

# ANNUAL REPORT 2017



Highway to Progression





## Highway to Progression

The Infrastructure Development Company Limited (IDCOL), a government owned public limited company, incorporated on 14 May 1997, started its journey as a non-bank financial institution on February 1998 with a nominal paid-up capital of BDT 1 lac only. With an equity contribution of BDT 35 crore from the Government of Bangladesh (GoB), the company's paid up capital now stands at BDT 550 crore, remaining being generated out of company's retained earnings, portrays an exemplary performance of the company over the years.

Since its inception, IDCOL is playing a major role in bridging the financing gap for developing large infrastructure, renewable energy and energy efficiency projects in Bangladesh. After a couple of decades, the company now stands as the market leader in private sector energy and infrastructure financing in Bangladesh. The primary objective of the company is to promote significant participation of the private sector in investment and operation, ownership and maintenance of new infrastructure facilities.

IDCOL has already emerged a development financial institution and a partner of choice.



# Contents

	Page No.
<b>&gt; 1</b> <b>Letter of Transmittal</b>	<b>4</b>
<b>&gt; 2</b> <b>Notice of Annual General Meeting</b>	<b>5</b>
<b>&gt; 3</b> <b>Integrated Reporting</b>	<b>6</b>
<b>&gt; 4</b> <b>Company Information</b>	
• General Information	9
• Credit Rating of IDCOL	9
<b>&gt; 5</b> <b>Chairman's Statement</b>	<b>10</b>
<b>&gt; 6</b> <b>From the CEO's Desk</b>	<b>14</b>
<b>&gt; 7</b> <b>About IDCOL</b>	
• Vision, Mission, Core Values	21
• Performance at a Glance	22
• From Stepping Stones to Milestones	24
• Awards and Recognitions	26
• Value Creation Structure	29
• Programs and Projects	30
• Events and Achievements	49
<b>&gt; 8</b> <b>Corporate Governance</b>	
• Shareholding Structure	57
• Organogram	58
• Board of Directors	60
• Profile of Directors	62





	Page No.
• IDCOL Management	66
• Profile of Management	68
• Directors' Report	80
• Directors' Responsibility	92
• Status of Compliance with Corporate Governance Guidelines	98
• Statement of Compliance with the Good Governance Guideline issued by Bangladesh Bank	102
• Organizational Highlights	105
• Report on Internal Control over Financial Reporting	106
• Audit Committee Report	107
• Report on Internal Control	110
• Statement on Financial Statements by CEO and CFO	113
• Check List on Corporate Government Disclosure	114
<b>&gt; 9</b>	
<b>Risk Management</b>	
• Statement of Chief Risk Officer	117
• Risk Management Process	119
• Capital Adequacy and Market Discipline	123
<b>&gt; 10</b>	
<b>Sustainability Report</b>	
• Environmental and Social Compliance	129
• Corporate Social Responsibility	135
• Human Resource Management	137
• Disaster Management	140
• Value Added and EVA Statement	142
<b>&gt; 11</b>	
<b>Financial Highlights</b>	144
<b>&gt; 12</b>	
<b>Auditor's Report and Audited Financial Statements</b>	148
<b>&gt; 13</b>	
<b>Reporting Checklist</b>	
Annexure:	
• Integrated Reporting Checklist	196
• SAFA Best Presented Accounts Checklist	205

# LETTER OF TRANSMITTAL

All Shareholders

**Subject: Annual Report for the year ended on December 31, 2017**

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including the Balance Sheet, Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year ended on December 31, 2017 along with notes thereon for your reference and record.

Yours sincerely,



**(M. Maftun Ahmed)**  
Company Secretary

# NOTICE OF THE 21<sup>st</sup> ANNUAL GENERAL MEETING

The Twenty-first Annual General Meeting of the Shareholders of Infrastructure Development Company Limited will be held on Monday, 30<sup>th</sup> April 2018 at 7:00 p.m. at The Westin Hotel, Silver Room (Level-2), Gulshan, Dhaka.

**Agenda for the Meeting are:**

1. To consider and adopt the Board of Directors' report of the Company and the Accounts of the Company with the Auditor's Report thereon for the year ended on 31 December 2017.
2. To declare the dividend of the Company for the FY 2017.
3. To consider increase of Company's paid up capital to Tk. 600 crore.
4. To elect Director(s) in place of those retire in accordance with the regulations 79 and 80 and are eligible for re-election in accordance with the regulation 81 of schedule I of the Companies Act, 1994.
5. To appoint auditor(s) and fixing-up their remuneration for the FY 2018.
6. Any other business.

You are requested to kindly attend the meeting.

By order of the Board of Directors



**(M. Maftun Ahmed)**  
Company Secretary

# Integrated Reporting

Our 2017 Annual Report has been presented as an ‘Integrated Report’ with the aim of articulating how IDCOL, as an organization, has effectively managed its business to deliver consistent value to its stakeholders. It encompasses the efforts the company has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a brighter and more optimistic future.

## Scope and Reporting Boundaries

As a forward-looking enterprise, in presenting the Integrated Report, we have referred to the guidelines issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of ‘Integrated Reporting Checklist’, which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC).

In explaining the Company’s operations and financial performance, financial information so disclosed has been extracted from the Audited Financial Statements for the FY 2017 with relevant comparative information. The financial statements consistently comply with the requirements of the followings:

- Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRS);
- Companies Act 1994;
- Financial Institutions Act 1993;

- Securities and Exchange Rules 1987;
- Relevant rules and regulations of the Central Bank (Bangladesh Bank);
- And other applicable laws and regulations of the land.

The disclosure of non-financial information has been extracted from internally maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source.

The Sustainability requirements, as elaborated separately in our Sustainability Report, adhere to the guidelines issued by the Global Reporting Initiative (GRI)-G4 Framework.

To report our corporate governance practices, we have drawn the current corporate governance practice of our company based on the consultancy support from our external consultant i.e. Deloitte India Ltd.

The scope of our Annual Report comprises of activities that have been carried out within the geographical boundaries of Bangladesh, as IDCOL does not have operation or subsidiary in other countries. Furthermore, there have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of December 31, 2017.

## External Assurance

The company has obtained external assurance on the following reports in the reporting period under consideration:

Sl.	Description of Report	External Assurance
1	Financial Statements Audit	Hoda Vasi Chowdhury & Co. Chartered Accountants
2	Financial Statements Comprehensive Audit	The Bangladesh Bank
3	Financial Statement of various Donor Funded Projects Audit	Hoda Vasi Chowdhury & Co. Chartered Accountants and Foreign Aided Project Audit Department (FAPAD)
4	Procurement Audit	The World Bank; FAPAD and The Bangladesh Bank
5	Environmental and Social Due Diligence	Development Partners
6	Provident Fund Financial Audit	ACNABIN Chartered Accountants
7	Gratuity Fund Financial Audit	ACNABIN Chartered Accountants
8	Entity Credit Rating	Credit Rating Agency of Bangladesh (CRAB)



### **Comparability & Materiality**

All the information presented in this report is on the same basis as the 2016 report in terms of the measurement methods applied and time frames used. Ratios used are comparable across the industry. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication to our stakeholders.

### **Availability of the Annual Report**

The hard copy of the Annual Report is sent to all the shareholders, prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, our report has been made available on the website <http://www.idcol.org>.

### **Responsibility over the Integrity of the Integrated Report**

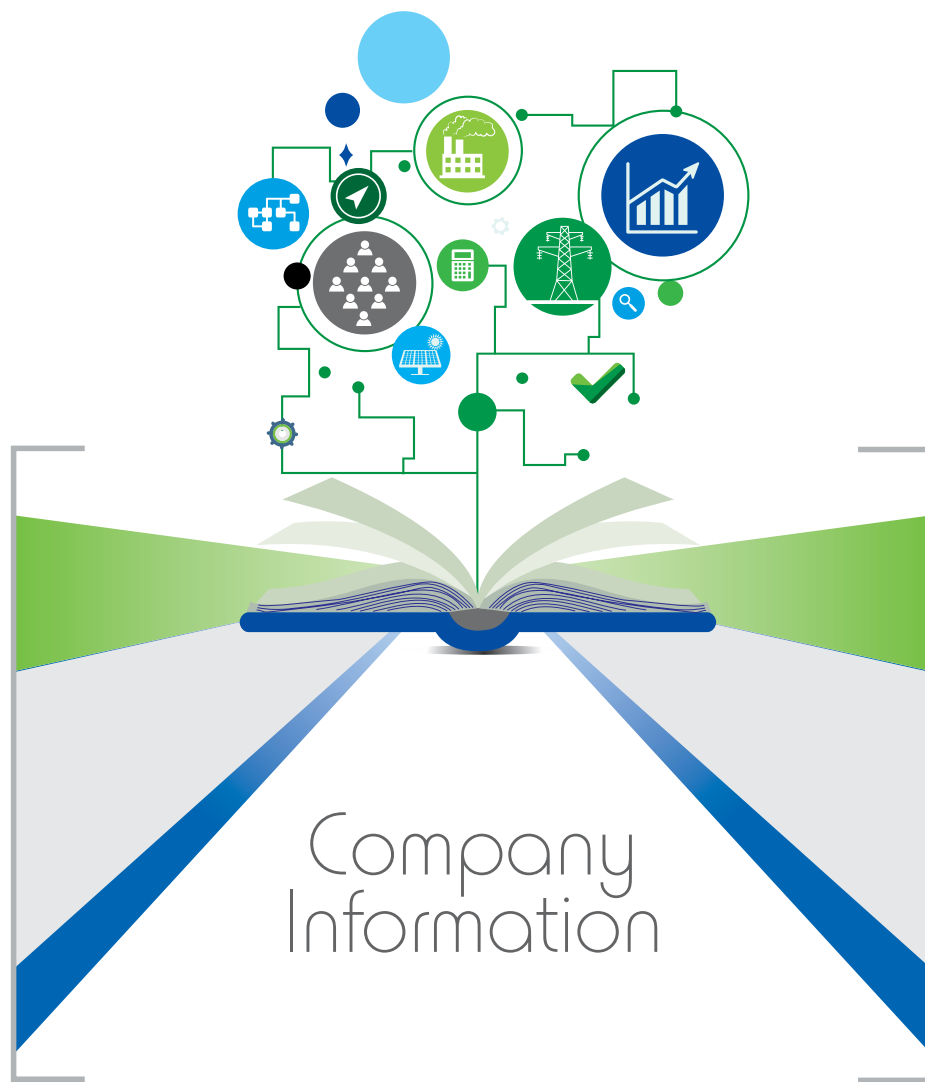
I acknowledge the responsibility to ensure the integrity of the disclosure contained in this Integrated Report presented herewith which comprise the discussion, analysis and disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements. In the opinion, the integrated report, incorporated in this annual report has been prepared in accordance with the IIRC's international reporting framework and addresses the material matter pertaining to the long term sustainability of the organization and present fairly the integrated performance of IDCOL and the impacts thereof.

Sd/-

**Mahmood Malik**

Executive Director & CEO







## General Information

Registered Office	UTC Building, 16th Floor 8 Panthapath, Kawran Bazar Dhaka-1215, Bangladesh G.P.O Box -619, Bangladesh Tel: 9102171-8, +8809666743265 Fax: +880-2- 9102084 Website: www.idcol.org
Business Hours	10 am to 6 pm Sunday to Thursday
Auditors	M/S Hoda Vasi Chowdhury & Co Chartered Accountants
External Legal Panel	<ul style="list-style-type: none"><li>• Huq &amp; Company</li><li>• Syed Ishtiaq &amp; Associates</li><li>• Sadat Sarwat &amp; Associates</li><li>• Law Valley Hasan &amp; Associates</li><li>• Tanjib Ul Alam &amp; Associates</li><li>• Abdur Razzaque &amp; Associates</li><li>• Rahman's Chambers</li><li>• Bhuiyan, Islam &amp; Zaidi &amp; Associates</li><li>• Ahmed &amp; Farooq LP</li><li>• DFDL Bangladesh</li><li>• Lex Juris</li><li>• Vertex Chambers</li><li>• Law Sift</li><li>• MNA Associates</li><li>• Shakhawat Hossain &amp; Associates</li><li>• Azad &amp; Company</li><li>• ACNABIN Chartered Accountants (for tax related advice only)</li><li>• Lawyers &amp; Jurists</li></ul>
Bankers	<ul style="list-style-type: none"><li>• Bangladesh Bank</li><li>• Janata Bank Limited</li><li>• Agrani Bank Limited</li><li>• Prime Bank Limited</li><li>• Rupali Bank Limited</li><li>• Commercial Bank of Ceylon PLC</li><li>• The City Bank Limited</li><li>• Eastern Bank Limited</li><li>• Islami Bank of Bangladesh Limited</li><li>• National Bank Limited</li><li>• NCC Bank Limited</li><li>• Dhaka Bank</li><li>• Standard Chartered Bank</li></ul>

## Credit Rating of IDCOL

Long-term	: AA1
Short-term	: ST-1
AA1	: Financial Institutions rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated Financial Institutions only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
ST-1	: Financial Institutions rated in this category are considered to have the highest capacity for timely repayment of obligations. Financial Institutions rated in this category are characterized with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds are outstanding.
Rated by	: Credit Rating Agency of Bangladesh (CRAB)



## Chairman's Statement





- The year 2017 was a successful year for IDCOL as it not only performed well in terms of financial gain but also made substantial contribution to Government's target for 2020.
- We achieved a 0.7 percent return on assets while our total assets increased by BDT 3,611 million from last year.
- Shareholders' equity has also increased from BDT 5,968 million to BDT 6,298 million.
- IDCOL focuses on the need to "put people first" in development processes.
- IDCOL financed the generation of 1,665 MW of conventional electricity to the grid and further targets to unlock private equity in the power sector to ensure GoB's vision of electricity for all by 2021.
- In 2016 when IDCOL was awarded as Country's Top Tax Payer for the assessment year 2015-16 (fiscal year 2014-2015) in the category of "Non-Bank Financial Institutions" for depositing highest amount of taxes to the state as a gesture to influence others to be just as compliant.
- IDCOL also received accreditation to directly access Green Climate Fund as a National Implementing Entity (NIE), which allows it to finance climate change projects each worth up to USD 250 Mn.

## Chairman's Statement

On behalf of the Board of the Directors, I am pleased to present the Annual Report along with the audited accounts of our company for the year ended 31 December 2017. The year 2017 was a successful year for IDCOL as it not only performed well in terms of financial gain but also made substantial contribution to Government's target for 2020. Besides this, our Board has re-evaluated the strategic plan to cope up with Bangladesh Bank's intensive and intrusive supervision on credit flows in order to moderate the imbalance from high import growth and shift to a more sustainable trend.

Our exceptional people were fundamental to the delivery of 2017's successful results. As our team continues to grow, we look forward to finding the right lending opportunities that will help us diversify our loan portfolios without excessive regulatory scrutiny and undue risk.

### Overall Performance

The financial performance of IDCOL for 2017 exceeded expectation as it regained its turnaround momentum with a growth in net income exceeding 30 percent.

Even with a 12 percent rise in operating expenses owing to an expansion in organizational capacity and introduction of competitive pay structure in IDCOL, the company demonstrated profit before tax of BDT 1,577 million which is 2 percent higher than last year. It is expected that IDCOL will be reaping the benefits from enhanced organizational capacity and a pool of dedicated employees in the form of increased income and profit in the coming years. We achieved a 0.7 percent return on assets while our total assets increased by BDT 3,611 million from last year. Shareholders' equity has also increased from BDT 5,968 million to BDT 6,298 million.

### Board of Directors

IDCOL's Board of Directors appointed to act on behalf of the shareholders, formulates broad goals and strategies, states clear objectives and policies to have a framework for the chief executive to work within. The board also helps set priorities for the bank and limit the bank's exposure to excessive risk of all kinds, including legal, reputational and financial. So far the Board members' collective effort has led the company in delivering long-term sustainable success for the benefit of all our shareholders.

IDCOL focuses on the need to "put people first" in development processes. IDCOL's activities are meant to promote social inclusion of the poor and vulnerable by empowering people, building cohesive and resilient societies, and making institutions accessible and accountable to citizens.

Therefore I believe it has a perfect mix of individuals as members of the board, from both the public and the private sector with the relevant experience, skills and determination to take the company forward as a successful for-profit social enterprise.

### Sustainability and Responsibility

As a Government owned financial institution, IDCOL has been working to support the Government of Bangladesh (GoB) in meeting its national target and to attain significant progress of SDGs in Bangladesh.

So far, SREDA acknowledges that 44.8% of the country's present renewable energy generation was achieved through various intervention of IDCOL. Besides this IDCOL financed the generation of 1,665 MW of conventional electricity to the grid and further targets to unlock private equity in the power sector to ensure GoB's vision of electricity for all by 2021.

Bangladesh Bank states that the private investment as a ratio of GDP increased steadily to 21.89% in 2009 from 9.81% in 1990, while it exhibited slower growth after 2009. It is speculated, whether public investment crowded-out private investment in Bangladesh.

Since GoB has limited fiscal space to finance all the investments, as well as the skills needed to design and manage them. So the GoB's focus is on how to 'crowd in' private investment and private management. This is where IDCOL can play a major role in blending the public and private investment, making the most efficient use of resources and jump-starting high-risk, nascent markets in the country.

Through engaging the private sector IDCOL tries to create a sustainable investment practice that not only de-risk the private business, but enables to achieve greater cost-efficiencies and profitability resulting in higher valuations in the capital market.

IDCOL has made significant progress in recent years but we also know there is more to do and we need to continue our efforts to understand and tackle the challenges and opportunities ahead.

We at IDCOL follow a continuous progress approach, where we want to improve our performance step by step. With this in mind, we continuously strive to enhance our contribution to a sustainable future, so that our stakeholders and beneficiaries can fully trust in our services. So far IDCOL has borne full responsibility to make a positive contribution to the economic and social well-being of our country and this has been proven in 2016 when IDCOL was awarded as Country's Top Tax Payer for the assessment year 2015-16 (fiscal year 2014-2015) in the category of "Non-Bank Financial Institutions" for depositing highest amount of taxes to the state as a gesture to influence others to be just as compliant.



## Management and colleagues

I would like to thank all of our people for living IDCOL values and going the “extra mile” during 2017. Undoubtedly IDCOL leads a highly talented and experienced management team and we have over 300 colleagues. The commitment, skills and client service standards our colleagues deliver make the difference.

## Strategic Direction:

As the era of the Solar Home System (SHS) comes to an end the need for higher capacity renewable energy systems derives in the isolated off-grid islands or char areas of the country. To serve this demand IDCOL is now financing Solar Mini Grids with an average size of 250kWp through private sector. Besides this IDCOL's Solar Irrigation Program have gained popularity to build resilience in agriculture in extreme climatic conditions and is expected to be scaled up in various regions of the country.

Furthermore, with the declining price trend of solar panel as well as upward movement in grid electricity tariff, solar roof-top has appeared to be an attractive solution to the industrial sector of Bangladesh. The textile, garment as well as poultry industries already depend largely on diesel generators for fulfilling their electricity requirements during load shedding. Thus, solar roof-top system would partly be able to address the challenge by supplying reliable electric energy. This not only would reduce consumption of diesel but also reduce pressure on national grid.

IDCOL intends to increase its share in the infrastructure financing space, and in order to do so, IDCOL has been in talks with various multilaterals to provide funds for their expansion activities. So far IDCOL has been able to manage two separate credit lines as potential sources of funds. Firstly, the USD 526 Mn credit line from ADB which have started from 2017 and would be largely for infrastructure activities. And secondly the USD 100 Mn credit line from JICA which is used for financing energy efficiency activities.

IDCOL also received accreditation to directly access Green Climate Fund as a National Implementing Entity (NIE), which allows it to finance climate change projects each worth up to USD 250 Mn. This fund has gathered pledges worth USD 10.3 billion from developed nations and have set high priorities for climate vulnerable countries like Bangladesh. IDCOL as an NIE is now looking forward to compete internationally to source this fund to serve the climate vulnerable sectors and population of Bangladesh.

As the economy of Bangladesh and the business/ macroeconomic environment is changing and demand for various infrastructure requirements is rising. The socio-economic aspirations of the people

are also changing. It is of significance that IDCOL suitably positions itself in this changing market.

Therefore, IDCOL has decided that this changing perspective should be pursued through a consciously derived strategic plan over the next 3 to 5 years. The ultimate goal is to leverage on the organizational strength to exploit the opportunities available. We are constantly exploring to introduce efficient technologies in renewable energy and enter different infrastructure sub-sectors to diversify revenue streams. We will consider additional opportunities wherein IDCOL will strengthen its current loan offerings as well as advisory services to boost fee based income.

## Acknowledgement:

On behalf of the Board of Directors, I would like to thank the Directors, management and all employees of IDCOL for their commitment and contribution during 2017. The year 2018 will continue to be a challenging one despite recent signs of economic recovery worldwide. I would also like to take the opportunity to thank shareholders, associates, clients, bankers, sub-contractors and suppliers for your continuing understanding and support to IDCOL.



From the  
CEO's Desk



In the year 2017, IDCOL has repositioned itself and set forth new strategies to achieve aspiring growth targets for the next 5 years. IDCOL has expanded its workforce and entered into new business sectors addressing the growing development needs of the country. IDCOL has also strongly braved the challenges of the year 2017 and turned those into opportunities with persistent hard-work and commitment of its skilled employees.

In 2017, IDCOL secured \$526 million (Tk 4,252 crore) in loans from the Asian Development Bank. This Third Public-Private Infrastructure Development Facility (PPIDF 3) will mainly be used to finance the development of private sector infrastructure projects envisaged under the Seventh Five-Year Plan. IDCOL has targeted to invest an additional \$1 billion by 2020 in the infrastructure sector to boost private sector participation and complement the government's vision to help Bangladesh become a middle income country by 2021.

As the Government of Bangladesh has recognized the importance of Public Private Partnerships to accelerate progress in the infrastructure space. The PPP cell of the Government has identified a total of 43 projects across road, rail, port, etc. with total investment requirement of ~USD 14 Bn, for implementation. Leveraging on the GoB's plan for 2020, IDCOL has also strengthen its PPP unit by recruiting new staffs.

Despite the challenges with our Solar Home System program, the renewable energy department has number of success in 2017. IDCOL's Improved Cook Stove (ICS) Program achieved its target of 1 million ICS dissemination within January 2017, almost two years ahead of the project completion period. And during this phase, through IDCOL's R&D initiatives, the efficiency of the stoves under the program were increased from Tier 1 level to Tier 3 level. IDCOL is now implementing the second phase of the program with the target of installing another 4 million ICS by 2021 and arranged necessary financing support amounting USD 40 million from the World Bank and Green Climate Fund.

Talking about the Green Climate Fund (GCF), following an accreditation process of twenty-two (22) months, IDCOL was approved to become a National Implementing Entity (NIE) in the 17th Board meeting of GCF held on 6th July 2017. IDCOL has been accredited for the funding instrument of Senior Loan and can receive financing of up to 250 million dollars from GCF for a single project. As an accredited entity, IDCOL will now be able to access the GCF fund directly for any climate change mitigation/adaptation project to be implemented in Bangladesh. The entire country including both the public and private sector will now have access to this global fund that can be the centerpiece of efforts to raise Climate Finance under the UNFCCC, and raise \$100 billion a year by 2020.

Furthermore, keeping in mind the limited land resource in our country, we have started financing large roof-top solar projects on unused roofs of industrial and commercial entities. This is our new product range under Renewable Energy Program, which will not only reduce consumption of diesel but also reduce pressure on national grid. According to an IDCOL assessment, only textile and spinning mills which are members of Bangladesh Textile Mills Association (BTMA) have an aggregated roof-top space of approximately 420 lac square feet. And considering 100,000 sq. ft. roof space required for 1 MWp solar system, more than 400 MWp solar roof-top systems can be installed in these industries. Besides, there is huge potential for establishing solar roof-top systems in other industries and we believe this will be the next solar revolution in our country.

Now moving on to our stress points, our loan provisioning for Solar Home System Program continue to receive attention, thus affecting our net profit. As you are aware that due to market distortion led by the unregulated commercial entities in the country our Partner Organization (PO) for Solar Home System program were badly affected in 2016 and now we are trying our best to help them recover, through creating alternative business opportunities. We are hopeful that our new strategies to redesign our business model will not only add-value in the coming years but will also strengthen our position in the market.

## Values

As I mentioned about adding value through our new business strategies, thus before moving on to the operational success of the company, let me briefly summarize our value creating process in the organization.

In IDCOL we work to gain trust of our stakeholders. We believe, unlike reputation, which is an attribute which is earned and built over time, trust comes before engagement and it is forward looking. We use the trust of people in us, to measure the quality of our service.

Through nurturing a strong relationship with our stakeholders, and by improving the performance of our current project and business portfolio we intend to achieve increasing return on capital employed for a particular year. We are constantly shaping our business portfolio towards 'doing better things' by rationalizing our propositions and developing new solutions for customers, so that we position ourselves well for future opportunities.

Since, IDCOL is state-owned development financial institution, it has a goal to ensure economic prosperity through sustainable and environment-friendly investments in the infrastructure and renewable energy sectors of the country. Therefore it is very important for us to ensure that we align our activities with the GoB's planning to add value to our country's economy.



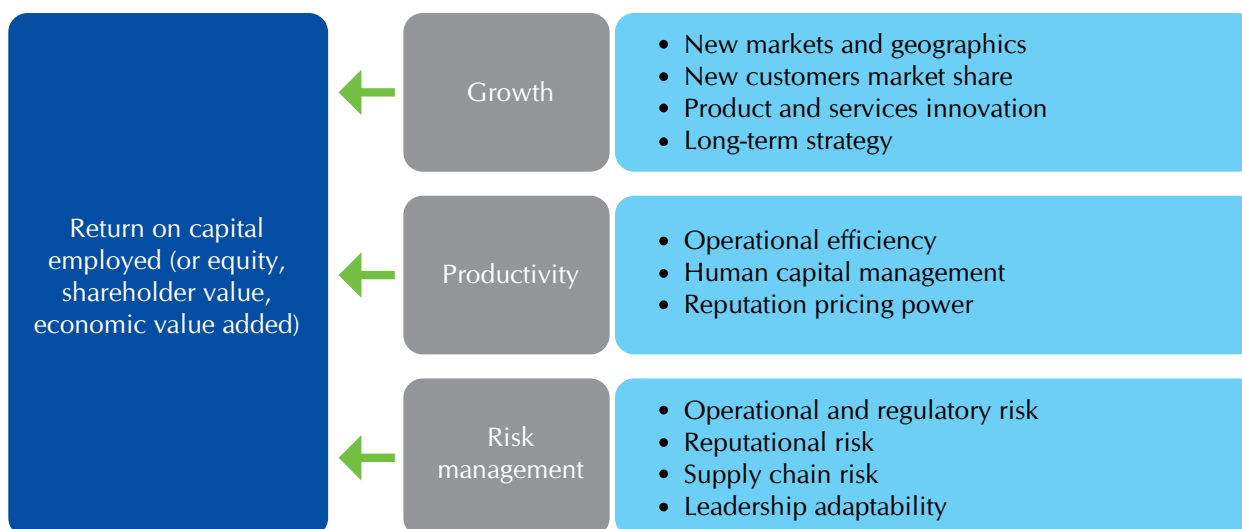


Figure 1: Value Drivers in IDCOL

As you can see from the above diagram, growth, productivity and risk management are the key value drivers in our organization as they are the key concerns of investors. Having the strategic advantage of accessing low cost source of funds, we constantly explore at expanding our presence in the infrastructure sector. However, with the ambitious initiative of Bangladesh Government for potential graduation from the least developed country (LDC) category, the availability of such funds in future is uncertain. Therefore IDCOL is now shifting its focus on other competitive climate funds like Green Climate Fund (GCF) to emphasize on long term value creation. In case of productivity, IDCOL has achieved great operational expertise and management efficiency in its renewable energy programs. Meanwhile, the changing business/macroeconomic environment demands greater investments in infrastructure financing. The socio-economic aspirations of the people are also changing, and therefore IDCOL is strictly monitoring the market and changing its business plan accordingly, to suitably position itself in this changing market.

To ensure dedicated focus and in line with the practices of other NBFIs, IDCOL has a dedicated risk management department headed by a Chief Risk Officer. There is a separate operational risk team who are responsible for identifying and handling risks related to the IDCOL's operations i.e. internal and external fraud, business disruption & system failures, workplace safety etc.

Our success depends on the satisfaction of our stakeholders, and so we are constantly analyzing our stakeholders, to understand what they require and how well we currently meet their needs and how we can add value to them in the future. In line with this commitment, we have continued to change the way in which we do our business, as we move forward.

### Infrastructure and PPP sector development

Bangladesh is projected to be among the fastest growing least developed countries in 2018 with the expected GDP growth of 7.1 percent, supported by vigorous domestic demand, according to a new report of the United Nations. As per the UN's World Economic Situation and Prospects 2018 Report, Bangladesh's economy is set to continue expanding at a rapid pace, underpinned by strong domestic demand, especially large infrastructure projects and new initiatives in the energy sector.

In the globalized environment of trade and investment it is important for any country to be competitive, and the quality of infrastructure is a key input for it. Energy and transport are essential elements of the modern production and distribution processes and the efficiency and relative cost of these inputs are often a key determinant of competitiveness in the global economy. The World Economic Forum regularly updates countries position on competitiveness based on 12 pillars. Infrastructure (transport and energy infrastructure) is a key pillar for economies like Bangladesh.

The Global Competitiveness Report 2016-2017 published by World Economic Forum, assigned Bangladesh an infrastructure ranking of 114 among 138 countries. According to the said report, Bangladesh improved by only 0.21 points in terms of infrastructure, compared to 2014-2015 and still suffers from acute shortage of adequate infrastructure.

In the Seventh Five Year Plan (SFYP 2016-2020) the Government of Bangladesh rightly prioritized the need for improved power, energy, transport and other infrastructure for achieving its growth strategy to fulfill the Government's vision 2021 of transforming Bangladesh from a low-income economy to a middle income one. In particular, highest priority was placed in improving the supply of electricity and subsequently major expansion programs in power and gas supplies were identified for implementation. Important programs for



improving roads, highways, bridges, railways and water transport networks have been included in the Plan. In addition to this policies and institutional support among other things were also put into effect, to help leverage private investments alongside public investments in the energy and infrastructure sectors. The financing strategy emphasized both public funding as well as financing based on public-private partnership. Emphasis was also placed on improving efficiency and service delivery through a series of structural reforms involving pricing policy and institutional reforms.

Private sector participation is crucial for need assessment, project implementation and most importantly for financing. For more than a decade, IDCOL has been working in close co-operation with Bangladesh government, various international development partners and the private sector of the country to bridge the gap between government's infrastructure development targets and its financing requirements.

IDCOL by financing private sector-led infrastructure projects directly supports government's infrastructure development agenda. For the financial year 2017, Infrastructure disbursed BDT 1560.00 million and the major infrastructure financing for the reporting year were for projects relating to power, energy, tourism, health and brick kiln. The power segment constitutes the chunk of 80% of the total loan portfolio as of December 2017 and it results to the generation of more than 1,665 MW of electricity which is about 11% of the National Electricity generation. In 2017, two large infrastructure projects comprising of Billet Manufacturing Plant by BSRM Steel Mills Limited and 190,000 TEUs p.a capacitated Inland Container Depot & Container Freight Station by Ispahani Summit Alliance Terminals Limited respectively were by IDCOL.

Alongside, IDCOL also facilitated various small and medium infrastructure financing including BDT 245.2 million worth of environment friendly tunnel kiln based auto bricks sector with a combined capacity of 420,000 bricks per day. The expansion and setting up of energy efficient machineries and equipment for a LEED certified garments factory and setting up of energy efficient Vertical Roller Mill (VRM) machine for a cement industry in Khulna with a total project cost of BDT 1,307.8 million. The BDT 248.7 million petroleum refinery project in Chittagong and a 7,000 MT capacity LPG storage and bottling plant in Khulna, as well as the country's first ever PET bottle recycling plant at Narayangong worth BDT 226 million.

As part of IDCOL's strategy for service and market diversification, the PPP & Investment Advisory unit of IDCOL provides consultancy and transaction advisory related services to different public and private organizations. In 2017, IDCOL together with Quality Growth Services Pvt Ltd, India has started providing advisory services to Bangladesh Power Development Board (BPDB) for Designing, Developing, Formulating

and Implementing systems on Occupational Health and Safety Assessment Series (OHSAS 18001:2007) and to assist BPDB for obtaining OHSAS 18001:2007 Certification. IDCOL is also providing consultancy services to Power Cell of Bangladesh for "Feasibility Study for Electrification of Rangabali Upozila with Renewable Energy" as the part of Government's plan to electrify the whole Rangabali Upozilla under Patuakhali District with renewable energy resources. In addition, IDCOL has partnered with different foreign and local Consulting bodies to develop long term partnership for mutual business development and for offering financial and consultancy related services.

## Renewable Energy

Policymakers, civil society and industry of Bangladesh have increasingly recognized that transitioning to 'green economies' is not only critical from the perspective of environmental protection, but also that 'green growth' can create significant opportunities for economic advancement in the country.

The Ministry of Environment and Forest of the Government of Bangladesh has recognized in the Intended Nationally Determined Contributions (INDC) 2015, that the Bangladesh's mitigation contribution covers the power, transport and industry sectors. And under a business as usual scenario, GHG emissions in Bangladesh in these sectors are expected to represent 69% of total emissions by 2030 (excluding land use, land use change and forestry), an increase of 264% by 2030, from 64 MtCO<sub>2</sub>e in 2011 to 234 MtCO<sub>2</sub>e in 2030. Even though Bangladesh is a highly climate vulnerable country whose emissions are less than 0.35% of global emissions, the Government of Bangladesh intends to play its part in the global collective action to meet climate change mitigation commitments.

In order to do so the Government of Bangladesh has set a target to ensure 10% of country's electricity generation is from renewable sources by 2021 and subsequently launched ambitious programs to change its energy mix and to foster the development of renewable energy.

Bangladesh has enormous potential in generating power from renewable sources, especially from solar energy. IDCOL has played a pioneering role in this regard, through its flagship program, widely known as the Solar Home System (SHS) Program. The program has extensively contributed to the generation of clean electricity in the rural off-grid areas of the country and has replaced carbon emitting kerosene lamps, resulting into significant reduction in CO<sub>2</sub> emission. IDCOL has financed installation of 4.1 million SHS by December 2017, with a total clean electricity generation capacity of 136 MW. The program apart from extending financial support executes voluntary agreement with the borrowers which enables it to closely monitor the market for compliance of renewable energy technologies and intervene to maintain required technical standards to

ensure the quality and sustainability of the program.

In remote Char areas where extension of grid electricity is difficult and expensive. We are financing Solar Mini-Grid projects for the communities residing there to create access to grid quality electricity for 24 hours. As of now, IDCOL has approved 25 such projects and this intervention has brought in newer economic activities in these "Char" areas, improving their livelihood,

IDCOL's solar mini-grid projects ensure usage of super-efficient equipment and appliances as a prerequisite. Highly energy efficient appliances such as LED lamps, LED TV, DC fans and refrigerators has helped reduce the size of off-grid solar systems and thereby reduce the system price. Use of energy efficient appliances in mini-grids also help to reduce monthly bills for the customers. Based on the success of solar mini grids, IDCOL has set a target to finance 200 solar mini-grid projects by 2025.

Historically Diesel based irrigation system is prevalent in Bangladesh which is expensive and detrimental to environment. We have recently started replacing these diesel pumps with solar irrigation pumps and successfully implemented more than 1000 pumps with a total capacity of 21 MW. The program has enabled farmers to produce 3 crops per year due to its economic affordability and reduced carbon emissions as diesel operations are obliterated. We have a plan to implement 50,000 such pumps and transform our agricultural economy into a "Green Agricultural Economy".

Keeping in mind the limited land resource in our country, we have started financing large roof-top solar projects on unused roofs of industrial and commercial entities. This will not only reduce their usage of grid electricity or diesel generators, but will also provide them a sustainable energy source. Also, rooftop solar projects will reduce the demand on national grid. We have a plan to finance at least 1,000 MW equivalent projects in next few years.

The price of Solar panels and accessories required for rooftop solar system has reduced drastically in last couple of years. As a result, cost of electricity produced from rooftop solar has become at par with or less than grid electricity.

To make rooftop Solar more attractive, IDCOL has decided to provide long term financing support at softer terms. Due to cheaper solar equipment as well as concessional financing support from IDCOL, electricity produced from rooftop solar is now cheaper than grid electricity. As a result, installation of rooftop solar project now makes a good business sense for industry owners.

Furthermore, IDCOL is currently the major financier for Grid Tied Solar projects in Bangladesh and is well set to be the pioneer in this field as well. IDCOL provides up to 75% of the total Project Cost at Concessionary rate for such projects.

Along with IDCOL's solar projects/programs, its Domestic Biogas & Bio-fertilizer Program and Improved

Cook Stove (ICS) Program have proven to be successful interventions in the field of renewable energy.

### Financing Energy Efficiency

The industry and residential sectors together account for 78% of the commercial energy consumption, predominantly in the form of natural gas and electricity. A dominant proportion of this commercial energy is inefficiently consumed and utilized for economic and household activities. The impetus towards efficient end use of energy in these sectors is lagging because of the subsidized energy prices. Moreover, the economic growth outlook in the medium to long term will further put tremendous pressure on the government to manage the rising energy demand, associated GHG emissions and achieve its commitments (INDC) under the UN Paris climate accord. In this scenario, the imperative for energy savings in these energy intensive sectors is higher than ever before. Boosting private sector investment towards energy saving technologies and equipment is one of the key strategies envisaged to realize a self-reliant ecosystem that can help the country race towards its climate change mitigation and adaptation objectives. One of the important bottlenecks for achieving this is the lack of access to attractive financing resources. Financing alone does not guarantee energy savings, but is an effective tool for helping create a business case for a wide range of energy efficiency investments that are typically delayed because of the high upfront costs and lack of awareness.

As a part of our goal to finance energy efficiency projects, we have undertaken the Green Brick Program through which we hope to gradually replace all traditional brick kilns of the country with modern and environment friendly technologies. Towards achieving 10% conservation of total power generation as per Government's power system master plan 2016, IDCOL is collaborating with JICA to jointly finance projects related to increased energy efficiency - equipment, household appliances and green building. IDCOL has already financed BDT 6.16 billion in energy efficient equipment and auto-brick projects sourced both from both JICA and IDCOL. However, several projects in garments, textile, glass, auto-brick sectors are in the pipeline for financing under this window.

After introducing the use of energy efficient LED lights in the country through its Solar Home System (SHS) program, IDCOL has enabled people to conserve and make efficient use of scarce energy resources at a larger scale. IDCOL has taken initiatives to introduce energy efficient appliances such as fans, television, refrigerators, etc. under its solar mini-grid projects with a view to enable people to do more with less energy.

### Operating Results

In 2017 IDCOL increased its paid-up capital by 10 percent as the company expanded its asset base. With a growth in asset by 5 percent, IDCOL is in a comfortable





position to meet its short term obligations. On the other hand the rise in the long-term liability is mainly due to the expansion of the organization, which demanded additional man power and a provision for increased gratuity. It is expected that IDCOL will be reaping the benefits of increased organizational capacity in the form of greater returns in the subsequent years.

IDCOL accomplished a growth of more than 30 percent in its net profit after tax in 2017, which was possible only due to improved loan performance. Moreover, income from other renewable energy and infrastructure projects are expected to grow given that a number of such projects have been approved recently, as well as a decent-sized pipeline awaits for approval.

Interest income from Renewable Energy project loan has overall declined by 18 percent mainly because of decline in the sale of SHSs. The decline in sales have been persistent from 2014, due to market saturation and uneven competition from the market where poor quality SHSs are offered at a lower price. In addition to this, in 2015, government initiated a safety net program (KABIKHA/TR program) distributing free SHS throughout the country causing serious setback on IDCOL SHS program. While the Renewable Energy program of IDCOL seek new strategic arenas to diversify its investment, the Infrastructure and PPP unit earned a 46 % higher interest income on Infrastructure loan as the disbursement, mainly in the power sector grew considerably.

Our Return on Equity during FY 2017 was 8.43 percent which is 26 percent higher than the last fiscal year, also our Return on Investment during the year stood at 1.26 percent compared to 0.97 percent last year. Despite the rise in OPEX as percentage to income by 0.59 percent, IDCOL managed to secure a profit margin growth of 27.2 percent by improving its loan performance. Presently, IDCOL belongs to the top among similar financial institutions in terms of return on equity and return on investment.

## Risks and Opportunities

The existing investment in IDCOL is largely skewed towards renewable energy with ~72 percent of the total loan provided to the renewable energy sector (~83 percent in 2014). Out of the 72 percent investment in renewable energy ~96 percent of the investment in the solar home system program. Considering such a high percentage of investment is in a single program IDCOL faces a high concentration risk.

Furthermore, within infrastructure sector ~74 percent of the total advances has been provided to the power sector. A few other sectors in which IDCOL has presence are telecom, Information technology, healthcare, land port CNG station, brick kiln etc. Considering such high dependence on power, IDCOL is considering to invest in multiple other infrastructure sectors.

IDCOL recently received \$526 Million credit line

from ADB which will focus on diverse infrastructure investments. Considering this credit line fructifying and the existing project pipeline IDCOL will be able to disburse this \$526 Mn infrastructure credit line in the next 6 years and diversify its portfolio. Furthermore, IDCOL has been accredited to the Green Climate Fund developed by United Nations Framework Convention on Climate Change (UNFCCC) that allows IDCOL to finance projects up to USD 250 Mn related to climate change.

## Looking Forward IDCOL

IDCOL is expanding its investment horizon to include more infrastructure and renewable energy sector projects. We are also undertaking projects to make sustainable improvements in social infrastructure mainly through investments in education, health and tourism sectors. In addition, our success in financing large infrastructure projects and renewable energy dissemination has encouraged other developing countries to replicate similar programs in their respective countries. We continue to provide knowledge and capacity building support to local companies as well as other countries for sustainable business development.

## Our Humble Submission

Relationship with the government, the multilateral bilateral development agencies and all our suppliers and partners is fundamental to our success. IDCOL's perception as a transparent and trustworthy partner is derived from its commitment to integrity. We are sincere in dealing with our stakeholders and the communities where we have an impact. I would like to end my message by thanking all our valued development partners i.e., the World Bank, ADB, JICA, SNV, KfW, GIZ, IDB, USAID, GPOBA, DFID and above all the Government of Bangladesh for their continuous support towards IDCOL. I also wish to convey my deep gratitude to all our partners, who form an extensive network of valuable business resources and ensure delivery of excellent performance. I appreciate our Board, which consists of successful individuals with diverse set of skills and experiences, for its continuous support and guidance. Finally, my utmost gratitude goes to my fellow colleagues for their united efforts, diligence, commitment and their ability to embrace change. In our journey towards excellence, it has been a highly rewarding experience to be recognized and acknowledged by local and international organizations.





## Vision

To help ensure economic development of the country and improve standard of living of the people through sustainable and environment-friendly investments.

## Mission

To catalyze and optimize private sector participation in promotion, development, and financing of infrastructure as well as renewable energy, and energy efficient projects in a sustainable manner through public-private-partnership initiatives.

