



## BOARD OF DIRECTORS' REPORT

### Dear Shareholders:

We are pleased to submit herewith the 28<sup>th</sup> annual report of the Company together with the audited financial statements for the year ended December 31, 2016 and the auditors' report thereon.

### Principal activities

The principal activities of the Company are:

- Mid to long term financing in the form of lease, home loan and term loan.
- Working capital finance in the form of credit-sale financing, distributor financing, short term revolving loan, work-order and agriculture financing.
- Investment products in the form of insured and uninsured build-up deposit schemes, earners deposit schemes and term deposits.

There was no significant change in the nature of these activities during the year 2016.

### Financial results

The Company's before and after tax profit for the year 2016 were Tk. 468 million and Tk. 313 million compared to Tk. 523 million and Tk. 343 million respectively in the previous year.

The financial results are summarised below:

	2016 Taka	2015 Taka
Operating Income	974,897,628	952,621,047
Operating expenses and provision	(507,023,884)	(429,444,869)
Profit before tax	467,873,744	523,176,178
Provision for taxation	(154,833,298)	(179,925,074)
Profit after tax	313,040,446	343,251,105
Retained earning brought forward	5,444,520	2,627,695
Profit available for appropriation	318,484,966	345,878,800
Appropriation:		
Profit transferred to Statutory Reserve	62,700,000	69,000,000
Profit transferred to General Reserve	-	40,000,000
Proposed cash dividend	169,718,472	77,144,760
Proposed bonus share	84,859,236	154,289,520
Un-appropriated profit carried forward	1,207,258	5,444,520
	<b>318,484,966</b>	<b>345,878,800</b>

### Dividend

The Board of Directors of the Company is pleased to recommend the distribution of one bonus share for every twenty shares held on record date March 16, 2017 amounting to Tk. 84.86 million.

The Board also recommended cash dividend of Tk. 1 per ordinary share amounting to Tk. 169.72 million for 169.72 million ordinary shares held on record date March 16, 2017 for the year ended December 31, 2016.

### Directors

As per Articles 154, 155 and 156 the Articles of Association of the Company, Ms. Shama Rukh Alam and Mr. Md. Mustafizur Rahman representing Surmah Valley Tea Company Limited will retire by rotation from the office and are eligible for re-election.

### Managing Director

The Board appointed the existing Managing Director for a further period of three years with effect from January 1, 2017 to December 31, 2019 with Bangladesh Bank approval in accordance with FID circular no. 2 dated March 25, 2015 issued by Bangladesh Bank.

### Auditors

M/S. M. J. Abedin & Co. Chartered Accountants who have served as Auditors of the Company for three consecutive years retire and are ineligible for re-appointment as per the rules issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission. A new auditor, therefore, is required to be appointed by the shareholders for the year 2017 in the 28<sup>th</sup> Annual General Meeting.

The Board of Directors recommended the appointment of A. Qasem & Co. Chartered Accountants for 2017 and Bangladesh Bank has accorded its consent in this regard. The matter will be placed before the shareholders in the Annual General Meeting.



### Statement of Directors on Financial Reports

- 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 statement of affairs, the result of its operation, cash flow, and statement of 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 except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular no.11 dated December 23, 2009.
- e) IAS/IFRS/BAS/BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- f) Internal Control System is sound in design and has been effectively implemented and monitored.
- g) There are no significant doubts about the ability of the Company to continue as going concern.
- h) There is no significant deviation from the operating result of the last year.

### Board Meeting and Attendance

During the year, five (5) Board Meetings were held. The attendance of the Directors is shown in annexure-1.

### Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxi) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -2.

### Key Operating and Financial Data

Summarised key operating and financial data of the Company for last five years is shown in annexure-3.

### Segment-wise performance

The segment wise performance of the Company as per clause 1.5 (ii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -4.

### Brief résumé of the directors who will seek re appointment in the AGM

Brief résumé of the directors as per clause 1.5 (xxii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure- 5.

### Report on the Activities of Audit Committee

Pursuant to the clause 3.5 of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 6

### Certification on Compliance of Corporate Governance

Certificate from auditor on compliance with the conditions as per clause 7(i) of Corporate Governance guidelines is shown in annexure -7.

### Corporate Governance Compliance Report

Pursuant to the clause 7(ii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 8.

### Sustainability & Efficiency Statement

Pursuant to the Bangladesh Bank Circular no. GBCSRD 4 dated August 11, 2013 is shown in annexure-9.

For and on behalf of the Board of Directors.

Imran Ahmed  
Chairman of the Board

February 23, 2017