,305	733,307,278	1,534,829,186	204,643,893	3,410,731,526	2,279,016,730
Total Liabilities			875,574,989	1,687,340,491	3,915,425,972	9,164,768,882	2,280,451,245	17,923,561,579	14,521,027,900
Net Liquidity Excess/(Shortage	9		29,548,632	38,557,960	94,904,021	2,125,608,489	2,257,079,835	4,545,698,937	4,349,003,190
Control of the Contro		1		STATE OF THE PARTY	The President Age of the Presi		The second second		Contraction of the last

managing pirecur a ceu

DND/GND

MABS & J Partners
Chartered Accountants

Dated: Dhaka, 30 April 2015

## **Notes to the Financial Statements**



72

### People's Leasing and Financial Services Limited

Notes to the Financial Statements For the year ended 31 December, 2014

### 1.0 The Legal Status and Nature of the Company

### 1.1 Legal Status

People's Leasing and Financial Services Ltd. is a leasing and financial Company was registered as a Non Banking Financial Institution (NBFI) under the Financial Institution Act 1993 and the Companies Act 1994 as a public limited company with license from Bangladesh Bank to operate and transact all kinds of business as provided under the relevant laws. This Company was authorized to commence business in Bangladesh as per certificate of commencement dated 26th August 1996. the Company went for public issue in 2005 and its share are listed in both Dhaka and Chittagong Stock Exchange. The Company was listed in Dhaka Stock Exchange and Chittagong Stock Exchange on July 20, 2005.

### 1.2 Nature of Business Activities

The Company extends lease finance for all types of machinery, equipment and household durable including vehicles both for industrial, commercial and personal use in Bangladesh and also allows temporary finance to its client within the purview of the law.

### 1.3 Associate Companies

### 1.3.1 PLFS Investments limited

PLFS Investments limited was registered under the Companies Act 1994 as a private Limited Company on 3rd June, 1998. The Company obtained registration from Bangladesh Securities and Exchange Commission as a Merchant Bank on 31st August, 1999 and commenced its operation as Merchant Bank from December 2008. The PLFS Investments Limited has been created as a concern of Peoples Leasing and Financial Services Ltd to conduct merchant banking activities and play active roll in the capital market of Bangladesh. PLFS holds 50% shares of PLFS Investments Ltd.

### 2.0 Basis of preparation and Significant Accounting Policies

### 2.01 Basis of Accounting

The financial statements have been prepared and the disclosures of information have been made in accordance with the requirements of the Financial Institution Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges, Guide lines of Bangladesh Bank and Bangladesh Accounting Standards and other applicable laws and regulations.

### 2.02 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

### 2.03 Going concern

The financial statements have been prepared on a going concern basis, which contemplate the realization of assets and the satisfaction of liabilities in the normal course of business.

### 2.04 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka which is the financial institution's functional currency except as indicated.

### 2.05 Materiality & aggregation

Each significant material item as considered by the management has been presented separately in the financial statements. No amount has been set off unless the financial institution's has a legal right to set off the amounts is intended to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant Accounting Standards.

### 2.06 Cash flow statement

Cash flow statement is prepared in accordance with IAS - 7 "Cash Flow Statement" and Bangladesh Bank DFIM Circular No - 11 Dated December 23, 2009 under the direct method for the period , classified by operating, investing and financing activities in cash and cash equivalents during the financial year .

### 2.07 Statement of Liquidity Analysis (Maturity of Asset and Liability)

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- i) Balance with other banks and financial institutions, money at call and short notice, etc. are shown on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Loans and advances / investments are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization / amortization;
- Borrowing from other banks, financial institutions and agents, etc. are as per their maturity / repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- viii) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

### 2.08 Reporting period

These financial statements cover for the year from January 01, 2014 to December 31, 2014.

### 2.09 Components of financial statements:

These financial statements consist of Statement of Financial Position, Statement of Comprehensive Income Statement, Statement of Cash Flows, Statement of Changes in Equity, Statement of Liquidity Analysis and notes thereto.

### 2.10 Accounting for Leases

With the adoption of BAS 17, The Company has been following finance method of accounting for lease transaction. The aggregate lease receivable including un-granted residual value are recorded as gross lease receivable while the excess of gross lease receivable over the total acquisition cost, including interest during the period of acquiring the lease equipment, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, where necessary, in accordance with the requirement of relevant circular issued by the Financial Institutions Department of Bangladesh Bank.

### 2.11 Accounting for associate company

Investment is associate shall be accounted for using as the equity method. Under equity method, the investment in an associates is initially recognized at cost and carrying amount is increased or decreased to recognized the investor's share of the profit or loss of the investee after the date of acquision. The investor's share of the profit or loss of the investee is recognized in the carrying amount of the investment. The investor's share of those profit is to be recognized is other comprehensive income of the investor's. But as per Bangladesh Bank Circular No - 11 Dated December 23, 2009 there is no scope for these profit to be shown other comprehensive income as such investment in associates has been accounted at historical cost of the investment in associates.

### 2.12 Recognition of Fixed Assets

### 2.12.1 Assets acquired under Own Finance

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of Bangladesh Accounting Standard (BAS)-16; Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalized. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS 23; Borrowing costs, Expenditure incurred after the assets have been put

into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

### 2.12.2 Depreciation of own used Fixed Assets

Depreciation on Property, plant and equipment acquired for Company's own use is charged on diminishing balance method at rate varying from 5% to 20% throughout the estimated useful life of the assets. Additions in any year to fixed assets are depreciated for the full year irrespective of the date of acquisition of assets.

### 2.13 Basis for valuation of liabilities and provisions

### 2.13.1 Provision for taxation

### **Current Tax**

"Provision for current income tax has been made @ 42.5% as prescribed in the Finance Act, 2011 on the accounting profit made by the company after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 "Income Taxes"."

### **Deferred Tax**

As per Bangladesh Accounting Standard-12 deferred tax is required to be provided using the liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purpose.

### 2.13.2 Provision for doubtful losses

Provision for future losses is an estimate of the losses that may be sustained in our investment portfolio. The provision is based on Bangladesh Bank guidelines. Our methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factor as set forth in the Bangladesh Bank guidelines. FID circular 8 dated August 03, 2002 is the basis for calculating the provision for doubtful losses.

### 2.13.3 Risk and Uncertainly for use of Estimates (Provisions)

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires Management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainly involved in making estimates, actual result reported could differ from those estimates;

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations;

When the company has an obligation as a result of past events;

When it is provable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

Reliable estimate can be made of the amount of the obligation.

### 2.13.4 Interest Suspense Account

Rental/interest income overdue beyond 3 months on account of less than 5 years of Lease finance and Term Loan & 6 months on account of more than 5 years of Lease finance and Term Loan and 9 months on account of less than and more than 5 years of Housing Finance are not recognized as income rather than credited to interest suspense account. Recovery of overdue credited to interest suspense account is recognized as income on cash basis.

### 2.13.5 Dividend payments

Interim dividends are recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed dividend for the year 2010 has not been recognized as a liability in the balance sheet in accordance with the BAS -10 "Events after The Balance Sheet Date"

Dividend payable to the financial institution's shareholders are recognized as a liability and deducted from the shareholders equity in the period in which the shareholders right to receive the payment is established.

### 2.13.6 Statutory reserve

Financial Institution Act, 1993 requires the financial institution's to transfer not less than 20% of its current year's profit before dividend recommendation to reserve until such reserve equals to its paid up capital.

### 2.13.7 Employees Retirement Benefit Plan

### **Provident Fund:**

The company operates a contributory provident fund for its employee. Separate Board of Trustees administers the fund. The fund approved by the National Board of Revenue.

### **Gratuity Fund:**

Gratuity benefit is accounted for in the Books at the time of payment. Quantum of gratuity benefit has been calculated as per BAS-19. 'Employee Benefits"

### 2.14 Revenue Recognition

Revenue is recognized in accordance with Bangladesh Accounting Standard BAS-18: Revenue Recognition.

### 2.14.1 Interest income

In terms of the provision of the BAS-18 "Revenue" the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken in to income when such advances are classified. It is than kept in interest suspense in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

### 2.14.2 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

### 2.14.3 Lease Income

The excess of gross lease rental receivable over the cost of the leased assets constitutes the total unearned income at the commencement of the execution of lease. This income is allocated over the period of lease that reflects a constant periodic return on the net investment. The pattern of the periodic return is, however, differs in case of structured lease finance depending on the structure of the particular lease contract. Income is recognized when it is earned, i.e. income on due installation on unclassified lease irrespective of whether received or not. Income is not taken into profit and loss account when a lease is classified and keeps it in interest suspense account as income as earned when it is received.

### 2.14.4 Income from term finance

Interest income on term finance is recognized on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognized as income in the financial statements. Interest on term finance ceases to be taken into income when such term finance are classified and kept in interest suspense account. Interest on classified term finance is accounted for on cash basis.

### 2.14.5 Fees and commission income

Fees and commission income arises on services provided by the financial institution's are recognized on a cash received basis. Commission charged to customer on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions.

### 2.14.6 Dividend income on shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

### 2.14.7 Gain on sale of securities

Capital gain on sale of securities listed in the stock exchanges is recorded only when the securities are sold in the market.