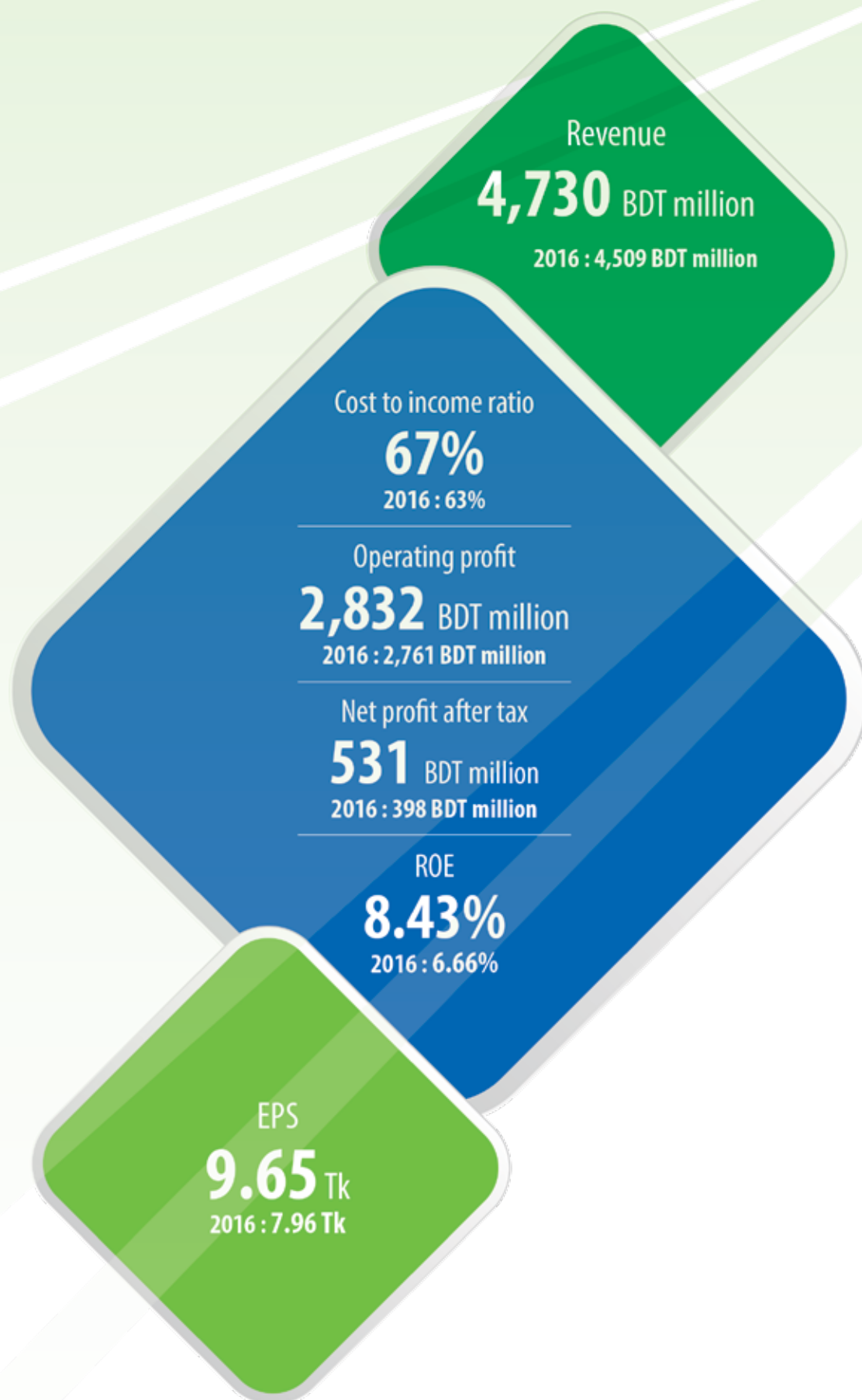
## Core Values

**Global Standard and Competence:** IDCOL is committed to deliver financial services to the clients maintaining global standards and competence.

**Transparency and Integrity:** IDCOL believes in maintaining transparency and integrity in all activities performed by the Company.

**Social Responsibility:** IDCOL is dedicated to perform as a development financial institution that articulates social responsibility.

## Performance at a Glance





**ROA**  
**0.69%**

2016 : 0.54%

Assets **76,636** BDT million

Shareholder's equity **6,298** BDT million

#### Cost of fund (%)

2017	2016
3.03%	2.94%

#### NAV per share (Tk)

2017	2016
115 Tk	119Tk

#### Cash Dividend

2017	2016
200 BDT million	200 BDT million

### From Stepping Stones to Milestones

#### 1997 >

14-May	Incorporation of the Company
14-November	Signing of Project Agreement for USD 225 million with the International Development Association (IDA) under Private Sector Infrastructure Development Project (PSIDP)

#### 1998 >

5-January	Licensing from Bangladesh Bank as NBF
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#### 2001 >

11-April	Financing of the 1 <sup>st</sup> Independent Power Plant (IPP) Project 450 MW Meghnaghat Power Ltd.
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#### 2002 >

16-July	Signing of Project Agreement with the International Development Association (IDA) under Rural Electrification and Renewable Energy Development Project (REREDP)
16-July	Signing of Financing Agreement for USD 7 million with the Global Environmental Facility (GEF) under the REREDP

#### 2003 >

1-January	Commencement of the Solar Home System (SHS) Program
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#### 2004 >

14-December	Financing of the 1 <sup>st</sup> ever Satellite Earth Station project in Bangladesh
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#### 2005 >

6-September	Inauguration of the installation of 50,000 SHSs by the Honorable Prime Minister
22-September	Start of working as a full-fledged financial institution with the financing of 11.6 MW captive power plant of Shah Cement Power Ltd.

#### 2006 >

5-January	Financing of the 1st ever land ports operated through the private sector on Build, Operate and Transfer (BOT) arrangement
20-March	Signing of Financing Agreement with the GIZ-German Development Cooperation under Renewable Energy Project

#### 2007 >

15-February	Extending BDT 30 million to Ranks Telecom Ltd., the largest private sector PSTN operator of the country
30-November	Signing of Financing Agreement for USD 165 million with the Asian Development Bank (ADB) under Public Private Infrastructure Development Facility (PPIDF)
19-December	Signing of the 1 <sup>st</sup> Emission Reduction Purchase Agreement in Bangladesh
26-December	Signing of Financing Agreement for EUR 25 million with KfW-German Financial Cooperation under Renewable Energy Project

#### 2008 >

2-December	Launching of Shonchalok Facility for the Information and Communication Technology (ICT) sector
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#### 2009 >

28-October	Extending BDT 260 million to Fiber@Home Ltd. for setting up the first nationwide telecommunication transmission network of Bangladesh
26-November	Signing of Financing Agreement for USD 18 million with the Islamic Development Bank under Improving Rural Households Livelihood through Solar Energy Project
20-December	Financing of the 1 <sup>st</sup> Solar Based Irrigation Project



## 2010

23-March	Investing BDT 1 billion in senior, secured, non-convertible bond of Orascom Telecom Bangladesh Ltd.
1-April	Opening of the 1 <sup>st</sup> Regional Office under the SHS Program
8-April	Financing of the Central Effluent Treatment Plant at CEPZ
12-April	Financing of the 1 <sup>st</sup> Solar Based Mini-Grid Project

## 2012

18-February	Inauguration ceremony for the installation of 1 million new Solar Home Systems and 20,000 Biogas plants under IDCOL Renewable Energy Programs by the Honorable Prime Minister
26-Jun	Registration with UNFCCC to avail CDM benefits under the SHS Programs

## 2013

12-May	Celebration of the installation of 2 million Solar Home Systems and launching of the installation of 1 million Improved Cooked Stoves (ICS) Project by the Honorable Prime Minister
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## 2014

5-November	Celebration marking the installation of 3 million Solar Home Systems by the Honorable Prime Minister
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## 2015

January-March	Three Solar PV based mini-grid projects under IDCOL financing went into commercial operation
2-April	IDCOL received the first ever CDM fund in Bangladesh under the United Nations Framework Convention on Climate Change (UNFCCC)
15-September	IDCOL received NBR award as country's third(3rd) highest tax paying company

## 2016

26-October	IDCOL received "ICMAB Best Corporate Award 2015" in the category of NBFI
24-November	IDCOL received NBR award as country's top tax payer in the category of NBFI
29-November	IDCOL received "ICAB National Award for Best Presented Annual Reports 2015" in the category of "Public Sector Entities"
30-November	Financed the first PPP Project in Healthcare Sector of Bangladesh-Sandor Dialysis Services Bangladesh Private Ltd.

## 2017

27-January	IDCOL awarded as the Joint Winner for "Best Presented Annual Reports 2015" in the category of "Public Sector Entities" by the South Asian Federation of Accountants
14-Jun	IDCOL achieved the opportunity to advise BPDB for Designing, Developing, Formulating and Implementing systems on Occupational Health and Safety Assessment Series (OHSAS) and to assist BPDB for obtaining OHSAS 18001:2007 Certification.
6-July	IDCOL received Green Climate Fund (GCF) accreditation in Songdo, South Korea
25-November	IDCOL secured 2 <sup>nd</sup> Position in "ICAB National Award for Best Presented Annual Reports 2016" in the category of "Public Sector Entities"
6-December	IDCOL awarded as the Winner for "Best Presented Annual Reports 2016" in the category of "Public Sector Entities" by the South Asian Federation of Accountants



## Awards and Recognitions



ICAB National Award for  
'Best Presented Annual Reports 2016'  
in the category of Public Sector Entities



ICAB National Award for  
'Best Presented Annual Reports 2015'  
in the category of Public Sector Entities



'SAFA Best Presented  
Annual Report Award 2016'  
in the category of Public Sector Entities



'Top Taxpayer Award FY 2014-15'  
by National Board of Revenue



'ICMAB Best Corporate Award 2015'  
in the category of Public Sector Entities





‘SAFA Best Presented  
Annual Report Award 2015’  
in the category of Public Sector Entities



‘Top Taxpayer Award FY 2013-14’ by  
National Board of Revenue



‘Asia Power and Electricity Award 2014’  
in the category of  
Solar Project of the Year



‘ICMAB Best Corporate Award 2014’  
in the category of Public Sector Entities



'The Karlsruhe Sustainable Financial Award 2014' by Association of Development Financing Institutions in Asia and Pacific & ETECH Germany in association with Economic Development Department of the City of Karlsruhe, Germany and endorsed by United Nations Environment Programme Finance Initiatives



Canada Business Award 2012



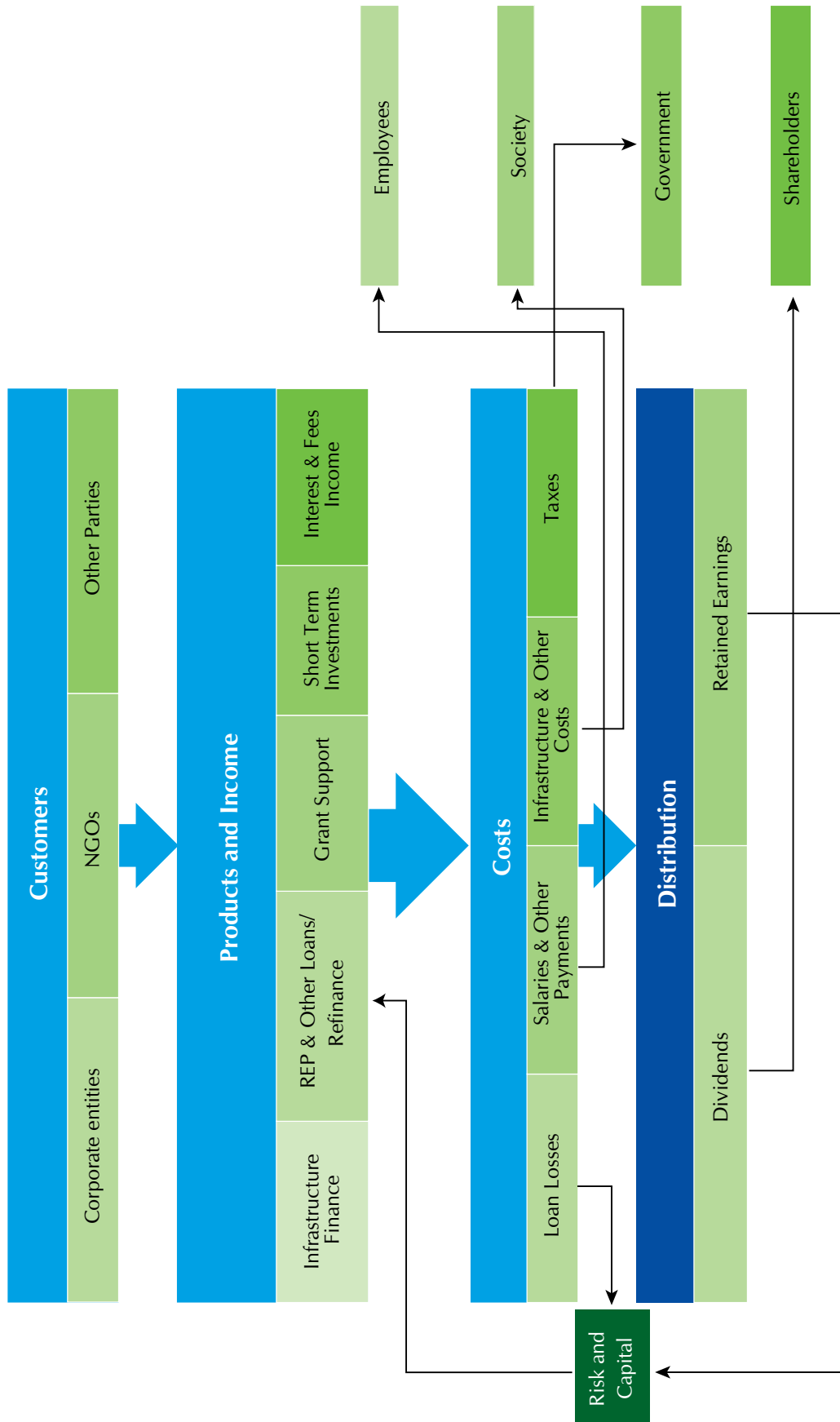
Best Innovation in Financial Services Award



'The Karlsruhe Sustainable Financial Award 2013' by Association of Development Financing Institutions in Asia and Pacific & ETECH Germany in association with Economic Development Department of the City of Karlsruhe, Germany and endorsed by United Nations Environment Programme Finance Initiatives



## Value Creation Structure



### Programs & Projects

## Infrastructure & Public Private Partnership (PPP)

### 12% National Electricity Installed Generation Capacity

IDCOL has made an aggregate investment of USD 266 million to 14 power plants, ranging from rental to IPP, engine based to combined cycle, HSD to natural gas that has installed generation capacity of more than 1,665 MW of electricity

### 16% export container handled by IDCOL financed port projects

IDCOL has ventured into financing port projects and currently port projects financed by IDCOL handles 190,000 TEUs p.a. This accounts for 16% of the total export container capacity of the country

### USD 526 million credit line added for infrastructure financing

IDCOL secured the third credit line from the Asian Development Bank (ADB) amounting to USD 526 million for financing private sector infrastructure projects

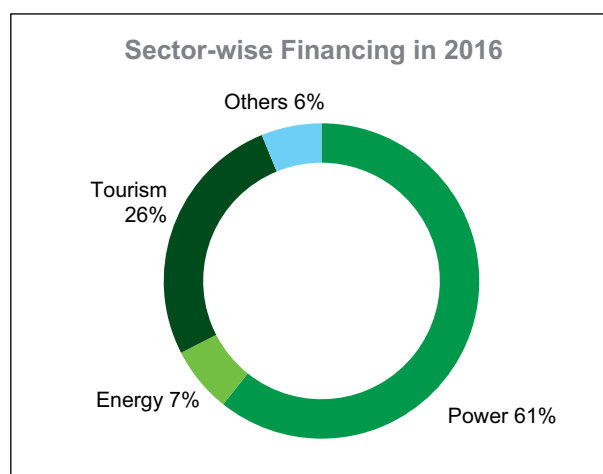
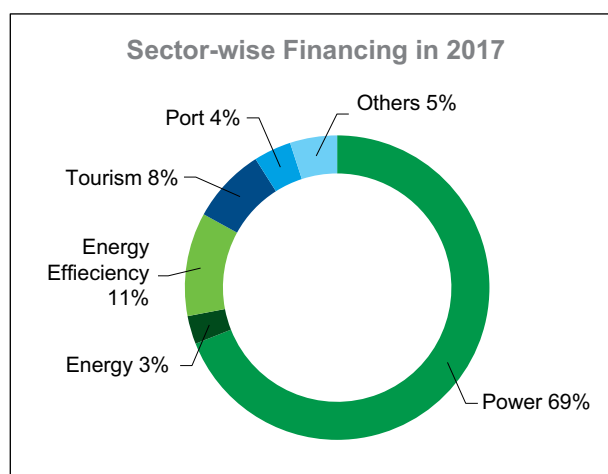
### JPY 4.989 billion credit line for financing Energy Efficiency and Conservation (EE&C) Project

Japan Government has extended a loan amounting JPY 9.978 billion to the GoB for financing energy efficiency and conservation (EE&C) projects. JICA is working as the donor agency and this fund will be partially channeled through IDCOL as Implementing Financial Institutions (IFI)

### Portfolio Diversification

IDCOL has diversified its portfolio to include energy efficiency, ports, social and tourism infrastructure and infrastructure backward linkage projects. IDCOL has also invested in LPG plant, Oil & Gas Refinery and Hospital. The infrastructure and PPP projects loan

portfolio reached to BDT 20 billion with its usual skewness towards power sector which is 69% of the total investment portfolio. The contribution to the company's loan portfolio increased to 46% from that of last year's 40%.





Energy-efficient Vertical Roller Mill (VRM) based Meghna Cement Mills at Mongla, Bangladesh with 9,800 MT per day capacity operating under the brand name “King Brand Cement”



108 MW natural gas-fired IPP power project by Regent Energy and Power Limited at Ghorashal, Narshingdi

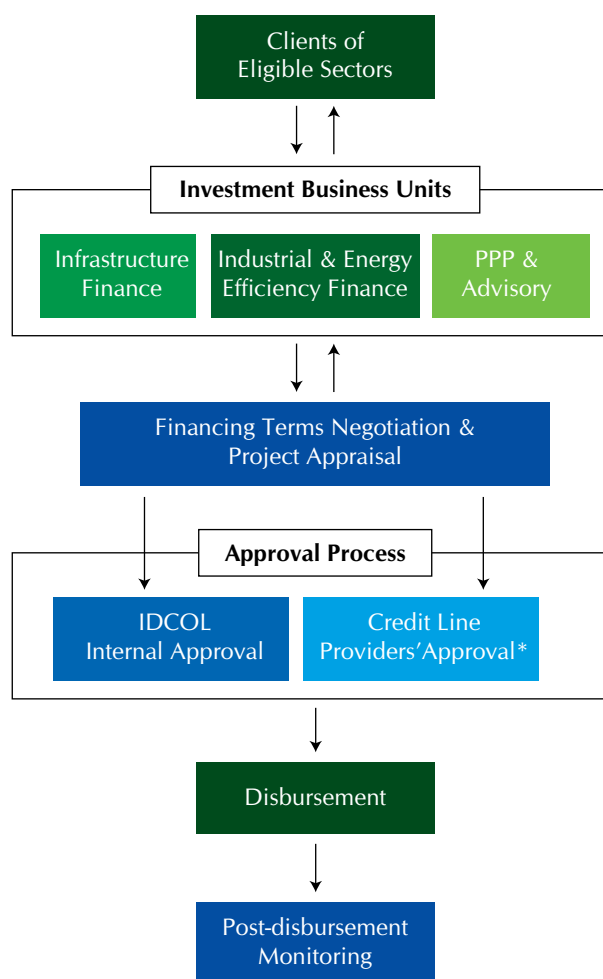
IDCOL also participated into various syndications and maintained its market presence with strong ties with participating banks and financial institutions. Apart from its regular lending operation, focus has been placed for loan arrangement & subsequent agency operations. A good number of arrangement deals has been signed with various sponsors and the projects are expected to go into commercial operation by 2018-2019.

## Business Model

Infrastructure Finance (IF), Industrial & Energy Efficiency Finance (IEEF) and PPP & Advisory are the three business units working under the Investment Department of IDCOL. These three units work independently but have a unified target of facilitating private sector infrastructure, industrial, energy efficient projects as well as PPP projects for accelerating the development of the country.

All the units follow similar integrated business model and can extend credit facility to eligible sectors (as per IDCOL's Lending Policy) through either availing external credit lines or using its own funds and reflow. There is a two-way communication between the clients and the business units where the client sometimes approach first for meeting its financing needs and also the business units at times sought out new projects and clients. All the projects to be financed by Investment department go through stringent appraisal after financing terms have been negotiated and different third-party advisors are appointed to help assess the feasibility of the project. After due diligence is completed, a project has to pass-through a three-tier in-ternal approval process before disbursement. In addition, for all the projects that are financed using external credit lines, it might be required to obtain an additional approval from credit line providers. The business units have to monitor

the loans post-disbursement as well- especially to ensure they are serviced regularly and also comply with environmental and social standards. As the loans are gradually re-paid, these funds (reflow) are again utilized to finance new projects by the business units.



\*Applicable when financing with external credit lines

### Risk and Opportunities of the Program

**Opportunities:** Bangladesh is ranked among the top ten fastest growing economies in the World in 2016 as per the report published by International Monetary Fund (IMF). The country has achieved a GDP growth rate of 7.28% in 2016-17 fiscal year which was higher than the GoB's set growth target and the highest in its history. The GoB has set its vision to become a middle-income country by 2021. To keep up the economy's present growth rate and attain these ambitious vision, increased investment in infrastructure especially from private sector is mandatory. This creates a unique opportunity for IDCOL's Investment Department which was formed with the vision to mobilize private sector investment in infrastructure.

Investment Department has developed three dedicated business units that have skilled professionals with in-depth expertise and knowledge in their relevant sectors and the ability to effectively offer financing to the market. Apart from its regular lending operation, the units are focusing on loan arrangements and subsequent agency operations. IDCOL also provides transaction, corporate, investment and other advisory and consultancy services that has enriched IDCOL's service offerings. All these together ensures that IDCOL's Investment Department is ready to make the best of the opportunities presented by the rapidly growing economy and changing infrastructure landscape of Bangladesh in the short, medium and long run.

**Risks:** One of the major risks faced by the Investment Department in financing large-scale, capital-intensive infrastructure projects is the risk of their implementation. To minimize the risk, projects from sponsors with good track-record is prioritized and detailed appraisal is undertaken to ensure the feasibility of the project. Stringent three-tier internal approval is practiced for all projects to further mitigate the risk of investing by IDCOL. Political instability is a major risk factor in timely implementation of these projects that affects both the sponsors and lenders.

Due to limited investment opportunities in different private sector projects that meet IDCOL's eligibility criteria in the past years, this Department has significantly higher exposure in the power sector which exposes the portfolio to concentration risk. However, this risk would hopefully mitigate in the coming years as the Department diversify its portfolio into new eligible sectors.

Retention of key employees is an internal risk factor for the Department as there is huge market demand for the expertise and skill-set that can be acquired through working here. To address this risk and keep

its employees motivated, Investment Department ensures that there is ample opportunity for learning and growth available for all.

### Benefits Created for the End Customers

**Supporting GoB's vision of Electricity for All:** IDCOL, through its Investment Department has extended significant financing to the private sector power generation to support the Government of Bangladesh's (GoB) ambitious vision of ensuring Electricity for All Citizens by 2021. These power projects have not only added to the country's power generation capacity but also created direct and indirect employment opportunities and developed skilled professionals. Till date, IDCOL financed projects have added 1,665 MW installed power generation capacity to the national grid which is 12% of the total national installed capacity and IDCOL is committed to increase its share in the coming years to make electricity more accessible to the people of Bangladesh and bring down the load-shedding.

**Financing River Ports & ICD & CFS:** IDCOL, in recent years have diversified its portfolio to include port projects to cater to the increasing demand of the rapidly growing export-import business in Bangladesh. It has financed the country's first River Port which showcases its commitment towards encouraging innovation in infrastructure. IDCOL financed Inland Container Depots (ICD) and Container Freight Stations (CFS) projects at present handle 190,000 TEUs p.a. This accounts for 16% of the total export container capacity of the country and is contributing towards bringing down the congestion in the Chittagong Port

**Social & Tourism Infrastructure:** IDCOL has ventured into social infrastructure by financing the first PPP project in the healthcare sector that provide low cost dialysis services to patients who are unable to bear the high expense of dialysis as well as affordable dialysis services to affluent patients while ensuring the same quality. In the tourism front, IDCOL has financed a 5-star international chain hotel that belongs to an international chain in the capital city to address the increasing accommodation need of foreign business customers to the country.

**Promoting Environment-friendly Projects:** IDCOL is committed towards the preservation of environment and keeping in line with that, its Investment Department has been financing a number of environment-friendly auto-brick kiln and recycling projects for promoting greener and cleaner environment. Energy-efficient equipment are also being financed for supporting the national goal of achieving 10% energy conservation by 2020.





## Renewable Energy

### 4.13 Million SHSs

The 4.13 million Solar Home Systems (SHS) installed under IDCOL SHS program provides clean electricity solution to 18 million rural people living in the off-grid areas of Bangladesh.

### 1,031 Solar Irrigation Pumps

IDCOL has approved 1,031 solar irrigation pumps of which 877 are already in operation.

### 25 Solar Mini Grids

IDCOL has approved financing for 25 solar mini-grid projects of which 13 are in operation and providing grid quality electricity in remote rural areas.

### 138 Solar Powered Telecom BTSs

IDCOL has financed solar powered solution for 138 telecom BTSs in off-grid areas.

### 47,500 Biogas Plants

IDCOL has financed construction of more than 47,500 domestic biogas plants which provides clean energy solution to more than 212,000 rural people of the country.

### 9 Biogas Based Power Projects

IDCOL has financed 9 biogas based power plants, having total capacity of 618 KW.

### 2 Biomass Based Power Plants

IDCOL financed two rice-husk based power plants having total capacity of 650 KW.

### Solar Rooftop Projects

7 Solar rooftop projects have already been approved with a target of 15MW by 2018.

In its drive towards promoting alternative sources of energy, IDCOL finances projects and programs that utilize various forms of renewable sources. Through startup subsidy, concessionary credit, and

capacity development support, IDCOL complements the Government's mission of generating 5% of the country's total electricity from renewable sources by 2015 and 10% by 2020.

### IDCOL Solar Home System (SHS) Program

IDCOL started SHS program in January 2003 to fulfill basic electricity requirement of the off-grid rural people of Bangladesh by 2021. IDCOL SHS program has been acclaimed as the largest off-grid electrification program in the world. Till date, about 4.13 million SHSs have been installed under the program with an installed capacity of 185 MWp in the remote areas where electrification through grid expansion was challenging and costly. Thus, the program has ensured supply of solar electricity to 18 million people i.e. 12% of the country's total population who previously used kerosene lamps for lighting purpose.



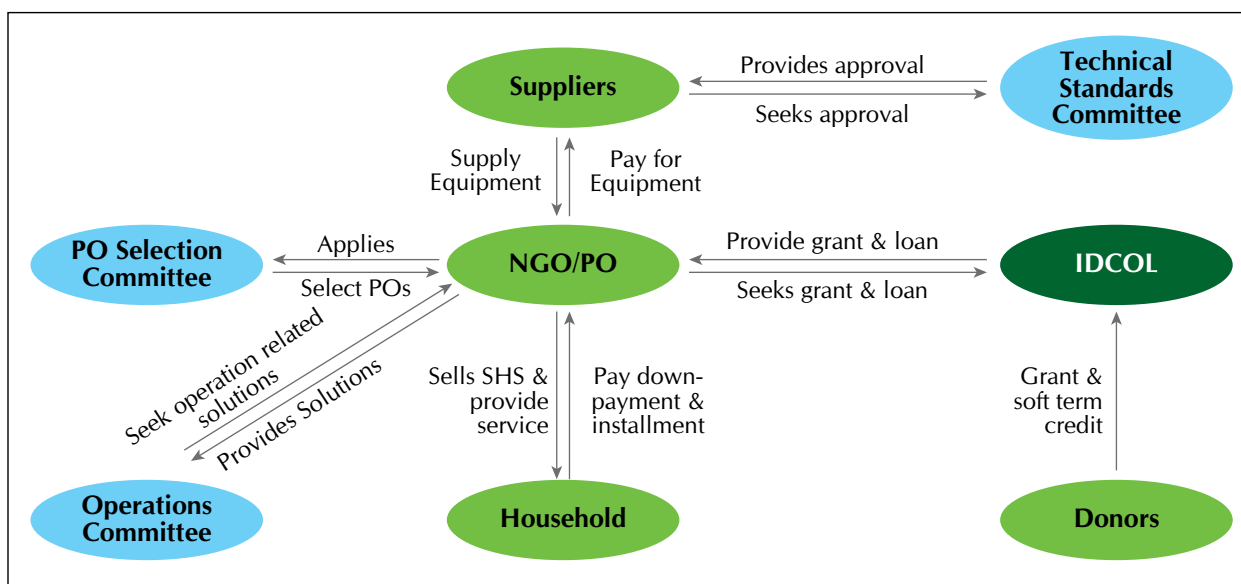
*Solar Home System providing electricity in rural off-grid areas*

## Program Structure

IDCOL has developed a unique model for dissemination of SHS. The model has been proved effective and accepted by the beneficiaries under the program. It introduced ownership model through

micro-finance/cash sale rather than fee-for-service model.

The following figure shows the basic structure of the SHS program:



IDCOL initially received credit and grant support from the World Bank and GEF to start the program. Later, GIZ, KfW, ADB, IDB, GPOBA, JICA, USAID and DFID came forward with additional financial support for expansion of the SHS Program.

At present, 56 Partner Organizations (POs) which are non-government organizations, micro-finance institutions, societies, foundations, and/or private entities are implementing the program.

IDCOL provides subsidy and concessionary credit to the POs. IDCOL also provides necessary trainings and promotional support and ensure quality of the program. POs select customers, extend loan, install the systems, and provide after sale service. IDCOL's total investment under the program is BDT 52,240 million (USD 696 million) out of which loan is USD 600 million and grant is USD 96 million.

## Overall Impact of the Program

**Kerosene Saving:** The program has so far saved consumption of 1.14 million tons of kerosene worth USD 411 million (considering USD 0.30 per liter). In addition, already installed 4.13 million SHS will save consumption of another 3.6 million tons of kerosene worth USD 1300 million in the next 15 years. Therefore, total saving in terms of reduction in kerosene use is almost 3 times of IDCOL's total credit investment.

**Social Impact:** Bangladesh Institute of Development Studies (BIDS) conducted impact assessment of

IDCOL SHS Program which has identified some interesting impacts of the program on rural community. These are discussed below.



*Studying at night with help of Solar Home System*

- **Study Hours and Schooling:** According to BIDS, boys and girls in SHS households have longer study hours compared to their counterparts in non-SHS households. The SHS study also found that boys and girls in SHS households have completed more schooling than those in non-SHS households.
- **Safety and Amenities:** BIDS study also revealed that SHS households enjoy higher safety, comfort and convenience compared to non-SHS households. For instance, SHS user household members have higher sense of security at night time by replacing kerosene lamps with SHS light. In addition, the SHS households have access to





various electronic appliances i.e. TV, radio, fan, mobile charger.

- **Impact on Health:** SHS household member also suffer less from several types of preventable illness such as general ailment, respiratory diseases, and GI illness. Moreover, adoption of SHS was found to have an adverse effect on recent fertility which consequently has a positive effect on population control of our country.
- **Benefits for Women:** Women have been one of

main target beneficiaries of SHS program. SHS has a positive influence on women's mobility, general and economic decision-making. Women are found to use more time for tutoring children, watching TV, socializing, visiting friends and neighbors with the adoption of SHS.

- **Employment Generation:** The program has contributed towards development of local support industries and creation of more than 75,000 direct or indirect jobs.

## IDCOL Biogas & Bio-fertilizer Program

IDCOL has been implementing its Biogas & Bio-fertilizer Program for households in Bangladesh since 2006 with support from KfW Development Bank and the World Bank and SNV Netherlands Development Organization. IDCOL has registered the program as a CDM project under UNFCCC. The objective of the Program is to develop and disseminate biogas plants with the ultimate goal to establish a sustainable and commercial biogas sector in Bangladesh. More than 47,500 biogas plants have been constructed till January 2018 through Participating Organizations. These plants provides clean energy solution to around 212,000 beneficiaries.

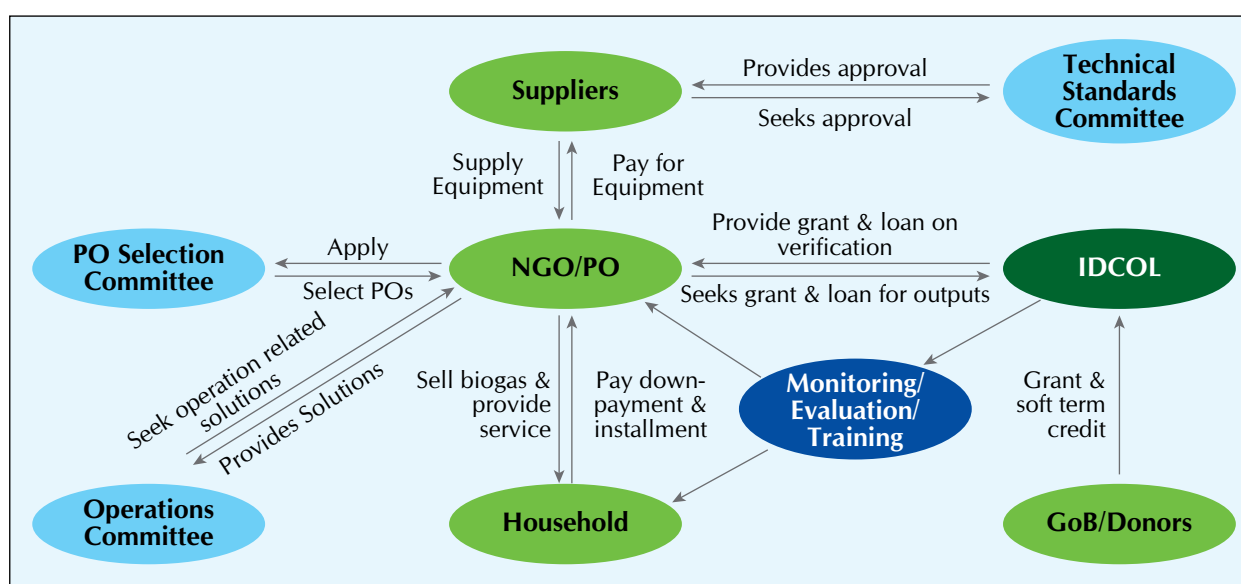


IDCOL Biogas & Bio-fertilizer Program helping household of Bangladesh since 2006

## Program Structure

IDCOL currently promotes and finances biogas plants in the rural areas of Bangladesh through its partners which comprises of NGOs, MFIs and private entities known as Participating Organizations (POs). The POs identify project areas and potential customers, extend microcredit, procure appliances from IDCOL approved suppliers, construct the plants and provide maintenance and after-sales supports. An independent PO Selection Committee has the responsibility for selection of POs under the program.

Technical Standards Committee finalize and upgrade the design of biogas plant and its technical standards, specification of raw materials to be used, set technical standards of appliances and give approval of those. Chaired by the ED and CEO of IDCOL and consisting of program-in-charges from all POs and representatives from IDCOL, the Operations Committee regularly meets to look after the operational aspects of the program. The basic program structure is as follows:



## About IDCOL

Bangladesh is considered to be a country with high potential in dissemination of biogas technology. Majority of households in Bangladesh use traditional biomass fuels such as fuel wood, dung, and agricultural residues for cooking in low-efficiency stoves. Based on survey of Bangladesh Bureau of Statistics (BBS), about 952,000 households own more than 5 heads of cattle which indicates a market for approximately 1 million biogas plants.

During the implementation of the Program, IDCOL identified several challenges hindering its expected growth. In order to achieve the targeted levels of construction, IDCOL subsequently took mitigation measures aimed at elimination of these challenges.

The challenges to scaling up of the program and mitigation measures thereof are as follows:

Challenges	Mitigation
Technological limitation of brick-cement based plants	<ul style="list-style-type: none"> <li>- Introduction of pre-fabricated bio-digesters</li> <li>- R&amp;D activities with two universities on production efficiency improvement of biogas plants.</li> </ul>
High cost of prefabricated digesters	<ul style="list-style-type: none"> <li>- Increased subsidy to make the technology affordable at customer end</li> </ul>
Bio-slurry Utilization and Management	<ul style="list-style-type: none"> <li>- Standardization of bio-slurry as organic fertilizer</li> <li>- Waiver of ban on liquid fertilizer</li> <li>- Establishment of monitoring facility for slurry</li> </ul>
Lack of awareness of biogas technology	<ul style="list-style-type: none"> <li>- Awareness campaign through print and electronic media and awareness build-up trainings</li> </ul>

### Overall Impact of the Program

The Program has lowered usage of firewood by approximately 45,000 tons per year which is worth USD 3.8 million. Biogas plants not only provide gas for cooking but also produce organic fertilizer for crops in the form of bio-slurry. Bio-slurry is also an excellent food source for fish.

Biogas plants constructed under the Program save approximately 40,000 tons of chemical fertilizer worth USD 9.5 million by generating around 280,000 tons of organic fertilizer each year. From 2014, IDCOL is financing fiberglass bio-digesters along with conventional brick-cement based biogas plants. Fiberglass bio-digesters can be relocated after installation, take less time to be installed and can be fixed easily if damaged. Furthermore, they are factory made, do not require masonry during installation, and adverse weather conditions do not affect installation.



The Program has led to creation of direct and indirect jobs at different levels, such as quality inspectors, masons, supervisors and loan recovery agents. Furthermore, it has developed small-scale support industries which are directed towards manufacturing appliances and stoves for biogas users.

### Solar Irrigation Program

Solar based irrigation system is an innovative, economic and environment friendly solution for the agro- based economy of Bangladesh. The program



*Solar Irrigation Program-an innovative, economic and environment friendly solution for the agro- based economy of Bangladesh*

is intended to provide irrigation facility to off-grid areas and thereby reduce dependency on fossil fuel. Till date, IDCOL has approved 1,031 solar irrigation pumps of which 877 are already in operation. The remaining pumps will come into operation shortly. IDCOL has a target to finance 50,000 solar irrigation pumps by 2025. The World Bank, KfW, GPOBA,

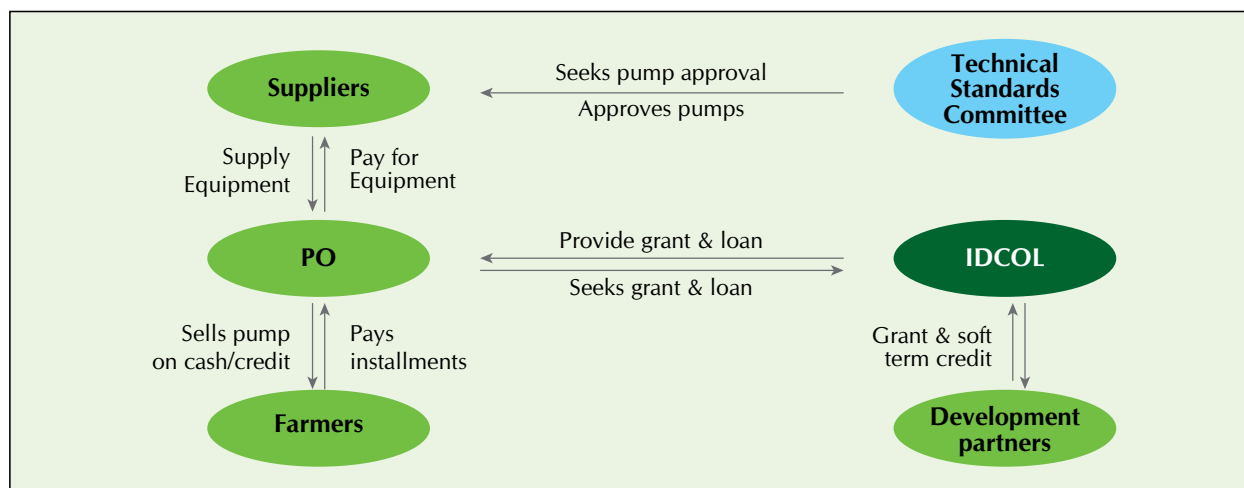


JICA, USAID, ADB and Bangladesh Climate Change Resilience Fund (BCCRF) are supporting this initiative.

### Program Structure

IDCOL currently follows 'fee for service' model where farmers will avail the water supply from the pump by

paying an agreed price or fee for water. IDCOL is also in the process of exploring 'ownership model' for implementing solar irrigation projects where farmers will be the owners of pumps instead of taking water supply. The program modality is presented in the following diagram:



## Overall Impact of the Program

### Opportunities

#### (a) Scaling up of the program

To scale up the program, IDCOL has taken different initiatives. IDCOL has already collected data on water requirement for more than 200 sub-districts of the country by engaging agriculturists for expedited implementation of solar irrigation projects.

Technical standards for equipment used under the project have been finalized by Technical standards

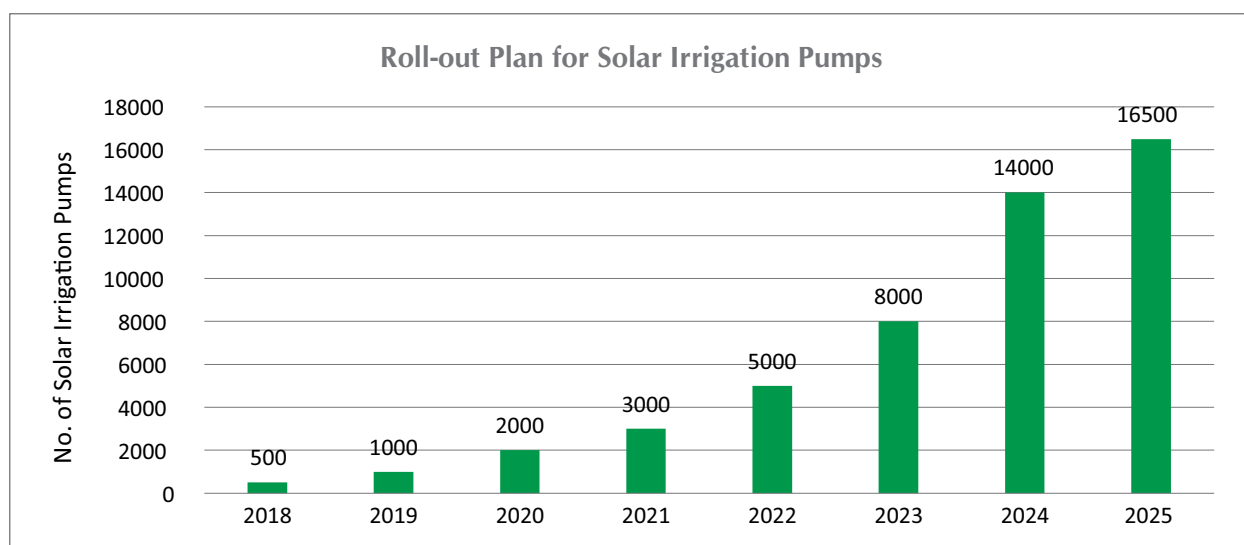
committee based on which supplier enlistment under the project is being conducted.

IDCOL has organized seminars and undertaken promotional activities at different areas of the country to create general awareness among the farmers and attract potential sponsors.

#### (b) Future Expansion Plan

Installation target under its solar irrigation program till 2025 is shown below:

Figure 5: Installation plan under IDCOL solar irrigation program (2018-2025)





### Threats

During the implementation of solar irrigation projects, IDCOL as well as sponsors have identified several challenges as well as lessons learned which could be successfully harnessed in further scaling up of the program:

#### (c) High Upfront Cost

During initial phase of the program, the upfront cost of the pumping system along with related accessories was quite high compared to the diesel pumps which was a major deterrent for attracting potential sponsors. Subsequently, new suppliers introduced pumps of different origins which are more cost-effective in nature.

Introduction of new ranges of products allowed pump price to reduce by about 40% than the prices during first phase of the program. IDCOL is also encouraging development of local industries related to solar irrigation pump components to allow pump prices to go down further.

#### (d) Funding Constraints of Sponsors

Sponsors are required to inject a portion of the project cost as equity in the project which appears to be a constraint for sponsors when they go for scaling up. During initial stage, some project sponsors were required to spend 30% of project cost as equity under the project which was later on reduced to 20% and then finally at 15% by IDCOL.

Foreseeing fund constraints of sponsors, among others, during rapid scale up of the project, IDCOL introduced 'ownership model' to allow sponsors to distribute the burden of equity injection between themselves and farmers.

#### (e) Collateral Requirements

IDCOL generally requires sponsors to secure the loan portion by providing collateral to IDCOL in the form of bank guarantee/land mortgage/lien on FDR. However, majority of the sponsors do not have land which can be mortgaged to IDCOL whereas bank guarantee has cost implications due to quarterly margin fees to be provided to the guarantor banks. In case of rapid rollout of the program, providing such collateral for each project might not be feasible for most of the sponsors.

Considering the credit risk as well as roll-out issues in mind, IDCOL reduced the collateral requirement to 50% of the loan amount for the sponsors which have already injected equity of BDT 7.5 million, in aggregate, in previously implemented solar irrigation projects, implemented at least 10 solar irrigation pumps and has successfully operated one full agricultural season as project operator. IDCOL is planning to reduce the requirement to 25% of

the loan amount provided the sponsor has good track record, injected BDT 20 million as equity in previous irrigation projects as well as implements and successfully operates 25 solar irrigation pumps.

#### (f) Capacity Development of Stakeholders

Capacity development of the sponsors in efficient management of solar irrigation pumps is very important for success of the program. To capacitate sponsors, IDCOL arranges different training sessions for them on better operational practices of solar irrigation projects. It has appointed agriculturists to assist farmers under IDCOL irrigation projects for selection of efficient cropping pattern, water management and better irrigation and agricultural practices. The agriculturists also provides value added services to the sponsors and provide knowledge supports to IDCOL.

#### (g) Government Support

IDCOL solar irrigation pumps are targeted to replace diesel pumps. Given the lower irrigation charges offered by electric pumps, solar pumps cannot compete with electric pumps. Therefore, business case of a solar irrigation pump is hampered if electric pumps are installed subsequently. Therefore, the government intervention is required to ensure that electric pumps are not installed in areas of solar irrigation pumps. The issue has been discussed in a number of meetings in different discussion forums with SREDA, REB and the Power Division. While the government in general discourages installation of electric pumps, continuous support of the government will be required to ensure risk-free operation of solar pumps.

### Solar Mini-grid Projects

Solar PV based mini-grid project is installed in remote areas of the country where possibility of grid expansion is remote in near future. The project provides grid quality electricity to households and nearby village markets and thereby encourages commercial activities in the project areas. So far,



*Solar PV based Mini-Grid Project is installed in remote areas of the country where possibility of grid expansion is remote in near future*

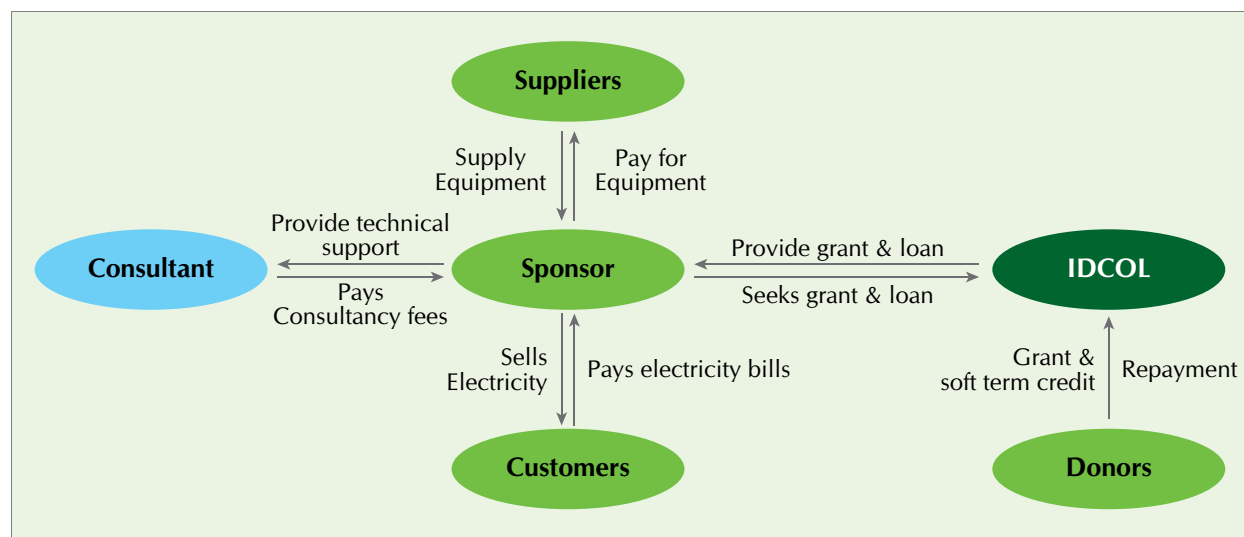


IDCOL has approved financing for 25 mini-grid projects of which 13 are already in operation and the remaining would be going into operation shortly. IDCOL has a target to finance 50 solar mini-grid

projects by 2018. The World Bank, KfW, GPOBA, JICA, USAID, ADB and DFID are providing financing support in these projects.

## Program Structure

The modality of a typical mini-grid project is provided below:



## Overall Impact of the Program

### Opportunities

#### (a) Sustainable Business Model

IDCOL has developed a business model that ensures affordable electricity tariff for customers as well as reasonable return for the sponsors under solar mini-grid projects with minimum return on equity being 13%-15% and payback period being 6~8 years. The systematic de-mand driven technical design ensures that the project capacity is not under or oversized. Besides, sponsors using prepaid metering system ensures 100% collection efficiency.

IDCOL directs the sponsors to promote use of energy efficient appliances to reduce the monthly electricity bills. This not only enables the customers to afford maximum electricity benefits but also allows the project serve more customers with the electricity saved because of use of energy efficient appliances.

#### (b) Enlistment of New Suppliers

Because of IDCOL solar mini-grid projects, several suppliers started manufacturing 2V battery. Besides, a number of organizations have developed their capacity to provide installation and commissioning services which has played a vital role in project implementation.

#### (c) Establishing Regulatory Framework

IDCOL is pursuing the government to establish a regulatory framework for solar mini-grid projects that

will provide for detail guideline about the power purchase arrangement between the mini-grid sponsors and the government once grid electricity is expanded in the project area. Power Division under the Ministry of Power, Energy, and Mineral Resources developed 'Guidelines for the Implementation of Solar Power Development Program 2013'. According to paragraph 3.7 of the Guideline "if the government, extends the grid line to the mini-grid project area after 5 years of its completion, the project operator will be allowed to feed the electricity generated from renewable energy sources into the grid for rest of the project period. In that case tariff will be determined upon negotiation with the power purchaser considering the operational, maintenance and other administrative cost of the project and 15% return on equity."

IDCOL has already developed a tariff model in this regard and has approached the Power Division to review the tariff model in order to devise a tariff structure for solar mini-grid projects under different scenarios. On pursuance of IDCOL, SREDA facilitated with Department of Environment to withdraw solar mini-grid projects from 'Red' category (power projects are in Red category).

#### (d) Addressing Threat of Grid Expansion

Mini-grid projects are installed only in isolated off-grid areas. IDCOL takes clearance from the Power Division before approval of every project. Recently,

the Government agreed, in principle, to purchase electricity even if grid is extended within 5 years of project completion.

**(e) Promoting Use of Energy Efficient Appliances**

The solar mini-grid projects are designed based on the assumptions that the customers will use energy efficient appliances. However, the prices of energy efficient appliances are higher compared to the conventional appliances, making it difficult for the rural customers purchase these appliances. IDCOL is, therefore, now in discussion with an international organization which will arrange to provide subsidy and make energy efficient appliances available in solar mini-grid project areas. The wide use of these appliances by the mini-grid customers will not only

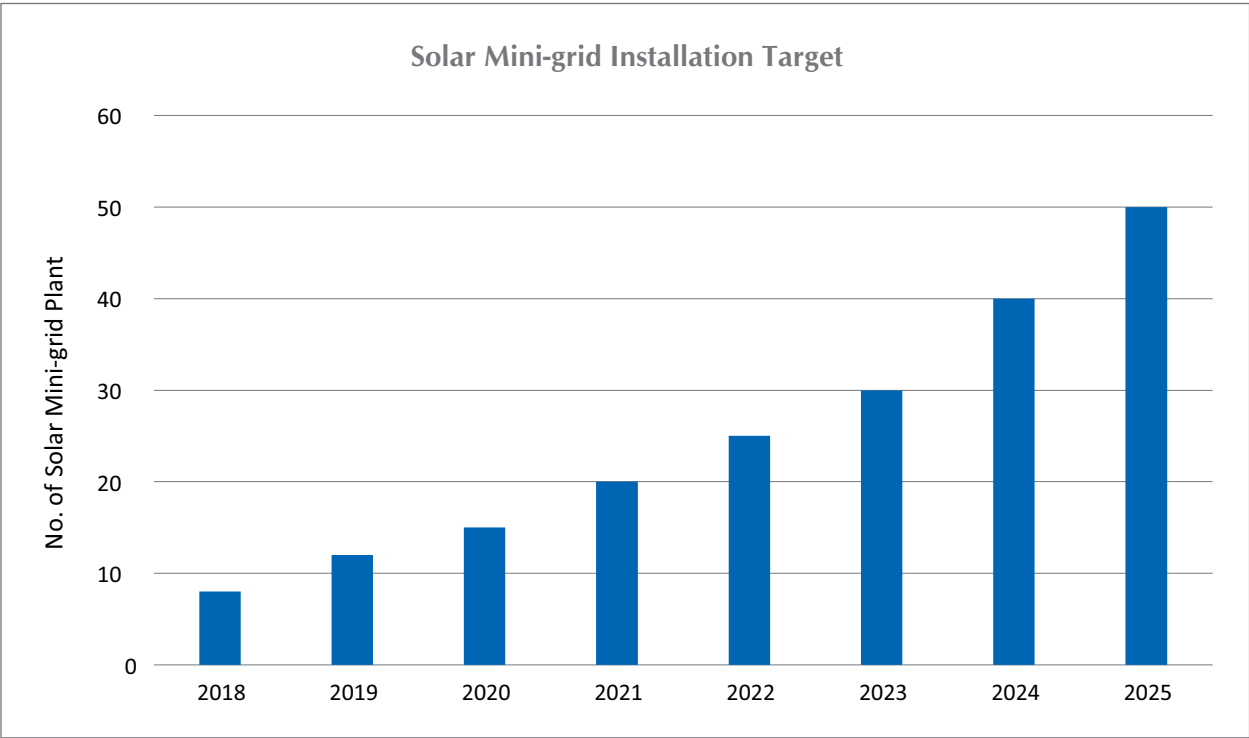
keep the electricity bill affordable for local customers, it will enable the project to provide electricity to more customers than before.

**(f) Reduction of CO<sub>2</sub> emission**

About 750 customers including households, offices, shops, mosque, madrasha etc. can be connected under a solar mini-grid plant of 250 kWp capacity. Considering kerosene consumption per customer per month of about 2.70 liters while Co<sub>2</sub> emission factor from per liter of kerosene is about 2.41 kg/ liter, total Co<sub>2</sub> emission reduction from a solar mini-grid plant is about 58.6 tons in a year and 1,171 tons in 20 years.

**(g) Future Expansion Plan**

Installation target under IDCOL solar mini-grid projects till 2025 is provided below:



**Threats**

**(a) Overcoming Technical Challenges**

The first solar mini-grid project was installed in Bangladesh in 2010 which provided the base case and detail understanding of mini-grids. After that 12 more projects were implemented till now. Out of that, 8 projects are operational for more than a year and they have provided opportunities for improvement in system design and other related aspects. Learning from the previous projects provides valuable input in this regard. Notably, IDCOL will direct to conduct an independent technical audit of its solar mini-grid

projects by an independent expert to assess technical performance as well as design validation. The procurement for the technical consultant is currently in process.

**(b) Possibility of Grid Extension**

Possibility of extension of grid in the project areas may disrupt the business viability by making the project electricity tariff uncompetitive. IDCOL thus consults power division/REB/BPDB/SREDA regarding their possibility of grid expansion in the project area in the next 5 years before approving any site for installation of solar mini-grid.



### **(c) Lack of Adequate Technical Supports in the Private Sector**

There are limited number of technical experts in the industry who can provide technical support for these projects. IDCOL is encouraging other engineering institutions to provide technical consultancy services under solar mini-grid projects.

### **(d) Lack of Proven Technology**

The first solar mini-grid project was implemented under IDCOL financing in 2010. However, no other sponsor came forward with mini-grid project immediately after the commercial operation of that project unless seeing the viability of the project. The successful track record of the project for seven (7) years along with lessons learned from the project have built confidence in the private sector to undertake the subsequent projects.

### **(e) Ensuring Adequate Financial Return**

The private sector will not be interested to implement solar mini-grid project unless adequate return is ensured for the sponsors. According to financial model of solar mini-grid, given full capacity utilization is ensured within two years of project operation, the average return on equity of solar mini-grid project is 14% p.a. and the payback period is about 7-8 years. In order to address the market risk, a detail market survey based on systematic random sampling is conducted in the project area to assess the demand for electricity which is used for designing plant capacity. Besides, IDCOL and the sponsor encourage the customers to use energy efficient appliances to keep the electricity bill at affordable range for the local customers. Use of prepaid metering system helps to address the payment collection risk.

### **(f) Availability of Quality Equipment**

The technical solution to the first solar mini-grid project was provided by foreign expert. Now, there are plenty of local suppliers that are capable of handling installation and commissioning of solar mini-grid project and all the subsequent mini-grids were successfully commissioned by local solution providers.

### **(g) Ensuring Competitive Price**

There are many suppliers who are interested to supply solar PV module, inverter, generator, etc. to solar mini-grid project. IDCOL requires the sponsors to collect at least three quotation for all the major equipment which provides a ground for price competition to the suppliers leading to offering competitive prices for equipment. Notably, now local suppliers are supplying batteries at competitive prices to solar mini-grid projects.

## **Biogas Based Electricity Projects**



*Biogas based power used in Poultry Firm. The Largest Biogas based plant has capacity of 400kW*

IDCOL has so far financed 9 biogas based power plants, the largest one having a capacity of 400kW. The plants uses poultry litters as feed material in the digesters for generation of gas which, in turn, is used for generation of electricity. Establishment of biogas based electricity plants in the poultry farms reduces dependency on fossil fuel by running captive generators. This also ensures bio-security and proper litter management in these farms. Moreover, slurry produced in the digesters as byproduct is a good bio-fertilizer.

## **Biomass Gasification based Power Projects**

IDCOL provided concessionary loans and grant support to two rice-husk based power plants, first one with a capacity of 250 kW at Kapasia, Gazipur and the second one with a capacity of 400 kW at Thakurgaon. Both the plants use rice husk as fuel for power generation.

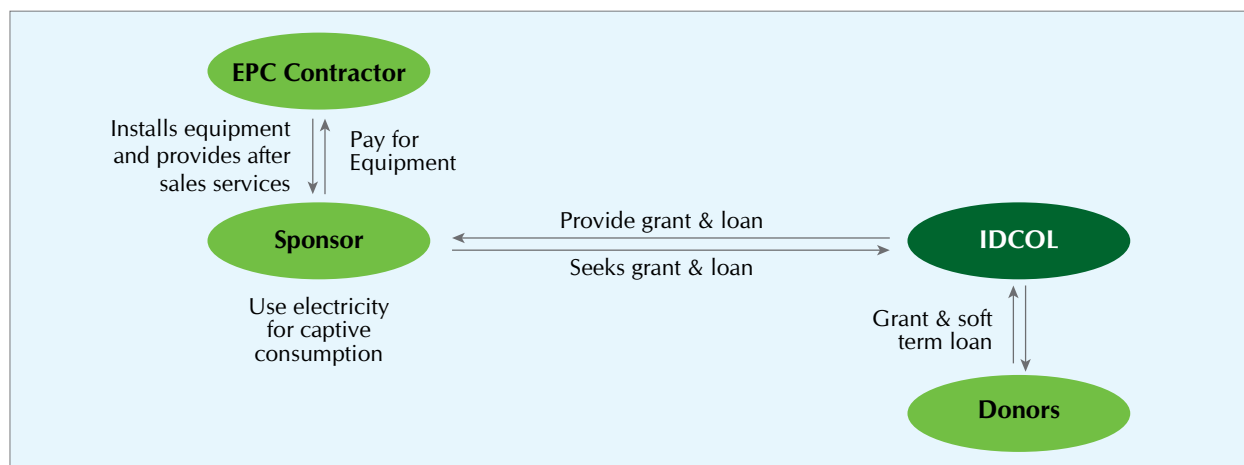


*Rice-husk based Power Plant of Dreams; Power at Gazipur*



## Program Structure

The modality of a typical biogas based power project is provided below:



## Overall Impact of the Program

### Opportunities

#### (h) Alternative source of energy

By producing electricity from poultry litter/cow-dung, biogas based power projects provide opportunities for saving electricity bills and diesel consumption.

#### (i) Sustainable Business Model

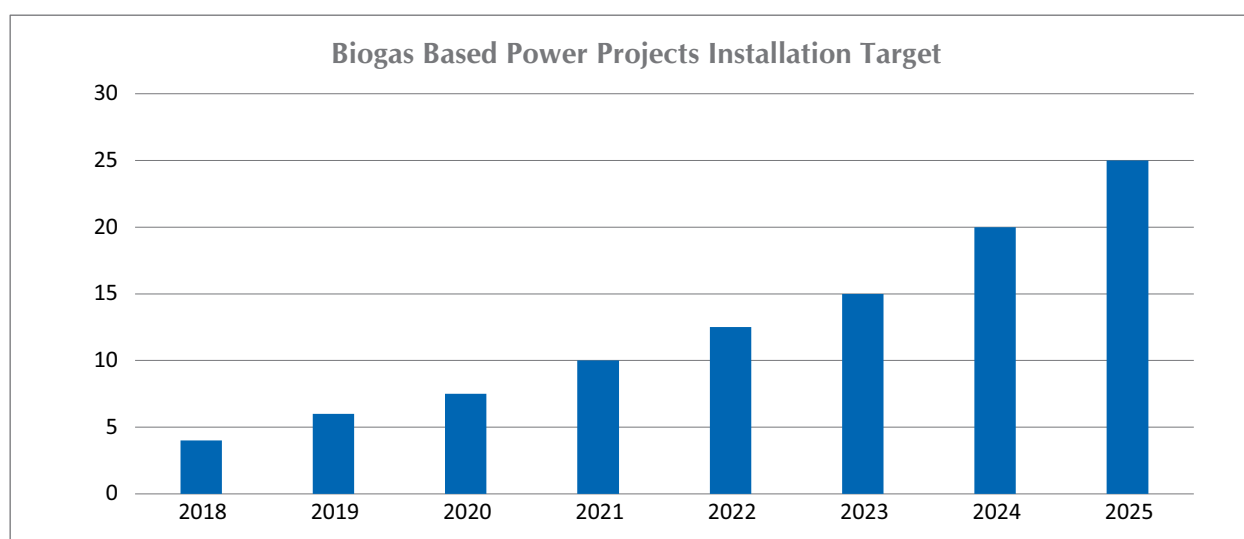
IDCOL has developed a business model that ensures affordable electricity as well as reasonable return for the sponsors under biogas based power projects with minimum return on equity being 13%-15% and payback period being 6~8 years. The systematic demand driven technical design ensures that the project capacity is not under or oversized.

#### (j) Reduction of CO<sub>2</sub> emission

The project involves production of biogas as an end product of anaerobic digestion. Through anaerobic digestion energy stored in organic matter will be converted into biogas. The produced gas will then be used in industries or manufacturing plant for running machineries or for generating electricity. Through this process, the carbon emitting fuel is replaced with cleaner source of energy, thus mitigation carbon emission. These projects will also be implemented through the private sponsors within grid or off-grid areas and may only be for captive consumption.

#### (k) Future Expansion Plan

Installation target under IDCOL biogas based power projects till 2025 is provided below:



## Threats

#### (h) Lack of awareness

Although the technology is newly taken over, developing countries require highly skilled manpower for plant operation and maintenance to run these

projects. In addition, the availability of the technology is yet to be disseminated among potential sponsors e.g. poultry/dairy farms.

#### (i) Overcoming Technical Challenges

The operational biogas based power projects provided



the base case and detail understanding of such projects. Nine (9) projects are operational for more than a year and they have provided opportunities for improvement in system design and other related aspects. Learning from the previous projects provides valuable input in this regard. Notably, IDCOL is currently expediting new technologies to mitigate the challenges that have been observed in the operational projects. The implement of these technologies is expected to bring about necessary solution to make these projects more viable and sustainable.

#### **(j) Lack of Suppliers**

Only a handful of suppliers are providing technical solution, limiting options for sponsors. As a result, a limited number of technical experts in the industry who can provide technical support for these projects is not able to offer new adaptable options for technologies in this sector. IDCOL is encouraging other engineering institutions to provide technical consultancy services under biogas based power projects.

#### **(k) Lack of Research and Development**

Lack of experience on research and development for bio energy is another issue that needs to be addressed to overcome the challenges of these projects. The operational biogas based power projects have already identified some major challenges, which can be used as base case, and further R&D can be initiated based on these cases.

#### **(l) Government Support**

To make these projects more financially viable and sustainable, the major equipment of these projects

need to be more cost effective. In this regard, Government may exempt Tax and VAT for the equipment such as biogas generator, water separator and other machineries. It is also required to encourage the participation of the potential suppliers in this sector by exempting tax and VAT on the imported equipment used under such projects. Moreover, for expediting the success of these projects Government may encourage the poultry/dairy farms in undertaking biogas based electricity projects.

### **Solar Powered Solution for Telecom BTS**

IDCOL has financed solar powered solution for 138 telecom BTSs in off-grid areas of Bangladesh. With over 3,000 BTSs located in off-grid areas and many others suffering from frequent power outages, solar powered solutions provide a novel approach to provide continuous power to telecom BTSs, ensuring uninterrupted voice and data connectivity.



*Solar powered BTS of Grameenphone Limited*

## **Energy Efficiency**

### **BDT 4 Billion Financing Support**

IDCOL has earmarked BDT 4 billion as soft loan for investment in environment friendly brick kilns

### **Green Brick Program**

To support the government's initiative to gradually replace the country's polluting FCK based brick sector with energy efficient and environment friendly ones, IDCOL launched its 'Green Brick Program' in 2013 with a plan to invest BDT 4 billion by 2017-18 for setting up modern brick kilns using latest state of the art technology. IDCOL provides long term concessionary financing to encourage potential sponsors to set up environment friendly brick kilns. In this regard, around BDT 1300 million has already been approved for 6 tunnel kiln and 1 HHK brick projects, with aggregate daily production capacity of 11,40,000 bricks. Most of the projects are expected to come into commercial operation shortly.

### **1.45 Million Improved Cook Stove (ICS)**

1.45 million (ICS) have been disseminated under IDCOL ICS Program which are reducing use of solid fuels, Indoor Air Pollution (IAP) and GHG Emission.



*Green Brick Program supporting government's initiative to gradually replace the country's polluting FCK based brick sector*

## About IDCOL

### Energy Efficient Equipment Financing

IDCOL has so far financed BDT 3,550 million for setting up energy efficient VRM machines for the cement and various machines for the RMG sector. Beside own fund, IDCOL refinances energy efficient equipment under JICA funded Energy Efficiency & Conservation Promotion Financing Project.

*Energy efficiency finance in the RMG sector contributing to the country's environment and economy*



### Improved Cook Stove Program

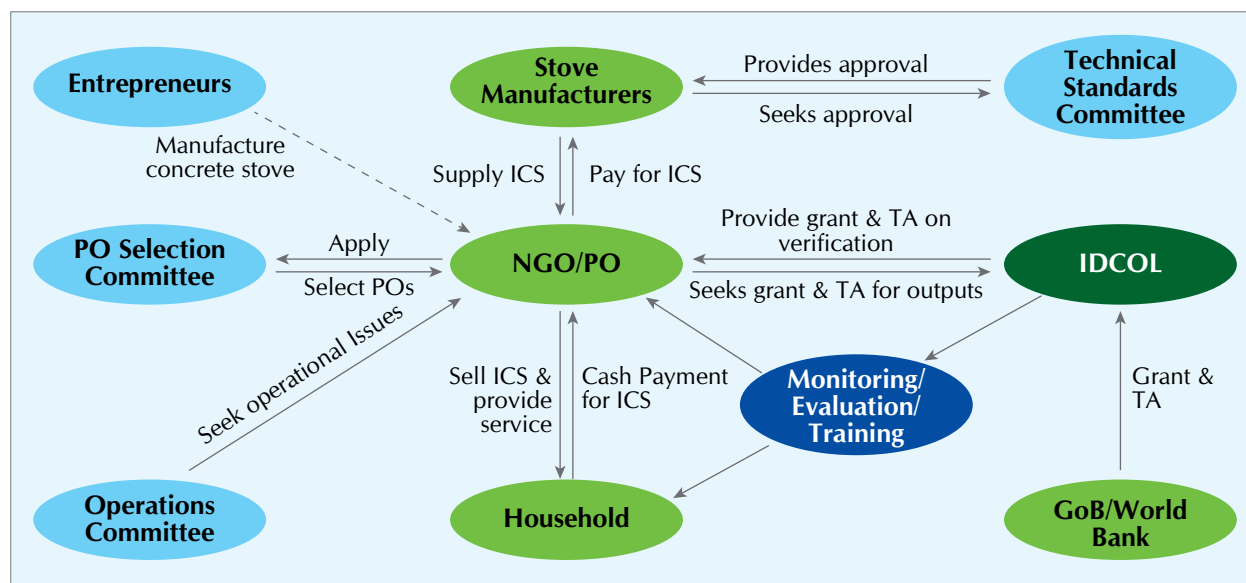
IDCOL Improved Cook Stove (ICS) program was inaugurated by the Honorable Prime Minister of Bangladesh in May 2013 with the dissemination target of 1 million ICS in Bangladesh within December 2018. IDCOL received necessary financial support from the World Bank and the Government of Bangladesh.

The objectives of the program are to reduce GHG emissions, solid fuel use for cooking and the impact of Indoor Air Pollution (IAP) - which substantially affects women and children - by creating a sustainable market-based approach towards adoption of higher efficiency cook-stoves in the country. The Program is being implemented by a dedicated Project Management Unit (PMU) whereas IDCOL Board is responsible for oversight, policy guidance and



*Improved Cooked Stoves (ICS) reduces Indoor Air Pollution (IAP)*

monitoring of the PMU. The overall structure of the component is given in the figure below:



The program has achieved its initial target of disseminating 1 million ICS in January, 2017, almost two years ahead of the project completion period.

IDCOL's R&D initiatives upgraded the stoves under the program from Tier 1 ( $\geq 15\%$ ) to Tier 3 ( $\geq 35\%$ ) level of thermal efficiency. Now, with increases in thermal efficiency, the stoves burn lesser amount of fuel and therefore, GHG Emission and IAP decrease significantly. So far 1.45 million ICS have been disseminated and IDCOL has set a new target of

disseminating a total of 5 million ICS by 2021.

The Risks and opportunities of the program is as follows:

#### Opportunities:

Bangladesh has a great market potential for ICS, estimated at more than 30 million households. IDCOL ICS Program has a target of disseminating ICS in 5 million households by 2021 of which 1.45 million ICS has already been installed. IDCOL ICS Program with its vast network of 66 POs will





establish a strong base which includes local capacity building and mass awareness for achieving 100% coverage of Improved Cook Stove (ICS) by 2030 as per Bangladesh Government's Country Action Plan for Clean Cookstoves.

An ICS saves 1.16 ton fuel wood per year and decreases 1.95 ton CO<sub>2</sub> emission (burning of 1 ton fuel wood emits 1.68 ton CO<sub>2</sub>) per year. With installation of 5 million cookstoves by 2021 and considering two years lifetime of a stove, IDCOL ICS Program will save 11.6 million ton fuel wood and reduce emissions of 19.5 million ton CO<sub>2</sub>.

Through installation of 5 million stoves, the program will create mass awareness on ICS and local capacity which will significantly contribute towards achieving government's target of 30 million stoves. These 30 million stoves will save 69.6 million ton fuel wood and reduce emissions of 117 million ton CO<sub>2</sub>.

### **Program Risks and Mitigation:**

**Lack of awareness among the end-users:** The households in Bangladesh are using their traditional stoves for a long time and comfortable using it despite its numerous demerits. As they can built these stoves by themselves, they don't want to spend on purchasing a new Cookstove. Considering this challenge, the program considers awareness raising and demand creation activities as the most important aspect of the program and the grants under the program are provided to support POs in conducting these activities.

**Scarcity of Human Resources:** Through training and capacity building activities the program has ensured availability of skilled masons and technicians. However, the program is facing challenges to ensure skilled human resource for promoting and selling cookstoves. A significant portion of employees engaged in those

activities do not see promoting and selling cookstoves as a respectable profession and for that the POs are facing high rates of employee dropouts. IDCOL is providing regular trainings on promotional activities to motivate the sales force of the PO.

**Stove Usage Level:** Even after purchasing of cookstoves, a portion of the customers does not use it regularly. As per IDCOL inspection data, such unused stove constitutes about 5% of the total installed stoves. IDCOL identified that lack of proper user training as the reason behind it and incorporated customer training programs under the program.

**Lack of International Standard Testing Facilities:** IDCOL's initiatives have helped establishment of three testing facilities in Bangladesh and enabled IDCOL to test an ICS in more than one laboratory to validate the test results. IDCOL also established a technical monitoring facility for testing cookstoves. However, none of these laboratories are ISO certified or internationally recognized for testing of cookstoves. For sustainability of the program, a stove testing facility of international standard in Bangladesh is essential.

### **Others**

In addition to the Brick and ICS program, IDCOL has ventured into other energy efficiency sectors by financing an energy efficient PET Bottle recycling project. The project will produce around 13000 -15000 Metric Tons of plastic resins (i.e. food grade, fiber grade and flakes) each year and will sell the same at approximately 15 ~ 20% lower price compared to current market price.

Moreover, IDCOL is keen to expand its energy efficiency financing in sectors like: BMRE or installation of energy efficient equipment in industries, non-fired bricks, paper and plastic recycling and other relevant sectors.

## **Investment Advisory**

Following its success in disseminating renewable energy in Bangladesh and expertise in financing infrastructure projects, IDCOL has established a dedicated advisory unit to provide knowledge support to various local/foreign institutions.

### **Trained more than 1500 Professionals**

Since 1999, IDCOL has been organizing various workshops, seminars and training courses for the capacity development of its industry stakeholders.



*19<sup>th</sup> Financial Modelling Training Program organized by IDCOL*

## About IDCOL

So far, IDCOL has arranged 23 Project Finance, 19 Financial Modeling, 2 Financing Power Project Training courses and various capacity development workshops such as Investment in Energy Efficient Brick Project, Financing Utility Scale Solar Project, and Industrial Energy Efficiency etc. Till date, more than 1500 professionals have been trained under its Training and Capacity Building Program of IDCOL.

### Corporate & Transaction Advisory Services

IDCOL provides business related support services to its business partners based on specialized

knowledge, best practices, and technology. So far IDCOL has provided advisory support to Bangladesh Infrastructure Finance Fund Limited (BIFFL), IDLC Finance Limited, Acorn Infrastructure Services Ltd. (AISL), Green Energy Limited and Bangladesh Power Development Board (BPDB) to provide investment advisory services, conduct financial, technical, legal, and environmental due diligences of infrastructure projects. In future IDCOL is planning to provide advisory services related to Debt and Equity Financing options, Business Valuation and Modeling, Corporate Restructuring, Mergers and Acquisition services etc.

*IDCOL together with Quality Growth Services Pvt. Ltd, India is providing advisory services to BPDB for Designing, Developing, Formulating and Implementing systems on Occupational Health and Safety Assessment Series (OHSAS) and to assist BPDB for obtaining OHSAS 18001:2007 Certification.*



A number of emerging countries all over the world are interested to replicate IDCOL renewable energy model in their respective countries. Considering the huge demand in international market, IDCOL has started providing advisory services and on the job training on rural electrification and renewable energy program implementation to different countries. So far,

IDCOL has arranged Experience Sharing Program for 10 delegation teams from Uganda, Sudan, Guinea, Ethiopia, Mali, Gambia, Niger, Senegal, Mauritania, Cambodia, Pakistan, Nepal, Thailand, UK, and Switzerland. More than 150 senior government and private sector officials were trained under such programs.



*Experience Sharing Program by IDCOL for interested parties to replicate IDCOL renewable energy model*

## Green Financing by IDCOL

Green financing refers to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy. Following the same thought Infrastructure Development Company Limited (IDCOL) has started its journey to contribute and create a more sustainable economy of Bangladesh.

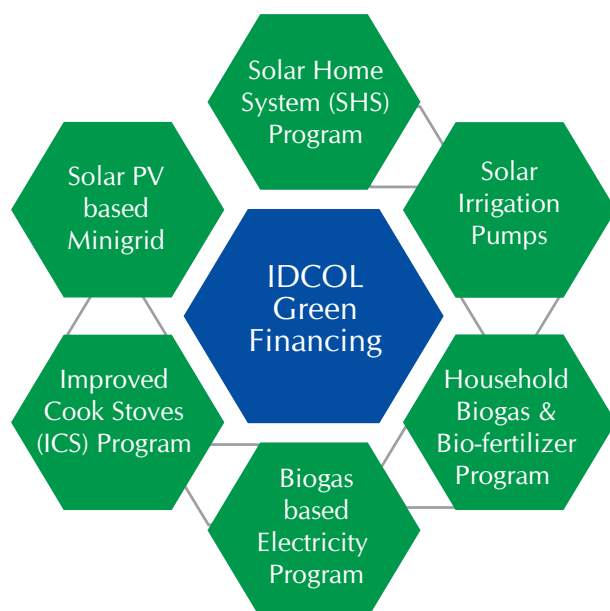
IDCOL is committed to help in ensuring economic development of the country and to improve the

standard of living of the people through sustainable and environmental-friendly investments. Its renewable energy and energy efficiency projects/programs are providing access to sustainable energy services for productive use primarily for people living in remote areas of Bangladesh and contributing to reduction of greenhouse gas emissions by reducing use of fossil fuels.

IDCOL mainly finances Solar Home System (SHS), Solar irrigation, Solar mini-grid, Biogas based electricity, Biogas and bio-fertilizers Program and Grid-tied solar



projects by sourcing fund from various donors. Each of the projects contribute towards the objectives by reducing carbon dioxide emission, avoiding lock-in of long-lived high-carbon capital/infrastructure, increasing house-hold access to low emission energy. These as a result have millions of direct beneficiaries and help to increase the potentiality of Sustainable Development in the following ways:



### Solar Home System (SHS):

- About 4.13 million SHSs have been installed till date providing better quality solar electricity to 18 million people who used kerosene lamps before as well as extra lighting hours at similar cost in the off-grid areas of Bangladesh.
- Easy access to electricity ensures that students in the off-grid rural areas benefit from longer study hours and this substantially increased the number of completed school years. As a result, the country will have a better future as the future generation have increased chance of a better life and living standard.
- The program reduced the consumption of kerosene substantially and thus decreased carbon dioxide emission. This has a positive effect on health as households now suffer less from respiratory diseases.
- Solar electricity also benefits small business as they can enjoy extended operating hours and earn more revenue.
- Rural women can now easily perform household chores and also feel secured during the night hours due to better lighting condition.

### Solar Irrigation:

- 877 solar irrigation pumps installed under IDCOL program are benefiting more than

27,483 farmers living in off-grid rural areas of Bangladesh which in turn contributes to food security through increasing agricultural yield during dry season/drought.

- Having reliable electricity at the right time in the season means farmers' cultivation costs are reduced, since less labor and less fertilizer are needed to prepare the land. Having the opportunity to irrigate the fields on time to increases productivity of land and ultimately boost yield of the farmers.
- With proper availability of irrigation system, farmers can harvest vegetable more than twice during this season which was not possible before. Also irrigation charges offered by the sponsors are lower than that of diesel run pumps. Moreover, farmers have enough free time to do some other works. All these have helped improve their household income.
- Through the replacement of diesel pump, the program also reduces government's burden of fuel subsidy for the agriculture sector as well as for diesel imports, enabling increased public investment in other sectors such as health and education.
- The rural women of Bangladesh besides performing household chores also actively help their husband in agriculture especially during land preparation and seed sowing as these became less burdensome. This allows women to participate more actively in income-generating and social activities, giving them a sense of empowerment.

### Solar Mini-Grid:

- Currently under IDCOL's solar mini grid project rural beneficiaries are purchasing electricity by the means of a prepaid meter. This helps them better monitor their energy consumption and motivates them for energy conservation, thus reducing wastage.
- Due to availability of grid quality electricity at an affordable rate, several educational institutions, health service centers and hospitals, major markets, computer service centers and several commercial enterprises are emerging in the remote off-grid areas, improving the lifestyle of communities.
- With increased electrification and lightning, rural women will be more active in their daily chores after sundown, since it gives them an increased sense of security. Hence many female entrepreneurs are emerging in the remote areas of Bangladesh.
- With the introduction of IDCOL's prepaid meter system based solar mini grid service, the consumers who usually paid more for diesel-



powered micro-grids are now accessing clean energy as per their need at a much lower cost.

### Solar Grid-tied Projects:

- Grid-tied solar projects will generate electricity using sunlight during day-time and supply the generated electricity to national grid, consequently increasing the capacity of the national grid and ensuring demand fulfilment for the subscribers.
- IDCOL arranged financial facilities for Engreen for a 3MWp grid-tied solar project at Sharishabari. The project went to commercial operation on August 02, 2017.
- A massive portion of Government's subsidy on fossil fuel for electricity generation will be saved and national energy security will be sustained.
- Substantial state-of-the art technologies from developed countries will be transferred, facilitating replication and ensuring that Bangladesh follow a low-carbon growth path.

### Biogas & Bio-fertilizer Program

- The Program decreased the use of traditional stoves burning biomass thereby reducing household air pollution. As such, children and women who spent most of the time in the house get relief from health problems.
- The Biogas plants provide gas for cooking purpose which is lowering the usage of firewood and as a result reducing deforestation.
- Bio-slurry, which is generated from biogas plant is a rich source of organic fertilizer. Usage of bio-slurry reduces dependence on chemical fertilizer, contributing to improved soil fertility and food security.

### Biogas Based Power Generation:

- Implementation of such projects will reduce potential environment hazards resulting from improper disposal of poultry, dairy and agriculture wastes.
- Market creation of bio-waste for electricity production, will diversify the source of income of rural households, as they can now earn extra revenue from agricultural and dairy waste.
- Establishment of biogas based electricity plants in the poultry farms reduced dependency on fossil fuel by running captive generators. This gives access to grid quality electricity at low cost.
- The rice husks, a by-product produced out of paddy, can also be utilized for electricity generation through the gasification process

### Improved Cook Stoves (ICS):

- Indoor Air Pollution (IAP) resulting from traditional cook stoves affects 143 million people

in Bangladesh and contributes to 107,000 premature deaths per year. IDCOL with support from the World Bank and the Government of Bangladesh started Improved Cook Stove (ICS) Program in 2013 with dissemination target of 1 million ICS by December 2018.

- The objectives of the program are to reduce GHG emissions, solid fuel used for cooking and the impact of Indoor Air Pollution (IAP) - which substantially affects women and children - by creating a sustainable market-based approach towards adoption of higher efficiency cook-stoves in the country.
- The program achieved the initial target of 1 million ICS in Bangladesh almost two years ahead of the project completion period in January, 2017.
- IDCOL is now implementing phase-II of the program for disseminating a total of 5 million ICS by 2021.

## Green Climate Fund

At the 2009 UN Climate Change Conference in Copenhagen, the developed countries committed to jointly mobilize 100 billion USD a year by 2020 to address the needs of developing countries and to help them adapt to climate change and grow in a climate-compatible manner. The new Green Climate Fund will play a key role in the process and a significant portion of this commitment will flow through the GCF.

In order to access GCF, the National Designated Authority (NDA) of Bangladesh that is the Ministry of Finance, nominated IDCOL to go through the accreditation process to become a National Implementing Entity (NIE), to administer the GCF funds and manage the local projects.

Following an accreditation process of twenty-two (22) months, IDCOL was approved to become a National Implementing Entity (NIE) in the 17th Board meeting of GCF held on 6th July 2017. IDCOL has been accredited for the funding instrument of Senior Loan and can receive financing of up to 250 million dollars from GCF.

As an accredited entity, IDCOL will be able to access the GCF fund directly for any climate change mitigation/adaptation project to be implemented in Bangladesh. IDCOL will be able to channel the fund directly to private/public sector entity or through private sector banks and financial institutions. IDCOL will shortly execute Accreditation Master Agreement (AMA) with GCF. Subsequently, project specific Funded Activity Agreement (FAA) will be executed for each approved project proposal of IDCOL.





## Events and Achievements



**IDCOL organized the international workshop and exhibition on renewable energy named Practitioners Platform during 19-21 November, 2017 at Pan Pacific Sonargaon Hotel, Dhaka**

Renewable Energy Practitioners' Platform Workshop along with Renewable Energy Technology Exhibition took place at Pan Pacific Sonargaon, Dhaka from 19th November to 21 November 2017. The event was hosted by Infrastructure Development Company Ltd (IDCOL) with support from German Development Cooperation through KfW. AEPC with Nepal as the co-organizer of the event. Mr. Nasrul Hamid, MP, Honorable State Minister for Ministry of Power, Energy and Mineral Resources inaugurated the event as the Chief Guest.



**IDCOL secured Second Position under public sector entities category in the 17<sup>th</sup> ICAB National Award for Best Presented Annual Reports-2016.**

IDCOL secured Second Position under public sector entities category in the 17<sup>th</sup> ICAB National Award for Best Presented Annual Reports-2016. Mohammad Javed Emran received the award on behalf of IDCOL from Honorable Finance Minister Mr. Abul Maal Abdul Muhith MP at an award ceremony organized in Pan Pacific Sonargaon, Dhaka on 25<sup>th</sup> November 2017.



IDCOL's 20<sup>th</sup> Annual General Meeting held on 10 June 2017 at The Westin Dhaka.



**IDCOL distributed 1,000 Improved Cook Stoves and 500 Solar Lantern among Rohingyas at the Balukhali, Ramu, Ukhiya on Wednesday, 18 October 2017**

Infrastructure Development Company Limited (IDCOL) distributed relief among devastated Rohingyas at the Balukhali, Ramu, Ukhiya on Wednesday, 18 October 2017. Company Secretary M. Maftun Ahmed and Vice President Mr. Nazmul Haque Faisal officially handed over the reliefs to the Bangladesh Army Personnel. As part of the CSR activities, the company distributed 1,000 Improved Cook Stoves and 500 Solar Lantern worth of BDT 10 lakhs

**Infrastructure Development Company Limited (IDCOL) distributed food to flood victims of Fulchori Upazila, Gaibandha on 20 September 2017.**

IDCOL stood beside the flood victims of the northern region of Bangladesh where there was no electricity or food after the country was hit with severe rain and flood. IDCOL distributed food among the flood victims of Fulchori Upazila, Gaibandha on 20 September 2017.







IDCOL signed MoU with the Ministry of Disaster Management and Relief (MoDMR) for implementation of renewable energy projects under TR/KABITA Fund



**IDCOL awarded as the Winner for Best Presented Annual Reports Awards and SAARC Anniversary Awards for Corporate Governance Disclosures-2016 in the category of Public Sector Entities by the South Asian Federation of Accountants**

IDCOL was awarded with the SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures-2016 under Public Sector Entities category. Mr. M Maftun Ahmed, Company Secretary, IDCOL and Mr. M Mizanur Rahman, Unit Head, Finance & Accounts, IDCOL received the award from Nepal's Finance Secretary Shankar Prasad Adhikari and SAFA President Dr Suvod Kumar Karn at an awarding ceremony held at Hotel Soaltee Crowne Plaza in Kathmandu on 31 January 2018. IDCOL won the award in the South Asia outshining counterparts in India, Sri Lanka, Pakistan, Nepal, the Maldives, Bhutan and Afghanistan. This award has been conferred on IDCOL on the basis of evaluation administered by SAFA's Committee for Implementation in Transparency, Accountability and Governance.