### 2.15 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services.

### 2.16 Earnings per share

### Basic earning per share

Basic earning per share has been calculated in accordance with BAS-33 "Earning per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year.

### Diluted earnings per share

No diluted earning per share is required to be calculated for the year as there was no scope for dilution during the year under review.

### 2.17 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstance indicate that the book value of the assets may not be recovered. Accordingly, the company estimates the recoverable amount of the assets. An impairment loss is recognized in the profit and loss account while the recoverable amount is less than the carrying amount of the asset group.

### 2.18 Proposed Dividend

Dividend proposed by the Board of Directors for the year is recognized and accounted for after approval by the shareholders at the AGM.

# 2.19 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of the BAS	BAS	Status
Presentation of Financial Statements	1	
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
.eases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investment	25	Applied
Investment in Associates	28	*
Financial Instrument: disclosure and Presentation	32	*
Earnings Per Share	33	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instrument: Recognition and Measurements	39	*
Name of the BFRS	BFRS	Status
Share Based Payment	2	Not applicable
Business Combinations	3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	5	Not applicable
Exploration for and Evaluation of Mineral Resources	6	Not applicable
Financial Instruments : Disclosures	7	Applied

<sup>\*</sup> As the regulatory requirements differ with standards, relevant disclosure are made in accordance with Bangladesh Bank's requirements.

### 2.20 Events after the balance sheet date

Events after the balance sheet date are those events that occur between the balance sheet and the date when the financial statements are authorized for issue .All material events occurring after the balance sheet date have been considered in these financial statements.

			Amount I	n Taka
			31.12.2014	31.12.2013
3.0	Cash and Cash equivalent: Tk. 45,124,401 The break up of the above amount is as under:		Name and Control of the	2.000.000.000.000
	Cash in hand	3.1	520,688	492,237
	Balance with Bangladesh Bank and its agent banks	3.2	44,603,713	40,980,588
			45,124,401	41,472,825
3.1	Cash in hand: Tk. 520,688 The break up of the above amount is as under:			
	Local currency		520,688	492,237
	Foreign currency		520,688	492,237
3.2	Balance with Bangladesh Bank and its agent banks: Tk. 44,603,713 The break up of the above amount is as under:			
	Local currency		44,603,713	40,980,588
	Foreign currency		- Committee of the comm	4
			44,603,713	40,980,588

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

Statutory Liquidity Reserve (SLR) have been calculated and maintained On the Basis of total liabilities and in accordance with the Bangladesh Bank's FID Circular No. 02 dated November 10,2004. The Statutory Liquidity Reserve 5% includes 2.5% cash Reserve Requirement (CRR) Calculated on the company's total term deposits and maintained a fortnight average basis in the current account is maintaining with the Bangladesh Bank and rest amount has to be maintained in the form of cash at commercial bank account and Fixed Deposit Account.

### a) Cash Reserve Requirement (CRR) 2.5% on total term deposits: Tk. 53,997,000

The break up of the above amount is as under :

	the break ap of the doors amount to do ander t			
	Required Reserve		50,414,000	32,914,000
	Actual Reserve held		53,997,000	34,355,000
	Surplus/ (deficit)		3,583,000	1,441,000
b	Statutory Liquidity Reserve ( SLR) 5% on total liabilities: To The break up of the above amount is as under:	k. 341,258,000		
	Required Reserve (including CRR)		40,879,000	69,655,000
	Actual Reserve held (including CRR)	3.3.a	236,010,000	136,625,000
	Surplus/ (deficit)		195,131,000	66,970,000
	Total required reserve		105,929,000	69,655,000
	Total actual reserve held		341,258,000	136,625,000
	Total Surplus/(deficit)		235,329,000	66,970,000
4.0	Balances with other Banks and Financial Institutions: Tk. 34 The break up of the above amount is as under :	15,135,923		
	Inside Bangladesh Outside Bangladesh	4.1	345,135,923	118,496,430
			345,135,923	118,496,430
4.1	Inside Bangladesh: Tk. 345,135,923 The break up of the above amount is as under:			
	Fixed Deposits	4.1.1	290,000,000	100,255,000
	Balance with other Accounts	4.1.2	55,135,923	18,241,430
			345,135,923	118,496,430
4.1.1	Fixed Deposits: Tk. 290,000,000 The break up of the above amount is as under:			
	Southbangla Agriculture & Commerce Bank Ltd. Midland Bank Ltd.		80,000,000 10,000,000	2
	NRB Commercial Bank Ltd		200,000,000	100,000,000
	Prime Bank Ltd.		290,000,000	255,000
			290,000,000	100,255,000

Amount	in Taka
31.12.2014	31.12.2013

### 4.1.2 Balance with other Accounts: Tk. 55,135,923

The break up of the above amount is as under :

Name of the bank	Branch name	A/C no.
Al-Arafa Islami Bank Ltd.	VIP Br.	SND A/C-0471
Al-Arafa Islami Bank Ltd.	Motijheel Corp	SND A/C-3022
Bank Al Falah Ltd.	Gulshan Br.	CD A/C-1005
BDBL	Principal Br.	CD A/C-4001
BDBL	Principal Br.	500 A/C- 0032
Dhaka Bank Ltd.	Adomjee Court Br.	STD A/C-4889
Dutch Bangla Bank Ltd.	Ring Road Br.	5TD A/C-0999
Dutch Bangla Bank Ltd.	Motijheel Br.	STD A/C-0600
EXIM Bank Ltd	Agrabad Br.	CD A/C-0755
EXIM Bank Ltd.	Gulshan Br.	CD A/C-2917
EXIM Bank Ltd	Paltan Br.	5TD A/C-8174
EXIM Bank Ltd	Paltan Br.	STD A/C-2664
EXIM Bank Ltd	Motifheel Br.	STD A/C-8778
EXIM Bank Ltd	Banani Br.	A/C- 4414
ICB Islamic Bank Ltd.	VIP Road Br.	STD A/C-5915
ICB Islamic Bank Ltd.	VIP Road Br.	STD A/C-3226
IFIC Bank Ltd.	Banani Br.	SND A/C-5041
Janata Bank Ltd	Local Office	SND A/C-1687
Janata Bank Ltd	Purana Paltan Br.	5TD A/C-0340
Mutual Trust Bank Ltd.	Principal Br.	SND A/C-1929
Mutual Trust Bank Ltd.	Tejgaon Br	SND A/C-1507
Mutual Trust Bank Ltd.	Agrabad Br.	SND A/C-3031
Midland Bank Ltd.	Dilkusha br.	CD A/C-0287
Modhumoti Bank Ltd	Motifheel	SND-64
National Bank Ltd	Mirpur Br.	STD A/C-0664
NRB Commercial Bank Ltd.	Principal Br.	SOD A/C- 0014
NCC Bank Ltd.	Dilkusha br.	CD A/C-2394
One Bank Ltd.	Principal Br.	CD A/C-3008
One Bank Ltd.	Imamgonj Br.	SND A/C-6028
One Bank Ltd.	Imamgonj Br.	SND A/C-6001
Prime Bank Ltd.	Billoy Nagar br.	SND A/C-8952
Prime Bank Ltd.	Bijoy Nagar br.	SND A/C-8747
Prime Bank Ltd.	Bijoy Nagar br.	SND A/C-8951
Prime Bank Ltd.	Bijoy Nagar br.	SND A/C-5052
Prime Bank Ltd.	Bijoy Nagar br.	SND A/C-12324
Prime Bank Ltd.	Gulshan Br.	SND A/C-7554
Pubali Bank Ltd.	P.Sarani Br	CD A/c-3466
The Premier Bank Ltd	Ashulia Br	CD-114
Shahialal Islami Bank Ltd.	Foreign Exchange Br.	SND A/C-175
Shahjalal Islami Bank Ltd.	Motifheel Br.	CD A/C-0608
Shahjalal Islami Bank Ltd.	Foreign Exchange Br.	SND A/C-221
Shahjalal Islami Bank Ltd.	Dhaka Main Br.	SND A/C-781
Social Islami Bank Ltd.	Principal Br.	SND A/C-0771
Social Islami Bank Ltd.	Babu bazar Br.	CD A/C-0656
Social Islami Bank Ltd.	R.Soroni Br.	STDA/C-1038
Southeast Bank Ltd.	Principal Br.	STD A/C-1330
SBAC Bank Ltd	Principal Br.	SND A/C-0001
SBAC Bank Ltd	Principal Br.	CD A/C-0434
Standard Bank Ltd.	Dhanmondi Br.	CD A/C-5673
The City Bank Ltd.	Uttara br.	CD A/C-7327
The Trust Bank Ltd.	Guishan Br.	CD A/C-0598
The Farmers Bank Ltd.	Guishan Br.	CD A/C-6942
UCBL	Santinagar Br,	STD A/C-0414
Total	Sandhagar br,	310 A/C-0414

8,958	7,123
12,268	9,763
1,025	2,175
1,535	1,995
154,461	155,461
1,527	2,677
48,966	48,461
6,456,682	1,620,595
930	1,505
43,003	44,273
5,302	11,947
10,002,760	177,407
110,970	267,178
8,047	23,834
1,619,430	1,821,465
8,488	8,816
12	10,999
6,017	7,187
21,664	21,883
6,477	73,473
2,910	
2,123,358	
17,856	116,422
414	0
1,907	3,756
6,384	8,224
200,397	201,897
18,363	19,513
1000	14,494
	18,776
2 564	
3,561	3,561 1,969
819	81,905
82,298	3,277,930
12,402,286	
9,391	116,147
21,129,998	9,294,052 48,910
244	40,910
564	454 677
165,143	161,023
10,649	8,509
17,616	56,332
57,149	18,122
10.004	32,460
10,624	11,544
899	
101,439	99,043
45,650	7,563
6,413	44,697
91,730	175,765
89,471	90,281
	334
19,866	1000000
248	9,984