### **Inauguration of IDCOL Technical Monitoring Facility**

A Technical Monitoring Facility located in Monipuri Para, Dhaka, was established by Infrastructure Development Company Limited (IDCOL) and inaugurated on 28 December 2017 where Chairman of IDCOL, Mr. Kazi Shofiqul Azam, Secretary, Economic Relations Division, and Ministry of Finance was present as the chief guest. In addition to CEO of IDCOL, Mr. Mahmood Malik and Dr. M. Rezwan Khan Professor department of EEE of United International University (UIU) and other IDCOL officials, representatives from several government organizations including UGC, EPRC, Atomic Energy Commission, BUET and International development organizations like KFW, GIZ and renowned renewable energy experts of the country were present in the event. The facility was established to further strengthen the quality assurance process of its different Renewable Energy initiatives. The facility was equipped to conduct essential performance tests of wide range of products which are used in different renewable energy initiatives such as solar panel, battery, loads, biogas and improved cook stoves, among others, in both field and laboratory set-ups.



### **IDCOL will arrange USD 135 million for 3 liquid fuel power plants having combined capacity of 280MW**

IDCOL recently signed a term sheet with Confidence Group to raise USD 135 million term loan facility for establishment of three HFO fired IPP power plants in Bogra, Rangpur, and Chittagong having combined capacity of 280 MW at an estimated cost of USD 200 million with brand new European engines from MAN and Rolls-Royce. All power projects are expected to go into commercial operation by 2019.





#### **19th Financial Modeling Training Program of IDCOL**

Infrastructure Development Company Limited (IDCOL) organized its “19<sup>th</sup> Financial Modeling Training Program” during Nov 7-9, 2017 at IDCOL Head Office. 19 professionals from various banks, financial institutions and corporate houses attended the training program. Mr. S.M. Monirul Islam, Deputy CEO & CFO of IDCOL was present as chief guest in the certificate awarding ceremony.



#### **Contract signing between IDCOL and ERNST & YOUNG LLP, INDIA under energy efficiency & conservation promotion financing project**

IDCOL signed a contract with Ernst & Young LLP, India under ‘Energy Efficiency & Conservation Promotion Financing Project’. As per the contract, Ernst & Young will support IDCOL in identifying, appraising and financing eligible energy efficient projects in Bangladesh and also carry out capacity building activities for IDCOL employees. The Project, funded by JICA, is expected to promote energy efficient industrial equipment in Bangladesh and reduce electricity load in national grid.

Mr. Mahmood Malik, Executive Director & CEO, IDCOL and Mr. Sanjoy K Gupta, Partner, Advisory - Government & Public Sector, Ernst & Young LLP, India signed the contract on behalf of their respective organizations on 01 August, 2017 at IDCOL Head Office, Dhaka. Other senior officials of IDCOL were also present



### **Midland Bank and IDCOL jointly signed mandate for raising fund against syndicated term loan facility for Kushiya Auto Bricks Limited**

Midland Bank Limited (MDB) and Infrastructure Development Company Limited (IDCOL) jointly signed mandate for raising fund against syndicated term loan facility for an auto brick project namely Kushiya Auto Bricks Limited (KABL). Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of MDB, Mr. Mahmood Malik, Executive Director & CEO of IDCOL and Mr. Md. Motiur Rahman, Managing Director of KABL signed the agreement on behalf of their respective organizations at a simple ceremony held at Bank's Head Office, Dhaka on 25<sup>th</sup> July 2017.



### **IDCOL and Ricardo Jointly Organized Conference on “Unlocking Solar IPP Investments in Bangladesh”**

Infrastructure Development Company Limited (IDCOL) and Ricardo Energy & Environment (Ricardo) jointly organized a conference on “Unlocking Solar IPP Investments” on 26 July 2017 (Wednesday) at Pan Pacific Sonargaon Dhaka (107 Kazi Nazrul Islam Avenue, Dhaka 1215, Bangladesh). The program was organized to bring in different stakeholders to identify possible challenges in developing and financing Solar IPP projects in Bangladesh as well as suggest suitable mitigation measures to overcome such challenges, based on global best practices. More than 70 participants from different bank, sponsors and government organizations participated in the captioned conference.





#### **IDCOL invested USD 45 million to “Summit Barisal Power Limited” and “Summit Narayangonj Power Unit II Limited”**

Infrastructure Development Company Limited (IDCOL) financed two power projects of Summit Group – Summit Barisal Power Limited (a 110 MW HFO based power plant at Rupatoli Barisal) and Summit Narayangonj Power Unit II Limited (a 55 MW HFO based power plant at Madanganj Narayanganj).

IDCOL was the lead lender with an investment of USD 30 million to the Barisal project along with USD 20 million investment from Islamic Corporation for the Development of the Private Sector (ICD). On the other hand, IDCOL was the lead lender with an investment of USD 15 million to the Narayanganj project along with USD 12.64 million investment from OPEC Fund for International Development (OFID).



#### **Training on Infrastructure Financing-The Role of PPP , Jointly Organized by IDCOL & PPP Authority**

Infrastructure Development Company Limited (IDCOL) and Public Private Partnership (PPP) Authority, Bangladesh jointly organized a training program on “**Infrastructure Financing: The Role of PPP**” during **12-13 February 2017** at **IDCOL Head Office** (UTC Building, Level 16, 8 Panthapath, Kawran Bazar, Dhaka-1215). The program was intended to build capacity of its potential stakeholders regarding the concept, development & financing of PPP based investments in Bangladesh. 32 professionals from various banks, financial institutions and corporate organizations actively participated in the training program. The training was expected to be a stepping stone to garner greater participation among local sponsors in undertaking PPP projects and initiate suitably customized financing solutions from the financial community.



#### **IDCOL financed Solar Roof Top Projects of Paragon Poultry Ltd**

Infrastructure Development Company Limited (IDCOL) signed Financing Agreement with Paragon Poultry Limited (PPL) on 31 August 2017 for setting up 723 kWp solar panels on roof-tops of poultry sheds of PPL. The Project will be located at Baniarchala, Bhabanipur, Gazipur and the generated electricity will be used in adjacent feed mill and plast fiber units of PPL. Once completed the project will save electricity expenses by reducing electricity consumption from grid and diesel genset. Total cost of the project is BDT 58.14 million of which IDCOL will provide BDT 46.52 million as soft loan with an interest rate of 6% and 10 years tenure.

Bangladesh has potential to generate more than 1,000 MW of electricity from solar roof top projects. At present there are more than 20 such projects in IDCOL’s pipeline with an estimated capacity of 17 MW of electricity.





Corporate  
Governance



IDCOL is committed to high standards of corporate governance and have a corporate governance framework which supports our long-term performance and sustainability as well as protects and enhances our stakeholders' interests. IDCOL believes that the effective governance is achieved through a culture of transparency and openness between Management, Board and across the organization. We regularly review

our corporate governance arrangements and practices to ensure they reflect developments in regulation, market practice and stakeholder expectations. This section while detailing the required governance and regulatory assurances and disclosures also provides an insight into how governance operates at IDCOL and how effective governance supports and guides our culture and behavior.

## Shareholding Structure

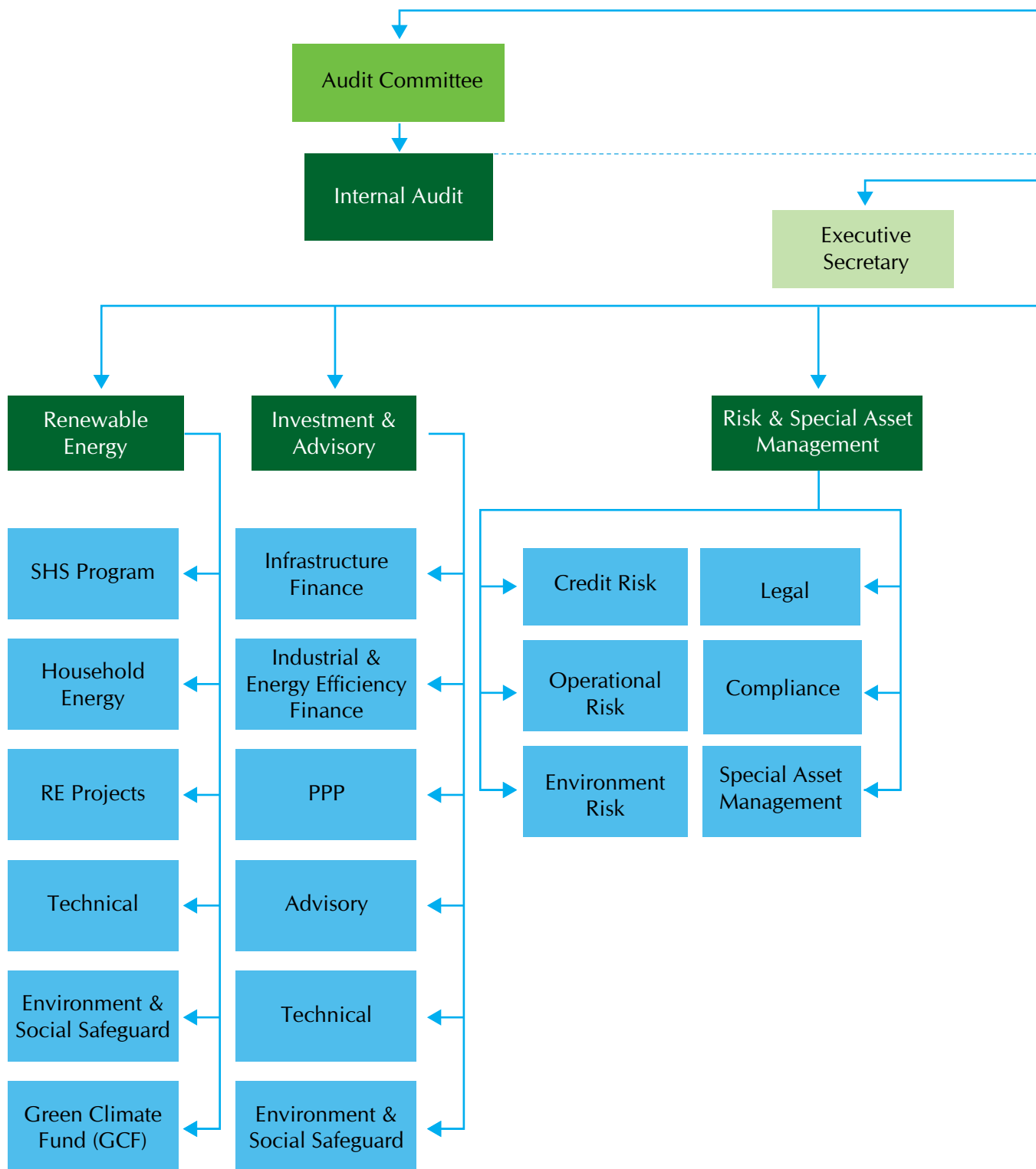
IDCOL is committed to ensure that the board is comprised of members as per the criteria set out by the mandate of the government, also consider their contribution and conduct at board meeting. IDCOL is managed by a nine member independent Board

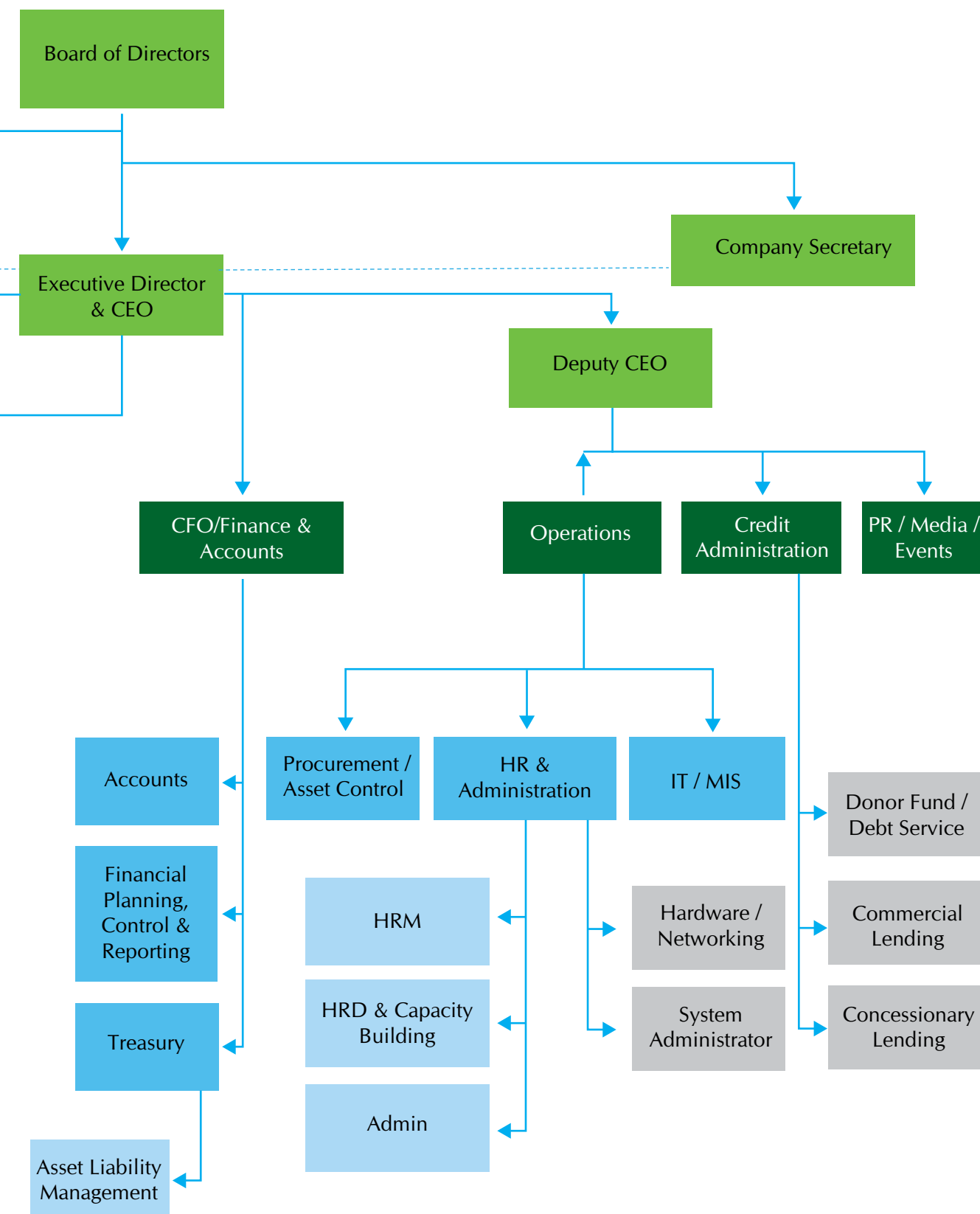
of Directors comprising five senior government officials and three prominent entrepreneurs from the private sector nominated by the Government and an appointed full time Executive Director & Chief Executive Officer.

Senior Government Officer	5
Prominent Entrepreneurs from private sector	3
Executive Director and Chief Executive Officer	1

Name of shareholders	No. of shares as at December 31, 2017	Total face value of share holdings (Taka) as at December 31, 2017
<b>Existing Shareholders</b>		
Economic Relations Division (ERD), Ministry of Finance, Government of the People's Republic of Bangladesh	54,999,000	5,499,900,000
Kazi Shofiqul Azam	500	50,000
Md Nojibur Rahman	50	5,000
Md. Mozammel Haque Khan	50	5,000
Mohammad Muslim Chowdhury	50	5,000
Dr. Ahmad Kaikaus	50	5,000
Md. Shah Kamal	50	5,000
Shubhashish Bose	50	5,000
Nihad Kabir	50	5,000
Abdul Haque	50	5,000
Waliur Rahman Bhuiyan	10	1,000
Sajjadul Hassan	50	5,000
Mahmood Malik	40	4,000
<b>Total</b>	<b>55,000,000</b>	<b>5,500,000,000</b>
<b>Board Members who retired during 2017</b>		
Mr. Mohammad Mejbauddin, Chairman	550	55,000
Mr. Mahbub Ahmed, Director	50	5,000
Mr. Monowar Islam ndc, Director	50	5,000
Mr. Hedayetullah Al Mamoon ndc, Director	100	10,000
Ms. Suraiya Begum ndc	50	5,000

## Organogram





## Board of Directors



**Mr. Kazi Shofiqul Azam**  
Chairman, IDCOL

**Mr. Md. Shah Kamal**  
Director, IDCOL

**Dr. Ahmad Kaikaus**  
Director, IDCOL

**Mr. Mohammad Muslim Chowdhury**  
Director, IDCOL





**Mr. Sajjadul Hassan**  
Director, IDCOL

**Ms. Nihad Kabir**  
Director, IDCOL

**Mr. Abdul Haque**  
Director, IDCOL

**Mr. Waliur Rahman Bhuiyan, OBE**  
Director, IDCOL

**Mr. Mahmood Malik**  
Executive Director & CEO

## Profile of Directors



### Mr. Kazi Shofiquil Azam

Chairman, IDCOL

Secretary, Economic Relations Division (ERD), Ministry of Finance

Kazi Shofiquil Azam became Secretary of the Economic Relations Division (ERD), Ministry of Finance on 10 July 2017. Prior to this he was the Additional Secretary, ERD and headed the World Bank and Administration & Middle East Wing one after another. Having joined the Bangladesh Civil Service as a member of Audit and Accounts cadre in 1983, he held several important positions in different Ministries and Divisions of the government. He had served as Joint Secretary (Budget) in Finance Division, Director (Finance) in BSFIC, Deputy Secretary (Development Budget) in Finance Division, Additional Controller General of Accounts, Director (Finance) of National Nutrition Project, Director, Works Audit Directorate, Chief Accounts Officer in Ministry of Home Affairs, Ministry of Health and Family Welfare etc.

As Secretary, ERD, he represents the government in different local, regional and global platforms. He is an Alternate Governor of World Bank Group, Asian Development Bank and Asian Infrastructure Investment Bank (AIIB). He acts as the National Designated Authority (NDA) to the Green Climate Fund. He is a member of Board of Directors of International Centre for Diarrhoeal Disease Research, Bangladesh (icddr) and the Chairman of Infrastructure Investment Facilitation Company (IIFC). Presently he is also holding the directorship of the Boards of Basic Bank Ltd., Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd. (SABINCO) and Bangladesh Foreign Trade Institute. He has recently been elected as IDB Executive Director in its Board. Mr. Azam also steers the development effectiveness agenda at the national, regional and international levels.

He obtained his Bachelor and Masters degrees from the Department of Finance, University of Dhaka. He also holds an INTOSAI Development Initiative (IDI) Diploma on Course Design and Instructional Technique organized by Asian Organization of Supreme Audit Institute in Bangkok and has been recognized as an IDI Training Specialist.

He is a prolific lecturer on rules & regulation governing budgeting & expenditure control, fund release procedure, delegation of financial power etc. And is also widely known for his literary works. His works are regularly published in national dailies and in 'Omar Ekushe Book Fair' for last couple of years. So far he has authored seven books.



### Mr. Md. Shah Kamal

Director, IDCOL

Secretary, Ministry of Disaster Management and Relief

Md. Shah Kamal Has been serving as Secretary, Ministry of Disaster Management and Relief since 2015. He obtained B.Com (hons) M.com degree with first class from university of Dhaka. He is an officer of BCS (Bangladesh civil service) administration cadre 1984 batch joined in civil service in 1986. He has served in different capacity in field administration and policy sphere of government of Bangladesh. He was Assistant Commissioner and Magistrate, Gazipur, Upazila Magistrate, Sreepur, Kaligang, Gazipur Shadar, Upazila Nirbahi Officer, Brahman Baria Sadar, Additional Deputy Commissioner Sariatpur, Deputy Commissioner Kishoregonj, Joint secretary, Ministry of Primary and Mass Education. He was the first administrator of Narayanganj City Corporation, he also served as Administrator of Gazipur City Corporation, He also served as Additional Secretary in Ministry of Primary and Mass Education and Local Government Division. He is involved in many social and humanitarian organizations. He is now serving as the National Commissioner (SD) of Bangladesh Scouts. He has been awarded "Golden Tiger" and "Silver Hilsha", the top most national level medal for extra ordinary contribution in Scouts activity. He has participated and contributed in many international seminar, workshop, conference and meeting for Government of Bangladesh. He was trained from different reputed universities and training institute of home and abroad, such as Harvard University, USA, University of Copenhagen, Denmark, University of Korea, Seoul, Wolverhampton University, England, National University Singapore, London School of Economics, Srampatum University, Thailand, Civil Officers Staff College, Singapore. Administrative college, China etc. He has expertise on project management, disaster management and Local Government System. He is a recognized professional expert on Local Government of Bangladesh.





## **Dr. Ahmad Kaikaus**

**Director, IDCOL**

**Secretary, Power Division**

**Ministry of Power, Energy and Mineral Resources**

Dr. Ahmad Kaikaus joined the Power Division, Ministry of Power, Energy and Mineral Resources as Secretary-in-Charge on 15 December, 2016 and on 23 February, 2017 he took over the office of Secretary. Prior to joining the Power Division, Dr. Ahmad worked for 3 years as the Deputy Chief of Party of the Policy Research and Strategy Support Program (PRSSP) at the International Food Policy Research Institute (IFPRI), which was funded by the United States Agency for International Development (USAID). He has an unusual combination of civil service experience and high academic accomplishments with solid empirical research involvement. His civil service career provided him a unique opportunity to work in diverse places encompassing both rural and urban areas, regulatory and development agencies, and local government as well as ministerial positions. His academic and research background, on the other hand, made him well conversant of the development policy perspectives.

Dr. Kaikaus received his Master of Arts degree in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA, and PhD in Public Policy and Political Economy from the University of Texas at Dallas, Texas, USA. His research focus covers interdisciplinary subjects such as governance, poverty, development, labor market, migration, etc. Dr. Ahmad has published research papers and survey reports for IFPRI. One of the significant journal articles was in the World Development Journal on the structural transformation in Bangladesh economy. He has expertise on developing questionnaires and sampling frames for surveys. Along with his current government responsibilities, he is also researching on cluster-based economic transformation, fish value chain, rural nonfarm economy, and public expenditure for economic development.

Dr. Ahmad Kaikaus joined the Administration Cadre of Bangladesh Civil Service on 21 January 1986. He has worked different levels of field administration such as Assistant Commissioner, Upazila Magistrate, and Upazila Nirbahi Officer. He also worked on deputation in several organizations that include Directorate of Accommodation, Department of Narcotics Control and Bangladesh Services Limited. At the Ministerial level, Dr. Ahmad worked for the Ministry of Public Administration, Ministry of Post and Telecommunications, Economic Relations Division, Additional Secretary, Power Division and Chairman Bangladesh Energy and Power Research Council (EPRC). Kaikaus also worked as part-time faculty at Collin County Community College in Texas, USA and at the American International University, Bangladesh. He regularly attends as guest speaker at the Public Administration Training Centre, Bangladesh Civil Service Academy, and the Dhaka University.



## **Mr. Mohammad Muslim Chowdhury**

**Director, IDCOL**

**Secretary, Finance Division, Ministry of Finance**

Mohammad Muslim Chowdhury, Secretary, Finance Division, Ministry of Finance is a highly accomplished civil servant with an illustrious career spanning across 32 years. Having an in depth and broad-based knowledge and experience on matters of Public Financial Management, Administration and Governance, he belongs to the Bangladesh Civil Service (Audit and Accounts Cadre) 1984 batch. Prior to assuming the office of Finance Secretary in October, 2017, Mr. Chowdhury has served as Additional Secretary, Joint Secretary and Deputy Secretary to the Finance Division. He has held various positions under the Office of the Comptroller and Auditor General, Controller General of Accounts and Controller General Defence Finance.

Academically, he holds a Master of Science (MSc) in Finance and Accounting with distinction from the University of Birmingham, UK. He graduated with a Bachelor degree in Commerce (B Com Hons) and Master of Commerce (M Com) in Accounting from the University of Chittagong, Bangladesh.

A Civil Servant with long and illustrious career, Mr. Chowdhury has pioneered the Public Sector Financial Management Reform and was awarded the "Public Administration Award-2017" for his contribution to the improvement of Public Service delivery system. He is passionate about introducing e-Governance in Finance and continues to be engaged in supervisory role at the IFMIS (iBAS + +) development and implementation process. He has also been actively involved in the initial formulation and implementation of PPP Framework in Bangladesh and drafted the PPP Strategy and Policy issued by the Government of Bangladesh.





### Mr. Sajjadul Hassan

Director, IDCOL

Secretary in Charge to the Prime Minister's Office (PMO)

Mr. Sajjadul Hassan is the current Secretary in Charge to the Prime Minister's Office (PMO). Prior to his current position he was appointed as the Private Secretary to Prime Minister at the PMO for almost three years.

Being a BCS Cadre Officer of the 85th Batch, Mr. Hassan had served in various important Government positions since 1988.

He initially held the position of Assistant Commissioner (Land) for District Commissioner (DC) office of Jamalpur, Bakshiganj and Divisional Commissioners office Dhaka, respectively for almost five years from 1988 to 1993.

Later he joined as Nezarat Deputy Collector, in the District Commissioner (DC) office Narayanganj on October 21, 1993 and served there for more than four years.

In March 1997, Mr. Hassan was posted to Ministry of Agriculture as Senior Assistant Secretary and there he attended more than three years, before moving on to Ministry of Establishment, where he was posted as OSD for Foreign Training. Mr. Hassan continued this position for almost 2 years and in 2004 he took over the role of Upazila Nirbahi Officer of Kapasia, Gazipur, for another two years. Then became the Additional Deputy Commissioner of the District Commissioners (DC) office, Mymensingh, from April 06, 2004 to January 25, 2006.

For about an eight months, Mr. Hassan also led the role of Senior Assistant Secretary in Ministry of Establishment and was also the OSD (DY. Secretary) in the same ministry.

He was also the Secretary of National Housing Authority and Deputy Commissioner of DC office Cox's Bazar and Sylhet.

In 2010, Mr. Hassan became the Director to Prime Minister's Office and after serving for two years he became the OSD (Joint Secretary) to Ministry of Public Administration and was also attached to PMO as an OSD. He was also the Joint Secretary of Road Division for almost two years and later became Divisional Commissioner of Sylhet.

Moreover, Mr. Hassan is an Agricultural Economist, who have completed his M.Sc. in Agricultural Economics from Bangladesh Agriculture University (BAU) and further obtained a foreign advanced degree from University of Western Sydney.



### Ms. Nihad Kabir

Director, IDCOL

Ms. Nihad Kabir is an advocate of the Supreme Court of Bangladesh. After completing her BA and MA in Law at Cambridge University in England, she was called to the Bar of England and Wales in 1989. She returned to Bangladesh shortly after, and joined the chambers of Syed Ishtiaq Ahmed and Associates, where she is now a senior partner. Ms. Kabir's area of expertise has been corporate commercial law, but she has used her knowledge of law in a variety of other fields. She has been a consultant at the Asian Development Bank, she is currently a member on the panel of experts for the Padma Bridge Project, a member of the World Bank South Asia Chief Economist's Advisory Council, the Current Secretary General of Ain O Salish Kendra (Law and Mediation Centre), Independent Director at Brac Bank, Director at bKash, Director at Palli Karma-Sahayak Fundation (PKSF) and Independent Director at Square Pharmaceuticals Limited—to name just a few. Previously she was also a member of the National Education Policy Committee of Bangladesh.



## Mr. Abdul Haque

Director, IDCOL

Mr. Abdul Haque is the Managing Director and proprietor of Haq's Bay Automobiles Limited and the Director of Asia Pacific General Insurance Co. Limited. He is also the Honorary Consul, Consulate of the Republic of Djibouti in Bangladesh and was recognized as a Commercially Important Person (CIP) four times by the Government of Bangladesh for his outstanding performance in trade and business in the country.

Mr. Abdul Haque is deeply involved in different trade bodies at home and abroad. This background drove him towards building and promoting Japan-Bangladesh relationship. With a view to expedite trade and investment between Japan & Bangladesh, SHOO-KOO-KAI (The Japanese Commerce & Industry Association in Dhaka) appointed him as the Special Adviser, External Affairs. Business communities of Bangladesh elected him as the Director of Executive Committee of the Federation of Bangladesh Chambers of Commerce and Industry for six times with popular vote. He is the former President of Japan Bangladesh Chamber of Commerce & Industry, founder and former President of Bangladesh Reconditioned Vehicles Importers & Dealers Association, and former Co-chairman of JBCCEC. He was also member of Executive Committee of SAARC Chamber of commerce and Industry. He also served as a member of the Board of Directors of Bangladesh Road Transport Authority, Janata Bank and Teletalk Bangladesh Ltd.

Mr. Haque is also involved in many philanthropic works and voluntary services among which he is the Member of Foundation of Independent University, Bangladesh (IUB), Chairman of Foundation of Shaher Banu Ideal School & College, Barura, Comilla; Chairman of Munshi Jinnat Ali Welfare Trust and Chairman of Projukti Peeth (Socio-Economic Dev. Centre), Barura, Comilla.



## Mr. Waliur Rahman Bhuiyan, OBE

Director, IDCOL

Mr. Waliur Rahman Bhuiyan is an active member of the business community. Presently he is the Executive Board Member of International Chamber of Commerce (ICC). Besides this he is the Director of Linde Bangladesh Limited, ACI Limited, and Eastland Insurance Company Limited, and also the current adviser of Robi Axiata Limited.

In the year 2007 he was decorated with Order of British Empire (OBE) by Her Majesty The Queen of Great Britain. And in July 2008, Mr. Bhuiyan served as Honorary Consul General of Finland in Bangladesh.

Mr. Bhuiyan's social engagement for the development of poor people in remote and unaddressed communities of Bangladesh is reflected through his participation as the Chief Adviser of Friendship, a Non-Government Organization, working in the remote areas of northern Bangladesh for creating equal opportunity for the underprivileged of the country.

Mr. Bhuiyan's former positions include Managing Director, BOC Bangladesh Ltd.; Adviser, Linde Bangladesh Ltd.; President, Foreign Investors' Chamber of Commerce & Industry (FICCI); Member, Bangladesh Better Business Forum; Director, Biman Bangladesh Airlines and Director, Chittagong Stock Exchange.

Born in 1952, Mr. Bhuiyan obtained a Masters in Economics and an MBA from University of Dhaka and was the Academic Council Member of BRAC University.



## Mr. Mahmood Malik

Executive Director & CEO

Mr. Mahmood Malik is the Executive Director and CEO of Infrastructure Development Company Limited. Mr. Malik, a career banker, started his banking career with American Express Bank, Bangladesh in 1992 as relationship manager for Institutional Banking and joined Standard Chartered Bank in 1995. In 2003 he moved to Standard Chartered Bank, Dubai as the Regional Head of Transaction Sales for Financial Institutions for Middle East and South Asia. Before joining IDCOL he served as the Managing Director of Bangladesh Industrial Finance Company Limited (BIFC) and Industrial and Infrastructure Development Finance Company (IIDFC). Mr. Malik has extensive multinational, private sector domestic and international banking experience. He has an MBA in International Business and Marketing from University of Houston, Texas, USA.



## IDCOL Team







## Profile of Management

### Mr. S. M. Monirul Islam

Deputy CEO and CFO



Mr. S. M. Monirul Islam joined IDCOL in 1998 and worked as a key resource person of the Company since its inception. Mr. Islam holds substantial wealth of experience in financial management and he is an expert in negotiating and managing funds from the government and various development partners. He has been managing, apart from the company's own resources, about USD1 billion of development funds, in the forms of credit and grant, raised from development partners like The World Bank, Asian Development Bank (ADB), Islamic Development Bank (IDB), UK Department for International Development (DFID), German Development Bank (KfW), German Development Cooperation (GIZ), SNV - Netherlands Development Organisation, Global Partnership on Output Based Aid (GPOBA), Swedish International Development Cooperation Agency (SIDA), U.S. Agency for International Development (USAID), Bangladesh Climate Change Resilience Fund (BCCRF), etc.

Mr. Islam has been trained, home and abroad, on financial management and reporting, project financing, financial modeling, procurement, project evaluation and monitoring, prevention of money laundering and terrorist financing, micro-finance and ICT. Mr. Islam has led several delegations to different overseas forums and events and represented the organization as well as the country. He presented key notes and addressed a number of national and international seminars and workshops. Mr. Islam is a key person in designing and implementing promotion and capacity building initiatives under the development programs of the organization.

Apart from financial management, Mr. Islam also oversees the operations activities of the organization which include procurement, administration, people management and ICT.

### Mr. Nazmul Haque

Director (Investment) and Head of Advisory

Mr. Nazmul Haque joined IDCOL in 2003 and was involved in structuring and financing of many large infrastructure projects in sectors like power, telecom, toll roads, ports, ICT, etc. Many of these projects were first of its kind in Bangladesh and vital for the national development. Mr. Haque also played a significant role in IDCOL's renewable energy program.

Mr. Haque is a leading expert in Project Appraisal Techniques and Financial Modeling and a key resource person in IDCOL's external training and capacity building initiatives. He has conducted training programs and presented papers in various international symposiums and conferences in Asia, Europe, North America and Africa. Currently, under the newly established Advisory Unit, Mr. Haque is working on replicating IDCOL's success stories in infrastructure and renewable energy development in a number of emerging African countries.



### Mr. Md. Enamul Karim Pavel

Head of Renewable Energy



Mr. Md. Enamul Karim Pavel joined IDCOL in 2004 and played a key role in development and implementation of IDCOL's renewable energy programs and projects i.e. solar home system program, solar irrigation program, domestic biogas program, improved cook-stoves program, solar mini-grid, biogas and biomass based electricity projects, etc. IDCOL's solar home system program is the largest off-grid renewable energy program in the world, which is providing electricity to 10% population of the country living in off-grid areas of rural Bangladesh. He is also leading the renewable energy team to promote other renewable energy technologies in Bangladesh.

Mr. Pavel regularly negotiates with the development partners to arrange necessary financing for IDCOL's activities. He also maintains liaison with relevant Ministries/Departments of the Government of Bangladesh. He is an expert in Financing Modeling and a Faculty in Financing Modeling course regularly offered by IDCOL. As an expert in renewable energy financing he trained officials from various African countries. Earlier, he also worked as the Head of Loan Department in addition to renewable energy activities.

Before joining IDCOL, he served in various administrative positions in the Government of Bangladesh and as a Marine Engineer in Bangladesh Shipping Corporation.



### Mr. Mohammad Javed Emran

#### Chief Risk Officer

Joined in 2017, Mr. Mohammed Javed Emran is the first CRO of IDCOL. He is playing a vital role in embedding risk management culture throughout the organization. Under his leadership, the Credit Risk Management unit, Compliance unit, Special Asset Management Division and the Legal unit is ensuring the best possible measures to safeguard IDCOL's assets.

Mr. Javed started his career as Management Trainee Officer in Dhaka Bank Limited and in his long tenor with the bank, he was the credit incharge of Islampur Branch and eventually was posted to the Syndication & Structured Finance Unit. Later in his career, he worked in the Structured Finance Unit of The City Bank Limited for a short period, after which he joined Trust Bank Limited where he was the impetus to the formation and development of Syndication & Structured Finance Unit. Prior to joining IDCOL he was the Head of Syndication & Structured Finance Unit managing over BDT 10 billion portfolio in various sectors like, power, telecom, textiles, pharmaceuticals, paper, iron & steels and hotel & resorts, hospitals, etc.

Mr. Javed completed his Bachelor's and Master's in Economics from University of Dhaka. He earned his MBA (Finance) from Institute of Business Administration (IBA), University of Dhaka. He has also participated in various trainings and workshops across the globe.

### Mr. M. Maftun Ahmed

#### Company Secretary

Mr. M. Maftun Ahmed joined IDCOL in 2011 and worked as a key resource person of the company. He has vast experiences in company affairs and human resource management as he worked in different institutions over the years. He is involved in organizing the Board and other statutory meetings of the company and has performed all the company affairs under the Companies Act 1994. He is also responsible to supervise the implementation of compliance of different directives and regulations required by the Board of Directors. In addition, he works as a liaison with various regulatory bodies i.e. Bangladesh Bank, Auditors and Registrar of Joint Stock Companies, etc. He also oversees and manages the overall internal and external compliance issues and human resource management of the company.

M. Maftun Ahmed has completed M.Com (Accounting) from University of Rajshahi in 1997. He has completed MBA (Fin. & Banking) from a private university in 2009. In addition, he obtained MAAT from The Association of Accounting Technicians of Bangladesh in 2009.

Before joining IDCOL, Mr. Ahmed served as Company Secretary at Infrastructure Investment Facilitation Company (IIFC) from 2001 to 2011.





## Renewable Energy Department







#### **Sitting from Left:**

**Mr. Md. Nazmul Haque**, Unit Head, Corporate Affairs and Promotion & Capacity Building  
**Mr. Md. Wahidur Rahman**, Unit Head, Technical, Renewable Energy  
**Mr. Md. Enamul Karim Pavel**, Head of Renewable Energy  
**Ms. Farzana Rahman**, Unit Head, Renewable Energy  
**Dr. Ahmedul Hye Chowdhury**, Environmental Specialist, Renewable Energy  
**Mr. Md. Serajul Hossain**, Unit Head, SHS Program

#### **Standing in First Row from Left:**

**Ms. Kamrunnahar Nitol**, Senior Officer, Relationship, Biogas & Bio-fertilizer Program  
**Ms. Fariha Jannat**, Assistant Manager, SHS Program  
**Ms. Syeeda Yeasmeen Meer**, Assistant Manager, Renewable Energy  
**Ms. Mithila Sanhita Majumder**, Senior Officer, SHS Program  
**Ms. Lina Binta Ataur Rahman**, Senior Officer, SHS Program  
**Ms. Mafruda Rahman**, Assistant Manager, Green Climate Fund  
**Ms. Tanushka Mumtahina Billah**, Management Trainee, Green Climate Fund  
**Ms. Sanjidaa Hoque**, Senior Officer, Relationship, ICS Program  
**Ms. Sadia Raisa Khan**, Management Trainee, Renewable Energy

#### **Standing in Second Row from Left:**

**Mr. Likhon Amin**, Management Trainee, Relationship, ICS Program  
**Mr. Mokaddim Jashim Bhuiyan**, Senior Officer, SHS Program  
**Mr. Rashed Rahman Khan**, Assistant Manager, SHS Program  
**Mr. Shuvajit Mandal**, Assistant Manager, Renewable Energy  
**Mr. Kazi Ahsan Uddin**, Assistant Manager, Renewable Energy  
**Mr. Fuad Sakib**, Management Trainee, Technical, Renewable Energy  
**Mr. A F M Shahed**, Unit Head, ICS Program  
**Mr. Md. Abdullah Hell Baki**, Assistant Manager, ICS Program  
**Mr. Md. Jobair Bin Habib**, Management Trainee, Renewable Energy  
**Mr. Rasel Ahmed**, Manager, Promotion and Capacity Building  
**Mr. Asif Hasan**, Assistant Manager, Biogas & Bio-fertilizer Program

#### **Standing in Third Row from Left:**

**Mr. Mukaddim Sarwar**, Assistant Manager, Renewable Energy  
**Mr. Shibli Mohammad Faiz**, Manager, Biogas & Bio-fertilizer Program  
**Mr. Asif Shahriar**, Senior Officer, Renewable Energy  
**Mr. Junaed Tazdik**, Assistant Manager, SHS Program  
**Mr. Hassan Muhaiminul Aziz**, Assistant Manager, Renewable Energy  
**Mr. Faisal Mahmud Khan**, Management Trainee, Renewable Energy  
**Mr. Debashish Bishwash**, Management Trainee, Renewable Energy  
**Mr. Mohammad Imran Hossain**, Manager, Renewable Energy

#### **Not In the Picture:**

**Mr. Molla Anisur Rahman**, Manager, SHS Program  
**Mr. Md. Abdullah Al Matin**, Assistant Manager, Technical, Renewable Energy  
**Mr. Md. Belal Siddiqui**, Assistant Manager (Agriculture-Monitoring), Renewable Energy  
**Mr. Mofazzal Hossain**, Assistant Manager (Agriculture-Monitoring), Renewable Energy  
**Ms. Tasmia Khan**, Management Trainee, Renewable Energy

## Infrastructure Department





**Sitting from Left:**

**Mr. Mazadul Islam**, Unit Head, PPP & Investment Advisory

**Mr. Mohammed Zahidul Haque**, Unit Head, Industrial & Energy Efficiency Finance (IEEF)

**Mr. Nazmul Haque**, Director (Investment) and Head of Advisory

**Ms. Tanvir A Siddiqui**, Unit Head, Infrastructure Finance

**Mr. Sifat Monzur**, Assistant Vice President, Infrastructure Finance

**Standing in First Row from Left:**

**Ms. Sumaya Mahmud**, Senior Officer, Infrastructure Finance

**Mr. Kazi Mustafizur Rahman**, Management Trainee, Infrastructure Finance

**Mr. Raqib Ahmed Chowdhury**, Assistant Manager, Infrastructure Finance

**Mr. Mashref Ul Hoque**, Manager, PPP & Investment Advisory

**Ms. Salsabil Rahman**, Management Trainee, Infrastructure Finance

**Standing in Second Row from Left:**

**Mr. Charles Amit Mohonto**, Management Trainee, PPP

**Mr. Abu Shoaib Khan**, Management Trainee, Industrial & Energy Efficiency Finance (IEEF)

**Mr. Md. Aqil Ahmed**, Senior Officer, PPP & Investment Advisory

**Mr. Md. Ashraf-Ul-Islam**, Manager, Industrial & Energy Efficiency Finance (IEEF)

**Mr. Chayan Kumar Barua**, Assistant Manager, Industrial & Energy Efficiency Finance (IEEF)

**Not In the Picture:**

**Mr. Raihan Uddin Ahmed**, Environment Specialist, Infrastructure

**Mr. Md. Ashadur Rahman Bhuiyan**, Assistant Manager, Industrial & Energy Efficiency Finance (IEEF)



## Finance & Accounts and Credit Administration Department







**Sitting from the Left:**

**Mr. Farhan Reza**, Unit Head, Credit Administration

**Mr. S. M. Monirul Islam**, Deputy CEO & CFO

**Mr. M. Mizanur Rahman**, Unit Head, Finance & Accounts

**Standing from the Left:**

**Mr. Ashraf Hossain Bhuiyan**, Assistant Manager, Credit Administration

**Mr. Tawhid Faraj**, Assistant Manager, Finance & Accounts

**Mr. Sakib Ahmed**, Assistant Manager, Finance and Accounts

**Ms. Eshrat Ahmed Jehan**, Management Trainee, Finance & Accounts

**Ms. Charishma Masud Biswas**, Management Trainee, Finance & Accounts

**Ms. Rezwana Ali Tanim**, Management Trainee, Credit Administration

**Mr. Md. Imrul Hasan**, Assistant Manager, Finance and Accounts

**Mr. Shek Mijanur Rahman**, Manager, Finance and Accounts

**Mr. Zabir Ibne Raquib**, Manager, Credit Administration

**Mr. Sabbir Ahmed**, Junior Credit Recovery Officer

## Risk & Special Asset Management, Internal Audit and Legal Department





**Sitting from the Left:**

Mr. Md. Shahriar Rana, ACCA, Unit Head, Internal Audit  
Mr. Mohammed Javed Emran, Chief Risk Officer  
Ms. Merina Kashem, Unit Head, Credit Risk management  
Mr. Md. Shaikat Azad, Manager, Compliance

**Standing from the Left:**

Mr. F. M. Anwarul Kabir, Senior Officer, Credit Recovery  
Mr. Tanvir Ahmed, Senior Officer, Legal Affairs  
Mr. Chandra Shekhor Mondal, Junior Audit officer, Internal Audit  
Mr. Rezoan Al Mahmud Suzan, Management Trainee, Internal Audit  
Mr. Md. Abdul Hannan, Junior Audit officer, Internal Audit  
Ms. Nusrat Khan, Management Trainee, Compliance  
Mr. Kazi Ibrahim Muhammad Adnan, Senior Officer, Legal Affairs  
Mr. Foysool Hossain Khan, Junior Audit officer, Internal Audit  
Mr. Khandkar Imran Bin Khaled, Senior Officer, Credit Risk Management

**Not in the Picture:**

Ms. Nadia Shahrin, Assistant Manager, Risk & Special Asset Management  
Mr. Khondker Ajwad Hossain, Senior Officer, Credit Risk Management  
Mr. Kazi Ishfak Ahmad, Senior Officer, Legal Affairs



## Operations Department







**Sitting from the Left:**

Ms. Tahmina Shafiq, Assistant Manager, Human Resource Management  
Mr. M. Maftun Ahmed, Company Secretary  
Mr. S. M. Monirul Islam, Deputy CEO & CFO  
Mr. Ashrafuzzaman Khan, Assistant Manager, Admin

**Standing from the Left:**

Mr. Shuvendu Sarkar, Officer, Human Resource Management  
Mr. Md. Ashadur Rahman Akand, Junior Officer, IT & MIS  
Mr. Md. Monirul Haque, Junior Officer, Admin  
Ms. Raisa Rahman, Management Trainee, Human Resource Management  
Mr. Md. Rezaur Rahman, Junior Officer, Admin  
Mr. Saifullah-AL-Munsur, Management Trainee, Procurement  
Mr. Maidul Islam, Assistant Manager, Procurement  
Mr. Md. Kawsar Hossain Khan Robin, Junior Officer, IT & MIS

**Not in the Picture:**

Mr. Mohammad Rashedul Islam, Manager, IT & MIS

## Directors' Report

### Dear Shareholders,

The Board of Directors of Infrastructure Development Company Limited (IDCOL) takes the pleasure to present the annual Audited Financial Statements of the company ended on 31 December 2017.

The Directors have given relevant disclosures and explanations regarding issues which are important to ensure compliance, good governance practices and transparency. We hope that this report will provide all required information about the company's annual performance during the period January -December 2017.

### 1. The Global Economy

The global economic activity has strengthened and global growth is expected to be sustained over the next couple of years—and even accelerate somewhat in emerging market and developing economies. During 2017, the global output has been estimated to have grown by 3.7 percent which is 0.5 percent higher compared to that of 2016 supported by rise in investment, trade, industrial production, along with strengthening business and consumer confidence. Around 120 economies, accounting for three quarters of world GDP, have experienced a rise in growth in year-on-year terms in 2017 being the broadest synchronized global growth escalation since 2010. Due to the increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes, global growth for 2018 and 2019 is expected to grow by 0.2 percentage points to 3.9 percent.

An upswing in investments among advanced economies and increased manufacturing output in Asia indicate a strong growth in world trade in recent months. The pickup in global activity that started in 2016 gathered steam in the first half of 2017, reflecting firmer domestic demand growth in advanced economies and China and improved performance in other large emerging market economies. Among advanced economies, notably in Germany, Japan, Korea, and the United States, growth in the third quarter of 2017 was higher than projected in the fall. Key emerging market and developing economies, including Brazil, China, and South Africa, also stated third-quarter growth stronger than the fall projections. High-frequency hard data and sentiment indicators point to a continuation of strong momentum in the fourth quarter.<sup>1</sup>

Growth in the United States picked up in 2017 to an estimated 2.3 percent, supported by strengthening private investment whereas growth in China is estimated to have reached 6.8 percent in 2017 due to continued fiscal support, the effects of reforms, as well as a stronger-than expected recovery of exports

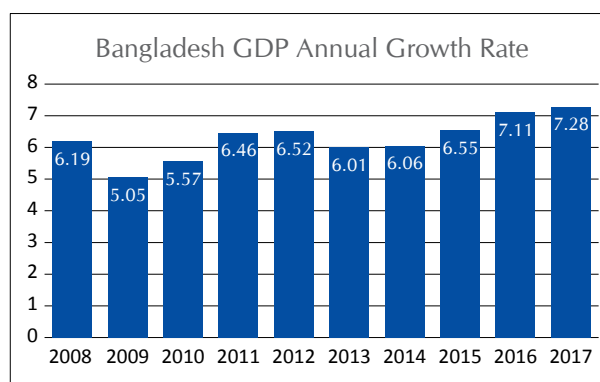
and a slight positive contribution from net trade. China's trade flows recovered markedly in 2017, partly reflecting rising commodity imports amid tightly enforced production cuts as well as strengthening foreign demand.<sup>2</sup>

Even though the outlook for advanced economies has improved, inflation remains weak in many countries and chances for growth in GDP per capita are tied up by weak productivity growth and rising old-age dependency ratios.<sup>2</sup>

### 2. The Local Economy

The Bangladesh economy has maintained sustainable growth at an average rate of more than 6 percent over the last decade (FY2006-07 to FY2015-16). The GDP growth is estimated at 7.28 percent in FY2016-17, which is 2.39 percent higher compared to 7.11 percent in FY2015-16<sup>3</sup>. The growth exceeded 7 percent mark for the first time in FY2015-16 after persistent growth of around 6 percent, thus reaching an all-time high GDP growth rate in 2017.

Figure 1: Bangladesh GDP Annual Growth Rate <sup>4</sup>



The agricultural sector experienced a growth of 2.97 percent in FY2016-17 from 2.79 percent in the year before, due to the good performance in all its sectors and sub-sectors. Crop and horticulture grew from 0.88 percent in FY2015-16 to 0.96 percent in FY2016-17. The growth in industry sector was 10.22 percent in FY2016-17, slightly lower by 0.87 percentage points compared with the previous fiscal year. The manufacturing sector accounts for 21.74 percent of GDP, growth declining by 0.72 percentage points to 10.97 in FY2016-17 percent compared with previous fiscal year. The growth in large and medium-scale manufacturing sector came down to 11.20 percent compared to 12.26 percent in FY2015-16. However, the growth rate of small-scale manufacturing sector accelerated to 9.82 percent from 9.06 percent in FY2015-16. There was a downfall in the performance of mining and quarrying and electricity, gas and water

<sup>1</sup> "IMF World Economic Outlook (WEO), January 2018" (<http://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>)

<sup>2</sup> "Global Economic Prospects, January 2018" (<https://openknowledge.worldbank.org/handle/10986/28932>)

<sup>3</sup> Finance Division, Ministry of Finance, GoB. (2018, January). Bangladesh Economic Review 2017. ([http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa\\_463d\\_4cf9\\_b3be\\_26ab70a32a47/Ch-01%20%28English-2017%29\\_Final.pdf](http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa_463d_4cf9_b3be_26ab70a32a47/Ch-01%20%28English-2017%29_Final.pdf))

<sup>4</sup> Trading Economics (<https://tradingeconomics.com/bangladesh/gdp-growth-annual>)



supply sectors of the broad industry sector. However, growth of construction sector increased to 8.77 percent in FY2016-17, up by 0.21 percentage points compared to the growth rate of previous fiscal year. The contribution of broad industry sector to GDP in FY2016-17 reached at 32.42 percent at constant prices. Overall service sector growth has been estimated at 6.69 percent, up by 0.44 percentage point from FY2015-16. Among the broad service sector, all the sectors performed well but the public administration and defence and education sectors exhibited slightly lower pace of progress, compared with previous fiscal year. The share of service sector in GDP stood at 52.85 percent in FY2016-17, down by 0.27 percentage point from FY2015-16.

The macroeconomic stability was ensured with the continuance of fiscal prudence, lower inflation, surplus Balance of Payment (BoP) account balance and robust foreign exchange reserves. The Ministry of Finances, recognized a gradual decline in inflation, stating the year-on-year inflation in FY2016-17 to have slid down to 5.44 percent from 5.92 percent in FY2015-16. On the other hand, the final estimates of BBS identified the per capita national income to have reached at US\$1,610 in FY2016-17, up by US\$145, from US\$1,465 of previous year. Likewise, per capita GDP reached at US\$1,544 in FY 2016-17, from US\$ 1,385 a year earlier. Thus with the fall in inflation and rise in per capita national income the domestic savings reached 25.33 percent of GDP, up by 0.35 percentage points from previous year. This boosted the national investment (mainly in private sector) in FY2016-17 causing it to reach 30.51 percent of GDP, up by 0.86 percentage point in FY2015-16.

Exports recorded a growth rate of 1.72 percent while import grew by 9.00 percent in FY2016-17. Due to the slow growth in remittances inflow, the decrease in service account, the current account balance recorded a deficit of US\$1,480 million in FY2016-17 from a surplus of US\$4,262 million. Aided by the increase in foreign direct investment and medium and long term loans in capital and financial accounts, the foreign exchange reserve crossed the US\$33 million mark. Exchange rate broadly remained stable during FY2016-17. Moreover, lending interest rate fell, which is expected to encourage investment further in the country. This also led the private sector credit to grow at 15.66 percent.

### 3. Future Outlook

Bangladesh is projected to have a growth rate of 6.4 percent or more in 2018. The World Bank predicts Bangladesh's economy to expand for the next two fiscal years supported by strong domestic

demands, exports, remittance and investment.<sup>5</sup> Large infrastructure projects and new initiatives in the energy sector are expected to contribute to the growth. Investments are expected to rise due to low interest rates and improved infrastructure. Export growth is likely to rise modestly due to expected recovery in global trade. The government's Seventh Five-Year Plan aims to achieve 7.4 percent GDP growth annually for 2015-16 and 2019-20.<sup>6</sup>

Main risks to the outlook for Bangladesh include fiscal slippages and stagnations in the implementation of reforms and financial sector. According to a report of the United Nations, fiscal deficit is about 5 percent of GDP which continues to be moderately high in Bangladesh. Inflation is expected to be 5.4 percent in 2018 and 5.5 percent in 2019.

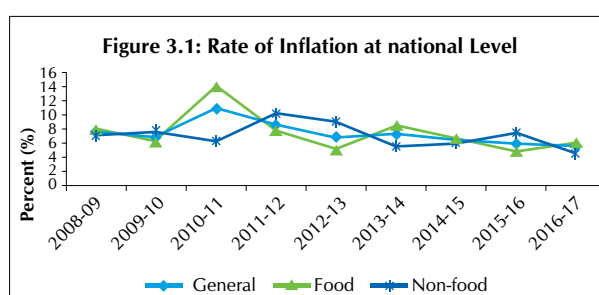
Bangladesh can accelerate and sustain economic growth by taking advantage of the global recovery to undertake institutional and market reforms. Proper implementation of strong macroeconomic policy reforms will help boost growth.<sup>7</sup>

## 4. Economic Indicators

### 4.1 Inflation

The CPI inflation rate in FY2016-17 was 5.44<sup>8</sup> percent at the national level, which was 5.92 percent in FY2015-16. During this period, the-food inflation stood at 6.02 percent with an increase of 1.12 percentage point compared to previous fiscal year. Oil price reduction in the world market, investment friendly cautious monetary policy and efficient macroeconomic management aided the decline in overall inflation rate.

Figure 2: Rate of Inflation at National level.<sup>9</sup>



5 Bangladesh Development Update: More, Better, and Inclusive Jobs Can Boost Growth, 2017 (<http://www.worldbank.org/en/news/feature/2017/09/27/bangladesh-development-update-more-better-and-inclusive-jobs-can-boost-growth>)

6 Economy to stay strong, 2018 (<http://www.thedailystar.net/business/bangladesh-gdp-growth-rate-fiscal-year-2017-18-economy-stay-strong-1518199>)

7 Bangladesh to be among fastest growing LDCs in 2018: UN, December, 2015 (<http://www.thedailystar.net/business/bangladesh-be-among-fastest-growing-lDCs-2018-un-1505173>)

8 Finance Division, Ministry of Finance, GoB. (2018, January). Bangladesh Economic Review 2017. (<http://mof.portal.gov.bd/site/page/44e399b3-d378-41aa-86ff-8c4277eb0990/Bangladesh-Economic-Review>)

9 Finance Division, Ministry of Finance, GoB. (2018, January). Chapter 3, Prices, Wages and Employment. Bangladesh Economic Review 2017. ([http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa\\_463d\\_4cf9\\_b3be\\_26ab70a32a47/Ch-03%20%28English-2017%29\\_Final.pdf](http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa_463d_4cf9_b3be_26ab70a32a47/Ch-03%20%28English-2017%29_Final.pdf))

From the above Figure, it is observed that during FY2016-17 the rate of inflation stood at 5.44 percent which was 5.92 percent in the previous fiscal year showing a fast decrease.

It is also noted that during FY2016-17, non-food inflation was lower than food inflation. It is worth mentioning that the general level of inflation stood at 7.60 percent in FY2008-09 which came down to 5.44 percent in FY2016-17 in a long 9 years showing a bit of fluctuation during the entire period.

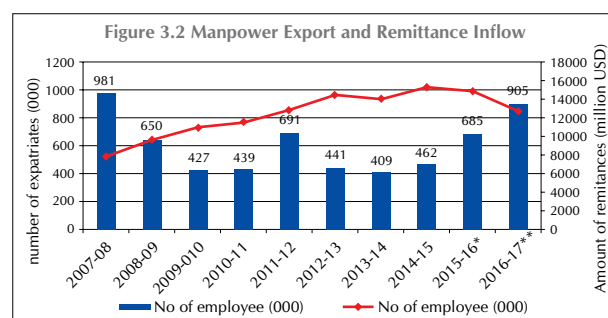
In FY2016-17 the rate of inflation at the national level in July 2016 was 5.40 percent on a point-to-point basis. The present Government has taken a number of initiatives to lower the price level and to keep the prices of essential commodities such as rice, edible oil, pulse etc. stable. In this regard, the prime objective of the monetary policy for FY2016-17 aimed at attaining inclusive growth as well as containing average inflation below the targeted level of 5.8 percent at the end of the year. In spite of that, the rate of inflation slightly increased to 5.94 percent in June, 2017. During this period, food inflation increased to 7.51 percent in June, 2017 from 4.23 percent in June, 2016 showing an increase of 3.28 percentage points.

## 4.2 Remittance

Bangladesh received US\$12.8 billion remittance in 2017, which is far below from \$14.9 billion in the year 2016, according to the Bangladesh Bank data. Expatriates sent highest amount of remittance in the year 2015 and remittance inflow trend was slow from the beginning of the last year due to oil price fall in the international market. Slump in oil price hurt the overall earnings of the wage earners mostly from the gulf countries, which pushed remittance inflow downward.

The Gulf countries, the largest labour market for Bangladeshi expatriates and also the main source of remittance, are going through an economic crisis due to the oil price slump. As a result, remittance inflow from those countries declined which hit hard the overall remittance inflow in Bangladesh.

Figure 3: Manpower Export and Remittance Inflow.<sup>10</sup>



10 Finance Division, Ministry of Finance, GoB. (2018, January) Chapter 3, Prices, Wages and Employment. Bangladesh Economic Review 2017 ([http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa\\_463d\\_4cf9\\_b3be\\_26ab70a32a47/Ch-03%20%28English-2017%29\\_Final.pdf](http://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/e8bc0eaa_463d_4cf9_b3be_26ab70a32a47/Ch-03%20%28English-2017%29_Final.pdf))

Figure 3 shows that in the recent past, there is an upward trend in the number of manpower export but a downward trend in the amount of inward remittances. In the fiscal year 2016-17, the number of manpower export remained high at 905,000 the amount of remittance declined compared to previous year. This is because the highest amount of remittance is still coming from Saudi Arabia, for which the oil price slump took a hard hit on Bangladesh's flow of remittance.

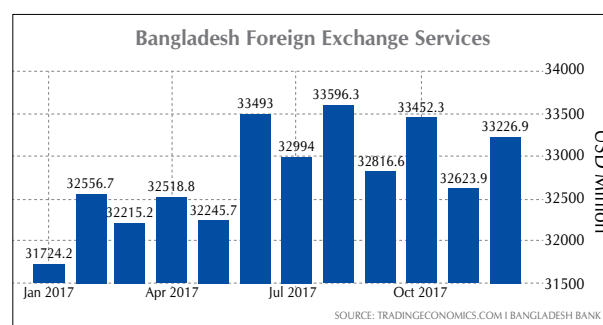
The ratios of remittances to GDP and export earning show a mixed trend. The remittance sent by Bangladeshi expatriates was 8.64 percent and 56.09 percent of the country's GDP and total export earnings respectively during FY2007-08. Within a decade in FY2016-17 it decreased to 5.17 percent of GDP and 49.22 percent of total export earnings.

Declining remittance would likely receive some support from the higher number of workers going abroad and the better economic prospects in the Middle East, aided by rising oil prices. Import is projected to remain buoyant, reflecting higher domestic demand, driven by both investment and consumption.

## 4.3 Foreign Exchange Reserve

Foreign Exchange Reserves in Bangladesh increased to USD 33,226.90 Million in December from USD 32,623.90 Million in November of 2017. Foreign Exchange Reserves in Bangladesh averaged USD 17,964.65 Million from 2008 until 2017, reaching an all-time high of USD 33,596.30 Million in August of 2017.

Figure 4: Bangladesh Foreign Exchange Reserve<sup>11</sup>



This commendable development was initially brought about by exports and remittance outpacing imports (current account creating balance of payments surplus). More recently, the reserve buildup is attributable to increased foreign currency loans availed by private sector, foreign aid disbursement, foreign direct investment and financial inflows attracted by higher

11 Trading Economics (<http://www.tradingeconomics.com/bangladesh/foreign-exchange-reserves>)



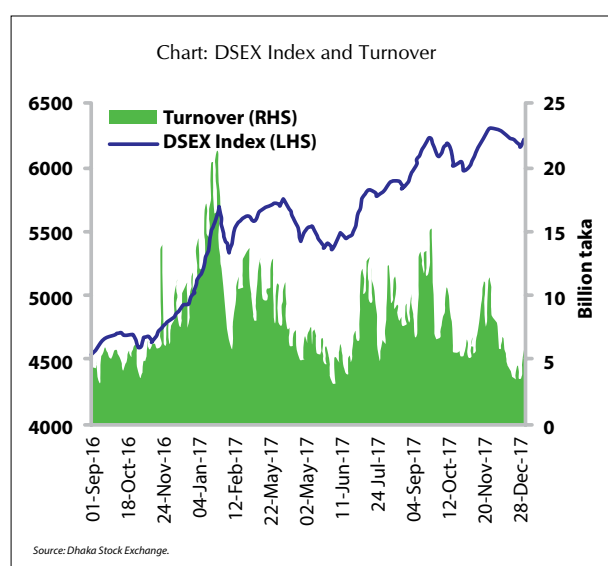


yield on taka-denominated assets (financial account creating balance of payments surplus).

This large stock of forex reserve provides an important source of self-insurance against potential balance of payments crisis and strengthens sovereign credit outlook. The latter attracts higher foreign investment, lowers country-risk premium charged on foreign borrowing and expands potential investor base for any sovereign bond Bangladesh decides to issue in the future.

## 5. Capital Market Review

In 2017, the country's capital market witnessed a mildly rising trend bouncing back from the slow trend that had been continuing since the last six years. Stock market prices measured by DSEX rose by more than 10 percent since June 2017 and 24 percent since December 2016 showing a sign that the market reached a state of overcoming the setback suffered for a long period of six years since the debacle in 2010-11. The turnover also hit seven-year high backed by active participation of the local and foreign investors and positive macroeconomic outlook. The daily average turnover stood at Tk 8.75 billion, up 77 per cent year-on-year.<sup>12</sup>



On the last trading day of the year DSEX closed at 6,244 points compared to 5,036 points on the first trading day. In terms of performance the highest was 6,336 points on 26 November 2017, following the market capitalization hitting its all-time high of Tk 4,262 billion on 23 November 2017.<sup>13</sup>

## 6. Banking Sector and Sustainable Development Goals

After the success of the Millennium Development

Goals (MDGs), the 17 Sustainable Development Goals (SDGs) came into force. The aims of the SDGs include eradicating poverty, improving quality of education, reducing inequalities, and controlling the climate change. Few goals of SDG are the continuation of the goals of MDGs. The Millennium Development Goals Bangladesh Progress Report 2015, showed that Bangladesh had registered remarkable progresses in the areas of poverty alleviation, ensuring food security, primary school enrolment, gender parity in primary and secondary level education, lowering the infant and under-five mortality rate and maternal mortality ratio, improving immunization coverage; and reducing the incidence of communicable diseases.

Bangladesh was able to reduce poverty from 56.7 per cent in 1991-92 into 31.5 per cent in 2010 and finally 24.8 per cent in 2015. Currently Bangladesh is in need of achieving better quality of education and industrialization along with innovation and required infrastructure which will facilitate achievement of other goals.<sup>14</sup> Better quality of education can contribute towards poverty reduction, zero hunger, gender equality, responsive consumption and production. On the other hand, industry – innovation and infrastructure can lead to decent work and economic growth, reduction of inequality, no poverty and zero hunger.

Financial sector of Bangladesh, mostly dominated by the banking sector, plays a major role in the economic growth. Financial growth is crucial for ensuring better quality of education, accelerated poverty reduction and employment generation. Bangladesh became a middle income country due to the financial growth of the economy. Bangladesh using public development finance to catalyze private finance is the key to achieve the SDGs. The key challenges of Bangladesh financial sector to support SDGs are lower investment and saving rates, lower quality of human resource, lower total factor productivity and emerging land constraint. Recent shocks and emerging challenges require improvement in the financial sector governance.

In order to achieve the SDGs, financial inclusion was taken into consideration in the Seventh Five Year Plan (7FYP) of Bangladesh for the period of 2016-2020. The 7FYP estimates US \$410 billion, twice the size of the GDP, is required for the development of the country's infrastructure. In order to meet the infrastructure gap, a considerable amount of funding is required from the public sector besides the private sector participation.<sup>15</sup>

<sup>12</sup> Capital market passes best year since debacle, March, 2018 (<https://thefinancialexpress.com.bd/stock/bangladesh/capital-market-passes-best-year-since-debacle-1514486419>)

<sup>13</sup> Monetary Policy Statement, 2018 ([https://www.bb.org.bd/monetaryactivity/mps/mps\\_current.pdf](https://www.bb.org.bd/monetaryactivity/mps/mps_current.pdf))

<sup>14</sup> Bangladesh Development Update: Economy Requires Focus on Sustainable and Inclusive Growth, 2016 (<http://www.worldbank.org/en/news/feature/2016/04/30/bangladesh-development-update-bangladesh-economy-requires-focus-on-sustainable-and-inclusive-growth-moving-forward>)

<sup>15</sup> SDGs and Bangladesh, 2017 (<http://www.theindependentbd.com/arcprint/details/110386/2017-08-21>)

### 7. Infrastructure Scenario

Infrastructure plays a pivotal role in the economic development of a country and for a rapidly developing country such as Bangladesh that has set its vision to become a middle-income country by 2021, the importance of infrastructure sector is paramount. To realize the Government of Bangladesh's vision 2021, the country has to achieve an average annual GDP growth rate of 7.4 percent, a challenging feat which could only be achieved through prioritizing infrastructure development. Asian Development Bank (ADB) Country Operations Business Plan (COBP) for 2016–2018 also reiterated the importance of ensuring adequate infrastructure to meet the envisioned growth target of Bangladesh. As per The World Bank's estimates, by 2020, Bangladesh needs to make an aggregate investment of USD 100 billion in the infrastructure sector to meet its vision of becoming a middle income country by 2021. The World Bank also estimates that Bangladesh needs to raise its investment in infrastructure to around 10 percent of gross domestic product.

Realizing the importance of infrastructure, The Government of Bangladesh along with the international development partners have urged for investment in the infrastructure sector to meet the requisite aggregate national growth. The Government of Bangladesh, itself has consistently increased its investment in the sector. For instance, in the annual budget for FY 2017-18, 12.5% has been allocated for transport and communication, 6.9% for rural development and 5.3% in fuel & energy which are the major sectors of infrastructure developments. Bangladesh's largest infrastructure project till date, The Padma Bridge, has made significant construction progress and will have significant socio-economic impact upon its completion by connecting the country's south-west to the northern and eastern regions. Some of the other mentionable infrastructure projects under construction include Rooppur Nuclear Power Plant, Elevated Expressways, Payra Deep Sea Port.

According to 7<sup>th</sup> Five Year Plan, Bangladesh currently invests about 2% of GDP infrastructure which needs to be raised to 6% of GDP to meet country's growth ambitions. The Government of Bangladesh has put emphasis on strengthening bilateral economic ties with different countries such as Japan, China India etc. for securing their investment into Bangladesh infrastructure sector. Increasing the private sector's investment in the infrastructure sector is also crucial to attain the GDP target. Different developments partners have been actively investing in the private sector infrastructure to mobilize additional investment from financial institutions. In order to attract the local and foreign private sector investors by removing

hindrances investment, the Government unified both the Privatization Commission and the Board of Investment to a single organization called 'Bangladesh Investment Development Authority'. Moreover, different investment-friendly rules and regulations have been promulgated by the Government to ensure congenial environment for private investment.

Effectiveness of the budgetary allocations and private investments depend on the manner the fund is utilized. According to The World Bank findings, building infrastructure in Bangladesh is the costliest in the world. This issue needs to be addressed to ensure that infrastructure development in Bangladesh grows at a healthy pace and facilitates the growth vision of the country.

### 8. Renewable Energy Scenario

Given the global climate change scenario and carbon trading prospect, renewable energy has emerged as an alternative source of energy solution around the world. Bangladesh has enormous potential in developing renewable energy from different sources, i.e., solar energy, biomass, and biogas. Other renewable energy sources include wind, bio-fuel, gasohol, geothermal, wave and tidal energy, which are expected to be explored in the future. In line with the international trend, the Government of Bangladesh has taken a systematic approach towards renewable energy development. As part of its initiatives, the Government has adopted Renewable Energy Policy (REP) in 2008 and formed a focal point called Sustainable and Renewable Energy Development Authority (SREDA) for coordinating the activities related to the development of renewable energy technologies and financing mechanisms. The policy envisions to achieve the targets for developing renewable energy resources to meet five percent of the total power demand by 2015 and ten percent by 2020. IDCOL is committed to play a pioneering role in attaining this vision of the government. Government is considering to enact the SREDA Act, which will replace the REP 2008. IDCOL is implementing and financing several renewable energy programs and projects, the likes of which include IDCOL's Solar Home System program, Biogas programs, Solar rooftop projects, Solar irrigation projects, Solar power based mini grid projects, solar powered solution for telecom BTSs, biogas and biomass based electricity, etc. As part of encouraging more usage in renewable energy sector, the Power Cell is now at the final stage of finalizing the net metering policy to unlock the opportunity for the end users for trading electricity to the government.

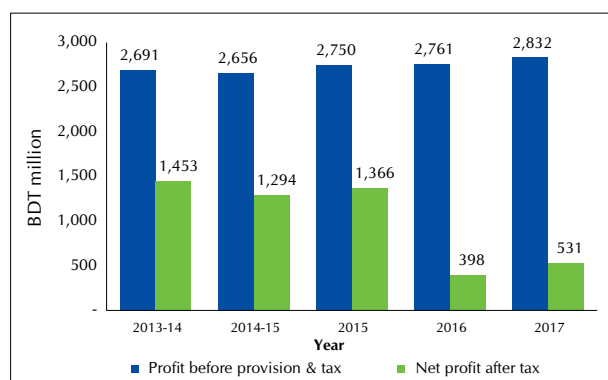
Besides, Bangladesh Bank has created a revolving fund of BDT 2 billion for refinancing of renewable energy projects, e.g.- solar energy, biogas, etc.



through commercial banks and financial institutions at concessionary terms and conditions.

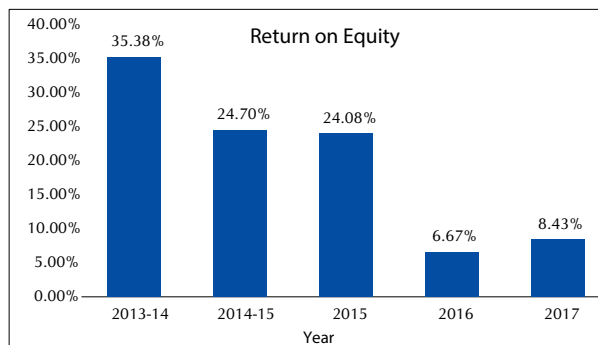
## 9. Operational Performance of IDCOL

During the reporting period, the total revenue of the company was BDT 4,730 million out of which BDT 1,080 million was interest from infrastructure projects, BDT 1,361 million was interest from renewable energy projects, BDT 56.4 million was fees income from project finance, BDT 46.2 million fees income from renewable energy projects and BDT 1,873 million was interest income from short-term investments. During the same period, the company's operating and interest expenses were BDT 1,898.5 million and profit before tax and provision was BDT 2,832 million. Provision of BDT 1,255 million has been made for loans and advances and BDT 1,046 million for tax. Retained earnings at the end of the reporting period was BDT 798 million.



The Board has proposed payment of BDT 200 million as cash dividends to government and issuance of bonus share of BDT 500 million to increase Company's paid up capital from BDT 5,500 million to BDT 6,000 million leaving a balance of 98.4 million as retained earnings to be carried forward to FY 2018. With a vision to become the national development finance institution, IDCOL is committed to making its capital structure as per global standards as soon as practicable. IDCOL's loan portfolio was diversified covering various infrastructure sectors like power, telecommunication, tourism etc. The after tax income of the company stood at BDT 531 million as opposed to BDT 398 million in the same period last year, an increase by 33%. Shareholder's equity also experienced almost 6% growth over the last year. During the reporting period, the company maintained the role of the market leader in private sector energy and infrastructure financing in Bangladesh. Most of the revenues during the period came out of income from interests on loans and advances. Even with 5% increase in asset base and 6% increase in equity, the profitability indicators fared well with the ROA and ROE being 0.69% and 8.43% respectively. The ROA

and ROE of the company has gone up by 0.15% and 1.76% respectively as compared to the last yearly results ended on 31 December 2016. It should be noted that given the asset size, the ROA is consistent with the market average and the ROE is one of the highest among similar financial institutions. It is expected that the expansion in the asset and equity base of the company would enable it to reap the benefits in the form of enhanced returns in the years to come.



Increasing concentration on particular sectors and supply of unsecured/part-secured loan to support GOB's initiative for development by IDCOL over the years are facing regulatory & sustainability challenges in terms of capital adequacy, stress testing, and market liquidity. Moreover, gradual development to a full functional NBFIs with limited product line & funding sources has also catalyzed the matter. Hence, to ensure sustainable growth and align with the future prospect, IDCOL has developed a strategic plan and positioning of the company considering the existing risk and opportunities as well as future outlook. Besides, IDCOL is also exploring for multiple avenues of funding sources, in addition to the current use of DFI credit lines through MOF, and bi-laterally negotiating with the DFI and commercial credit lines in this regard.

In the meanwhile, IDCOL has enhanced its eligible sector for financing, added new business units & lending windows, and reinforced corporate governance environment with dedicated risk manager and segmentation of various task with dedicated units. Under the infrastructure window, to reposition under the changed dynamics of infrastructure landscape, IDCOL added separate business units to cater dedicated segments and increased its focus on energy efficiency and PPP & advisory services. On the other hand, under the renewable energy window, IDCOL focused on investment in solar roof top and mini-grids, in addition to solar home system, solar-based irrigation and other programs.

## Comparison of actual and budgeted performance of IDCOL

Particulars	FY 2017 Actual	FY 2017 Budget	Variance
	Crore Tk	Crore Tk	%
Interest & Operating Revenue	473.05	409.61	15.49%
Interest & Operating Expenses	189.85	186.82	1.62%
Profit before tax and provision	283.20	222.79	27.11%
Provision for loans	125.50	40.57	209.34%
Profit after provision for loan	157.70	182.22	-13.46%
Provision for tax	104.62	94.69	10.49%
Net Profit after tax	53.08	87.54	-39.36%

The actual profit before tax and provision for the FY 2017 was BDT 283.20 crore which is 27.11% higher than the budgeted figure of BDT 222.79 crore. However, the actual net profit after tax and provision is BDT 53.08 crore which is BDT 34.46 crore less than the budgeted net profit after tax and provision. The decrease is mainly because of incremental provision requirement made during the year due to adverse classification of few loan accounts on the basis of quantitative as well as qualitative judgments. IDCOL has taken a number of initiatives including negotiation, arbitration and legal proceedings for recovery of the classified loans.

## 10. Infrastructure & PPP Projects

To cater to the increasing demand and to provide better services to its customers, Investment department enhanced the scope of work of its three units-Infrastructure Finance (IF), Industrial and Energy Efficiency Finance (IEEF) and PPP & Investment Advisory (PPP & IA) in the year 2017. To attain IDCOL's target of additional USD 1 billion investment in infrastructure by 2020, the department focused on building a strong pipeline for the organization in 2017. This is evident from the BDT 18,800 million approval obtained in 2017 which marks an impressive 95% increase from the approval of BDT 9620 million of the previous year.

The major approvals obtained during the reporting period include:

- USD 85 million for a 212-220 MW dual-fuel (gas/HSD) power plant to be implemented by Shapoorji Pallonji Group, India;
- BDT 300 million for developing a billet manufacturing facility by BSRM Steels Limited;
- BDT 1200 million for developing a 78,000 TEUs capacity Inland Container Depot (ICD) and Container Freight Station (CFS) by Ispahani Summit Alliance Terminal Limited (ISATL) in Chittagong;

- BDT 1,270 million for Meghna Cement Mills Limited and BDT 844 million for Pretty Eco Apparel Village Limited under two Energy Efficiency & Conservation Promotion Financing Project (EE and CPF);
- BDT 2,355 million in setting up of an edible oil refinery plant at Fatulla, Narayanganj, with an annual production capacity of 150,000 MT;
- BDT 500 million term loan for facilitating production of a wide range of transformers, pre-engineered building components and other electrical products to be implemented by Sylvan Technologies Limited, a concern of Pran-RFL Group.

In the year 2017, Infrastructure & PPP projects made disbursements totaling BDT 3,521 million that included the following projects:

- BDT 1560 million for an 108 MW gas based power plant to be implemented by Regent Energy Power Limited;
- BDT 245.2 million for environment friendly tunnel kiln based auto bricks sector with a combined capacity of 420,000 bricks per day;
- BDT 1,307.8 million expansion and setting up of energy efficient machineries and equipment for a LEED certified garments factory and setting up of energy efficient Vertical Roller Mill (VRM) machine for a cement industry in Khulna;
- BDT 248.7 million for setting up of a petroleum refinery project in Chittagong and a 7,000 MT capacity LPG storage and bottling plant in Khulna;
- BDT 103 million for setting up of a PET bottle recycling plant and procurement of a river dredger.

The Investment units also initiated appraisal for several infrastructure and industrial energy efficient financing projects which include a liquefied natural gas (LNG) terminal & 745 MW gas-fired plant, an 149 MW dual-fuel (gas/HFO) based power plant in Gazipur, a project for procuring 20 inland marine cargo vessels of 3,500 DWT capacity and another for setting up 2 energy efficient VRM cement manufacturing plant.

IDCOL also participated in various syndications and maintained its market presence with strong ties with participating banks and financial institutions. A number of arrangement deals has been signed with various sponsors and projects are expected to be into commercial operation by 2018-19. IDCOL has been mandated as Arranger for raising USD 135 million term loan facility establishment of 3 liquid fuel IPPs of Confidence Group having a combined capacity of 280 MW in Bogra, Rangpur, and Chittagong. IDCOL also has been mandated for arranging BDT 2,700





million finance for setting up a 35 MW grid tied solar power plant at Rangpur, and further USD 35 million and BDT 2,800 million for setting up of a 110 MW HFO based power plant in Chittagong. It has also jointly signed mandate with Midland Bank Limited (MBL) to raise fund for a tunnel kiln based auto brick plant, namely Kushiya Auto Bricks Limited (KABL) with a capacity of 180,000 bricks per day.

Towards the auto brick sector development, IDCOL has entered into an agreement with Climate & Clean Air Coalition (CCAC) under the United Nations Environment Program (UNEP) in order to provide assistance in its Green Brick Program to address the barriers IDCOL has faced over the years in financing the energy efficient brick plants.

## **11. Renewable Energy Projects**

### **11.1 IDCOL Solar Home System Program**

During January 2017 to December 2017, 56 participating organizations (PO) of IDCOL installed 34,590 Solar Home Systems (SHSs) in the rural areas of Bangladesh, leading the total number of installation to 4,131,352 at the end of December 2017. Till December 2017, IDCOL disbursed USD 504.5 million (BDT 41,727 million) as credit and channeled USD 96 million (BDT 7006) million as grant to all POs.

During the period January 2017 to December 2017, IDCOL received BDT 3,964 million as principal repayment and earned BDT 1,078 million as interest income and BDT 66.2 million as monitoring & administration fees.

### **11.2 IDCOL Biogas & Bio-fertilizer Program**

As of December 2017, a total of 47,275 domestic sized biogas plants have been constructed under the program. During the reporting period, 2,786 plants have been constructed by the Participating Organizations. Till December 2017, IDCOL provided refinancing facility of BDT 626.83 million to the POs.

Till December 2017, IDCOL earned BDT 114.10 million as interest and BDT 339.43 million as principal repayment.

### **11.3 IDCOL Improved Cook Stove (ICS) Program**

IDCOL launched the 'Improved Cook Stove Program' in 2013 with the funding support from the World Bank and Bangladesh Government with the installation target of 1 million ICS in Bangladesh within December 2018. In January, 2017 IDCOL ICS Program has achieved its initial target of installing 1 million ICS, almost two years ahead of the project completion period and set a new target of installing another 4 million stoves by 2021.

The objective of IDCOL ICS Program is to reduce the use of cooking fuel as well as to ensure reduction of Indoor Air Pollution (IAP) especially for women and children through promoting supply of higher efficiency cook-stoves. The program also aims to establish a strong base which include local capacity building and mass awareness for achieving 100% coverage of Improved Cook Stove (ICS) by 2030 as per Bangladesh Government's Country Action Plan for Clean Cookstoves.

A total of 1,447,801 ICS installed under the program till December, 2017 among which 487,002 ICS have been installed during January – December, 2017. The total grant amount disbursed for the program during January – December, 2017 is BDT 178.45 million.

### **11.4 Other Renewable Energy Projects**

Till December 2017, 13 mini-grid projects the out of previously approved 25 solar mini-grid projects of IDCOL went into commercial operation. The combined capacity of these 13 mini-grids is 2.23 MWp. Rest 12 mini-grids will be operational within 2018. Once operational, these mini-grids have the potential to meet the electricity requirements of more than 19,258 households and commercial entities located in the isolated, off-grid areas of the country. In addition to this, as of December 2017, a total of 877 solar irrigation pumps went to commercial operation under IDCOL financing.

During the period, a total of BDT 1191.56 million has been disbursed for renewable energy projects, of which BDT 384 million has been provided as loan and BDT 807.56 million as grant.

## **12. Status of IDCOL loans**

As of 31 December 2017, overall collection rate of IDCOL loans is around 88.86 percent. There were in total twenty two classified loan accounts of which ten were in bad, four were in doubtful and eight were in sub-standard category. The classified loan accounts were closely monitored and necessary actions under the finance and security documents would be taken against the borrowers if they fail to settle their outstanding amount.

## **13. Private Sector Infrastructure Development Project (PSIDP)**

During the reporting period, the company effectively monitored its loan to Meghnaghat Power Limited (MPL). All principal repayments, interests and fees due under the loan arrangements were duly received. IDCOL, on behalf of the government, received USD 2.42 million as interest and USD 3.87 million as principal repayment. IDCOL also earned USD 64,113 as monitoring fees.

## 14. Rural Electrification and Renewable Energy Development Project (REREDP)

During the reporting period, IDCOL, on behalf of the Government, received BDT 15 million as interest and BDT 129 million as principal repayment. IDCOL further earned monitoring fees of BDT 0.29 million.

## 15. Short Term Investment

During the reporting period, IDCOL earned an amount of **1,873 million** from balance with banks and financial institutions, out of which **BDT 8.56 million** from short term bank deposit, **BDT 1863.65 million** from fixed deposit and **BDT 0.80 million** from call money operations.

## 16. IDCOL's Debt Service Performance

During the reporting period, IDCOL's debt service obligation under all the loans were current. IDCOL made a total debt service of BDT 3,283 million under various projects which are as follows:

SL NO.	PROJECT	INTEREST AND FEES (BDT MILLION)	PRINCIPAL (BDT MILLION)
1	REREDP funded by IDA	841	1,001
2	PPIDF funded by ADB	562	554
3	JICA	209	-
4	Improving Rural Households' Livelihoods through Solar Energy Project in Bangladesh funded by IDB	32	84
	<b>Total</b>	<b>1,644</b>	<b>1,639</b>

## 17. Classified Loan Status

The percentage of classified loans as on 31 Dec'17 was 9.83%.

## 18. Our Regional Offices

IDCOL has 12 regional offices in Dhaka, Chittagong, Rangpur, Sylhet, Khulna, Barisal, Bogra, Barguna, Brahmanbaria, Faridpur, Mymensingh and Laxmipur under its renewable energy department. 7 of these offices, which accommodate more than one program, are managed by a Divisional Manager each (Dhaka Office has 2 Divisional Managers). The rest 5 are headed by a regional Manager each. Each office has 8-10 technical inspectors for inspection and quality maintenance. The regional offices are clustered into 3 Zones, each headed by a Zonal Manager. Currently, a total of 211 technical inspectors and field auditors are conducting physical verification and managing operations of SHS, biogas and bio fertilizer, ICS, renewable energy projects, training and capacity

building activities financed by IDCOL and monitoring collection efficiency of unit offices of the partner organizations.

## 19. Investment Advisory

PPP & Investment Advisory Unit has been in operation since 2016 under the Investment Department. The unit has two primary functions: to invest in Public Private Partnership (PPP) projects developed by the PPP Authority of Bangladesh and to provide transaction, corporate, investment and other advisory services. While investment in PPP projects will complement the country's development of investment grade quality infrastructure projects, the unit's capacity building, investment and transaction advisory activities will expand IDCOL's service offerings.

Under Investment Advisory services, various workshop, seminars, and training programs are regularly arranged for capacity development of industry stakeholders. In 2017, IDCOL arranged a new training program, 'Financing Power Projects', designed to develop the participants' knowledge and understanding of the analysis and structuring of power projects in a manner that is consistent with the projects' ability to raise finance successfully. Moreover, IDCOL along with PPP Authority arranged a training program named 'Infrastructure Financing-Role of PPP' to familiarize the concept of PPP and encourage PPP based investments.

This fiscal year, IDCOL arranged five training courses on 'Infrastructure Financing-Role of PPP', 'Financial Modeling' and 'Financing Power Projects'. More than 175 professionals from banks and financial institutions, project sponsors and development companies, international organizations and consulting firms were trained under these training and capacity building programs.

In line with IDCOL's participation in successful dissemination of Renewable Energy technologies in Bangladesh, IDCOL and Ricardo Energy & Environment (Ricardo) jointly organized a conference on "Unblocking Solar IPP Investments". The program was organized to bring in different stakeholders to identify possible challenges in developing and financing Solar IPP projects in Bangladesh as well as suggest suitable mitigation measures to overcome such challenges, based on global best practices. More than 70 participants from different banks, sponsors and government organizations participated in the conference. Speakers and panel experts offered practical guidance on selecting the most appropriate site, technology and capital structure for a project. The conference provided a valuable insight on how to structure a profitable solar power project which contributes positively to the government's ambitious renewable energy plans.



As part of IDCOL's strategy for service and market diversification, the PPP & Investment Advisory unit of IDCOL provides consultancy and transaction advisory related services to different public and private organizations. In 2017, IDCOL together with Quality Growth Services Pvt Ltd, India has started providing advisory services to Bangladesh Power Development Board (BPDB) for Designing, Developing, Formulating and Implementing systems on Occupational Health and Safety Assessment Series (OHSAS 18001:2007) and to assist BPDB for obtaining OHSAS 18001:2007 Certification. IDCOL is also providing consultancy services to Power Cell of Bangladesh for "Feasibility Study for Electrification of Rangabali Upozila with Renewable Energy" as the part of Government's plan to electrify the whole Rangabali Upozilla under Patuakhali District with renewable energy resources. In addition, IDCOL has partnered with different foreign and local Consulting bodies to develop long term partnership for mutual business development and for offering financial and consultancy related services.