			Amount I	in Taka
			31.12.2014	31.12.2013
5.0	Money at call and short notice: Tk. Nil The break up of the above amount is as under :		Waster Control of Cont	
	Banking Company Non-banking financial institutions		2	
5.0	Investments: Tk. 1,637,307,700 The break up of the above amount is as under:			-
	Government securities Other Investment	6.1 6.2	1,637,307,700 1,637,307,700	990,051,679 <b>990,051,679</b>
5.1	Government securities: Tk. Nii The break up of the above amount is as under :			
	National investment bonds Bangladesh bank bills Government bonds Prize bonds		1	
5.2	Other Investments: Tk. 1,637,307,700 The break up of the above amount is as under :			
	Held for trading (HFT) Held to maturity (HTM) Equity instruments		1,260,934,790 376,372,910	705,132,369 284,919,310
			1,637,307,700	990,051,679
5.3	Other Investment: Tk. 1,637,307,700 The break up of the above amount is as under:			
	Shares Debentures	6.3.1	1,637,307,700	990,051,679
			1,637,307,700	990,051,679

# 6.3.1 Other investments in Shares: Tk. 1,637,307,700 The break up of the above amount is as under:

This represents the investment in shares of difference companies and institutions. Details are as follows:

Particulars	Category of	No. Of	Market Price	Cost	Price
Perticulars	Shares	Shares	Market Price	31.12.2014	31.12.2013
Quoted Share:				THE PARTY BAT BAT BATTER TO	
AB Bank Ltd	A	107,833	3,224,207	2,812,285	58,325,042
AmaraTech	A	374,500	*	Ordinary Company	3,223,148
Al-Arafa Islami Bank Ltd.	A	3,820,355	56,923,290	58,471,255	36,333,849
Bengal WTL	A				13,170,900
BRAC Bank ltd	A	5,042,085	187,565,562	132,419,349	94,839,550
BSC	A	197,985	100,477,388	119,059,422	71,260,997
Submarine Cable	A	255,100	29,770,170	43,849,721	7,091,313
City Bank Itd.	A	1,800,000	3,924,000	3,938,800	3,366,280
Desco	A	112,125			8,384,707
Federal Insurance	A	80,000			2,072,800
Fu-wang Ceramics	A	443,000			9,989,650
Grameen Phone Ltd.	A	27,309	9,883,127	10,381,516	2,010,000
GHAIL	A	105		***	3,979
Jumuna Bank Ltd.	A	3,212,360	39,512,028	43,685,338	22,837,406
KPPL	A	209,970	4,661,334	4,771,539	000000000000000000000000000000000000000
Lafarge Surma Cement	Z	4,070,768	500,704,464	337,188,401	81,501,720
Lanka Bangla Finance	A	80,000			5,331,200
M Petroleum	A	151,580	31,983,380	39,490,836	980,913
One Bank Ltd.	A	5,966,304	94,267,603	83,958,394	34,524,160

				Amount in Taka	
				31.12.2014	31.12.2013
Padma Oii	A	104,000	26,166,400	36,287,583	1,025,640
PHPMF-1	A	599,500		100000000000000000000000000000000000000	3,872,770
PENINSULA	A	30,400	811,680	871,872	
Premier Leasing	A	177,500		(#)	2,335,900
Prime Finance	A	169,900		(0)	4,638,270
RN Spinning	A	182,750	*		6,748,957
Uttara Bank Ltd	A	1,896,181	49,111,088	49,986,435	12,539,661
United Commercial Bank Ltd.	A	565,200		-	14,057,928
Zahin Tex.	A	113,850	1,878,525	3,087,612	7,459,970
BGIC	A	113,600	2,431,040	3,062,656	1,377,310
Dhaka Insurance	A	138,000	3,560,400	4,951,440	3,255,975
GBB Power	A	200,920	4,681,436	5,147,570	2,964,600
Generation Next	A	45,000	684,000	699,750	3,187,680
Grameen 1	A	261,500	5,909,900	9,424,460	4,376,400
Grameen 2	A	168,000	2,049,600	2,479,680	1,946,550
MTBL	A	368,668	7,299,626	5,537,393	19,063,950
Orion Pharma	A	200,300	9,113,650	12,208,285	10,468,424
Saiham Cotton	A	82,250	1,488,725	2,350,705	2,227,960
Popular MF 1	A	1,029,308	5,146,540	6,916,950	8,000,97
Standard Bank Ltd.	A	1,044,500	13,265,150	15,051,245	8,653,055
Trust Bank 1st MF	A	514,173	2,776,534	3,604,353	3,918,48
Trust Bank Ltd	A	98,500	No. of Contract Contr	200000000000000000000000000000000000000	8,340,364
Unique Hotels & Resorts	A	231.800	15,275,620	20,702,058	58,405,609
United Airways Itd	A	2,715,652		100	51,021,619
DELTALIFE	A	34025	5100348	6532460	The state of
lumuna Oil Ltd.	A	6,050	1,245,695	1,289,195	
Mercantile Bank	A	280,000	3,836,000	4,785,200	
Rupali Bank Ltd.	A	26,000	1,539,200	1,655,420	2,318,64
APOLPISPAT	A	118,000	0.0000000000000000000000000000000000000	0.0000000000000000000000000000000000000	4,349,78
Beximop Ltd	A	2,253,000	82,009,200	95,974,870	3,328,270
BSRM Steel	A	59,500	5,218,150	6,051,610	11 637
Beximco Pharma	A	35,750	2,098,525	2,293,553	100
CONFIDENCE		20,920	2232164	2567990	- 33
Beacon Pharma	Z	231000	4158000	3955961	- 1
Shine Pukur Ceramic Ltd.	A Z A	428,800	6,174,720	5,806,155	
Square Pharma	A	265485	68627743	67625474	
A. B. C.			1,396,786,212	1,260,934,790	705,132,369

Particulars	No. Of Shares
Unquoted Share:	
E-Securities Ltd.	
GMG Airlines Ltd. Placement	1,000,000
SAIF Power Ltd. Placement	200,000
Jamuna Mobil Placement	40,192
Apollo Ispat	-
Energy prima Ltd. Placement	1,358,500
MEB Poly Ltd. Placement	500,000
Scholastica Ltd. Placement	340,000
CDBL	25,694
PLFS Investment Ltd.	51,000
Sandhani Life Unit Fund	5,600,000
ICB Islami Bank Ltd.	27,500
Sub Total ( B )	9,142,886
Associate Company: ( C )	
PLFS Investment Ltd. (Note-2.11) (Formal Mercantile Securities) Grand Total (A+B+C)	16,059,750

Amount in Taka				
31.12.2014	31.12.2013			
69,978,600				
50,000,000	50,000,000			
7,000,000	7,000,000			
Name and the	100000000000000000000000000000000000000			
	44,000,000			
13,585,000	13,585,000			
5,000,000				
3,400,000	3,400,000			
5,711,810	5,711,810			
5,100,000	5,100,000			
56,000,000	26,000,000			
	275,000			
215,775,410	155,071,810			
160,597,500	129,847,500			
1,637,307,700	990,051,679			

All investments in marketable ordinary shares are valued at average cost price as on reporting date and adequate provision has been made as per Bangladesh Bank guidelines. Investment in non marketable ordinary shares are valued at cost due to fair value can not be measured reliably. As on December 31, 2014 there was Tk. 135,851,422 as unrealised gain on marketable shares which was not accounted in the financial statements due to considering present capital market of Bangladesh.

			Amount In Taka		
			31.12.2014	31.12.2013	
5.4	Maturity grouping of investments: Tk. 1,637,307,700				
	The break up of the above amount is as under:				
	On demand				
	Up to one month		327,461,540	49,502,584	
	Over one month but not more than three months		491,192,310	118,806,201	
	Over three months but not more than six months		209,575,385	128,706,718	
	Over six months but not more than one year		445,347,695	396,020,672	
	Over one year but not more than five years		163,730,770	267,313,953	
	Over five years		2	29,701,550	
			1,637,307,700	990,051,679	
7.0	Loans, cash credits, overdrafts, etc.: Tk. 17,926,974,143				
	The break up of the above amount is as under:				
	Inside Bangladesh	7.1	17,926,974,143	16,675,405,266	
	Outside Bangladesh	7.2	-		
			17,926,974,143	16,675,405,266	
7.1	Inside Bangladesh: Tk. 17,926,974,143				
	The break up of the above amount is as under :				
	Lease Finance	7.1.1	3,027,712,000	3,214,507,000	
	Loans	7.1.2	14,899,262,143	13,460,898,266	
	Cash Credit				
	Overdrafts etc.		17,926,974,143	16.675.405.266	
			27/220/27 1/212	20/0/0/100/200	
7.1.1	Lease Finance: Tk. 3,027,712,000				
	The break up of the above amount is as under :	2000000000			
	Net lease receivable Advance for Leases	7.1.1.1 7.1.1.2	3,000,887,325 26,824,675	3,210,055,878 4,451,122	
	Advance for Leases	7.1.1.2	3,027,712,000	3,214,507,000	
	rana aran empana aran aran aran aran aran aran aran				
7.1.1.	1 Net lease receivable: Tk. 3,000,887,325 The break up of the above amount is as under:				
			CAMBRIDATE (87)	7145000000000	
	Gross lease receivable Less: Unearned lease income		3,801,976,042 801,088,717	3,743,000,972 532,945,094	
	Seas. Greened leads mount		3,000,887,325	3,210,055,878	
7.1.1.	2 Advance for Leases: Tk. 26,824,675 The break up of the above amount is as under :				
	Imported Equipment		2,557,693	3,169,633	
	Local Equipment		24,266,982	1,281,489	
	504000000000000000000000000000000000000		26,824,675	4,451,122	
202	terror water to provide a source of the			- 1/10-3/0-	
7.1.2	Loans: Tk. 14,899,262,143 The break up of the above amount is as under:				
	Term lean		2 526 122 242	12 102 421 602	
	Home loan		7,526,132,242 322,620,766	13,183,421,603 272,367,767	
	Other loans		7,050,509,135	5,108,896	
			14,899,262,143	13,460,898,266	
	Break up of the figures are as follows :				
	Balance at January 1		13,460,898,266	11,518,407,697	
	Add: Addition during the year		4,402,220,388	4,116,771,132	
	Less: Realized during the year		17,863,118,654 2,963,856,511	15,635,178,829 2,174,280,563	
	Balance at December 31		14,899,262,143	13,460,898,266	

These Loans have been disbursed against collateral, security of term deposit and shares.

			Amount	in Taka
			31.12.2014	31.12.2013
7.2	Outside Bangladesh: Tk. Nil			
	The break up of the above amount is as under :			
	Lease Finance			37
	Loans Advance for Lease finance		1.5	
	Profile for Deads Midnie			
7.3	Residual maturity grouping of loans and advances: Tk. 17,926,974 The break up of the above amount is as under:	,143		
	Repayable on demand		12	
	Up to one months		358,539,483	500,262,158
	Up to three months		896,348,707	
	Over three months but less than one year		2,689,046,121	5,002,621,580
	Over one year but less than five years  Above five years		9,859,835,778 4,123,204,054	8,004,194,528 1,500,786,474
			BEAUTIFICATION OF THE PROPERTY	16,675,405,266
7.4	Classification of Lease, Loans and advances: Tk. 17,926,974,143 The break up of the above amount is as under:			
	Unclassified	7.4.1	16,241,473,143	15,322,714,266
	Classified	7.4.2	1,685,501,000	1,352,691,000
			17,926,974,143	16,675,405,266
7.4.1	Unclassified: Tk. 16,241,473,143 The break up of the above amount is as under:			
	Standard		11,840,473,143	15,129,746,266
	Special Mention Account		4,401,000,000	192,968,000
			16,241,473,143	15,322,714,266
7.4.2	Classified: Tk. 1,685,501,000 The break up of the above amount is as under:			
	Sub-standard		121,657,000	633,807,000
	Doubtful		155,881,000	240,302,000
	Bad/Loss		1,407,963,000	478,582,000
			1,685,501,000	1,352,691,000
8.0	Bills purchased and discounted: Tk. Nil  The break up of the above amount is as under:			
	Inside Bangladesh			
	Outside Bangladesh			
9.0	Fixed assets including premises, furniture and fixtures: Tk. 63,010 The break up of the above amount is as under :	,997		
	Cost	9.1	114 606 753	102 002 202
	Less: Accumulated depreciation	9.1	114,695,752 51,684,755	103,803,392 43,839,773
	Net book value	- C	63,010,997	59,963,619
9.1	Cost: Tk. 114,695,752			
-	The break up of the above amount is as under :			
			103,803,392	99,913,973
	Balance at January 1			
	Balance at January 1 Add: Addition made during the year		10,892,360	6,536,419
	- INCOMPANION TO THE CONTROL OF C			

\_\_\_

ANNUAL REPORT -2014 |

86

			Amount in Taka	
			31.12.2014	31.12.2013
9.2	Accumulated depreciation: Tk. 51,684,755 The break up of the above amount is as under:			45400 AU 1 7645
	Balance at January 1 Add: Addition during the year		43,839,773 7,844,982	39,466,009 6,521,935
	Less: Adjustment during the year		51,684,755	<b>45,987,944</b> 2,148,171
	Balance at December 31		51,684,755	43,839,773
	Details of fixed assets have been shown in Annexure - A			
10.0	Other Assets : Tk. 2,451,707,352			
	The break up of the above amount is as under:			
	Lease rental & Interest Receivable Interest Receivable on FDR		1,158,475,905	336,851,863
	Advance for Office Rent		14,188,499 6,088,958	4,554,884 1,911,595
	Advance for Land Purchase	10.1	1,236,640,000	606,100,000
	Stamp in hand		10,750	7,550
	Advance Tax paid		200000000000000000000000000000000000000	
	Advance Tax ( At Source)		*	*
	Other prepayment-Head Office		1,147,456	840,000
	Security Deposit		223,200	23,200
	Other Receivable			25,256
	Deferred tax	10.2	34,932,584	34,326,923
			2,451,707,352	984,641,271

10.1 In the 221st Board Meeting dated 09.01.2011 and 274th Board Meeting dated 22.04.2014 of People's Leasing and Financial Services Limited has approved to acquire a total 66.53 katha land in two phases against payment of total Tik. 123.66 crore. The main objective of acquiring these land is to construct one/two high rise office building for the company and the rest portion will be letting out for the commercial purposes. It may be noted that 66.53 katha land will be registered in the name of the company within shortest possible time.

10.2	Deferred tax Assets: Tk. 34,932,584 The break up of the above amount is as under:			
	Balance at January 1 Add: Addition made during the year		34,326,923 605,661	26,501,421 7,825,502
	Less: Settlement during the year		34,932,584	34,326,923
	Balance at December 31		34,932,584	34,326,923
	Details of deferred tax assets have been shown in annexure-B			
11.0	Borrowings from Other Banks, Financial Institutions and a The break up of the above amount is as under:	agents: Tk. 2,795,526,	832	
	Inside Bangladesh Outside Bangladesh	11.1	2,795,526,832	2,426,010,646
			2,795,526,832	2,426,010,646
	Break - up is given below :			
	Balance at January 1 Add: During the year		2,426,010,646 1,657,060,572	2,461,563,965 1,418,711,513
	Aud. During the year		4,083,071,218	3,880,275,478
	Less: Payment during the year		1,287,544,386	1,454,264,832
	Balance at December 31		2,795,526,832	2,426,010,646
11.1	Inside Bangladesh: Tk. 2,795,526,832 The break up of the above amount is as under:			
	Loan from Bangladesh Bank	11.1.1	128,450,253	154,716,392
	Loan from Other Banks	11.1.2	2,667,076,579	2,271,294,254
	Loan from Financial Institution	11.1.3	2,795,526,832	2,426,010,646

ANNUAL REPORT -2014

Amount	in Taka
31.12.2014	31.12.2013

### 11.1.1 Loan from Bangladesh Bank: Tk. 128,450,253

### 11.1.2 Loan from Other Banks: Tk. 2,667,076,579

The break up of the above amount is as under :

Al-Arafa Islami Bank Ltd. Al-Arafa Islami Bank Ltd. Basic Bank Ltd.

Bangladesh Commerce Bank Ltd.

Bangladesh Commerce Bank Ltd.

EXIM Bank Ltd.

EXIM Bank Ltd. EXIM Bank Ltd.

EXIM Bank Ltd.

EXIM Bank Ltd.

EXIM Bank Ltd.

EXIM Bank Ltd.

Mutual Trust Bank Ltd

Mutual Trust Bank Ltd

Mutual Trust Bank Ltd

Mutual Trust Bank Ltd

National Bank Ltd.

National Bank Ltd.

National Bank Ltd. National Bank Ltd.

National Bank Ltd.

One Bank Ltd

Pubali Bank Ltd. Pubali Bank Ltd.

Shahjalal Islami Bank Ltd.

Shahjalal Islami Bank Ltd.

Shahjalal Islami Bank Ltd.

Shahjalal Islami Bank Ltd.

Social Islami Bank Ltd.

Social Islami Bank Ltd.

Standard Bank Ltd

Standard Bank Ltd

Standard Bank Ltd Standard Bank Ltd

Sonali Bank Ltd Sonali Bank Ltd

Sonali Bank Ltd

Southeast Bank Ltd.

The Trust Bank Ltd. The Trust Bank Ltd.

The Trust Bank Ltd.

United Commercial Bank Ltd. Uttara Bank Ltd.

Uttara Bank Ltd.

Midland Bank

NRB Commercial Bank NRB Commercial Bank

NRB Commercial Bank

NRB Commercial Bank

Mercantile Bank Ltd

Modhumoti Bank Ltd

Prime Bank Ltd. Prime Bank Ltd.