## 20. Internal Audit

The role of the internal audit is to provide independent assurance that an organization's risk management, governance and internal control processes are operating effectively. Internal auditors deal with matters that are integral to the survival and prosperity of any organization. Management follows up on the status of actions or recommendations made by the internal control. The board reviews regular reports from the management on key operating statistics, legal and regulatory matters. The Board also approves any amendments to the company's policies. Our audit includes an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## 21. Risk Management

Risk management is an integral part for sustainable growth and success of IDCOL. IDCOL follows a comprehensive Risk Management framework consisting of three key pillars: Risk Governance, Risk Appetite and Risk Management Tools. The Risk Management units focus towards ensuring compliance on regulation and supervision as defined by the regulators.

A separate Credit Risk Management Committee has been developed consisting of the top level management of IDCOL, upon approval of which,

a project shall be deemed acceptable to the board of directors for consideration. The risk appetite framework is composed of the qualitative and quantitative terms required for the organization to achieve its strategic and financial objective. For effective risk management, a set of tools have been clearly identified and embedded organization wide so as to minimize and better mitigate the risks generated from business activities.

The Risk and Special Asset Management Unit in IDCOL has been segregated in four units namely the credit risk management unit, special asset management unit, compliance and legal unit. The key functions of the Credit Risk Management Unit, in a broader gauge are Risk Assessment, Post Approval Monitoring and Post Disbursement Monitoring. An independent Special Asset Management Unit is solely responsible for the collection, maintenance and reporting of the loans those are classified and non-performing. The compliance unit ensures that all transactions, approvals and day to day operations of IDCOL in a larger scale is in accordance to the guidelines and policies set forth by the central bank. The Legal Unit ensures legal compliance for the various programs and projects, vetting important finance and legal documents and providing legal advice. Hence all the units as a whole strive to minimize risks and strengthen the risk management framework.

## 22. Credit Rating

A credit rating is an analysis of the financial condition to meet obligations or the creditworthiness of a company. A company is given a short term as well as long term rating showing the likelihood of the borrower defaulting within a year or any given time in the extended future. This enables investors to evaluate the ability of a company to meet its short and long term obligations and as well as the interest rate at which the company would need to repay its loans. Credit assessment and evaluation of a company is carried out by a credit rating agency.

IDCOL's credit rating is done by the Credit Rating Agency of Bangladesh (CRAB) which has assigned "AA1" rating in the long term and "ST-1" rating in the short term. This implies that IDCOL has strong capacity of timely repayment of its financial obligations with very low credit risks.

## 23. Directors' Responsibilities of Preparation of Financial Statements

The Company Law requires the Directors to prepare financial statements for each financial year that gives a true and fair view on the state of affairs of the Company and the Group at the end of the financial year and on the profit or loss of the Group and the Company for the financial year. The Directors are

responsible for preparing the Company's financial statements in accordance with the applicable laws and regulations. They have to select appropriate accounting policies, apply them consistently, make judgments and estimates that are reasonable and prudent and state whether applicable accounting standards have been followed. The Board confirms that the financial statements have been prepared under the applicable laws and regulations and as per requirements of regulatory authorities and provide the auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report.

## 24. Going Concern

The financial statements have been prepared on a going concern basis assuming that the entity is able to continue as a viable entity for the foreseeable future and that there is no material uncertainty.

## 25. Directors' Statement Pursuant To the Disclosure and Transparency

To the best of their knowledge and belief and according to the information and explanations obtained by them, our Directors make the following statements:

- That in the preparation of the annual accounts for the year ended 31 December 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That such accounting policies have been selected and have been applied consistently and judgment and estimates have been made that they are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31 December 2016, and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1994, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis

## 26. Integrated Reporting

Annual Report 2017 of IDCOL has been presented as an integrated report in accordance with the international IR framework issued by International Integrated Reporting Council (IIRC) on a basis that

is consistent over time. It provides an insight into the nature and quality of IDCOL's relationships with its key stakeholders by providing transparency, accountability and how it provides value to its stakeholders. It includes all material matters without material error and incorporates the efforts the company has taken towards economic prosperity, environmental sustainability and social well-being for a brighter future

## 27. Director's Meeting & Attendance

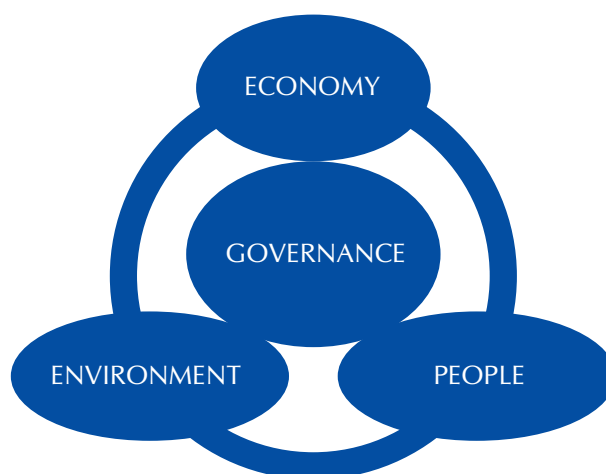
From 01 January to 31 December 2017, a total of 10 (ten) Board meetings were held. During this period, the aggregate attendance of the directors recorded was more than 60 percent. The core activities of the Board were carried out in scheduled meetings of the Board and its Committees. Those meetings were timed to link to key events in the company's corporate calendar and regular reviews conducted of specific business areas. Additional meetings and conference calls were arranged to consider matters which require decisions outside the scheduled meetings.

## 28. Corporate Governance

IDCOL has been practicing the principles of sound corporate governance. In addition to this, the Board lays strong emphasis on transparency, accountability and integrity. The board remains committed to guiding the strategic development of the group and supports the principle of collective responsibility for the success of the company. A separate detailed report on Corporate Governance is included as part of the Annual Report.

## 29. Sustainability

IDCOL has a solid governance framework through which it maintains its environmental, social and economic performance. All these components are essential for sustainable development and the future well-being of the nation. The component central







to the framework governance, provides corporate direction and sets company principles and values that guide our business practices. A separate detailed Sustainability report is included as part of the Annual Report.

### 30. Business Ethics

The day-to-day business activities are conducted in a fair, honest and ethical manner at IDCOL. Every person connected with IDCOL has individual responsibility for maintaining an ethical and healthy workplace. Managers and leaders throughout the company are additionally responsible for fostering a proper environment and encouraging ethical practices. IDCOL has a reputation for the highest standards of excellence, quality and reliability in all its activities, and for respect, honesty and fairness in its dealings with the development partners, partner organizations, colleagues and other constituents. The continued success and future growth depend on the maintenance of these standards.

### 31. Contribution to the National Exchequer and the Economy

During the year January-December 2017, the company contributed a total amount of BDT 1,124.6 million as corporate tax, BDT 10.01 million as Tax Deducted at Source (TDS) and BDT 22.94 million as VAT, in total BDT 1,157.55 million was paid to the national exchequer. By adopting a responsible behavior, as well as through sustainability added-value approach, IDCOL contributes most effectively in social, environmental and economic progress.

IDCOL has been awarded the Tax Payer's Award for two consecutive years.

### 32. Responsibility towards Civil Society

As a responsible corporate citizen, IDCOL strives to play a positive role in society, by building a culture that promotes employee volunteering, and through corporate giving to support the communities in which it operates. IDCOL is committed to sharing its business expertise by helping to build better understanding of the needs of individuals and the society at large.

### 33. Auditors

Hoda Vasi Chowdhury & Co. have been appointed as auditors for the Company's accounts for the year starting from January 2017 to December 2017. The Financial Institutions Act, 1993 stipulated that an auditor of a financial institution cannot be appointed for more than three consecutive years. Section 210 (10) of the Company's Act, 1994 also gives authority to shareholders of the company to fix the

auditor's remuneration. So, the board recommended appointing Hoda Vasi Chowdhury & Co. as the auditor for IDCOL.

### Acknowledgement

I would like to express my gratitude to our development partners, partner organizations and the Board for their continuous assistance, guidance and confidence in IDCOL. My sincerest thanks goes to the Management team and all the employees for their hard work, commitment and integrity which have brought the company to this level.

By order of the Board

Date: 28 March, 2018

Sd/-  
**Kazi Shofiqul Azam**  
Chairman,  
IDCOL Board

## Directors' Responsibility

### Board Committees

The board is responsible for long term success of the company through superior financial performance and for ensuring leadership within a framework of effective controls. The board sets the strategic directions of the organization, approves the strategy, and takes the appropriate action to ensure that the organization is

suitable resourced to achieve its strategic aspirations. The board considers both the impact of its decisions and responsibilities to all of the stakeholders' including the employees, shareholders, clients, regulatory bodies, environment and the communities in which it operates.

#### Audit Committee

Oversight and review of financial statement, internal financial control, Audit and non-audit functions.

#### Credit Committee

Primarily responsible for reviewing all project appraisal reports and make necessary recommendations to the Board.

#### Organization Committee

The Committee is responsible for overseeing the overall Human Resources strategy and policies of the Company.

### Management Committees

The committees are responsible for executing various strategies approved by the board. Details can be found in page

#### Management Committee

The Committee is responsible for ensuring that the business is operating effectively within the strategy and risk appetite agreed by the Board.

#### Internal Control and Compliance Unit

The unit responsible for establishing and maintaining adequate internal control systems to ensure compliance of the Company.

#### Asset Liability Management Committee

This committee is responsible for overall activities of the market related to asset, liabilities and risk.

#### Risk Analysis Unit

Risk Analysis Unit will be responsible solely to identify and analyze all sorts of risks appropriately and timely.

#### Credit Risk Management Committee

The functions of the CRM is related to implementation of strategies and ensure proper compliance with that.

#### Internal Audit Department

The department establish and maintain adequate internal control mechanism and ensure compliance with the policies and procedure of the Company.

#### Risk Management Forum

This committee is responsible for overall risk management of the organization.

#### IT & MIS Department

The IT & MIS Department's primary objective is to streamline the management information systems with the strategic direction of the Company.

### Matters reserved for the decision of the board and the delegated authorities

As per the memorandum of IDCOL roles of the chairman and CEO is separated and one person cannot play dual role.

The board discharges some of its responsibilities directly and delegated certain other responsibilities to its committees to assist it in carrying out its function of ensuring independent oversight. Certain matters

are reserved to the Board for approval under the Delegation of Authority Policy, including decisions relating to company strategy and major policies, equity raisings, guarantees, external debt facilities and other transactions of various types involving amounts over specified limits or with the potential to have a material impact on the company. The matters reserved to the Board also include the selection and appointment process of the Company's Chief Executive Officer, and the approval of other key executive appointments, as



well as planning for executive succession.

The Delegated Authority sets out those matters the Board has passed on to management in order to efficiently operate the business. The Board delegated authority for the operational management of the organization to the Chief Executive Officer (CEO) for further delegation by him in respect of matters that are necessary for the effective day to day running and management of the business. The boards holds the CEO accountable in discharging his/her delegated

responsibilities. Delegations are made within the broader corporate governance framework and IDCOL's standards of business governance. Under the delegated authority and the corporate governance framework, management is required to report regularly to the Board in relation to certain specified types of authority exercised by management under the policy and on matters which come or may come within the scope of matters which are reserved for the Board.

## Board Key Roles and Responsibilities

### Chairman

Responsible for leading the board, developing the culture and ensuring its effectiveness in all aspects of its role. Promotes high standard of integrity and governance across the organization and ensures effective communication between board, management, and stakeholders.

### Directors

Provides guidance and supports to the chairman as required and in coordination with the chairman acts as the ambassador of the board in its relationship with government, regulators and stakeholders.

### Executive Director and CEO

Responsible for management of all aspects of the organization's business, developing the strategy in conjunction with the chairman and the board and leading its implementation.

## Board Meetings 2017

In 2017 ten monthly board meetings were held



Board Attendance										
Name of the Director's	Board Meetings									
	223rd	224th	225th	226th	227th	228th	229th	230th	231st	232nd
Mr. Kazi Shofiqul Azam, Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Suraiya Begum ndc, Director	✓	✓	✓	✓	✓	✓		✓	✓	✓
Dr. Ahmed Kaikaus, Director	✓	✓	✓		✓	✓	✓	✓		✓
Mr. Waliur Rahman Bhuiyan, Director			✓			✓				✓
Ms. Nihad Kabir, Director	✓		✓				✓			
Mr. Abdul Haque, Director		✓		✓	✓		✓	✓	✓	✓
Md. Shah Kamal										✓
Mr. Mahmood Malik, ED & CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohammad Muslim Chowdhury, Director									✓	

Board Attendance										
Name of the Director's	Board Meetings									
	223rd	224th	225th	226th	227th	228th	229th	230th	231st	232nd
<b>Board Members who stepped down during 2017</b>										
Mr. Mohammad Mejbauddin, Chairman	✓									
Mr. Mahbub Ahmed, Director										
Mr. Monowar Islam ndc, Director	✓		✓							
Mr. Hedayetullah Al Mamoon ndc, Director				✓	✓	✓	✓	✓	✓	

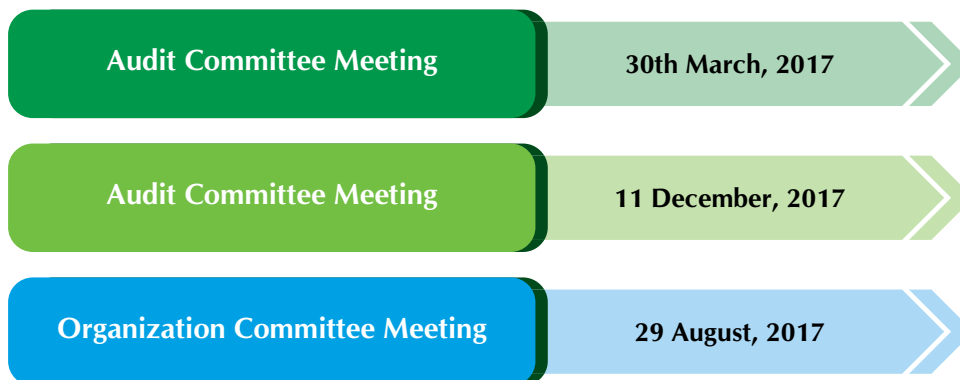
## Credit Committee Meetings 2017

In 2017 five Credit Committee meetings were held



## Audit Committee and Organization Committee Meetings 2017

In 2017 2 Audit Committee and one organization Committee Meetings were held



## Conducting Board Meeting

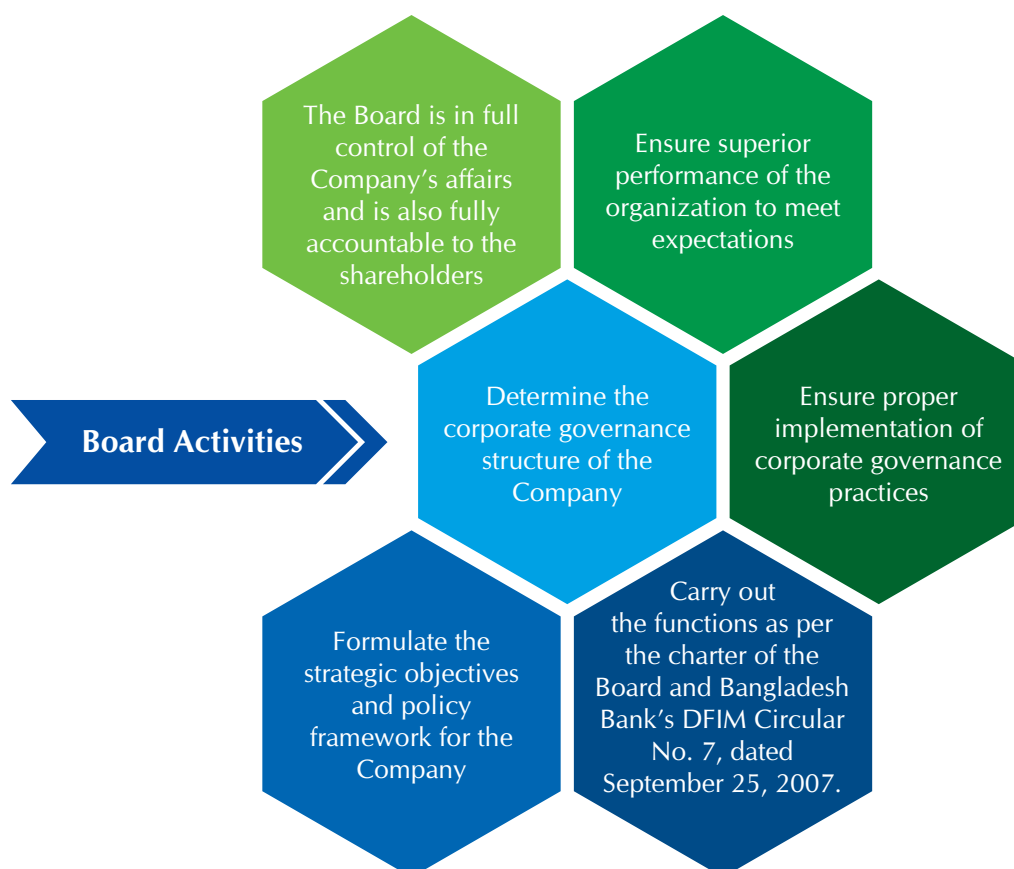
### Code Compliance

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Chief Executive, vide DFIM Circular No. 7 dated September 25, 2007.

The Board confirm that throughout the year the company has complied with the code provision set out in IDCOL and has been reviewed by the external auditors.

Board meeting procedure of IDCOL is structured in a way that helps the members keeping the flow orderly. Four members' presence are mandatory for conducting meeting. IDCOL's board meetings follow agendas and any pertinent information is disseminated before the meeting so that members have an opportunity to review information and make informed decisions. Topics are introduced by the chair or committee chairs, and are then opened for discussion and debate to all members. Meeting attendees should follow protocol to ensure that everyone has an opportunity to voice an opinion without the meeting dragging on excessively. If items take too long to get to a resolution, they are postponed, to respect all board members' time.





### Time Commitment

IDCOL's board of directors are committed to devote sufficient time to discharge their responsibilities and considerably more for those who chair or are members of multiple committees.

### Appointment, retirement and re-election of Directors

As a government owned organization IDCOL has no authority over the appointment of the board member of its own. The board members are appointed on the basis of the government directives. It mandated to allow 9 members in the board including the Chairman and the Chief Executive Officer. In the annual general meeting it is mandatory for the 50% of the board members to resign from the post who and those members may be re-elected at the vote of the members for next one year.

### Director Induction

All new directors and chairman receives an extensive, formal and tailored introduction program to enable them to function as effectively and adjust quickly as possible while building a deep understanding about our business and market. Each induction typically consist of a board meeting with present Chairman, present directors, directors to be retired, as well as the members of the management committee. The

induction program is completed within the first month of director's appointment. The total process is regularly reviewed and take into account director's feedback to ensure they are continually improved.

### Ongoing Development Plan

Sustaining and highly engaged, well informed, effective and functional board require not only a thorough induction or information sharing so that directors understand the business and issues as quickly as possible but also a well-managed process of ongoing engagement, training and development. Since the directors of IDCOL are nominated by the government, the necessity of combination of mandatory training to ensure each director's contribution to the board remain well informed and relevant is placed in the hands of government. But government always make sure that at least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.

### Board Effectiveness

An effective Board of Directors is at the heart of the governance structure of a well-functioning and well governed company, acting as the ultimate internal monitor. Ideally, the Board guides long-term corporate strategy, puts the key agents in place

to implement it, and monitors performance against the strategy set out. However, almost by definition, Boards of Directors operate out of sight of the public and most investors. While the nature of confidential board deliberations makes it impossible to demand full transparency of board meetings, there needs to be trust and confidence in the proper functioning of the Board. Since the company's directors are directly appointed by the government so the responsibility of evaluating them is beyond the jurisdiction of IDCOL.

## Annual Evaluation of the CEO

The board of directors conduct performance appraisal of CEO which then be reflected in the performance bonus and increment assessment.

## Committees of the Board

The IDCOL Board may form special Committees comprising Board members or any other members from outside of the Company for special purposes. The board places significant reliance on its committee by delegating a broad range of roles and responsibilities. It therefore remains crucial that effective linkages are in place between the committees and the board as a whole. Mechanisms are in place to facilitate those linkages including ensuring that there are no gaps or unnecessary duplications between the remit of each committee. The following figure depicts the existing committees of the IDCOL Board;



## Audit Committee

### Composition

1. Mr. Mohammad Muslim Chowdhury, Chairman
2. Dr. Ahmad Kaikaus, Member
3. Ms. Nihad Kabir, Member
4. Mr. Waliur Rahman Bhuiyan, Member
5. Mr. Abdul Haque, Member

### Role & Responsibilities

The Audit Committee assures the independence of IDCOL's internal control functions and audit activities in compliance with the requirements established in Development Credit Agreement, Agency and Administration Agreement, various Project Agreements and Boards' decisions.

## This Committee is responsible-

1. To monitor the integrity of the company's financial statements and announcements;
2. To review internal financial control;
3. To monitor and review the internal audit function;
4. To recommend the appointment or replacement of external auditors and review the effectiveness of their work;
5. To develop and implement policies on the use of the auditors for non-audit services.

## Credit Committee

### Composition

1. Dr. Ahmad Kaikaus, Chairman
2. Mr. Waliur Rahman Bhuiyan, Member
3. Ms. Nihad Kabir, Member
4. Mr. Abdul Haque, Member
5. Mr. Sajjadul Hassan, Member
6. Mr. Mahmood Malik, Member

### Role & Responsibilities

Credit Committee of IDCOL is primarily responsible for reviewing all project appraisal reports before submission to the Board for approval. The Committee reviews loan proposals and make recommendations to the Board. The approval of this Committee is mandatory before these documents are submitted to the Board for final approval. The Credit Committee shall analyze the credit proposal to see whether the proposal is consistent with IDCOL's credit policies and credit norms, guidelines/regulations of Bangladesh Bank, relevant laws etc. and has been presented by following all the required formalities. The Committee, in the light of its analysis, shall consider the positive and negative sides of the proposal and shall give its opinion/recommendation.

The Credit Committee also makes recommendations for pricing of all IDCOL loans. Besides, the Committee also provides guidance to the IDCOL Board with regard to IDCOL's role as lender of last resort in private sector infrastructure projects implemented in Bangladesh. It is to be mentioned here that the Credit Committee shall only give recommendation /opinion about a proposal; credits will be finally approved by the IDCOL Board.

## Organization Committee

### Composition

1. Mr. Kazi Shofiqul Azam, Chairman
2. Ms. Nihad Kabir, Member
3. Dr. Ahmad Kaikaus, Member
4. Mr. Mahmood Malik, Member



## Role & Responsibilities

The Committee is responsible for overseeing the overall Human Resources strategy and policies of the Company, which is designed to provide:

- A rich supply of high caliber employees with the capability to lead the business now and in the future.
  - Diversity of employees to reflect the available talent in the market place and consumer demographics.
  - Training and development that will equip employees with the skills and knowledge to perform their duties efficiently.
  - A high performance culture and employee engagement that will drive organization success.
  - A level and composition of reward and recognition for employees that:
    - ◆ will attract, retain and motivate employees with the requisite skills and expertise towards high performance;
    - ◆ is linked to Company and individual performance;
- ◆ maintains the integrity of the Company's remuneration strategies and practices;
  - ◆ provides appropriate alignment between shareholder interests and employee interests;
  - ◆ provides a framework for undertaking reviews of remuneration proposals; and
  - ◆ Is compliant with current governance and legislative requirements related to remuneration practices.
- The committee will guide, advise, review and recommend initiatives related to corporate matters within the following areas:
    - ◆ Organization Structure (Organogram)
    - ◆ Staff Manual
    - ◆ Compensation
    - ◆ Human Resource Development
    - ◆ Performance Management
    - ◆ Succession Plan
    - ◆ Other matter that may be delegate by the Board from time to time

## Status of Compliance with Corporate Governance Guidelines

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No. SEC/CMRRC/2006-158/134/Admin/44 dated August 07, 2012 issued a notification regarding compliances on Corporate Governance for listed companies. IDCOL is not yet listed with any stock exchange so this notification does not apply. However, IDCOL voluntarily complies with many of the requirements. The status report on compliance with those conditions is furnished below:

Condition No.	Title	Complied status (put in the appropriate column)		Remark
		Complied	Not complied	
<b>1</b>	<b>Board of Directors</b>			
1.1	Board's Size:	√		
1.2	Independent Director:			Not Applicable
1.2 (i)	One fifth (1/5) of the total number of directors	-	-	"
1.2 (ii) a)	Does not hold any share or holds less than 1% share of the total paid-up shares	-	-	"
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship	-	-	"
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	-	-	"
1.2 (ii) d)	Not a member, director or officer of any stock exchange	-	-	"
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	-	-	"
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm	-	-	"
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies	-	-	"
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBF	-	-	"
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	-	-	"
1.2 (iii)	Nominated by board of directors and approved by the shareholders in the AGM	-	-	"
1.2 (iv)	Not remain vacant for more than 90 (ninety) days	-	-	"
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	-	-	"
1.2 (vi)	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	-	-	"





Condition No.	Title	Complied status (put in the appropriate column)		Remark
		Complied	Not complied	
1.3	Qualification of Independent Directors:			Not applicable
1.3 (i)	Knowledge of Independent Directors	-	-	"
1.3 (ii)	Background of Independent Directors	-	-	"
1.3 (iii)	Special cases for qualifications	-	-	"
1.4	Individual Chairman of the Board & CEO:	√		
1.5	The Directors Report to Shareholders:			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion:, on Cost of Goods sold, Gross Profit -Margin and Net Profit Margin	-	-	Not applicable
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others	-	-	Not applicable
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing	-	-	"
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements	-	-	No such event occurred
1.5 (x)	Remuneration to directors including independent directors	√		
1.5 (xi)	Fairness of Financial Statements	√		
1.5 (xii)	Proper books of accounts maintained	√		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	√		
1.5 (xiv)	Followed IAS/BAS/IFRS and BFRS in preparation financial statements	√		
1.5 (xv)	The system of internal control sound in design & effectively implemented & monitored	√		
1.5 (xvi)	No significant doubt upon its ability to continue as a going concern	√		
1.5 (xvii)	Reporting of significant deviations from the last year's in operating results	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	√		
1.5 (xix)	Dividend declared	√		
1.5 (xx)	Number of board meeting held & attendance reporting	√		

Condition No.	Title	Complied status (put in the appropriate column)		Remark
		Complied	Not complied	
1.5 (xxi)	Pattern of shareholding:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties	-	-	Not applicable
1.5 (xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children	√		
1.5 (xxi) c)	Executives	√		
1.5 (xxi) d)	10% or more voting interest	√		
1.5 (xxii)	Appointment/re-appointment of director:	√		
1.5 (xxii) a)	Resume of the director	√		
1.5 (xxii) b)	Expertise in specific functional areas	√		
1.5 (xxii) c)	Holding of directorship and V membership of committees of the board other than this company.	√		
<b>2</b>	<b>Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit (HOI)</b>			
2.1	Appointment of CS, CFO & H IA	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	√		
<b>3</b>	<b>Audit Committee</b>			
3 (i)	Constitution of Audit Committee	√		
3 (ii)	Assistance of the Audit Committee to Board of Directors	√		
3 (iii)	Responsibility of the Audit Committee	√		
3.1	Composition of Audit Committee:	√		
3.1 (i)	At least 3 (three) members	√		
3.1 (ii)	Appointment of members of the Audit Committee	√		
3.1 (iii)	Qualification of Audit Committee members	√		
3.1 (iv)	Term of service of Audit Committee members	√		
3.1 (v)	Secretary of the Audit Committee	√		
3.1 (vi)	Quorum of the Audit Committee	√		
3.2	Chairman of Audit Committee:			
3.2 (i)	Board of Directors shall select the Chairman	√		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the AGM	√		
3.3	Role of the Audit Committee:			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements before submission to the Board for approval	√		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the Board for approval	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	√		



Condition No.	Title	Complied status (put in the appropriate column)		Remark
		Complied	Not complied	
3.3 (x)	Disclosure about the uses/ applications of funds raised by IPO/RPO/Right issue	-	-	No such events occurred
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:	√		
3.4.1 (i)	Activities of Audit Committee	√		
3.4.1 (ii) a)	Conflicts of interest	√		
3.4.1 (ii) b)	Material defect in the internal control system	√		
3.4.1 (ii) c)	Infringement of laws, rules and regulations	√		
3.4.1 (ii) d)	Any other matter	√		
3.4.2	Reporting to the Authorities	√		
3.5	Reporting to the Shareholders & General Investors	√		
<b>4</b>	<b>Engagement of External/Statutory Auditors:</b>			
4 (i)	Appraisal or valuation services or fairness opinions	√		
4 (ii)	Financial information systems design and implementation	√		
4 (iii)	Book-keeping	√		
4 (iv)	Broker-dealer services	√		
4 (v)	Actuarial services	√		
4 (vi)	Internal audit services	√		
4 (vii)	Services that the Audit Committee determines	√		
4 (viii)	Audit firms shall not hold any share of the company they audit.	√		
4 (ix)	Audit firm shall not certify on compliance of corporate governance	√		
<b>5</b>	<b>Subsidiary Company:</b>			
5 (i)	Composition of the Board of Directors At			Not applicable
5 (ii)	least 1 (one) independent director to the subsidiary company	-	-	"
5 (iii)	Submission of Minutes to the holding company	-	-	"
5 (iv)	Review of Minutes by the holding company	-	-	"
5 (v)	Review of Financial Statement by the holding company	-	-	"
<b>6</b>	<b>Duties of Chief Executive Officer and Chief Financial Officer:</b>			
6 (i) a)	Reviewed the truthfulness of the financial statement and certified to the Board	√		
6 (i) b)	Reviewed compliance of the accounting standard	√		
6 (ii)	Reviewed the absence of fraudulent or illegal transactions or violation of the company's code of conduct	√		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>			<b>Not applicable</b>
7 (i)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	-	-	"
7 (ii)	Annexure attached, in the directors' report	-	-	"

## Statement of Compliance with the Good Governance Guideline issued by Bangladesh Bank

Bangladesh Bank requires the Financial Institutions to comply with the guidelines on Corporate Governance as per the DFI M Circular no. 7 dated 25 September 2007 taken appropriate steps to comply with the guidelines and implemented the same. Status report on compliance with those guidelines is given below:

Condition No.	Particular	Complied status(put ✓ in the appropriate column)		Remarks(If any)
		Complied	Not complied	
01	Responsibilities and authorities of Board of Directors the responsibilities of the Board of Directors are mainly related to and developing strategy. Those are as:			
	<b>A. Work Planning and Strategic Management</b>			
	i. The Board shall determine the vision/ mission of the Company. Board shall also determine the strategy and work plan for enhancement of institutional efficiency and other policy matters on annual basis. The Board shall make necessary amendments on the strategy on quarterly basis.	✓		
	ii. The Board shall have its analytical review to be incorporated in the Annual Report as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the Annual General Meeting (AGM).	✓		
	iii. The Board shall determine the Key Performance Indicators for chief executive along with other top-level executives and re-assess on half yearly basis.	✓		
	<b>B. Formation of Sub-committee</b>			
	For making timely decision, Executive Committee and Audit Committee can be formed. No alternative director shall be included in this committee.	✓		
	<b>C. Financial Management</b>			
	i Annual budget and statutory financial reports shall be authorized by the Board of Directors.	✓		
	ii. The Board shall review company's statement of income and expense, statement of loan/lease, liquidity requirement, capital adequacy of provision, action taken for legal cases and recovery of default loan.	✓		
	iii. The Board shall approve the procurement policy and shall accordingly approve the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and top management. However, decision relating to purchase of land, building, and vehicle shall remain with the Board.	✓		
	iv. Bank account of the Company shall be operated by a group constituted from amongst the Management which must be approved by the Board and having dual signatures (As amended through circular number 09, dated October 08, 2007).	✓		
	<b>D. Loan/Lease/Investment Management</b>			





Condition No.	Particular	Complied status(put √ in the appropriate column)		Remarks(If any)
		Complied	Not complied	
	i. The policies, strategies, procedures etc. in respect of loan appraisal of loan/ lease/investment proposal sanction, disbursement, recovery, rescheduling, and write-off shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically delegate the power of sanction of loan/lease/ investment and such delegate should desirably be made among the CEO and other top management of the company.	√		
	ii. No Director shall interfere directly or indirectly in the process of loan approval	√		
	iii. Core Risk Management Guidelines shall be approved by the Board of Directors of the Company.	√		
	<b>E. Risk Management</b>			
	Approval shall be taken from Board of Directors for syndicate loan/lease/investment and large loan, lease or investment.	√		
	<b>F. Internal Control &amp; Compliance</b>			
	Audit Committee shall be formed for effective implementation of an integrated internal control system of the Company and for keeping loan/ lease/ investment quality at a desired level. Board Audit Committee shall review the report provided by the Internal Control & Compliance Department, the external auditor and the Bangladesh Bank shall make comments thereon.	√		
	<b>G. Human Resources Management (HRM)</b>			
	Polices relating to recruitment, promotion, transfer disciplinary and punitive measures, HR development etc. and service rule shall be framed and approved by the Board. The Chairman or the Board shall no way involve themselves or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the service rules. No member of the Board shall be included in the selection committees for recruitment and promotion of different levels except the position MD, DMD and GM or equivalent.	√		
	<b>H. Appointment of Managing Director and Increase of Salaries &amp; Allowances</b>			
	Board of Director shall appoint a competent Managing Director with approval of the Bangladesh Bank. Board shall approve any increment of salaries and allowance of the Managing Director.	√		

Condition No.	Particular	Complied status(put ✓ in the appropriate column)		Remarks(If any)
		Complied	Not complied	
<b>01</b>	<b>Benefit to the Chairman</b>			
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in ,the business-interest of the company subject-to the approval of the Board.	✓		
<b>02</b>	<b>Responsibilities and Duties of Chairman</b>			
	i. Chairman shall not personally possess the jurisdiction to apply policy making or executive or operational and routine affairs of the Company.	✓		
	ii. The Minutes of the Board meetings shall be signed by the Chairman.	✓		
	iii. Chairman shall sign-off the personal for appointment of Managing Director and revision of his salaries & allowances.	✓		
<b>03</b>	<b>Responsibilities of Managing Director</b>			
	The Managing Director or Chief Executive officer of the company or whatsoever be called, shall work under the following area:			
	i. Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	✓		
	ii. Managing Director shall ensure compliance of Financial Institution Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities.	✓		
	iii. All recruitment /promotion /training, except recruitment/promotion/training of DMG & GM (as equivalent to EVP) shall be vested upon the Managing Director. He shall act such in accordance with the approve HR policy of the Company.	✓		
	iv. Managing Director may re-schedule job responsibilities of employees.	✓		
	v. Managing Director shall sign all the letters/ statements/ relating to compliance of policies and guidelines. However, Departmental/unit heads may sign daily letters/ statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized.	✓		



## Organizational Highlights

Sl. No.	Particulars		2017	2016
1	Paid-up capital	BDT million	5,500	5,000
2	Total capital	BDT million	6,826	6,402
3	Surplus/(shortage) capital	BDT million	980	1,021
4	Total Assets	BDT million	76,636	73,025
5	Total deposits	BDT million	Nil	Nil
6	Total loans & advances	BDT million	42,037	41,017
7	Total contingent liabilities and commitments	BDT million	Nil	Nil
8	Loans to deposit ratio (total loans/total deposits)	%	N/A	N/A
9	% of classified loans against total loans	%	9.8	9
10	Profit after tax and provision	BDT million	531	398
11	Classified loans, advances and leases during the year	BDT million	4,058	3,512
12	Provisions kept against classified loans, advances and leases	BDT million	2,792	1,658
13	Provision surplus/(deficit) against classified loans, advances and leases	BDT million	91	(259)
14	Cost of fund	%	3.03	2.94
15	Interest earning assets	BDT million	68,923	68,086
16	Non-interest earning assets	BDT million	7,713	4,939
17	Return on investment (ROI)	%	1.26	0.97
18	Return on asset (ROA)	%	0.69	0.54
19	Income from investment	BDT million	Nil	Nil
20	Operating profit per share	in BDT	51.49	55.23
21	Earnings per share	in BDT	9.65	7.96
22	Price earning ratio	Times	N/A	N/A

### Report on Internal Control over Financial Reporting

The Board sets out the responsibility of the management in establishing adequate internal Control over financial reporting.

Management of IDCOL is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by or under the supervision of the CEO and the Deputy CEO & Chief Financial Officer and effected by the Board of Directors, the Management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as adopted by ICAB and other applicable rules and regulations. It includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions related to operations;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as adopted by ICAB and our receipts and expenditures are made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of

any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated, under the supervision of and with the participation of the CEO, ED and the Chief Financial Officer and the Head of Internal Audit, the effectiveness of our internal control over financial reporting as of 31 December 2017.

Based on that evaluation, management concluded that, as of 31 December 2017, internal control over financial reporting was effective. Also, based on the results of our evaluation, management concluded that there were no material weaknesses that have been identified in internal control over financial reporting as of 31 December 2017.

Our internal control over financial reporting as of 31 December 2017 has been reviewed by Hoda Vasi Chowdhury & Co.. The Auditor also assesses the effectiveness of our internal control and determines the degree and extent of reliance on internal control system.

Sd/-  
**Mahmood Malik**  
Executive Director and  
CEO

Sd/-  
**S. M. Monirul Islam**  
Chief Financial Officer &  
Deputy CEO

Dhaka, 28 March, 2018





## Audit Committee Report

IDCOL's Audit Committee is a sub-committee of The Board was formed in compliance with Bangladesh Bank guidelines and international best practices on Corporate Governance with a view to provide independent oversight of the Company's financial reporting, non-financial corporate disclosure, effectiveness of internal control system etc. as set out in the Audit Committee Charter.

The board audit committee consists of five members of IDCOL board of directors whose responsibilities include helping auditors remain independent of management.

### Objective of the Audit Committee

By effectively carrying out its functions and responsibilities, the audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices and internal controls, and that the outside auditors, through their own review, objectively assess the company's financial reporting practices. The objective of the committee is to assist the Board in fulfilling its corporate governance responsibilities, particularly:

- the reliability and integrity of information for inclusion in company's financial statements;
- compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- the integrity of company's internal control framework;
- safeguarding the independence of the external and internal auditors;
- ensuring that the management has selected accounting policies that are in line with applicable accounting standards; and
- Review interim financial releases i.e., quarterly and half yearly unaudited financial statements and recommend the same to the Board of Directors for approval.

The engagement partner of the external audit firm is invited to attend each Annual General Meeting and to be available to answer shareholders questions about the conduct of the audit and the preparation and content of the auditor's report.

### Composition of the Board Audit Committee

The Board Audit Committee consists of five Directors of the Company and the chairman and members of the audit committee are appointed by board. In order to fulfill a quorum, at least two members of the committee must be present in the meeting.

The appointment of an Independent Director is nominated by Government of Bangladesh (GOB). An Independent Director is in the Chair of the Board Audit Committee.

The Committee comprises the following members as of the date of this report:

Mr. Mohammad Muslim Chowdhury (Secretary of Finance Division, Ministry of Finance), one of the independent directors, is the Chairman of the Audit Committee, possessing of vast experience. Four others independent members are Mr. Dr. Ahmad Kaikaus (Secretary, Power Division), Ms. Nihad Kabir (Advocate, Supreme Court of Bangladesh), Mr. Abdul Haque (Reknowned Business Person) and Mr. Waliur Rahman Bhuiyan (Reputed Business Person). They also possess significant experience in finance, accounting and audit.

All the members of the Committee are financially literate. The qualifications and the biographical details of the current members of the Committee are set out in detail in their brief profile on page no. 62-65 of this annual report.

The Chief Executive Officer (CEO), Deputy CEO and Chief Financial Officer (CFO), Head of Internal Audit (HIA), representatives of the external auditors and representatives of the Bangladesh Bank (BB) are invited to attend the Committee Meetings.

### Audit Committee Charter

#### Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the IDCOL's financial statements, (2) IDCOL's compliance with legal and regulatory requirements, (3) the External Auditor's qualifications and independence, (4) evaluate the operating effectiveness of internal control system and (5) the performance of IDCOL's internal audit function and independent auditors. The audit committee will also conduct the functions that regulatory rules require to be done.

#### Authority

The Committee is established by, and reports to, the Board. The Committee's functions and powers are as set out in this Charter or otherwise delegated to it by the Board, in accordance with the Company's Constitution.

The Committee's primary role is to review and make recommendations to the Board. The Board may, however, delegate certain other matters to the Committee from time to time.

The Committee shall periodically assess the adequacy

of this Charter and shall report the results of such review to the Board and, if considered appropriate, make recommendations to the Board to amend the Charter.

### **Responsibility**

The primary responsibility of the Committee is to oversee the Company's financial controls and reporting processes on behalf of the Board and report the results of its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee in carrying out its responsibilities will also examine if its policies and procedures are flexible, in order to best react to changing conditions and circumstances. The Committee will take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The Committee may perform such other duties and responsibilities as are consistent with its purpose and as the Board or the Committee deems appropriate.

### **In Respect of Internal Control**

It reviews the implementation of key accounting policies and financial reporting and evaluates the implementation of internal control systems and the risk management process.

### **In Respect of Financial Statements**

The Committee shall meet and review with management and the independent external auditors regarding the financial statements to be included in the Company's Annual Report, including (a) the clarity of the disclosures in the financial statements; and (b) the Company's disclosures on critical accounting policies.

The Committee will review and discuss with the independent external auditors the matters required to be communicated to the Committee by the independent external auditors under auditing standards established from time to time, including any difficulties the independent external auditors encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management, and management's response to such difficulties. The Committee will also review and discuss with management and the independent external auditors the annual report on internal controls by the executive management, and the report on the effectiveness of the Company's internal controls prepared by the independent external auditors.

Based on these reviews, the Committee will make a recommendation to the Board as to whether the audited financial statements should be included in the Company's Annual Report.

### **In Respect of Internal Audit**

The Committee shall discuss with the internal auditors and the independent external auditors the overall scope and plans for their respective audits including their respective responsibilities and the adequacy of staffing and compensation. The Committee shall approve in advance audit engagement fees and the terms of audit services to be provided by the independent external auditors.

### **In Respect of External Audit**

The independent external auditors are ultimately accountable to the Committee and the Board. The Committee shall be responsible for the appointment, compensation and general oversight of the work of the independent external auditors. The Committee shall review the auditors' qualifications and independence from management and the Company, including whether the auditors' performance of permissible non-audit services is compatible with their independence. Based on its' review, the Committee shall recommend to the Board for their approval and onward submission before the shareholders of the Company in the Annual General Meeting (AGM) for final selection of the Independent External Auditors of the Company.

### **In Respect of Compliance with existing regulation**

The Committee shall periodically review and discuss with management, the internal auditors, and the independent external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethics and compliance programs.

## **Activities of the Audit Committee in the Year 2017**

The audit Committee carried out among others the following activities in the year 2017:

- Discussed with the external auditors and management prior to finalization of financial statements of IDCOL for the year ended December 31, 2017;
- Reviewed draft audited financial statements of IDCOL for the year ended December 31, 2017 along with the auditor's report thereon;
- Reviewed the proposal of external auditors for appointment and recommended the same to the board;
- Reviewed the Bangladesh Bank Inspection Report on corporate head office of IDCOL as of December 31, 2016, and management responses



to the report;

- Reviewed Audit Plan of Internal Audit Department for the year 2017;
- Reviewed the internal audit reports issued by the Internal Audit Department during the year 2017;
- Reviewed the Management Letter issued by external auditors, Hoda Vasi Chowdhury & Co, on annual audit of financial statements of IDCOL for the year ended December 31, 2017;
- Reviewed the departmental activities of the company;
- Reviewed the report on the non-performing / default clients;
- Reviewed the report on business operations;
- Reviewed the revised and annual budget of the company;
- Reviewed the quarterly financial statement of the company;
- Reviewed the overdue status of company's portfolio;

The Committee concurs with and accepts the audit report on the financial statements and has recommended for approval thereof to the Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

### **Audit Committee Meeting**

The Committee will meet as often as deemed necessary or appropriate in its judgment and at such times and places as the Committee shall determine, taking into account requests from any Committee member, the Executive Director & CEO or the Company Secretary.