UAE Bangladesh ICB Islami Bank Ltd 128,450,253 154,716,392

20,234,894	40,234,894
20,067,073	40,067,073
33.0 K 50.0 K 50	88,872,363
	27,439,833
63,425,954	100,000,000
1,655,687	8,166,558
9,120,222	
	21,178,553
97,629,491	137,942,764
27,920,341	37,431,294
	2,423,650
	28,265,837
1,655,634	8,166,558
- 0.00000000000000000000000000000000000	11,177,325
	21,654,090
	11,052,501
158,634,491	193,107,580
	37,849,958
151	56,570,046
	44,661,070
	44,561,070
76,884,254	92,236,794
	29,702,283
15,000,000	35,000,000
270,000,000	
PARTY OF THE PROPERTY OF THE PARTY OF THE PA	100,000,000
71,339,657	
71,370,093	100,000,000
83,785,277	
81,384,594	
143,446,720	200,000,000
93,161,255	5.0
	9,645,329
	10,135,348
5,056,795	20,454,387
1,018,744	20,944,406
	7,888,000
	10,520,000
	26,304,000
	10,582,521
(8)	26,334,110
100	
199	33.
42,991,690	24,033,512
42,331,030	Control of the Contro
100	64,100,520
AT 212 ATT	42,149,858
97,616,052	0.5
98,808,026	0.0000000000000000000000000000000000000
	4,166,663
27,046,069	45,833,333
85,442,380	100,000,000
63,953,197	93,344,783
	100,000,000
85,420,196	
85,420,196	100,000,000
139,206,031	100
92,763,281	
183,206,808	
192,836,477	
92,804,021	
23,728,804	36,995,391
43,042,178	

(88)

ANNUAL REPORT -2014

		Amount	In Taka
		31.12.2014	31.12.2013
	Loan From Financial Institution: Tk. Nil	111	
11.1.3	Loan From Financial Institution: IX. Ril	-	
11.2	Classification of loans as per security: Tk. 2,795,526,832 The break up of the above amount is as under:		
	Secured	2,795,526,832	2,426,010,646
	Un-secured	2,795,526,832	2,426,010,646
11.3	Residual maturity grouping of loans payable: Tk. 2,795,526,832		9
	The break up of the above amount is as under :		
	Repayable on demand		
	Within one month	209,664,512	0.00
	More than one month but less than three month	419,329,025	24,260,106
	More than three month but less than six month	377,396,122	60,650,266
	More than six month but less than one year	461,261,928	72,780,319
	More than one year but less than five year	1,244,009,440	2,219,799,741
	Above five years	83,865,805	48,520,213
		2,795,526,832	2,426,010,646

Fund required for the Company's operations are primarily obtained from various commercial banks. Secured loans are covered by first equitable mortgage of all present and future immovable properties and by floating charges on movable assets of the company ranking part-passu among the lenders. The Company has part-passu security sharing agreements with the secured lenders stipulating the procedure in the sharing of the security provided by the Company.

120	Panacite and	other accounts:	75. 44.	247 505 554
12.0	Deposits and	other accounts.	I See Like	/1/,303,221

	The break up of the above amount is as under :			
	Lease / Loan Advance	12.1	110,090,338	87,347,438
	Term Deposit	12.2	11,586,161,302	9,697,336,465
	Deposits Under Schemes	12.3	21,051,581	31,316,621
			11,717,303,221	9,816,000,524
12.1	Lease / Loan Advance: Tk. 110,090,338			
	The break up of the above amount is as under :			
	Balance at January 1		87,347,438	79,633,558
	Add: Received during the year		29,810,730	13,103,780
			117,158,168	92,737,338
	Less: Repayment during the year		7,057,830	5,389,900
	Balance at December 31		110,090,338	87,347,438
12.2	Term Deposit: Tk. 11,586,161,302			
	The break up of the above amount is as under:			
	Balance at January 1		9,697,336,465	7,606,600,357
	Add: Received during the year		9,026,319,626	7,972,188,318
			18,723,656,091	15,578,788,675
	Less: Repayment during the year		7,137,494,789	5,881,452,210
	Balance at December 31		11,586,161,302	9,697,336,465

Term deposits have taken from institutions/individuals for 1 to 6 years' terms. These deposits are revolving and substantial part of deposits usually are renewed for further period, Hence entire term deposit has been considered as non-current liability.

			Amount in Taka	
			31.12.2014	31.12.2013
12.3	Deposits Under Schemes: Tk. 21,05: The break up of the above amount is as under:			
	Balance at January 1 Add: Received during the year		31,316,621 7,938,500	33,161,356 6,020,785
	rate. Necessed during the year		39,255,121	39,182,141
	Less: Repayment during the year		18,203,540	7,865,520
	Balance at December 31		21,051,581	31,316,621
12.4	Maturity grouping of Deposits and other accounts: Tk. 13 The break up of the above amount is as under :	,717,303,221		
	Repayable on demand		+	98,160,005
	Within one month		410,105,613	490,800,026
	More than one month but less than six month		585,865,161	1,472,400,079
	More than six month but less than one year		6 395 930 356	1,963,200,103
	More than one year but less than five year More than five year but less than ten year		6,385,930,256 1,991,941,547	5,398,800,288
	Above ten years		1,231,341,341	332,010,023
			11,717,303,221	9,816,000,524
	The Company takes one to two rental/ installment from the lesse / adjustable at the expiry of lease term. This advance bears re		lease/ioan agreement v	which are refundable
13.0	Other Liabilities: Tk. 3,410,731,526			
	The break up of the above amount is as under:			
	Short Term Loan	13.1	723,756,805	484,464,937
	Provision for Lease, loans and advances	13.2	924,561,000	597,645,000
	Provision for Investment Fluctuation in Shares	13.3	69,225,257	69,225,25
	Provision for income tax	13.4	177,280,114	282,088,21
	Provision for Gratuity	13.5	25,877,736	20,069,090
	Provision for off balance sheet items/exposure	13.6		
	Interest Suspense Account Liabilities for financial expenses	13.7 13.8	1,078,153,000 294,560,995	409,852,000 301,451,82
	Liabilities for sundry creditor	13.9	87,813,361	84,497,60
	Liabilities for accrued expenses	13.10	1,071,597	1,122,809
	VAT Payable	*****	14,190	100000000
	Tax deducted at source (TDS) payable		6,525,791	6,053,286
	Dividend Payable		21,891,680 3,410,731,526	22,546,705
			3,410,731,526	2,279,016,730
13.1	Short Term Loan: Tk. 723,756,805 The break up of the above amount is as under:			
	Call loan received from Banks/Financial Institutions	13.1.1	300,000,000	200,000,000
	Overdraft from Bank	13.1.2	423,756,805	284,464,937
			723,756,805	484,464,937
13.1.1	Call loan received from Banks/Financial Institutions: Tk. The break up of the above amount is as under :	300,000,000		
	The City Bank		100,000,000	59
	Janata Bank Ltd.		100,000,000	100,000,000
	Basic Bank			50,000,000
	BDBL.		100,000,000	50,000,000
			300,000,000	200,000,000
13.1.2	Overdraft from Bank: Tk. 423,756,805			
	The break up of the above amount is as under:			
	NRB Bank		181,120,224	75,603,380
	Mutual Trust Bank Ltd.		242,636,581	208,861,557
			423,756,805	284,464,937

90 ANNUAL REPORT -2014 |

			Amount in Taka	
			31.12.2014	31.12.2013
13.2	Provision for Lease, loans and advances: Tk. 924,561,000			
	The break up of the above amount is as under:			
	Lease Finance	13.2.1	498,399,000	288,799,000
	Loans	13.2.2	426,162,000	308,846,000
	Cash Credit			
	Overdrafts etc.			
			924,561,000	597,645,000
13.2.1	Provision for Lease Finance: Tk. 498,399,000 The break up of the above amount is as under:			
	Balance at January 1		288,799,000	202,509,000
	Add : Provision required during the year		209,600,000	86,290,000
			498,399,000	288,799,000
	Less: Recoveries of amount previously written off			
	Balance at December 31		498,399,000	288,799,000
13.2.2	Provision for Loans: Tk. 426,162,000 The break up of the above amount is as under :			
			200 045 000	
	Balance at January 1		308,845,000	254,648,000
	Add : Provision required during the year Provision charged during the year		117,316,000 426,162,000	54,198,000 308,846,000
	Less: Recoveries of amount previously written off		420,102,000	300,040,000
	Balance at December 31		426,162,000	308,846,000
13.2.3	Category-wise provision: Tk. 924,561,000 The break up of the above amount is as under:			
	The break up of the above aniount is as under :			
	Provision for unclassified lease, loans and advances		242,451,300	169,450,000
	Provision for classified lease, loans and advances		682,109,700 924,561,000	428,195,000 597,645,000
			324,002,000	527/0.10/000
3.3	Provision for Investment Fluctuation in Shares: Tk. 69,225,257 The break up of the above amount is as under :			
	Balance at January 1		69,225,257	53,226,204
	Add: Addition made during the year			15,999,053
			69,225,257	69,225,257
	Less : Adjustment made during the year			
	Balance at December 31		69,225,257	69,225,257
	2 77 274 10 2 11221111			
13.4	Provision for income tax: Tk. 117,280,114 The break up of the above amount is as under:			
	Provision			
	Balance at January 1		413,080,347	404,653,237
	Add: Provision made during the year		21,223,714	108,427,110
			434,304,061	513,080,347
	Less: Settlement of previous year's liability  Balance at December 31		90,000,000	100,000,000
			344,304,001	413,000,347
	Advance tax			107
	Balance at January 1		130,992,128	107,034,026
	Add: Addition made during the year Under sections 64 and 74 of Income Tax ordinance 1984		36,031,819 30,000,000	23,958,102
	Tax Deduction at source (TDS)		6,031,819	3,958,102
	CHARLES WE FOR THE SECTION ASSET BUT			
	Less: Adjustment during the year Balance at December 31		167,023,947	130 992 129
				130,992,128
	Net balance at December 31		177,280,114	282,088,219

ANNUAL REPORT -2014

		Amount in Taka	
		31.12.2014	31.12.2013
13.5	Provision for Gratuity: Tk. 25,877,736		
2010	The break up of the above amount is as under :		
	Balance at January 1	20,069,090	14,276,962
	Add : Provision made during the year*	5,808,646	5,792,128
	76 - Agusti - Santa S	25,877,736	20,069,090
	Less : Settlement during the year	25 627 724	20.060.000
	Balance at December 31	25,877,736	20,069,090
	* Provision for Gratuity is calculated on the basis of double of the last basic into length of service for the employees who have completed service length of five years. Total number of employees eligible for Gratuity are 43.		
13.6	Provision for off balance sheet items/exposure: Tk. Nil The break up of the above amount is as under :		
	Balance at January 1 Add: Provision made during the year	<b>3</b>	1,500,000
	Nau: Provision made during the year		1,500,000
	Less : Settlement during the year		1,500,000
	Balance at December 31		•
13.7	Interest Suspense Account: Tk. 1,078,153,000		
	The break up of the above amount is as under :		
	Balance at January 1	409,852,000	198,335,000
	Add : Addition made during the year	1,078,153,000	211,517,000 409,852,000
	Less : Amount written off during the year	-	-
	Balance at December 31	1,078,153,000	409,852,000
13.8	Liabilities for financial expenses: Tk. 294,560,995		
	The break up of the above amount is as under :		
	Interest payable on Term Loan		
	Interest payable on Term Deposit Interest Payable on Bank Overdraft	294,560,995	301,451,823
	since car regalite of barriers	294,560,995	301,451,823
13.9	Liabilities for sundry creditor: Tk. 87,813,361		
	The break up of the above amount is as under :		
	5/Cr. A/c. Lessees	42,194,974	41,741,128
	S/Cr. A/c. Loanees	37,294,165	20,056,005
	S/Cr, A/c. Others	8,324,222 87,813,361	22,700,471 84,497,604
13.10	Liabilities for accrued expenses: Tk. 1,071,597		
	The break up of the above amount is as under :		
	Excise duty payable	851,597	922,809
	Payable for Audit fee	220,000	200,000
		1,071,597	1,122,809
14.0	Share Capital		
2000			
14.1	Authorized Capital:		

92

Amount	In Taka
31.12.2014	31.12.2013

# 14.2 Issued, subscribed & fully paid-up capital: Tk. 2,594,914,520 The break up of the above amount is as under :

n cash
hare

91,166,640	91,166,640
2	-
2,077,120,550	1,841,219,230
426,627,330	426,627,330

### 14.3 Percentage of shareholding

Category	Number	Percentage (%)		
Category	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Sponsors	99,379,341	91,021,074	38.30	38.58
General public including NRB	126,400,169	111,604,251	48.71	47.31
Financial Institutions	19,239,558	15,626,300	7.41	6.62
Investment companies	14,472,384	17,649,695	5.58	7.48
Foreigners		11.000,000,000		74
Total	259,491,452	235,901,320	100	100

### 14.4 Classification of shareholders by holding

Holding			Number	r of shares	Percent	age (%)
noiding	31,12,2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Less than 500	24512	26086	4,140,884	4,834,353	1.60	2.05
501 to 5,000	17454	19584	30,644,035	33,347,244	11.81	14.14
5,001 to 10,000	2207	2054	15,758,464	14,370,771	6.07	6.09
10,001 to 20,000	1165	1102	16,696,895	15,235,087	6.43	6.46
20, 001 to 30,000	404	347	9,866,765	8,420,815	3.80	3.57
30,001 to 40,000	150	136	5,177,657	4,661,971	2.00	1.98
40,001 to 50,000	119	87	5,372,657	3,917,271	2.07	1.66
50,001 to 100,000	187	142	13,191,773	9,984,142	5.08	4,23
100,001 to 1000000	158	151	39,962,838	36,141,766	15.40	15.32
Over 1000000	34	33	118,679,484	104,987,900	45,74	44.51
Total	46391	49722	259,491,452	235,901,320	100.00	100.00

### 14.5 Name of Directors and their share holdings as on December 31, 2014

Name of Directors	1	31.12.2014	31.12.2013
Capt. M. Moazzam Hossain	Chairman	5,241,003	4,764,576
Mr. Khabir Uddin Miah	Vice-Chairman	5,608,961	5,099,056
Mr. Motiur Rahman	Director	5,941,063	5,400,967
Ms. Nargis Alamin	Director	5,313,900	4,830,819
Mr. Nizamul Ahsan	Director	5,190,384	4,718,531
Ms. Humaira Alamin	Director	5,685,632	5,168,757
Arafin Shamsul Alamin	Director	5,664,574	5,149,613
Ms.Sayma Islam	Director	6,138,302	7.0
Mr.Biswajit Kumar Roy	Ex.Director	16 M	4,782,999
Md.Shirajui Islam Mollah	Ex.Director	(10)	5,366,176
Mr. Sarder Neamul Islam	Ex.Director	NG.	676,270
Mr.Ehsan-E-Moazzam	Independent Director	(*)	
A.H.Ekbal Hossaln	Independent Director	(4)	

			Amount	in Taka
			31.12.2014	31.12.2013
14.6	Capital adequacy ratio			**********
	C			
14.0.1	Core Capital ( Tier - I ): Tk. 4,545,698,937 The break up of the above amount is as under:			
	Paid up capital	14.2	2,594,914,520	2,359,013,200
	Statutory reserve	15.0	645,578,147	606,238,998
	General reserve	16.0		
	Share premium	17.0	1,018,605,234	1,018,605,234
	Retained earnings	18.0	286,601,036 4,545,698,937	365,145,759 4,349,003,191
			4,343,030,337	4,545,005,151
14.6.2	Supplementary Capital (Tier-II): Tk. 242,451,300 The break up of the above amount is as under :			
	General provision maintained against Unclassified loan		242,451,300	169,450,000
	General provision on off-balance sheet items			
	General provision on off-shore banking units			171
	Asset revaluation reserve Revaluation gain/loss on investments			7
	neralization gaily loss of infeations.		242,451,300	169,450,000
15.0	Statutory Reserve: Tk. 645,578,147 The break up of the above amount is as under:			
			80.000000	100000000000
	Balance at 1st January 2014		606,238,998 39,339,149	561,553,157 44,685,841
	Add : Addition made during the year		645,578,147	606.238.998
	Less: Transfer during the year		-	
	Balance at 31st December 2014		645,578,147	606,238,998
	This has been kept according to section 6 ( 1 ) of Financial Instituti and shall be maintained until it reaches in equal to paid up capital			
16.0	General reserve: Tk. Nil			
	The break up of the above amount is as under :			
	Balance at 1st January 2014		1.4	10
	Add : Addition made during the year			
	Less: Transfer during the year			
	Balance at 31st December 2014			
17.0	Share premium: Tk. 1,018,605,234		1,018,605,234	1,018,605,234
	This represents a premium of net Tk. 111.73 per share over the val share received against the issue of 9,11,6564.8 shares in 2010.	ue of Tk.10 per		
18.0	Retained earnings: Tk. 286,601,036			
	The break up of the above amount is as under :			
	Balance at January 1		365,145,759	448,514,961
	Add : Profit after tax for the year		196,695,746	223,429,210
	Profit available for appropriation		561,841,505	671,944,171
	Less: Appropriations		275,240,469	306,798,412
	Transferred to statutory reserve		39,339,149	44,685,841
	Transferred to General reserve			
	Issued to Bonus shares		235,901,320	262,112,570
	Issued to cash dividend			20