Two members of the Committee shall constitute a quorum. The Chairman of the Committee shall be responsible for finalizing the agenda, presiding over meetings and coordination of reporting to the Board. In the absence of the Chairman of the Committee, the responsibilities of the Chairman may be performed by any other member of the Committee.

The Company Secretary or designate will act as Secretary of the Committee and will attend meetings of the Committee, as required.

### **The Audit Committee and Internal Control and Compliance**

IDCOL's Internal Audit Department is tasked with reviewing the Company's system of internal controls including the conduct of regular audits of all operational units. Internal Audit is operationally

independent in that its members are not involved in the Company's operational activities and that the Head of Internal Audit, in addition to his direct reporting, also has direct access to the Audit Committee.

The Audit Committee is responsible for approving the annual audit plan of IA and reviewing the plan's subsequent implementation. The internal audit reports or summaries thereof prepared by the ICC are reviewed on a regular basis by the Committee.

### **Reporting of the Audit Committee**

The Audit Committee reports directly to the Board of Directors and the Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities-related laws, rules and regulations and
- Any other matter which should be disclosed to the Board of Directors immediately.

No such issues arose at IDCOL during the year ended 31 December 2017.

Sd/-

**Mohammad Muslim Chowdhury**

Chairman, Audit Committee

25 March, 2018

# Report on Internal Control

Whilst the Board acknowledges that total elimination of risks is not possible, the system of internal controls that is in place is designed to manage risks in meeting the IDCOL's business objectives. The system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

## INTRODUCTION

The Board of Directors recognizes the importance of a sound internal control system with a view to ensuring good corporate governance practice thereby safeguard the shareholders' investments and the Company's assets. The system of internal control that we have in place enables us to drive our business operations in a more efficient and effective manner ensures sound financial reporting and control procedures, as well as compliance with the relevant laws and regulations.

The following statement on internal control has been prepared in accordance with the regulatory requirements not only to comply with the regulatory requirements but also to articulate the practical internal control effectiveness to the existing and potential stakeholders.

## RESPONSIBILITY

The Board affirms its overall responsibility for the IDCOL's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such system of internal control is designed to manage rather than to eliminate risks that may impede the achievement of the Company's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of internal control covers risk management and financial, organizational, operational and compliance controls. The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. This process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee which is supported by the Internal Auditors.

While the 'tone at the top' is set by the Board, it is the role of the management to implement the policies adopted by the Board. In fulfilling its responsibilities, management identify and evaluate the risks faced by the Company - for consideration by the Board -and design, implement and monitor an appropriate system of internal control.

## DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

### Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the Company's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the Board of directors.

### Identification and Evaluation of Risks and Control Objectives

Naturally, Company faces a variety of risks from various sources that are assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of relevant risks to achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change. Mechanisms are needed to identify and deal with the special risks associated with change.

### Control Activities

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions have been taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

### Information and Communication Processes

Pertinent information must be identified, captured and communicated in a form and time frame that enables people to carry out their responsibilities. Information systems produce reports, containing operational, financial and compliance-related information, that make it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting. Effective





communication must also occur in a broader sense, flowing down, across and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream. There also needs to be effective communication with external parties, such as customers, suppliers, regulators and shareholders.

### **Processes for Monitoring the Effectiveness of Internal Control System**

Internal control systems need to be monitored, a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the Board.

## **INTERNAL CONTROL PROCESS**

The key processes that the Board has established in reviewing the adequacy and integrity of IDCOL's system of internal controls include the following:

### **Risk Management Framework**

The risk management process seeks to identify measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and that the expected returns compensate the risks taken.

This process is regularly reviewed through its Credit Risk Management Committee (CRMC) consisting of the senior management of IDCOL which ensures the proper management of risks and takes the appropriate measures to mitigate any identified weaknesses in the control environment.

For effective risk management, a set of tools has clearly been identified and embedded organization wide so as to minimize and better mitigate the risks generated from business activities. These tools are reviewed regularly and updated constantly to ensure consistency with the vision and mission of the organization.

In order to define and create additional risk identification centers, the Risk and Special Asset Management (SAM) Unit in IDCOL has been segregated in four units namely Credit Risk Management (CRM)

Unit, Compliance Unit, Special Asset Management (SAM) Unit and Legal Unit. Each unit has a defined and unique set of risk identification methodology.

Overall, in conjunction with the CRM, SAM, Compliance and legal unit, IDCOL is continuously striving to minimize risk so as to retain Company goal. From pre-approval stage to the disbursement of each tranche of fund, the vital input of all units strengthens the risk management framework embedded throughout IDCOL.

### **Internal Audit Function**

The internal audit performs regular review of IDCOL's operational processes and system of internal controls. Internal audit adopts a risk-based approach in determining the auditable units and frequency of audits.

### **Regular Review of Audit Plan**

The results of the audits conducted by internal auditor are reported to the Board Audit Committee. The follow-up actions and the review of the status of actions taken as per the auditors' recommendations are carried out by the management via various management committees.

The Audit Committee holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors as well as the regulatory authorities. The minutes of the meetings of the Audit Committee are subsequently tabled to the respective Boards for notation. The copy of the minutes of the meetings of the Audit Committee is also sent to Bangladesh Bank regularly within the stipulated time.

Further details of the activities undertaken by the audit Committee of the Company are set out in the Audit Committee Report.

### **Compliance Framework**

Compliance risk in IDCOL is defined as the risk of impairment to IDCOL's reputation and financial condition from failure to meet laws and regulations, internal policies and expectations of stakeholders.

Company's state of compliance with laws, regulations and internal policies and procedures are reported to Risk Management Committee (RMC). In addition, IDCOL has in place a reporting process wherein any incident affecting the reputation of IDCOL is escalated to the senior management immediate after the occurrence of the incident. The escalation process ensures the adequate oversight and guidance is provided by the Board in managing reputational risk.

Compliance in collaboration with the business operating units continuously assesses and recommends improvements to control by carrying out root cause analysis on common incidences of non-

compliance, negligence and fraud.

To mitigate compliance risk, briefings as well as various awareness and learning initiatives are conducted to ensure continuous compliance with existing controls and to embed a compliance culture within the entity.

### Board Committees

Specific responsibilities have been delegated to the relevant Board Committees, all of which have written terms of references. These committees have the authority to examine and/or consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if such is required. The Board Committees are as follows:

- Organization Committee;
- Audit Committee; and
- Credit Committee.

### Management Committee (MC)

The Management Committee, comprising key management personnel of IDCOL and chaired by the CEO & ED, manages the strategic direction and provides strategic guidance to the functional units. Being a forum where all strategic and operational matters are discussed, the MC meets regularly and special meetings are convened to discuss urgent issues.

### Authority Limits

Delegation of authority including authorization limits at various levels of Management in the Group are documented and designed to ensure accountability and responsibility.

### Internal Policies and Procedures

Policies, procedures and processes governing IDCOL's operations are documented and are made available to employees. These policies, procedures and processes are reviewed and updated to cater to changes in laws and regulations as well as changes to the business and operational environment. Furthermore, a review of the policies, procedures and processes are also carried out to ensure that appropriate controls are in place to manage operational risks.

There is clear procedure for investment appraisals including equity investment and capital expenditure.

### Budgeting Process

A detailed budgeting process is established to prepare budgets and business plans annually for approval by the Boards. The budget and business plans as well as strategic initiatives are discussed by the senior management and the Board at an annual business planning and budgetary session.

A reporting system on actual performance against

approved budgets is in place and significant variances are followed up by the Management and reported to the Board.

### Performance Review

Regular and comprehensive information is shared by the Management for monitoring of their performance against the strategic business plan approved by the Board, covering all key financial and operational indicators as well as key strategic initiatives undertaken by IDCOL during the year.

The Management Committee and the Board receive and review the monthly accounts and financial information reports at their monthly or regular meetings.

### Human Capital Management

IDCOL acknowledges that one of the key constituents of any internal control system is its people and that our system of internal controls is dependent on the responsibility, integrity and judgment that people apply to their work.

Hence, the IDCOL has in place policies and procedures that govern recruitment and appointment, performance management, talent management, succession planning, compensation and reward, learning Statement on Internal Control and human capital development as well as policies and procedures that govern discipline, termination and dismissal.

### Code of Ethics and Conduct

The Code of ethics and Conduct sets out the standards of services and ethical business practices, and aims to maintain confidence in the security and integrity of the business practices. It is a requirement that all employees of IDCOL understand and observe the Code.



## Statement on Financial Statements by CEO and CFO

The financial statements of the Infrastructure Development Company Limited (IDCOL) are prepared in compliance with International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules and regulations.

The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view. The form and substance of transactions and the Company's state of affairs reasonably presented. To ensure this, the Company has taken proper and adequate care in installing a system of internal control and accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

### In this regard, we also certify to the Board that-

- (i) We have reviewed 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;
  - b) 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 knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
- (iii) Proper books of account as required by law have been kept by the Company;
- (iv) The expenditure incurred was for the intended purposes of the Company's business and projects;
- (v) Adequate provisions have been made for loans and advances and other assets which are, in our opinion, doubtful of recovery.

Sd/-  
**Mahmood Malik**  
Executive Director & CEO

Sd/-  
**S. M. Monirul Islam**  
Chief Financial Officer

## Checklist on Corporate Governance Disclosure

Particulars		Page Number
<b>1. BOARD OF DIRECTORS, CHAIRMAN AND CEO</b>		
1.1	Company's policy on appointment of directors disclosed	92-97
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	57 62-65
1.3	At least one independent director on the board and disclosure / affirmation of the board on such director's independence	N/A
1.4	Chairman to be independent of CEO	62-65
1.5	Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	92-97
1.6	Existence of a scheme for annual appraisal of the board's performance and disclosure of the same	92-97
1.7	Disclosure of policy on annual evaluation of the CEO by the Board.	92-97
1.8	Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year Existence of a scheme for annual appraisal of the board's performance	N/A
1.9	At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.	62-65
1.10	Disclosure of number of meetings of the board and participation of each director (at least 4 meetings are required to be held)	92-97
1.11	Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	80-91
<b>2. VISION / MISSION AND STRATEGY</b>		
2.1	Company's vision / mission statements are approved by the board and disclosed in the annual report	21
2.2	Identification of business objectives and areas of business focus disclosed	1
2.3	General description of strategies to achieve the company's business objectives	10-30
<b>3. AUDIT COMMITTEE</b>		
3.1	Appointment and Composition	96
3.1.1	Whether the Audit Committee Chairman is an independent Non - Executive Director and Professionally Qualified	107-109
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate /question employees and retain external counsel	107-109
3.1.3	More than two thirds of the members are to be Non-Executive Directors	57
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	92-97 62-65
3.1.5	Head of internal audit to have direct access to audit committee	110-112
3.1.6	The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report	N/A
3.2	Objectives & Activities	107-109
3.2.1	Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	107-109
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of statutory dues	107-109
3.2.3	Statement of Audit committee involvement in the review of the external audit function	107-109
	* Ensure effective coordination of external audit function	
	* Ensure independence of external auditors	
	* To review the external auditor's findings in order to be satisfied that appropriate action is being taken	
	* Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors	
	* Recommend external auditor for appointment/ reappointment	





Particulars		Page Number
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	107-109
3.2.5	Statement of Audit Committee involvement in the review and recommend to the board of directors, annual and interim financial releases	107-109
3.2.6	Reliability of the management information used for such computation	107-109
<b>4. INTERNAL CONTROL &amp; RISK MANAGEMENT</b>		
4.1	Statement of Director's responsibility to establish appropriate system of internal control	92-97 110-112
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management	110-112
4.3	Statement that the Directors have reviewed the adequacy of the system of internal controls	110-112
4.4	Disclosure of the identification of risks the company is exposed to both internally & externally	119-122
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	119-122
<b>5. ETHICS AND COMPLIANCE</b>		
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulations etc.	91
5.2	Dissemination / communication of the statement of ethics & business practices to all directors and employees and their acknowledgment of the same	91 110-112
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	91 110-112
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	116-122
<b>6. REMUNERATION COMMITTEE</b>		
6.1	Disclosure of the charter (role and responsibilities) of the committee	96-97
6.2	Disclosure of the composition of the committee (majority of the committee should be nonexecutive directors, but should also include some executive directors)	
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	179
6.4	Disclosure of number of meetings and work performed	94
6.5	Disclosure of Remuneration of directors, chairman, chief executive and senior executives	179
<b>7. HUMAN CAPITAL</b>		
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	137-139
7.2	Organizational Chart	58
<b>8. COMMUNICATION TO SHAREHOLDERS &amp; STAKEHOLDERS</b>		
8.1	Disclosure of the Company's policy / strategy to facilitate effective communication with shareholders and other stake holders	80-91
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM	5 31-49
<b>9. ENVIRONMENTAL AND SOCIAL OBLIGATIONS</b>		
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	129-134
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	





## Statement of the Chief Risk Officer

Risk Management culture is essential for any organization to grow to keep balance between risk and return. IDCOL, being a Financial Institution, is exposed to identified and unidentified risks. IDCOL is thriving to manage these risks in a prudent manner to emphasize business growth and minimize risks generated from lending and operational activities. In IDCOL, managing the risks are always of high priority.

Headed by the Chief Risk Officer (CRO), the Risk and Special Asset Management team, is responsible for the identification, measuring and suggesting mitigation of the risks that aids to better understand the business culture eventually resulting in improvised decision making. The Risk and Special Asset Management Team performs several important activities including:

- Developing strategies and policies to safe guard the daily businesses and activities of the institution.
- Setting risk appetite and developing control metrics to maintain goal congruency.
- Measuring, monitoring and reporting risk levels.
- Providing independent view point on legal aspects and risk perspective before entering into any deal.
- Identifying and assessing potential strategic risks.
- Ensuring compliance with regulation set forth by the central bank and following market practices.

### IDCOL Risk appetite

The already developed risk appetite statement clearly defines the boundaries a business can expand to without putting the institution at risk. With the ever changing business environment of Bangladesh, the risk appetite statement set forth by the lending policy is reviewed annually. In this way, the risk appetite is kept in conjunction with the strategic, financial, regulatory requirements and capital planning of IDCOL. Having development mandate in the infrastructure sector of the country, IDCOL risk appetite is designed to balance between the development role and sound risk management.

The Board of Directors and senior management regularly receive and review reporting on the risk profile undertaken against the appetite set forth. A separate Risk Management Committee along with Risk Management Forum with representation of the senior management is in place to better monitor and suggest mitigations for the expected and unexpected risks.

### Risk Policies and Strategies

The main objective of all policies developed across the institution is to ensure that all foreseen and unforeseen risks are appropriately measured, monitored, assessed and controlled in accordance to the risk appetite and culture embedded in IDCOL. A Risk Management

Framework is already in place. This framework is strengthened by standards, guidelines, processes, procedures and control that governs day to day activities of IDCOL. All the standards and guidelines are reviewed from time to time by the Board and senior management committees.

### Risk identification, measurement and mitigation

For better risk identification, measurement and mitigation at IDCOL, the Risk and Special Asset Management team has been segregated into four units, namely, Credit Risk Management Unit, Legal Unit, Compliance Unit and Special Asset Management Unit. Every unit has a set of framework which guides and eases the process of risk identification, measurement, mitigation and reporting. Risk identification is a continuous process at IDCOL and is achieved through:

- Regular assessment of risk associated with lending and credit exposures.
- Ongoing monitoring of projects implemented and awaiting implementation.
- Assessment of risk in new business activity and processes.
- Oversee of the project status after implementation to identify project operational risks.

The decision to undertake new risks is based on a thorough risk assessment. A separate committee is in place represented by management members, upon approval of which any proposal is deemed suitable to be placed in the board for approval.

### Risks at IDCOL

#### • Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower or counterparty failing to make required payments or arising from a breach of contractual terms.

At IDCOL, credit risk mainly arises from commercial lending and concessionary lending. In order to mitigate the arising risks, several policies and guidelines is continuously being developed. A separate Credit Risk Management committee is in place, upon recommendation of which all proposals are eligible to be placed in the Board for approval. Additionally, delegations of loan approvals are also under constant review to better understand and measure risks. Furthermore, to reduce the residual risk at IDCOL, all security related documents are revalidated by legal firms and cross examined by the in house legal unit. Furthermore, standards have been set for insurance and bank guarantees obtained along with other third party service providers.

- **Market Risk**

Market risk is the risk of economical financial loss arising from adverse changes in underlying market factors including interest rate, foreign exchange rate, equity market prices, commodity prices, inflation rate, etc. IDCOL has no depository relationship, hence interest rate risk is low. However, stress testing and scenario analysis provides further insights into portfolio behavior under extreme circumstances.

- **Liquidity Risk**

Liquidity risk is the risk of having insufficient cash flow to meet debt obligations or requirement as they fall due. Liquidity risks usually arise from unanticipated withdrawals or deposits, the inability to repay maturing debts, credit and liquidity commitments and additional pledging and collateral requirements.

IDCOL, having no depository relationship in the market, is therefore liberated from the liquidity risk arising from unanticipated withdrawals and deposits. However, IDCOL has active committee to match timing of the maturity of the assets, to better manage the payment liability of development partners.

- **Operational Risk**

Operational risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. It also generally includes other classes of risk, such as fraud, security, privacy protection, legal risks, physical (e.g. infrastructure shutdown) or environmental risks.

As operational risk is embedded in all businesses across the industry, IDCOL is also exposed to operational risk. The Risk Management Framework of IDCOL provides tools, policies, systems and governance structure to mitigate the operational risks. At IDCOL, operational risk is closely monitored to better identify and measure risks.

The Risk Management units are responsible for providing independent insights of operational risk matters in their respective risk types. Moreover, the Internal Audit Unit, assesses and provides independent opinion on the design and operating effectiveness of IDCOL's management of operational risk and strength of the internal control environment.

- **Legal Risk**

Legal risk is the risk of financial loss arising from one or more of the following factors:

(a) Defective Transaction

(b) Civil, criminal or regulatory enforcement against IDCOL.

(c) Failure to comply with legal obligations to customers, investors, employees, counterparties or other stakeholders.

(d) Failure to take appropriate measures to protect assets and security interest.

(e) Change in Law

In IDCOL, a separate Legal unit is in place, thriving to identify the above mentioned probabilities and propose mitigations. Starting from legal proceedings to security documentation, the Legal unit is playing a vital role in the mitigation of Legal risk in accordance to the Risk Management Framework.

- **Regulatory Compliance Risk**

Regulatory Compliance risk refers to the risk of regulatory sanctions arising from IDCOL's failure to comply with regulatory requirements. The Compliance Unit in IDCOL is proactive and has been maintaining a smooth relationship with the regulatory authorities. It is mentionable that, in IDCOL, additional compliance requirements are needed to be met arising from the development partners. IDCOL management actively reviews the regulatory reports and trainings are held organization wide to better disseminate regulatory requirements.

- **Environmental Risk**

Environmental risk is the risk of financial loss associated with environmental issues arising from the credit and investment activities of IDCOL or related to its own operations. In IDCOL, there is a separate environmental unit in place equipped with experts. All credit and investment activities of IDCOL undergoes environmental scrutiny to identify even minor details which are commonly overlooked. The environmental risk management in IDCOL is well known for safeguarding the interest of all stakeholders from environmental risk and furthermore strengthens the principles of sustainable development.

In IDCOL, the Risk Management units are putting in continuous effort to embed the risk management culture across the institution. All Risk management committees and the senior management is actively reviewing the Framework, policies, guidelines and adopting new strategies to better manage, identify, measure and mitigate risks arising from the activities of the institution.

Sd/-

**Mohammed Javed Emran**  
Chief Risk Officer





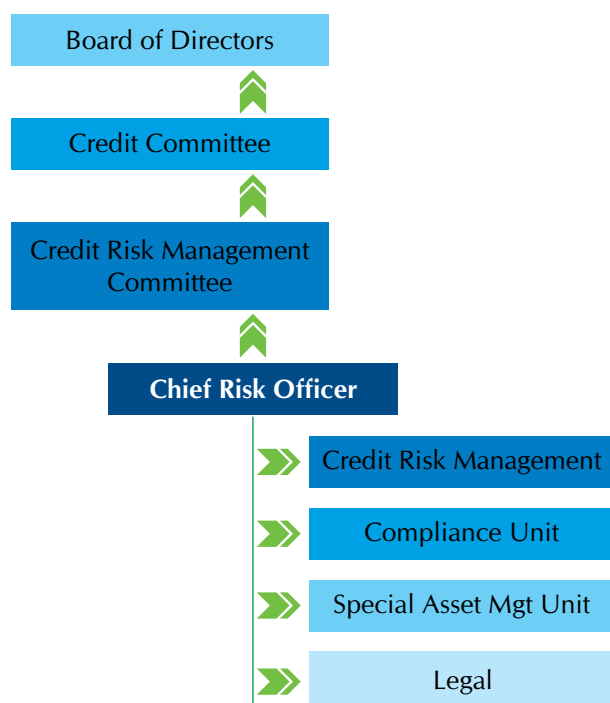
## Risk Management Process

Effective risk management is essential for sustainable growth and success of IDCOL. An inclusive risk management culture throughout the organization has proven to be vital to achieve the strategic objectives of the organization. With the continuous effort to attain and entrench sustainable risk governance and risk management culture in an independent and integrated set of processes, a comprehensive Risk Management framework has been established in IDCOL. The Risk Management framework consists of three key pillars:

The corporate function of IDCOL incurs and owns the risks, whereas the Risk Management units and other control functions provide independent view point to better identify and mitigate the risk arising from business activities. Moreover, the Risk Management units are focusing towards ensuring compliance on regulation and supervision as defined by the regulators with full conjunction of international practice standards in leverage, governance and risk management to ensure resilience of IDCOL.



### Risk Governance



For a prudent practice, a separate Credit Risk Management committee has been developed consisting of the top level management of IDCOL, upon approval of which, a project shall be deemed acceptable to the Board of Directors for consideration. The Credit Risk Management committee has also been delegated with different credit authority for various programs and projects.

Board of Directors have the ultimate authority to approve or decline any credit proposal and to delegate authority to the management. IDCOL has structured credit approval process to ensure detail and in-depth project due diligence addressing associated risks and possible mitigations.

### Risk Appetite

In the year 2017, as per Bangladesh Bank's Guideline, revised lending policy was approved by the Board of Directors of IDCOL. In order to manage the risks effectively and to ensure goal congruency, clear enunciation of the organization's risk appetite is fundamental. The risk boundaries are clearly defined along with the lending windows and terms to be offered at par with market standards keeping the competitive business edge integral.

IDCOL's risk appetite framework is composed of the qualitative and quantitative terms required for the organization to achieve its strategic and financial objective. The lending policy acts as a guide in determining the amount and types of risks the organization is willing to prudently undertake. Most importantly, management's dedicated attention to the risks, generates a focus on forward looking activities ensuring that IDCOL is within its appetite in an on-going basis.

Unlike other Financial Institutions, IDCOL's risk appetite is limited to selective sectors, like Infrastructure, Renewable Energy and Energy Efficiency projects only. Under the commercial lending window, IDCOL is greatly involved in

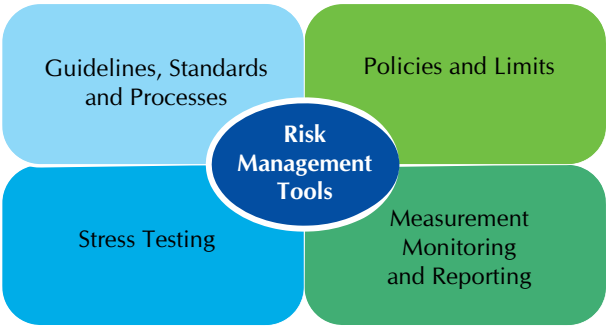
# Risk Management

sectors ranging from Power, Telecommunication, Information and Communication Technology, Land and Sea Ports, Hotel and Tourism, etc. In congruence with the national policies, IDCOL is continuously promoting financing in energy efficient equipment and machinery, namely Auto Brick projects, Cement Mills, Spinning Mills, etc. IDCOL is in the constant lookout to finance projects under the initiative of Public Private Partnership Authority, GoB and infrastructure backward linkage and other industries.

In addition to commercial lending, IDCOL is greatly involved in concessionary lending, with an aim to strengthen and incorporate renewable energy generation practices countrywide. IDCOL’s rooftop project and Solar Home System program is viewed as a revolution to green energy in Bangladesh. Starting from Solar Minigrid and Irrigation pumps to Improve Cook Stove system and Biogas systems, IDCOL is prudently undertaking financing activities that leave a mark in the nation. With an aim to promote green energy, IDCOL is contributing to the growth of solar cold storages, biogas based power projects, solar charging stations and solar diesel hybrid solutions.

## Risk Management Tools

For effective risk management, it is essential that a set of tools is clearly identified and embedded



organization wide so as to minimize and better mitigate the risks generated from business activities. It is also vital that the tools are reviewed regularly and updated constantly to ensure consistency with the vision and mission of the organization.

In order to define and create additional risk identification centers, the Risk and Special Asset Management Unit in IDCOL has been segregated in four units. Each unit has a defined and unique set of risk identification methodology. The units are:



## Credit Risk Management Unit

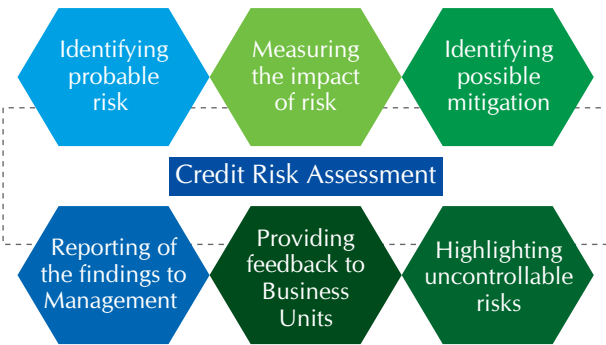
The key functions of the Credit Risk Management Unit, in a broader gauge are Risk Assessment, Post Approval Monitoring and Post Disbursement

Monitoring. Credit Risk Management at IDCOL, has siphoned the broader challenge into components to better identify and quantify the risks and to provide adequate mitigation measures. CRM unit while assessing the proposals consider the followings risks:



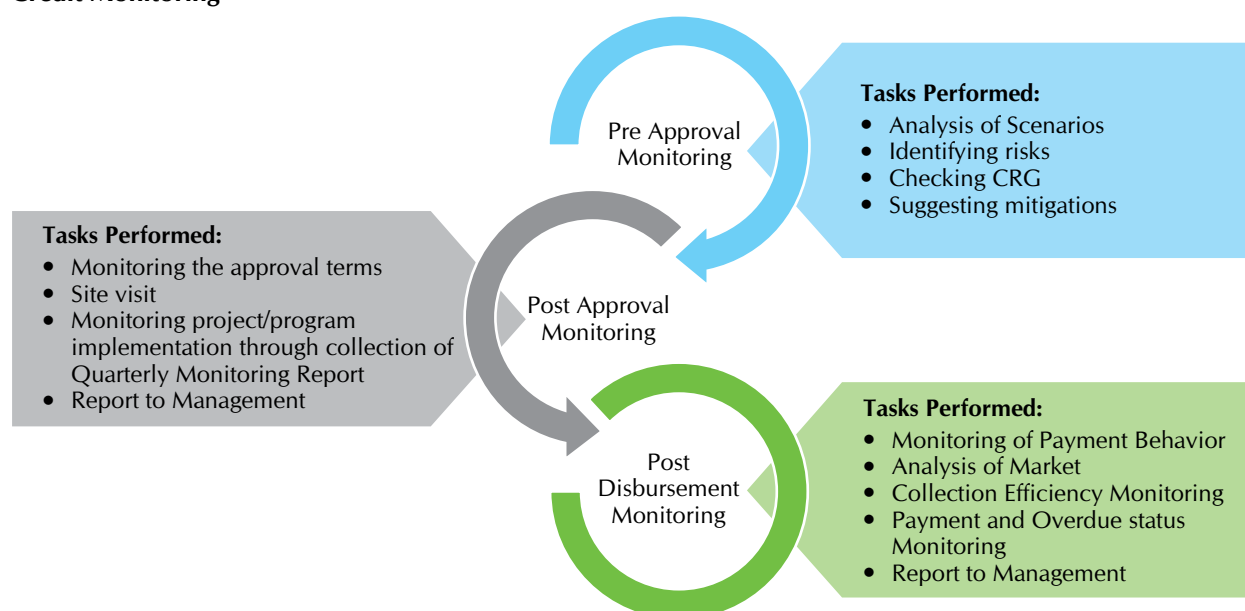
## Credit Risk Assessment Process:

In accordance to the risk management tools, the credit assessment process in IDCOL has been developed. The developed policies and procedures established by the Board of Directors addresses various issues starting from market risk to environmental risk. The responsibility is clearly segregated between origination of business, assessment, approval, documentation, disbursement and recovery to ensure better risk management, internal control, transparency and accountability. The CRM unit is involved in risk assessment, identifying risk and probable mitigation.





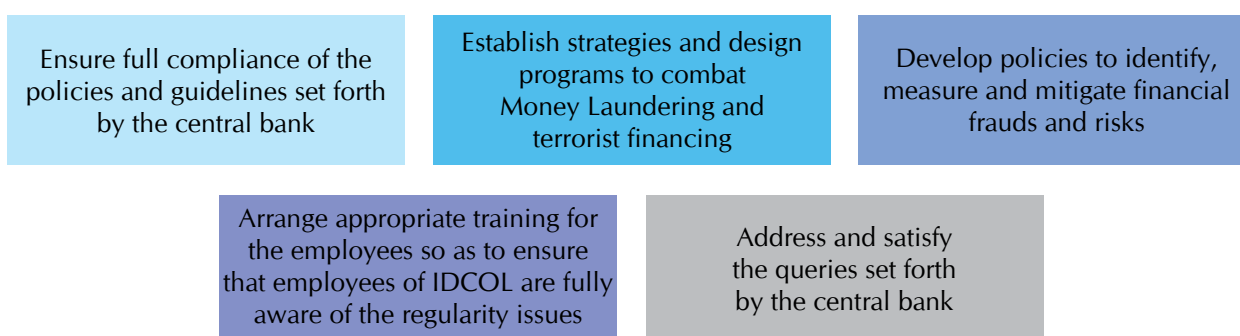
## Credit Monitoring



## Compliance Unit

The compliance unit is a risk management unit, dedicated to ensure that all transactions, approvals and day to day operations of IDCOL in a larger scale is in accordance to the guidelines and policies set forth by the central bank. In addition to compliance

with Money Laundering act and Anti-Terrorism act, the compliance unit is in charge of reports submitted to the central bank monthly, quarterly and annually. The core responsibilities of the compliance unit are as follows:



As an attempt to further identify and measure the risks of the assets of IDCOL, the compliance unit is also dedicated towards the updated insurance policies of all projects along with the CRG grading so as to identify any possible risks arising from the market.

## Special Asset Management Unit

Non-performing loans or NPL badly affect the productivity and prosperity of a financial institution. Numerous reasons within or beyond the control of the borrower can cause the borrower to fail to repay their loans and eventually default. As a result institutions face challenges to maintain a reasonable rate of growth and visage serious consequences of extinction. Classified loans not only suspend interest income of those loans but forces to arrange loan loss provision from the income of the organization. Thus recovery of classified loans is a major concern for the

organization. Therefore, it is of utmost importance to put highest effort to stop transformation of standard loans to non-performing loans and on recovery of classified loans to increase the profitability of the organization. Keeping this in mind, an independent Special Asset Management Unit has been formed in 2017 which is solely responsible for the collection, maintenance and reporting of the loans those are classified and non-performing.

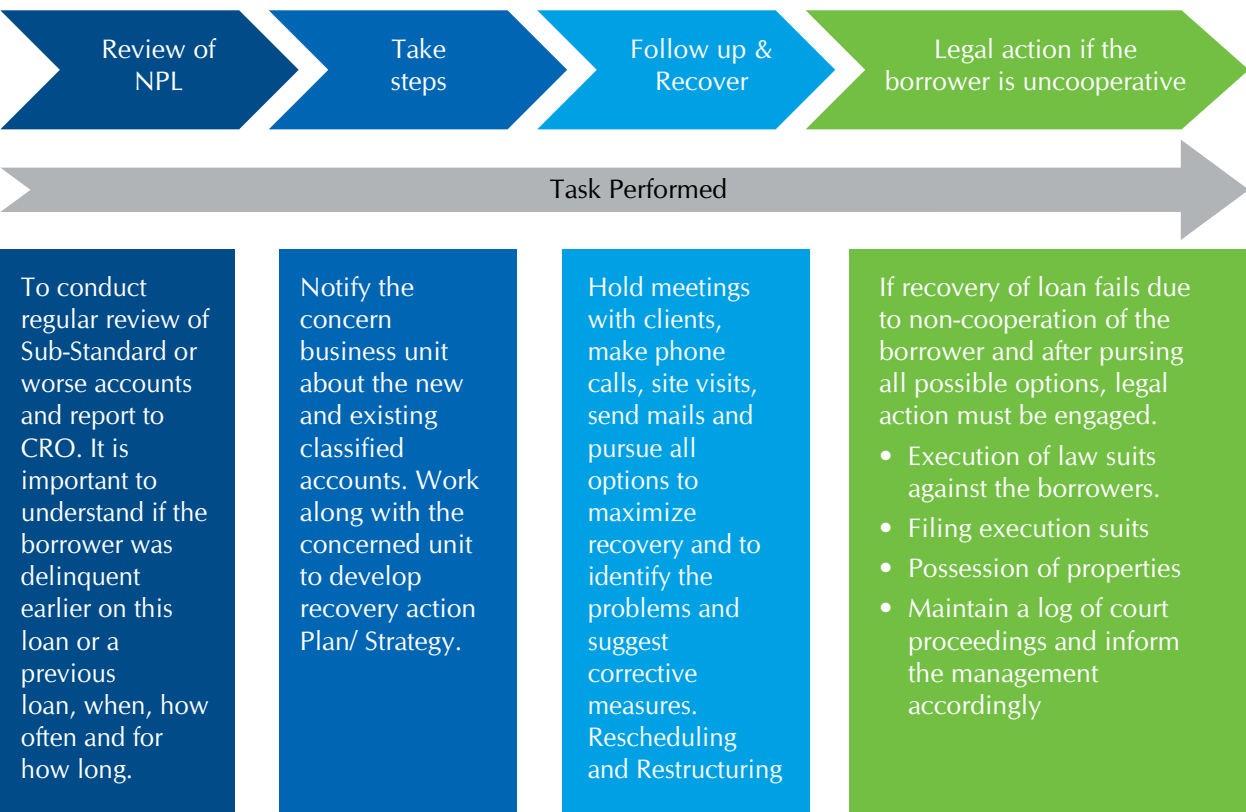
As of 31st December 2017, IDCOL has BDT 144.576 million as written off loans. Major objective of SAM unit is to recover classified loans to safeguard possible losses and overcome crisis of the situation due to non-recovery. Objectives for recovery of loans are to:

- Ensure normal flow of income by taking appropriate measures and assisting the concerned business and operation unit to recover NPL/Classified loans.

# Risk Management

- Maximize IDCOL’s earning by converting Non-Performing Loans (NPL) to regular loans through rescheduling, if required.
- Assist the concerned unit to reach to an amicable settlement.
- Facilitate timely legal steps as per law to avoid law of limitation.
- Adhere to Bangladesh Bank’s policy guidelines.

## The Recovery Process

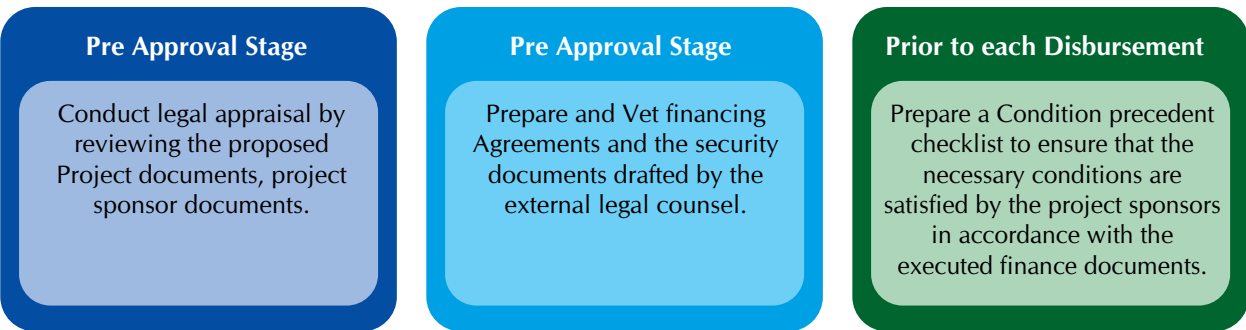


## Legal Unit

In order to ensure proper risk resilience from all aspects, IDCOL has a rich panel of external legal counsels consisting of renowned law firms providing various legal services in relation to the individual programs and projects being financed by IDCOL. However, due to growing portfolio of IDCOL, the business units are frequently in need of legal assistance and services. To ensure uninterrupted Risk

Management at enterprise level, IDCOL has its own team of in-house lawyers.

In brief, the Legal Unit ensures legal compliance for the various programs and projects, vetting important finance and legal documents and providing legal advice. In order to identify and mitigate the risks arising from different aspects, the legal unit undertakes the following actions:



Overall, in conjunction with the CRM, SAM, Compliance and legal unit, IDCOL is continuously striving to minimize risk so as to retain Company goal. From pre-approval stage to the disbursement of each tranche of fund, the vital input of all units strengthens the risk management framework embedded throughout IDCOL.





## Capital Adequacy and Market Discipline (CAMD)

### Significance of Capital Adequacy

Capital is the base for any business and it is also a key factor for ensuring its stability. Capital involves the aspects of the company that help shape and grow it, and includes any of its assets that can benefit the company in the long-term future.

Capital requirement (also known as regulatory capital or capital adequacy) is the amount of capital a bank or other financial institution has to hold as required by its financial regulator. This is usually expressed as a capital adequacy ratio of equity that must be held as a percentage of risk-weighted assets. These requirements are put into place to ensure that these institutions do not take on excess leverage and become insolvent. The Capital Adequacy Ratio (CAR) is important to shareholders because it is an important measure of the financial soundness.

Basel II guidelines are based on the following three aspects:

- Minimum capital requirements to be maintained by an FI against credit, market and operational risks.
- Process for assessing the overall capital adequacy aligned with risk profile of an FI as well as capital growth plan.
- Framework of public disclosure on the position of FI's risk profiles, capital adequacy, and risk management system.

Two types of capital are measured with the CAR:

- Tier 1 capital, also known as the core capital, is the core measure of a FI's financial strength from a regulator's point of view. It can absorb a reasonable amount of loss without forcing the FI to cease its trading.

- Tier 2 capital, also known as the supplementary capital, represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of the FI. It can sustain loss in the event of liquidation. Tier 2 capital provides less protection to its depositors.

Conditions for maintaining regulatory capital as per Bangladesh Bank guideline are:

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities eligible for Tier 2 capital.
- General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for credit risk.

### IDCOL's Capital Adequacy

IDCOL follows the Bangladesh Bank guideline for Basel II reporting strictly to maintain Capital adequacy in accordance to the Basel II guidelines provided by Bangladesh Bank. The policy defines the minimum criteria for ensuring capital adequacy and sets the guiding principles for effective and prudent capital planning, usage and management. However, it is to be noted that IDCOL does the Basel II reporting voluntarily every quarter despite the fact that it is not mandatory for IDCOL to report it. IDCOL is maintaining a capital adequacy ratio of 11.72% which is above the minimum capital adequacy ratio requirement of 10% and hence this ensures full compliance.

Breakdown of each type of capital is given the tables below:

(Amount in Crore taka)

Sl.	Particulars	2017	2016
	<b>1. Tier-1 (Core Capital )</b>		
<b>1.1</b>	Fully Paid-up Capital/Capital lien with BB	550.00	500.00
<b>1.2</b>	Statutory Reserve	-	-
<b>1.3</b>	Non-repayable Share premium account	-	-
<b>1.4</b>	General Reserve	-	-
<b>1.5</b>	Retained Earnings	79.84	96.76
<b>1.6</b>	Minority interest in Subsidiaries	-	-
<b>1.7</b>	Non-cumulative irredeemable preference shares	-	-
<b>1.8</b>	Dividend Equalization Account	-	-
<b>1.9</b>	Other (if any item approved by Bangladesh Bank)	-	-
<b>1.10</b>	<b>Sub-total (1.1 to 1.9)</b>	<b>629.84</b>	<b>596.76</b>

Sl.	Particulars	2017	2016
	<b>Deductions from Tier-1 (Core Capital )</b>		
<b>1.11</b>	Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
<b>1.12</b>	Shortfall in provisions required against classified assets	-	-
<b>1.13</b>	Shortfall in provisions required against investment in shares	-	-
<b>1.14</b>	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
<b>1.15</b>	Any investment exceeding the approved limit	-	-
<b>1.16</b>	Investment in subsidiaries which are not consolidated	-	-
<b>1.17</b>	Increase in equity capital resulting from a securitization exposure	-	-
<b>1.18</b>	Other if any	-	-
<b>1.19</b>	<b>Sub-total (1.11 to 1.18)</b>	-	-
<b>1.20</b>	<b>Total Eligible Tier-1 Capital (1.10-1.19)</b>	<b>629.84</b>	<b>596.76</b>
	<b>2 .Tier-2 (Supplementary Capital)</b>		
<b>2.1</b>	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	<b>55.39</b>	<b>43.27</b>
<b>2.2</b>	Assets Revaluation Reserves up to 50%	-	-
<b>2.3</b>	Revaluation Reserves for Securities up to 45%	-	-
<b>2.4</b>	Revaluation reserve for Equity Instruments up to 10%	-	-
<b>2.5</b>	All other preference shares	-	-
<b>2.6</b>	Other (if any item approved by Bangladesh Bank)	-	-
<b>2.7</b>	<b>Sub-Total (2.1 to 2.6)</b>	<b>55.39</b>	<b>43.27</b>
<b>2.8</b>	Applicable Deductions if any	-	-
<b>2.9</b>	<b>Total Eligible Tier-2 Capital (2.6-2.7)</b>	<b>55.39</b>	<b>43.27</b>

## Risk Management

Effective risk management is essential for sustainable growth and success of IDCOL. An inclusive risk management culture throughout the organization has proven to be vital to achieve the strategic objectives of the organization. With the continuous effort to attain and entrench sustainable risk governance and risk management culture in an independent and integrated set of processes, a comprehensive Risk Management framework has been established in IDCOL. The risk management framework consists of three key pillars:

- Risk Governance
- Risk Appetite
- Risk Management Tools

IDCOL's risk appetite framework is composed of the qualitative and quantitative terms required for the organization to achieve its strategic and financial objective. The lending policy acts as a guide in determining the amount and types of risks

the organization is willing to prudently undertake. Most importantly, management's dedicated attention to the risks, generates a focus on forward looking activities ensuring that IDCOL is within its appetite in an on-going basis. Unlike other Financial Institutions IDCOL's risk appetite is limited to selective sectors, like Infrastructure, Renewable Energy and Energy Efficiency projects only. Under the commercial lending window, IDCOL is greatly involved in sectors ranging from Power, Telecommunication, Information and Communication Technology, Land and sea ports, Hotel and Tourism etc.

To better manage credit, market, operational & liquidity risk IDCOL goes by the Bangladesh Bank Basel II guideline:

- Credit Risk is managed through a framework set by policies and procedures developed by the management and approved by IDCOL board. The approval process contributes in mitigating



credit risk. Every proposal is reviewed by Credit Risk Management Unit, Credit Risk Management Committee, Credit Committee and Board of Directors as a part of risk governance in IDCOL. Moreover, IDCOL has a Credit Risk Manual implemented in accordance with guideline provided by Bangladesh Bank.

The responsibility is clearly segregated

between origination of business and approval of the transaction in order to maintain the independence and integrity of the credit decision-making process. The project appraisal team after completing their detailed due diligence of the project submits the completed project appraisal report to Credit Risk Management (CRM) department. After the risk assessment of CRM,

the project is submitted to CRM committee headed by CEO and comprising of functional unit heads. Once approved by the CRM Committee, it goes to Credit Committee for their review and approval and final approval obtained from the IDCOL Board.