ANNUAL REPORT -2014 |

		Amount	In Taka
		31.12.2014	31.12.2013
		Windstein College Coll	
19.0	Contingent liabilities: Tk. Nil		
	The break up of the above amount is as under :		
	Acceptances and Endorsement	*1	*
	Letter of Guarantee 19.1	**	
	Irrevocable letters of credit	*	*
	Bill for collection	**	*
	Other contingent liabilities	-	
		*	*
19.1	Letter of Guarantee: Tk. Nil		
	The break up of the above amount is as under :		
	Manay for which the Bank is continuently		
	Money for which the Bank is contingently  liable in respect of guarantees issued		
	Directors	1	
		•	
	Government	-	
	Banks and Other Financial Institutions Others	3	3
	Others	-	-
	Less : Margin		*
	and the same of th		
19.2	Other commitments: Tk. Nil		
	The break up of the above amount is as under :		
	Documentary credits and short term trade-related transactions	\$20 \$20	
	Forward assets purchased and forward deposits placed	20	
			8
	Spot and forward foreign exchange contracts		
	Undrawn note issuance and revolving underwriting facilities		
	[14 기계계 등급 및 17 입시 기계 전체 기계 전체 기계 전체 기계	:	
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments	•	-
20.0	Undrawn note issuance and revolving underwriting facilities	-	3
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189		55,023
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under:	27,874 1,269,400,629	55,023 750,704,798
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under: Interest on Staff Loan	27,874	10.000
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Loan Interest on Loan against Share	27,874 1,269,400,629 36,749,392 832,725,124	750,704,798
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Loan against Share Interest on MDS	27,874 1,269,400,629 36,749,392 832,725,124 34,063	750,704,798 28,012,333 859,418,484
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Loan Interest on Loan against Share	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107	750,704,798 28,012,333 859,418,484 - 1,927,103
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Loan against Share Interest on MDS	27,874 1,269,400,629 36,749,392 832,725,124 34,063	750,704,798 28,012,333 859,418,484
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Loan against Share Interest on MDS	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107	750,704,798 28,012,333 859,418,484 1,927,103
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189  The break up of the above amount is as under:  Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Loan against Share Interest on Loan against TDR	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107	750,704,798 28,012,333 859,418,484 - 1,927,103
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under: Interest on Staff Loan Interest on Loan Interest on Loan against Share Interest on Loan against Share Interest on Loan against TDR  Interest on Loan against TDR	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107	750,704,798 28,012,333 859,418,484 1,927,103
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under: Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Home Loan Interest on Loan against Share Interest on Loan against TDR  Interest on Loan against TDR	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107 2,156,816,189	750,704,798 28,012,333 859,418,484 - 1,927,103 1,640,117,741
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under: Interest on Staff Loan Interest on Loan Interest on Loan against Share Interest on Loan against Share Interest on Loan against TDR  Interest on Loan against TDR  Interest paid on deposits and borrowings: Tk. 2,039,569,809 The break up of the above amount is as under: Interest on Call Loan Interest on Term Loan Interest on Term Deposit	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107 2,156,816,189  24,722,444 450,993,524 1,525,888,822	750,704,798 28,012,333 859,418,484 1,927,103 1,640,117,741 15,710,069 511,681,794 845,241,770
	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under: Interest on Staff Loan Interest on Loan Interest on Home Loan Interest on Home Loan Interest on Loan against Share Interest on Loan against TDR  Interest on Loan against TDR  Interest paid on deposits and borrowings: Tk. 2,039,569,809 The break up of the above amount is as under: Interest on Call Loan Interest on Term Loan Interest on Term Deposit Interest on Overdraft	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107 2,156,816,189  24,722,444 450,993,524 1,525,888,822 31,610,284	750,704,798 28,012,333 859,418,484 1,927,103 1,640,117,741 15,710,069 511,681,794
20.0	Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines other commitments  Income from Loans & Advances: Tk. 2,156,816,189 The break up of the above amount is as under: Interest on Staff Loan Interest on Loan Interest on Loan against Share Interest on Loan against Share Interest on Loan against TDR  Interest on Loan against TDR  Interest paid on deposits and borrowings: Tk. 2,039,569,809 The break up of the above amount is as under: Interest on Call Loan Interest on Term Loan Interest on Term Deposit	27,874 1,269,400,629 36,749,392 832,725,124 34,063 17,879,107 2,156,816,189  24,722,444 450,993,524 1,525,888,822	750,704,798 28,012,333 859,418,484 1,927,103 1,640,117,741 15,710,069 511,681,794 845,241,770

ANNUAL REPORT -2014

			Amount is	
			31.12.2014	31.12.2013
2.0	Other Operational Income: Tk. 136,169,153			
6465A.F	The break up of the above amount is as under :			
	Interest on FDR		22,182,524	24,280,764
	Interest on PDR Interest on Bank A/C.		864,261	693,552
	Documentation charge		682,157	320,156
	Service charge		2,289,095	791,000
	Late Payment Interest		31,875,776	13,431,760
	Income from Dividend		23,674,041	5,297,113
	Transfer Money		2,357,666	695,070
	Interest on advance for lease finance		2,408,113	25,734,620
	Gain for sale of old vehicles	22.1		124,849
	Others		49,835,520	2,085,516
			136,169,153	73,454,400
22.1	Gain for sale of old vehicles: Tk. Nil			
	The break up of the above amount is as under:			
	Sales of old vehicle		15.77	623,678
	Less: Book value			498,829
	Cost of vehicles		100	2,647,000
	Accumulated depreciation		-7.	(2,148,171)
	Gain for sale of old vehicle		245	124,849
23.0	Salary & allowances: Tk. 87,295,675			
	The break up of the above amount is as under :			
	Salary		63,912,087	57,077,998
	Bonus to Staff		8,233,776	4,270,705
	Company's Contribution to Employees Provident Fund		2,054,376	2,002,800
	Gratuity Expenses		5,808,646	5,792,128
	Staff Incentive		7,286,790	
			87,295,675	69,143,631
24.0	Rent, Taxes, Insurances , Electricity Etc.: Tk. 11,943,553			
	The break up of the above amount is as under :			
	Office Rent		4,127,430	3,883,480
	Tax, Rates		3,650,937	724,709
	Insurance premium		2,721,730	843,589
	Electricity		1,443,456	1,332,538
	Electricity		11,943,553	6,784,316
	to the second second			
25.0	Legal Expenses: Tk. 591,954  The break up of the above amount is as under:			
	Legal fees		372,690	825,051
	1007FF 1009 has a second of the second of th		A STATE OF THE PARTY OF THE PAR	166,285
	Stamp & Court Fees		219,264 591,954	991,336
26.0	Postage , Stamps , Telecommunication Etc.: Tk. 2,108,849 The break up of the above amount is as under :			
	Postage		204,574	73,996
	Telephone bills		1,108,008	936,453
	CONTRACTOR			
	Fax & Internet		796,267	547,046

96

		Amount I	A STATE OF THE PARTY OF THE PAR
		31.12.2014	31.12.2013
27.0	Stationery , Printing , Advertisement Etc.: Tk. 7,379,561		
	The break up of the above amount is as under :		
	Stationery & Printing	3,290,813	2,687,57
	Advertisement	3,616,514	4,304,11
	Computer Accessories expenses	472,234	632,45
	Computer Accessories expenses	7,379,561	7,624,14
		7,073,001	7,024,24
8.0	Chief Executive's Salary and Fees: Tk. 5,235,191		
	The break up of the above amount is as under:		
	Salary	4,935,191	5,400,00
	Other allowances	300,000	600,00
	oue dividices	5,235,191	6,000,00
9.0	Depreciation and Repair of Fixed Assets: Tk. 11,344,478	5/259/252	5,000,00
	The break up of the above amount is as under :		
	and drawn up or the doors directly in the driver of		
	Depredation of Fixed Assets	7,844,982	6,521,93
	Repair & Maintenance ( Machinery)	1,222,068	1,944,95
	Repair & Maintenance (Generator)	166,056	62,23
	Telephone Maintenance	86,900	46,65
	Motor car Maintenance	2,024,472	3,328,10
		11,344,478	11,903,87
0.0	Other Expenditure: Tk. 61,833,415		
	The break up of the above amount is as under :		
	Traveling & Conveyance Expenses	1,107,553	485,27
	Entertainment	2,495,416	6,986,20
	Esp./C-Documentation charge	37,130	20,00
	Esp./C-Processing Fee	21,100	20,00
	Esp./C-Service Charge		400,00
	Staff welfare	1,930,618	773,24
	Security Services	797,500	786,00
	Meeting Expenses	1,670,000	4,964,02
	Professional fee	401,050	1,097,20
	Fees & Subscription	1,924,046	1,929,54
	Office maintenance	1,380,271	1,880,48
	Office Exp.	4,149,218	2. 2.
	Miscellaneous	716,582	973,27
	Books & periodicals	1,264,980	53,04
	Business Promotion	32,144,249	24,398,19
	Fuel ,Oil & Lubricant	2,028,488	1,820,35
	Fuel ,Oll & Lubricant (Generator)		487,33
	Staff training	157,250	78,00
	Uniform & Leveris	108,570	112,42
	Recovery expenses		102,00
	Bank charges & commission	497,396	619,77
	Excise duty	78,120	148,89
	Lease rental expenses	2,381,364	3,157,07
	Software Expenses	382,000	1,232,60
	Donation	500,000	2,272,00
	Donation (CSR)	5,300,600	4,873,82
	Wasa & Gas Bill	7,276	4,013,02
	Car Exp.	351,638	
	Total	61,833,415	57,398,78

ANNUAL REPORT -2014

Amount i	n Taka
31.12.2014	31.12.2013
21,223,714	108,427,110
(605,661)	(7,825,502)
20,618,053	100,601,608

### 31.0 Provision for taxation: Tk. 20,618,053

The break up of the above amount is as under :

Current Tax Deferred Tax

### 32.0 Earning Per Share

(98)

### **Profit After Tax**

Less: Cumulative Preference Dividend

Profit attributable to the ordinary shareholders

Weighted Average number of ordinary shares before issue of stock dividend

Earning Per Share before restatement

Adjustment for bonus factor

Earning Per Share (EPS) after restatement

223,429,210	196,695,745
223,429,210	196,695,745
235,901,320	259,491,452
0.95	0.76
1.00	1.00
0.95	0.76

- a) Earning Per Share is calculated in accordance with BAS 33 "Earning Per Share" which has been shown on the face in Profit & loss account.
- Basic earning per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. Weighted average number of ordinary shares outstanding during the year was TK. 259,491,452
- c) EPS for the year has been rested for the issue of bonus share.

### 33.0 Related Party Transaction:

The company in normal course of business has entered into transactions with other entities that fall with in the definition of related party contained in the Bangladesh Accounting Standards 24. The Company believes that the terms of related party transaction are not significantly different from those that could have been obtained form third parties. Exposure with related party as at 31 December 2014 is as under: =

	Nature of	Outstanding as at	Trans	Transactions	
Name of Related Party	Facility	01.01.2014	Debit	Credit	as at 31.12.2014
Ms. Humaira Alamin	Term Deposit	2,417,900	500,000	32,100	1,950,000
Director	Receipts	2/417/900	500,000	32,100	:
Mr.Arafin Shamsu Alamin	Term Deposit				
Shareholder	Receipts	600,000	100,000		500,000
Mr.Alamgir Shamsul Alamin	Term Deposit	11,627,000	264,654	6,740,155	18,102,501
Shareholder	Term Deposit	11,027,000	204,004	0,740,155	18,102,501

Name of Related Party	Relationship	Nature of Facilities	Outstanding as at 31.12.2014
Fued Spinning Mills Ltd.	Concern related to Director	Term Loan	78,341,157
S. A. Spinning Mills Ltd.	Concern related to Director	Term Loan	134,505,780
S. A. Spinning Mills Ltd.	Concern related to Director	Term Loan	15,526,514
Canadian Trillilinium School Ltd.	Concern related to Director	Term Loan	19,373,710
Mrs. Shilpi Rani Roy	Sponsored Shareholder	Term Loan	31,709,833
Mr. Bishwajit Kumar Roy	Sponsored Shareholder	Lease Finance	1,981,134
Mr. Bishwajit Kumar Roy	Sponsored Shareholder	Term Loan	28,425,665

### 34.0 Events after the Balance sheet date:

The Board of Directors in its 290th meeting on 30 April 2015 has recommend stock dividend @ 10% for the year 2014. The dividend is payable subject to the necessary approval of all Regulatory Authorities and Shareholders.

### 35.0 General

- The Company has no claim that has not been acknowledged as debt at the Balance Sheet.
- ii) There was no contingent liability of the company on the Balance Sheet date.
- ii) The company has no receivable from the Directors of the company as on December 31, 2014.
- (v) The total number of employee's engaged full time in the Company and their remuneration above Tk.36,000/= per annum was 66 during the year.
- v) The total number of employee's engaged part time in the Company and their remuneration below Tk.3,000/= per month was nil.
- vij Certain figures of previous year have been rearranged to conform to current year's presentation.
- vii) Figures have been rounded off to the nearest Taka.

Chairman

----

Director

Managing Director & CEO

EO

DMD/CF

# People's Leasing and Financial Services Limited Schedule of Fixed Assets As at 31 December, 2014

Figures in Taka

Total	Crackery	Furniture & Fixtures	Office Equipment	Generator	Refrigerator	Air Cooler	Telephone System	Computer	Motor Car & Vehicle	Company Premises	Assets Category	
103,803,392	22,866	31,848,994	3,644,598	2,033,200	265,499	3,422,500	1,378,815	5,830,034	22,091,404	33,265,482	Balance as on 01.01.2014	
10,892,360		504,470	1,023,258	Ši.	91,500	1,659,954	11,500	3,801,678	3,800,000	-	Addition during the year	Cost
	ħ.	10		5.1		JA.	ā		80		Adjustment / Disposal during the year	я
114,695,752	22,866	32,353,464	4,667,856	2,033,200	356,999	5,082,454	1,390,315	9,631,712	25,891,404	33,265,482	Balance as on 31.12.2014	
	20%	5%	20%	10%	10%	5%	10%	20%	20%	10%	(%)	
43,839,773	20,329	8,993,144	1,982,563	832,616	108,725	1,311,249	748,801	4,128,627	12,091,172	13,622,547	Balance as on 01.01.2014	
7,844,982	507	1,153,473	529,159	120,058	24,827	174,060	64,151	1,054,407	2,760,046	1,964,294	Charged during the year	Depreciation
				S	4	*	4				Adjustment during the year	iation
51,684,755	20,836	10,146,617	2,511,722	952,674	133,552	1,485,309	812,952	5,183,034	14,851,218	15,586,841	Balance as on 31.12.2014	
63,010,997	2,030	22,206,847	2,156,134	1,080,526	223,447	3,597,145	577,363	4,448,678	11,040,186	17,678,641	W.D.V as on 31.12.2014	

100

# Peoples Leasing and Financial Services Ltd. Computation of Deferred Tax For the year ended 31 December, 2014

### Annexure - B

101

Particulars	Notes to the Audited Accounts	As per Carrying Amount	As per Tax Base	Temporary Difference (Taxable)/ Deductuble
Written down value of Fixed Assets	9.0	63,010,997	50,102,322	(12,908,675)
Provision for Investment Fluctuation in Share	13.3	69,225,257	988	69,225,257
Provision Gratuity fund	13.5	25,877,736	(91)	25,877,736
Total Temporary Difference (Deductible)				82,194,318
Deferred tax assets	82,194,318	@ 42.5%		34,932,584
Deferred tax asset as on 31 December 2014				34,932,584
ess : Deferred tax asset as on 31 December 2013				34,326,923
Deferred tax income				605,661

ANNUAL REPORT -2014

# People's Leasing and Financial Services Limited Calculation of Basic Earning Per Share (BEPS) For the year ended December 31, 2014 Determination of Weighted Average number of Ordinary Shares

Particulars	Share Numbers	Outstanding Period	Length in Months	Monthly Product	Yearly Product (Weighted Average)		
	Numbers				2014	2013	
Shares at beginning	235,901,320	Jan - Dec	12	2,830,815,840	235,901,320	209,690,063	
Bonus Share Issue	23,590,132	Jan - Dec	12	283,081,584	23,590,132	26,211,257	
Bonus Preference issue	1	Jan - Dec	12	80			
Total	259,491,452				259,491,452	235,901,320	

### **Calculation of BEPS**

### Profit After Tax - PAT

Less. Cumulative Preference Dividend
Profit attributable to the ordinary shareholders
Weighted Average number of ordinary shares
Basic Earning Per Share before restatement

Adjustment for bonus factor

Basic Earning Per Share - restated

Or

Profit After Tax - PAT

Less. Cumulative Preference Dividend

Profit attributable to the ordinary shareholders

Weighted Average number of ordinary shares

Basic Earning Per Share before restatement

Basic Earning Per Share - restated

Amount in Taka			
31.12.2014	31.12.2013		
196,695,745	223,429,210		
196,695,745	223,429,210		
259,491,452	235,901,320		
0.76	0.95		
1.00	1.00		
0.76	0.95		
196,695,745	223,429,210		
196,695,745	223,429,210		
259,491,452	235,901,320		
0.76	0.95		
0.76	0.95		



Paramount Heights, Level 12th & 13th, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000

### PROXY FORM

IWe		
of		
being a shareholder / member of Peo	ople's Leasin	g And Financial Services Limited do hereby appoint
Mr./Mrs/Ms		
of		
As my/our Proxy, to vote for me /	our behalf a	at the 19th ANNUAL GENERAL MEETING (AGM) of the
Company to be held on Thursday J	une 25, 201	5 at "Raowa Convention Hall", Helmet, Hall # 01 (1st Floor) VIP
Road, Mohakhali, Dhaka-1206 at 11.0 consequence thereof.	0 A.M. and	at any adjournment thereof or at any ballot to be taken in
Signed this	Day of	June 2015
		Signature of Shareholder
Signature of Proxy	Revenue Stamp	Folio/B.O.A/c No
	Tk. 20/-	No. of Shares
IMPORTANT NOTE:		<del>\$</del> 3

- This form of Proxy, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- Signature of the Shareholder should agree with the Specimen Signature registered with the Company or B.O. Account / CDBL Record.



### ATTENDANCE SLIP

I here record my attendance at the 19<sup>th</sup> ANNUAL GENERAL MEETING (AGM) of the Company to be held on Thursday June 25, 2015 at "Raowa Convention Hall", Helmet, Hall # 01 (1st Floor) VIP Road, Mohakhali Dhaka-1206 at 11.00 A.M.

### N.B

- a Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.
- b. In compliance with the Bangladesh Securities and Exchange Commission's Circular No SEC/CMRRCD/2009-193/154 dated October 24, 2013 No Gift/Gift Coupon/Food Box/Cash or Kind shall be distributed to the Shareholders at 19<sup>th</sup> AGM of the Company.



### Corporate Office

Paramount Heights, Level-12<sup>th</sup> & 13<sup>th</sup>, 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000 Tel: 712 2228, 7110408, Fax: +88 02 9562780 Gulshan Branch

Rupayan Golden Age, Level-4, C-4 & H-4, 99, Gulshan Avenue, Road # 37, Gulshan, Dhaka-1212, Tei: 8812239 & 8812283, Fax: 8819519

Chittagong Branch

Akhtaruzzaman Center, House # 21/22, Level # 4, Agrabad Avenue, Chittagong, Tel: 031-710185, E-mail: ctg@plfsbd.com

Website: www.plfsbd.com