The table below gives details of credit risk:

Distribution of risk exposure by claims	2017	2016
Cash	-	-
Claims on Bangladesh Government and Bangladesh Bank	-	-
Claims on NBFI and Banks:		
i) Original maturity over 3 months	-	-
ii) Original maturity less than 3 months	626	576
Claims on Corporate	46	11
	1109	1373
	719	596
	20	-
	205	273
Claims categorized as retail portfolio & Small Enterprise (excluding consumer loan)	-	-
Consumer finance	-	-
Claims fully secured by residential property	-	-
Claims fully secured by commercial real estate	-	-
1. Past Due Claims (Risk weights are to be assigned net of specific provision):	-	-
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim;	587.85	237.99
Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim;	203.76	210.34
Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	39.35	28.90
2. Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	-	-
3. Loans and claims fully secured against residential property that are past due by 90 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount	-	-
Investments in premises, plant and equipment and all other fixed assets	9.25	9.83
All other assets		
i) Claims on GoB & BB (eg. advanced income tax, reimbursement of patirakkha/shadharon shanchay patra, etc.)	-	-

Distribution of risk exposure by claims	2017	2016
ii) Staff loan/Investment	0.96	0.98
iii) Cash items in Process of Collection	16.96	14.43
iv) Other assets (net off specific provision, if any)	339.87	183.54

- Market risk arises from the fluctuation of returns caused by the macroeconomic factors that affect the overall performance of the financial market and organization as well. The Asset Liability Management Committee reviews the market trend of interest rates and matches the interest risks of the assets so that it can meet its obligations without making any losses. It also ensures that IDCOL has appropriate capital to cover potential losses from exposures to changes in interest rates. IDCOL management makes sure that lending and borrowing currency will always be same so that company does not have to bear any foreign currency risk. The table below gives details of market risk:

(Amount in Crore taka)

Market Risk	Total Capital Charge (2017)	Total Capital Charge (2016)
Interest Rate related instruments	-	-
Equities	-	-
Foreign Exchange Position (if any)	130	132
Commodities (if any)	-	-

- Managing operational risks requires timely and accurate information as well as a strong control culture. To do so, IDCOL has established an internal control & compliance unit to address operational risks and to frame and implement policies to encounter such risks. IDCOL also provides training for capacity building of the employees, ensures active participation of the senior management in identifying and mitigating key operational risks, maintains proactive communication between our revenue-producing units and our independent control and support functions and has built a network of systems throughout the firm to facilitate the collection of data used in analyzing and assessing our operational risk exposure.
- IDCOL has established strategies, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure sufficient liquidity. The Asset Liability Management Committee (ALCO) of IDCOL actively monitors and controls liquidity risk exposures.

The RWA figure is calculated on the basis of credit, market, operational and liquidity risks. The following tables shows the RWA and CAR of IDCOL:

Risk Weighted Assets (RWA)		(Amount in Crore taka)	
Sl.	Risk Weighted Assets (RWA) for	2017	2016
A.	Credit Risk	3,923.69	3,515.38
	On- Balance sheet (From WS-1)	3,923.69	3,515.38
	Off-Balance sheet (From WS-2)	-	-
B.	Market Risk (From WS-3)	1,298.60	1,324.67
C.	Operational Risk (From WS-4)	623.79	540.90
	Total: RWA (A + B + C)	5,846.08	5,380.95

## Minimum Capital Requirement (MCR) under Capital Adequacy and Market Discipline (CAMD)

(Amount in Crore taka)

Sl.	Particulars	2017	2016
A.	Eligible Capital :		
1	Tier-1 (Core Capital )	629.84	596.76





Sl.	Particulars	2017	2016
2	Tier-2 (Supplementary Capital)	55.39	43.27
3	Total Eligible Capital (1 + 2)	685.23	640.03
<b>B.</b>	Total Risk Weighted Assets (RWA)	5,846	5,381
<b>C.</b>	Capital Adequacy Ratio (CAR) ( $A_3 / B$ )*100	11.72%	11.89%
<b>D.</b>	Core Capital to RWA ( $A_1 / B$ )*100	10.77%	11.09%
<b>E.</b>	Supplementary Capital to RWA ( $A_2 / B$ )*100	0.9%	0.8%
<b>F.</b>	Minimum Capital Requirement (MCR)	584.61	538.10

#### Compliance of Statutory Reporting under Basel II

Conditions	2017	2016
Capital Adequacy Ratio should be at least 10% of RWA	11.72%	11.89%
Tier-1 capital should not be less than 5% of RWA	10.77%	11.09%
Tier-1 capital should be 50% of total capital	108%	111%
<b>Compliance of BASEL II</b>	<b>Complied</b>	<b>Complied</b>



# Sustainability Report



As the market leader in private sector energy and infrastructure financing in Bangladesh, IDCOL has responsibility to its stakeholders as well as to the communities in which it work and live. Our commitment is built on a deeply entrenched sense of social responsibility among our stakeholders, employees, customers alike and that we grow stronger by serving the communities, improving business practices and individual lives around us.

IDCOL aims to follow the G4 guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Sustainability report intends to touch upon all significant environmental, economic and social impacts resulting from IDCOL's activities in the financial year 2017.

### Organizational Profile

Infrastructure Development Company Limited (IDCOL) was established on 14 May 1997 by the Government of Bangladesh. The Company was licensed by the Bangladesh Bank as a non-bank financial institution (NBFI) on 5 January 1998. Since its inception, IDCOL is playing a major role in bridging the financing gap for developing medium to large-scale infrastructure and renewable energy

projects in Bangladesh.

IDCOL has a small and multi-skilled work force comprising financial and market analysts, engineers, lawyers, IT experts, accountants and environmental and social safeguard specialists.

### Stakeholder Engagement

IDCOL's stakeholders include the government, private sector, NGOs, multilateral and bilateral institutions, academics and the people of Bangladesh at large.

### Report Profile

This report has considered the performances of the organization for the calendar year 2017. The previous report was published on 10<sup>th</sup> June 2017. Any query about this report may be addressed through organization's website ([www.idcol.org/home/contact](http://www.idcol.org/home/contact)).

### Governance

IDCOL is managed by an eight-member independent Board of Directors comprising four senior government officials, three representatives from the private sector and a full time Executive Director and Chief Executive Officer.

## Environmental and Social Compliance

### Compliance of Environmental and Social Safeguards at IDCOL Funded Projects

From the beginning IDCOL is committed to ensure sustainable infrastructure projects financing. While adopting Environmental Compliance Manual in 2000, it has appeared as mentor to peer financial institutions in financing projects by ensuring environmental and social compliances. As infrastructure and renewable projects financing involves a project cycle, IDCOL has developed a structured approach as has been detailed in the following sections.

#### 1. Environmental and Social Safeguards Policy

IDCOL recognizes the significance of environmental health and safety and social (E&S) safeguards in infrastructure development and believes in sustainable development. So, it has adopted the following policy:

- mainstream environmental and social (E&S) considerations in appraising and financing infrastructure projects to avoid/minimize adverse impacts and risks to the environment and people that may be affected;

- ensure compliance with all relevant E&S policy and legislative requirements and laws of the lands with which it engages and remain responsive to the E&S requirements of international best practices;
- avoid/minimize land acquisition and resettlement through selection of appropriate locations and design of projects;
- where land acquisition is unavoidable, compensate replacement value of such acquired land/property will be paid before displacement or replace with land having equal value and quality together with other facilities such as housing and basic infrastructure facilities; and
- ensure protection of vulnerable groups, such as the economically and socially disadvantaged, women, children, physically handicapped and indigenous people such as adibasi populations and take appropriate measures to restore their livelihood as relevant.

## 2. Guidelines

In principle, IDCOL is committed to ensure due compliance as has been required by the Department of Environment and Bangladesh Bank. In addition, due to keenness on sustainable project financing, it has also adopted requirements of best practices including Asian Development Bank, The World bank, JICA, KfW and so on. In this regard, IDCOL has introduced Environmental and Social Safeguards Framework (ESSF) and Environmental and Social Management Framework (ESMF) for infrastructure and renewable energy projects respectively, which

has ensured relevant statutory requirements as well as standards of best practices.

## 3. Institutional Arrangement

In ensuring the satisfactory implementation of E&S compliances, IDCOL has adopted active and passive approaches. As an *Active approach*, it has deployed a full time Environmental Specialists in each department. In addition, as a *Passive approach*, IDCOL management has ensured the satisfactory orientation on E&S in all tiers of operation and management.

## 4. Major Focus Areas

IDCOL primarily focuses on following environmental and social aspects-

Environmental aspects	Social aspects
<ul style="list-style-type: none"> <li>Air pollution</li> <li>Water (surface &amp; ground) contamination</li> <li>Noise generation</li> <li>Disturbance to biodiversity</li> <li>Disturbance to natural drainage</li> <li>Wastage of energy</li> </ul>	<ul style="list-style-type: none"> <li>Disturbance to community movement</li> <li>Involuntary resettlement</li> <li>Adverse impact to indigenous community</li> <li>Gender discrimination</li> <li>Child labor exploitation</li> <li>Risk on occupational Health safety</li> <li>Risk on physical cultural resources</li> </ul>

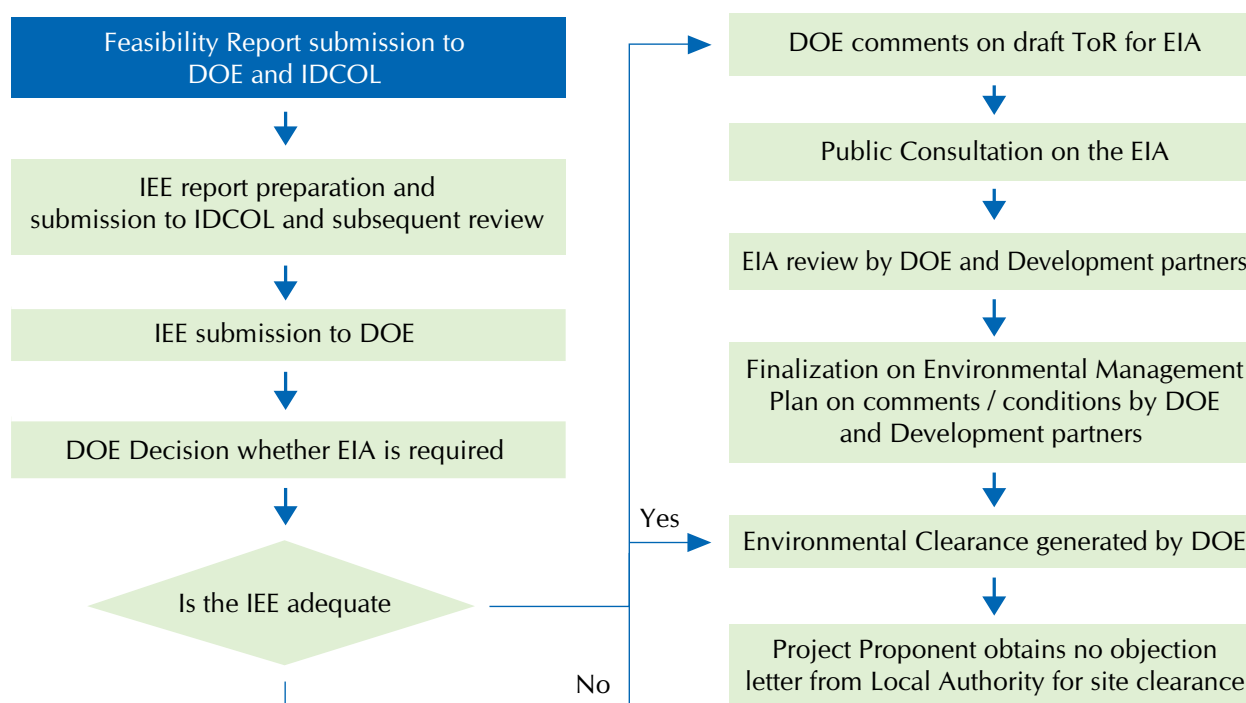
## 5. Implementation of Environmental and Social Compliance in Infrastructure/Renewable Project Cycle

There are primarily four stages in project cycle. And each stage requires specific attention on E&S issues as has been detailed in following from following Table 1.

Stage in project cycle	Required compliance practice
<b>Kick-off stage</b>	<ul style="list-style-type: none"> <li>understand the major E&amp;S issues of the proposed project</li> <li>aware sponsor about the potential E&amp;S issues</li> </ul>
<b>Project appraisal stage</b>	<ul style="list-style-type: none"> <li>assess the potential E&amp;S issues in more detail context</li> <li>prepare ToR of ESIA</li> <li>cooperate sponsor in sourcing competent E&amp;S Specialist to prepare ESIA</li> </ul>
<b>Board approval and loan disbursement stage</b>	<ul style="list-style-type: none"> <li>The ESIA is submitted to the Board</li> </ul>
<b>Repayment stage</b>	<ul style="list-style-type: none"> <li>Based on the scale and intensity of E&amp;S issues, IDCOL official monitors the project and also it requires periodic E&amp;S monitoring report from sponsor.</li> </ul>


From Figure 1, get an idea of considering environmental and social compliance issues in a project with an effective environmental clearance approaches in IDCOL and DOE (Department of Environment).








## 6. Risks/ Impacts and its Mitigation Measures with Focus to Renewable Energy Projects:

The following major action has been undertaken under the existing ESMF of ongoing projects under IDCOL finance in respect of environmental and social compliances:

Impacts	Mitigation Measures taken by IDCOL	IDCOL Achievements
<b>SHS- Construction and Operational Phase :</b> 1. Improper management of expired batteries may lead to environmental pollution and health safety concern. 2. During manufacturing of lead-acid battery, there is significant risk of environmental and health safety hazards.	<ul style="list-style-type: none"> <li>✓ IDCOL has prepared "Policy Guidelines on Disposal of Warranty Expired Battery". The customers, POs, and manufactures should comply with this policy fully.</li> <li>✓ IDCOL has introduced the tracking mechanism of proper disposal of expired battery.</li> <li>✓ IDCOL has deployed 12 solar inspectors spreading over in 12 regional offices with coverage of the entire country to exclusively monitor the management of expired battery.</li> <li>✓ There is a financial incentive for POs and recyclers for recycling the expired battery properly.</li> <li>✓ IDOCL has required all battery suppliers and expired battery recyclers under SHS program to be ISO 14001:2004 and OHSAS 18001:2007 compliant in addition of the requirements of the DOE. At present there are 17 battery suppliers and 4 expired battery recyclers, who have complied with these requirements.</li> </ul>	 <p>More than 4.13 million Solar Home Systems have been installed all over Bangladesh till February 2018, which replaced 8.26 million of kerosene lamps and therefore reduce 929,146 tons of carbon di oxide (CO<sub>2</sub>) per year.</p>

	<ul style="list-style-type: none"> <li>✓ IDCOL arranges quarterly EHS compliance meeting to raise awareness about EHS and assess the implementation of required EHS standards.</li> <li>✓ Installation of effluent treatment plant (ETP) and air treatment plant (ATP) have been made mandatory for en-listed battery suppliers and expired battery recyclers</li> </ul>	
<b>Solar Irrigation- Construction and Operational Phase:</b> <ol style="list-style-type: none"> <li>1. Adverse Impact on ecosystem will not occur in general circumstances. However, moderate change in land use including tree clearing may be required depending on project site.</li> <li>2. Excessive water use may cause impact on hydrology.</li> </ol>	<ul style="list-style-type: none"> <li>✓ IDCOL has introduced a special environmental and social screening template, which covers most of the relevant aspects.</li> <li>✓ IDCOL has emphasized the project to prepare a proper way to pump-up water and use plan reference from experience in the surrounding areas and results of hydrological surveys.</li> <li>✓ IDCOL has conducted a survey by an expert about the water availability in various potential areas.</li> </ul>	 <p>910 solar irrigation pumps have been in operational by the end of February 2018, which replaced 2985 tons of diesel burn shallow pumps; therefore reduces 8,000 tons of carbon di oxide (CO<sub>2</sub>) each year.</p>
<b>Mini grid- Construction and Operational Phase:</b> <ol style="list-style-type: none"> <li>1. Mini-grid requires a considerable piece of land, there is scope of disturbance to site specific ecosystem in the Project area.</li> <li>2. Due to operation of diesel fueled back-up generator there could be temporal noise and SOx emissions concern.</li> </ol>	<p>To address the possible adverse impacts, IDCOL has made mandatory for project sponsor to prepare a detailed environmental impact assessment (ESIA). In this regard, IDCOL has introduced a well-structured ToR for ESIA.</p>	 <p>25 solar mini-grid (all projects located in isolated island in Bangladesh) have been approved by IDCOL, 4.7 MW of electricity will be generated. At this time 14 projects have been in operational mode.</p>
<b>Improve Cook Stoves</b>	<p>IDCOL has required basic environmental and health compliance of manufacturing, operation and maintenance of ICS.</p>	 <p>1.48 million Improve cooking systems have been installed by the end of February 2018, which reduces 2.37 million tons of carbon di oxide (CO<sub>2</sub>) each and save 1.87 million tons for fuel wood per year.</p>



<p><b>Gasification of Biomass-Construction and Operational Phase:</b></p> <ol style="list-style-type: none"> <li>1. Impact on ecosystem will not occur in ordinary circumstances. However, tree clearing may be required depending on project site.</li> <li>2. Smoke from biomass gasification plant may cause air pollution. The smoke and dust may include hazardous substances and cause health disturbance to the workers.</li> </ol>	<p>IDCOL has required a detail environmental impact assessment and the proper implementation of Environmental Management Plan (EMP).</p>	 <p>One biomass based power project has been approved by IDCOL. 400 kW of electricity will be generated and calcium carbonate (CaCO<sub>3</sub>) and about 918 tons of silica will be produced as byproduct.</p>
<p><b>Biogas Power Generation-Operational Phase:</b></p> <p>Waste water will be digested in the system, the environmental load will be reduced. However, improper slurry management may cause water pollution.</p>	<p>IDCOL has required the project proponent to install sufficient facilities and conduct the proper maintenance.</p>	 <p>Nine biogas-power generation projects have been approved by IDCOL. Approximately 600 kW of electricity and about 1000 tons of organic fertilizer will be produce as byproduct. Currently, five projects have been in operational mode.</p>

## 7. Unique Features

Following aspects have been recognized by stakeholders as IDCOL's unique commitment on satisfactory E&S compliance

### Searching for advanced solutions:

While dealing with mitigation of environmental impacts, IDCOL encourages sponsor to go for better solution rather than following the available traditional

measures. And while suggesting for advanced solution, it also tries to ensure two major issues-cost and effectiveness. In this installation of Sound barrier door and panels are worth mentioning. Accordingly, IDCOL funded projects are no longer examples of sustainable project operation but also learning opportunity to stakeholders about various types of mitigation measures.



Sound barrier door and panel at IDCOL's projects



## Comprehensive stakeholder consultation:

IDCOL considers stakeholders consultation as an important factor behind successful project financing. So, in all stages of project cycle it ensures due consultation. While consultation Indigenous people/small ethnic community have been given due priority. It acknowledges that historical and cultural ties with the land in which they live carries significant importance. Indigenous people maintain

traditions that have been followed for generations which is invaluable element of our national culture. IDCOL considers the basic limitations of indigenous communities-threatening culture, located in a remote part of the country and limited access to amenities and livelihoods. So, it tries to ensure that no project as is funded by IDCOL is going to adversely affect these vulnerable communities even at a moderate level.



*Consultation with Rakhain community and villagers at Saint Martin Island*

## 8. Organizational Capacity and Competency

IDCOL has gained experience in implementing by complying with the safeguards requirement of the Department of Environment (DOE), Bangladesh Bank and all respective development partners. IDCOL has established an independent Environment and Social Safeguards Management Unit (ESSMU) to institutionalize the environmental and social management in its operation.

response from the stakeholders, IDCOL is considering to arrange such type of events on a regular basis.

## 9. Training and Capacity Building of Stakeholders

From the inception, IDCOL prioritizes to build up the importance of awareness and capacity building of relevant stakeholders on various issues with focus to Environmental health and safety (EHS). Considering the



*Lead auditor and skill certification (ISO 14001:2004 and OHSAS 18001:2007) training program for battery manufacturers and recycling facilities.*

## 10. National Recognition

Due to satisfactory compliance on technical and E&S issues, IDCOL funded projects have already drawn attention to government and has been awarded with national recognition. In 2016, IDCOL funded 112 MW Summit Barisal Power project has been awarded the Best Private Power Generation Unit, Liquid Fuel Based at the National Power Week 2016 by Ministry of Power, Energy & Mineral Resources, Government of Bangladesh.



*Summit Barisal project with award*





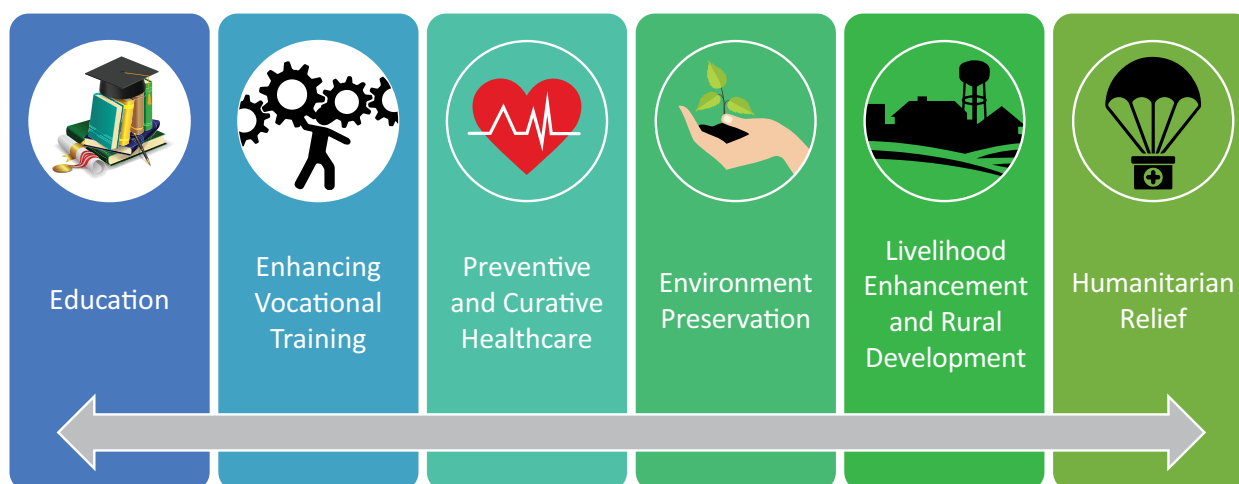
## Corporate Social Responsibility

Since its inception, IDCOL has adhered to its social responsibility through making shared value and creating a sustainable impact in the society. As a responsible company, IDCOL believes that a business should use its diverse talent and resources to solve critical problems and serve the deprived people of the society. Over the years, IDCOL has advanced its commitment to better understand our societies

concerns and achieve sustainable business growth. All of these efforts have a dramatic effect on its Corporate Social Responsibility (CSR) philosophy. IDCOL CSR Program, initiated in line with the guidance of Bangladesh Bank, is designed to put focus on different CSR activities and ensure transparency. IDCOL envisions to actively foster this social responsibility culture in the near future.

### CSR Focus Areas of IDCOL

The CSR policy focuses on the following areas



**Education:** IDCOL wishes to contribute to improving and facilitating the literacy levels in various sections of the society, by providing support at every stage of a child's educational cycle including but not limited to stipends for students from low income family in reputed academic and vocational training institutions, support towards upgrading of facilities in academic and vocational institutions substantially engaged with students and trainees from the underprivileged rural and urban population segments and engaging with students and parents leading to development of a better community, livelihood enhancement projects, etc.

**Enhancing Vocational Training:** In the areas of vocational training IDCOL aims to provide specialized and skill based training such as painting, plumbing, driving, construction and cleaning, electrical or electronic maintenance etc., to migrant workers or unemployed individuals to develop their skills, which will help to empower and enhance their ability for better employment and livelihood.

**Preventive and Curative Healthcare:** In healthcare, IDCOL aspires to deliver facilities to communities and other sections of the society in the form of assistance include grants toward costs of curative treatment of individual patients, towards costs of running hospitals

and diagnostic centers engaged substantially in treatment of patients from underprivileged population segments and towards costs of preventive public health and hygiene initiatives like provision of safe drinking water, hygienic toilet facilities for poor households and for floating population in urban areas and so forth.

**Environment Preservation:** IDCOL wishes to develop the environment of the country through preservation of forestry which include but not limited to awareness program for the mass people about deforestation and its effect, teach people about importance of forestation in the environment and their role to save the forestation, funding research and innovations on environmental friendly projects and land preservation.

**Livelihood Enhancement and Rural Development:** IDCOL aims to develop the livelihood of rural people through rural development. These initiatives can be facilitated through management of natural resources and creation of sustainable income sources through micro-finance and micro-enterprise development and strength mechanisms for alternative livelihood.

**Humanitarian Relief:** IDCOL supports relief efforts during natural and other calamities in Bangladesh.

## Sustainability Report

### CSR Activity during the Year

To expand and carry out social activities in a focused way, IDCOL has taken the following CSR initiatives in 2017:

#### Support in Flood Affected Area

In 2017, the destructive rain and flood made a lot of damage in various areas of Bangladesh. The gale force water ripped the roofs off of homes, uprooted trees and brought down power lines in many areas. The northern region of the country was hit with severe flooding which resulted in most of the districts being inaccessible.



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*IDCOL employees handing over reliefs to the flood affected people of Gaibandha district*

#### Humanitarian Relief Support for Rohingyas

More than 650,000 Rohingyas, one of the many ethnic minorities in Myanmar, have fled into Bangladesh since violence erupted in August 2017. IDCOL distributed relief among devastated Rohingyas at the

Balukhali, Ramu, Ukhiya on 18 October 2017.

As part of the CSR activities, the company distributed 1,000 Improved Cook Stoves and 500 Solar Lantern worth of BDT 10 lakhs.



*M. Maftun Ahmed, Company Secretary handing over the reliefs to the Bangladesh Army Personnel*



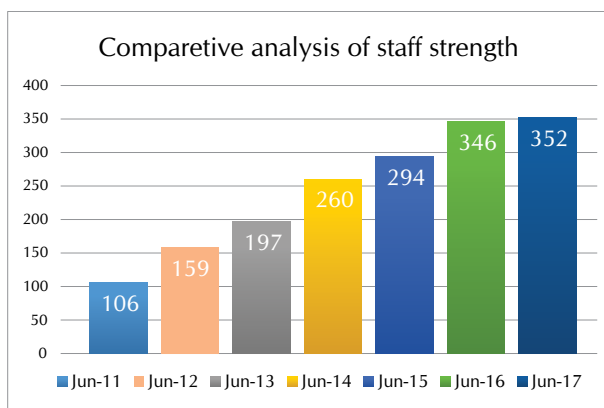
# Human Resource Management

## Our Human Capital

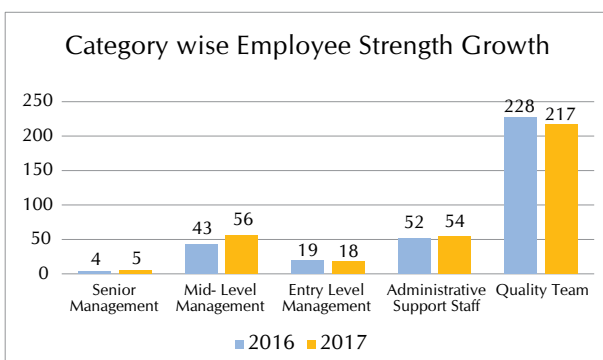
We believe employees are the most important assets of our organization. Our employees are result oriented individuals, who uphold the values of the organization by being creative, open, respectful, ethical and passionate. Here talent is rewarded, ambition is stoked and pride is earned. The way we stand up for our people help us to stand out from the competition.

## Reflection of the Past Years

Since its inception, IDCOL's HR strategy focused on getting the right internal structures and processes in place, investing in employee development and engagement and supporting business growth and development. Getting the right internal structures and processes in place, IDCOL has seen rapid and significant growth over the past five fiscal years, with employee numbers increasing from 106 to 352. This increase generated a need for ensuring that the organizational structure and processes were fit to face the challenges and opportunities of the future.



Our category wise employee strength growth is shown below:



## Core Values at Work

- **Strategically Focused:** We are strategically focused towards the vision of our organization

and we work collectively for the best interests of the organization and the workforce.

- **Zero Tolerance of Corruption and Sexual Harassment:** We maintain zero tolerance policy on corruption and sexual harassment. We guide our employees to be transparent in performing tasks while respecting the security of confidential and personal information entrusted to the Company.
- **Result Oriented:** We are dedicated to quality, excellence and continuous improvement in our job and we work to ensure that the Company remains competitive in the market.
- **Professionalism:** We adhere to high professional standards of competency and conduct and we act with honesty and integrity.
- **Accountability:** We take full responsibility of our assigned tasks and we are accessible to answer anything related to our work.
- **Respectfulness:** We are strongly guided by the norms and values of our Company and here we respect individual differences.

## Strategic HR Management

It is our strategy to use integrated HR instruments throughout the organization to find, bind and support our employees. As a modern corporation, our policies are guided by the organizational targets as well as social and economic changes. We aim to remain flexible, close to the market and mobile to maintain the success of our employees. We are accordingly consistent while developing our employee's skills and competencies. The mainstays of our HR management are talent management, performance management, rewards management, training and development, retention management and culture management. All these aspects are interlinked and thereby contribute to the overall IDCOL HR strategy.

## Highlights of our People Practices Strategy

At IDCOL, we work collectively to achieve organizational excellence by collaborating standard people practices. The highlights of our people practices strategy are given below:

1. **A well balanced work place:** Here employees are provided with a challenging, rewarding, enjoyable and fulfilling career; whereas employees are assisted in balancing their career, home and personal life through supportive human resource policies and management approaches.
2. **A place for continuous learning and development:** We foster learning as a way of life, encourage creativity and actively promote and



invest in the skill and knowledge development of every employee.

3. **A well reputed organization that ensures service excellence:** We embrace best practices and we ensure service excellence by effectively managing change and objectively measuring performance for continuous improvement.

## Recruitment: The Right People at the Right Place at the Right Time

We believe that the successful recruitment of potential candidates is crucial in order to maintain a vibrant and proficient workforce. The flow diagram of our recruitment process is given below:



Flow Diagram of Recruitment Process

At IDCOL, we recruit employees on the sole basis of the qualifications and abilities needed for the work to be performed. In this process any direct or indirect solicitation results disqualification of the candidature.

## Competitive Employee Benefits Package

Our total compensation package is one of the key factors to the success of our recruitment and retention activities. As an employer, we provide a strong mix of direct compensation and benefits which include: cash compensation, performance bonus, festival bonus, provident fund, gratuity, LFA, hospitalization benefit, group life insurance benefit.

## Training and Development

Capacity building of our employees is one of the

key priorities; hence we encourage and support our employees to develop their required skills through in house meeting, outdoor training, seminar and workshop. We also organize exposure visit programs for our employees at home and abroad and during exposure visit programs, we focus on transferring corporate specific know how and advancing each of our employee.

## Career Development

At IDCOL we offer lifelong learning opportunities to our employees by which they continue to learn and update their skills. By so doing, they become more productive to contribute to the competitiveness of our organization and also enhance their own employability. Lifelong learning and career development are therefore interdependent concepts and mean much more than just training. Thus, we promote lifelong learning program to our employees and aligned with that our career path guidelines allow them to move toward a personally determined and evolving preferred future.

## Diversity Management

Diversity is about acknowledging and appreciating all the ways in which people differ, not just the obvious ones of gender, ethnicity and age, but also the less visible differences such as background, personality and work style. We believe diversity is a strategic success factor for our business and therefore, sustainable diversity management has become a crucial factor of our organization. We aim to achieve as much diversity as possible among the workforce so that homogenous groups of employees can work more productively. In order to promote such diversity, we systematically integrate all aspects of modern HR concepts. IDCOL thereby creates an attractive working environment that allows a balance between professional and personal life.

## Vigorous Workplace

At IDCOL we respect dignity of the individual and right of employees to freedom of association. Hence, we conduct our operations with honesty, integrity, openness, and with respect for the human rights and interests of our employees.

At IDCOL we leverage on the dynamics of our collective skills, knowledge and experience to achieve the best for the company. Our employees are guided to adopt best practices, methods and approaches in everything they do, so that we can remain competitive in the market.

We take all allegations of harassment seriously, including sexual, communal etc. and prohibit all forms of discrimination. It is our belief that creating a work environment that enables us to attract, retain





and fully engage diverse talents leads to enhanced innovation and creativity in our services.

### Well-being and Safety

We are committed to create a safe and healthy working environment for our employees. Hence we

take into consideration circumstances related to work, such as working conditions and the environment. For this purpose, we organize numerous employee engagement programs for our employees, such as birthday celebration program, pohela boishak, pitha utshob, fish festival, annual retreat program etc.



*Birthday Celebration*

### The Year Ahead

Planning for our future and creating strategies is an emerging priority for us. The upcoming year will continue to be a time of change for our development. Specific goal and priority includes:

**1. Adopting Best Practices:** As we continue to move forward, we will be looking forward to exploring the market practices and adopting best

practices for the Company and this process will continue with our journey.

**2. Updating HR Technology:** We will also focus on updating our existing HR technology in order to adapt global best practices and we will also strive to address gaps that still exist in our current system and procedures.



*Annual Retreat 2017*

## Disaster Management

Bangladesh is vulnerable to natural disasters including cyclones, earthquakes, droughts, storm-surge and flooding. It also encounters manmade hazards such as fires and infrastructure collapses. Through plans and policies, the government has made progress in preparing for these disasters by gradually shifting their disaster management approach to a comprehensive risk reduction methodology based on common disaster experiences, lessons learned, and the desire to reduce future impacts. The government has restructured and established the Disaster Management Department as the main organ or instrument in the field for implementing and coordinating various forms of disaster management activities. Disaster management committees have been formed and trained at all administrative levels who communicate disaster alerts and evacuation instructions.

IDCOL has taken necessary steps to support damages caused by natural disasters and a separate Disaster Management Fund Account (DMFA) is operated by IDCOL on behalf of all the stakeholders. The DMFA is audited by an external auditor each year and the Audit report is submitted before the Board for consideration.

### Disaster Management Process for Projects

#### • Infrastructure Projects

Every infrastructure project has an insurance (including but not limited to machine breakdown, business interruption, third party liability, etc.) for risk mitigation. Depending on project location and its vulnerability due to climate change, necessary civil (consideration includes but not limited to landfilling, highest flood level, embankment and preparation, earthquake zoning) and technical (consideration includes but not limited to proximity to saline water, NFPA compliance, earthing and lightning protection) considerations are taken to mitigate the disaster risks. It is noteworthy to mention that requirement varies depending on the nature of the project.

#### • Renewable Energy Projects

Renewable Energy Projects of IDCOL include solar irrigation, solar mini-grid, biogas-based electricity and biomass-based power generation projects. Stringent measures have been taken in order to protect from natural disasters and disaster management policies have also been taken into consideration to avoid disruptions in operations.

- ◆ While formalizing the technical standards of renewable energy projects the type and frequency of natural calamity is taken into consideration.

- ◆ A contingency money amounting 2% of project cost is to be set aside at the time of approval from the project fund in order to mitigate any cost overrun during the project lifetime including different types of disasters.
- ◆ IDCOL sponsors insure the capital machinery with insurance coverage on project assets for safeguarding losses from natural calamity

Infrastructure Development Company Limited (IDCOL) has been implementing its Solar Home System Program (“SHS Program”) since 2002 and Biogas Program since 2006 through its Partner Organizations (POs). Up to December 2017, 4,131,352 Solar Home Systems (SHSs) have been installed under the Program and 47,275 domestic sized biogas plants have been constructed under the program.

In the past, a large number of SHSs and biogas plants had been affected by natural disasters. Some of the SHSs were partly damaged e.g. panel or battery had been damaged and for the biogas plants, inlet had been damaged or a small crack had been identified in the digester. In order to mitigate these recurring problems, a special disaster management fund was created so that IDCOL can support the customers from time to time in case of natural disasters.

Fund is provided in case of damage caused by natural disasters. In addition to the Natural Disaster, the Fund may be availed by the POs for SHS damaged by fire. In such cases, IDCOL will make individual assessment of damage caused by fire to the affected SHS customers. However, the Fund will not provide any support for operational damage of any SHS as well as for reconstruction of any biogas plant affected due to Construction damage and/or Operational damage and/or any Construction and/or Operational damage aggravated due to any Natural disaster.

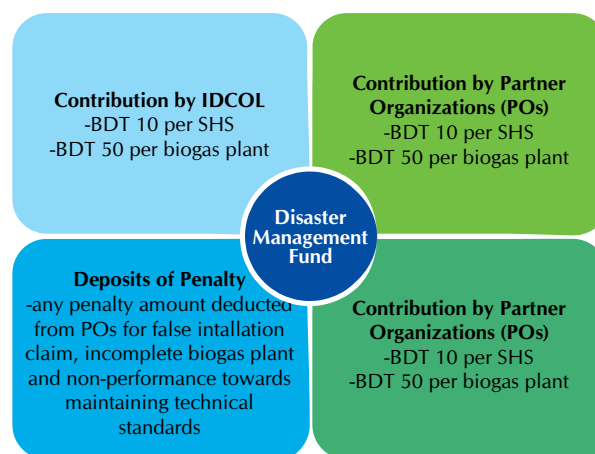


Figure: Sources of Fund



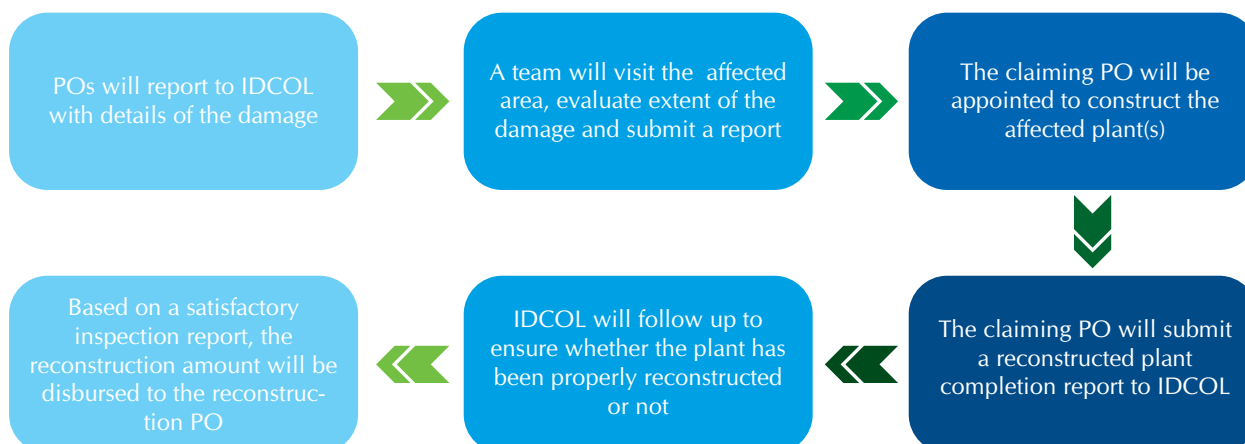
## Impact Assessment

The impact of Natural Disaster event on the Program will be assessed through the following steps:

### Solar Home System (SHS) Program



### Biogas Program



## Disaster Management Process for Management Information System (MIS)

In order to avoid any disruptions in the Management Information System during disasters, it is necessary to have a disaster management process for every company. IDCOL has taken this into consideration and has a disaster recovery (DR) site located in Dhaka Regional Office which is directly connected to the Head Office through a dark fiber rented from a renowned internet service provider of the country. The DR site has two servers running all important services like those running in primary site located in IDCOL head office.

Hence in case of any disasters such as fire, earthquake, etc., IDCOL will receive all data from the backup server located in its disaster recovery site. It will be

able to access services present in its primary site immediately from its Disaster Recovery Site so as to avoid disruptions in its operations.

## Disaster Management Policies for Physical Infrastructure

IDCOL has its office premises insured by the UTC building management authority. Addressable fire alarm systems are installed for the detection of a fire and there are hinges and fire extinguishers for immediate protection. All the vehicles used for the business are entitled to comprehensive insurance.

Hence, IDCOL manages to not only have disaster management policies for natural disasters but also for manmade hazards.

## Value Added Statement

For the year ended December 31, 2017

Value added is the wealth IDCOL has created through extending loans and various services. The value added statement shows the total worth created and how the same was distributed to meet various obligations and reward those responsible for its creation. A portion also retained in the business for continued operation and expansion of IDCOL.

Particulars	2017		2016	
	Amount (Taka)	%	Amount (Taka)	%
<b>Value added</b>				
Net interest income	2,652,432,943	156.13%	2,588,018,681	156.25%
Fees earned	105,666,726	6.22%	203,918,130	12.31%
Investment income	-	0.00%	-	0.00%
Other income	307,788,616	18.12%	178,332,691	10.77%
Operating expense except salary & allowances, depreciation	(112,100,919)	-6.60%	(92,404,100)	-5.58%
Provision for loan, advances & investments	(1,254,957,855)	-73.87%	(1,221,486,568)	-73.74%
<b>Total value added by the company</b>	<b>1,698,829,511</b>	<b>100%</b>	<b>1,656,378,834</b>	<b>100%</b>

### Distribution of Value added

#### Employees

As salary & allowances	105,696,185	6.22%	102,773,649	6.20%
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#### Provider of Capital

Dividend to ordinary shareholders	200,000,000	11.77%	200,000,000	12.07%
Dividend to preference shareholders	-	0.00%	-	0.00%

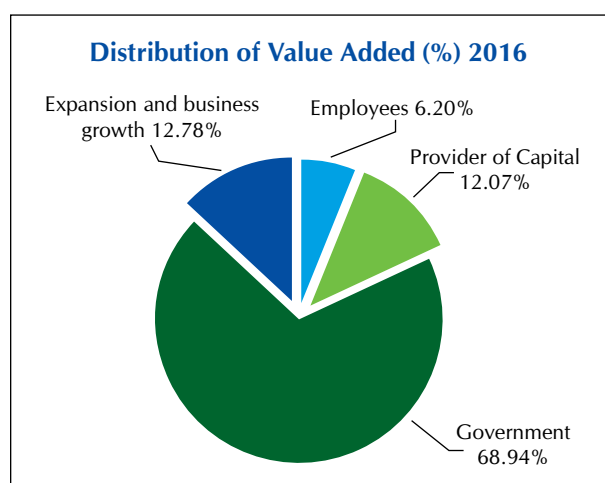
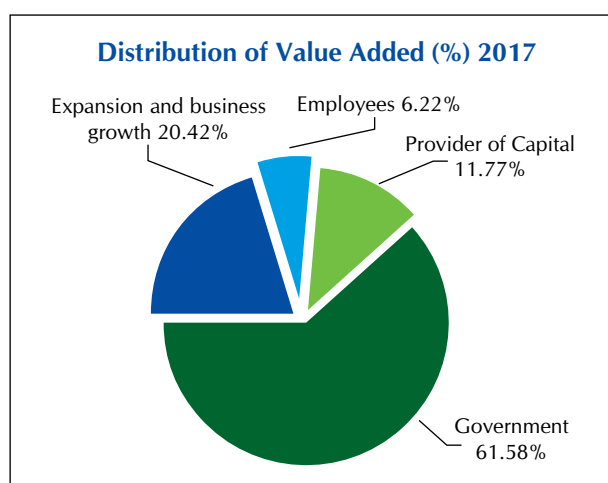
#### Government

Income tax	1,046,216,421	61.58%	1,141,929,498	68.94%
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#### Expansion and business growth

Retained earnings	330,795,112	19.47%	197,871,235	11.95%
Depreciation & amortization	16,121,793	0.95%	13,804,452	0.83%

<b>Total distribution</b>	<b>1,698,829,511</b>	<b>100%</b>	<b>1,656,378,834</b>	<b>100%</b>
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## Economic Value Added (EVA) Statement

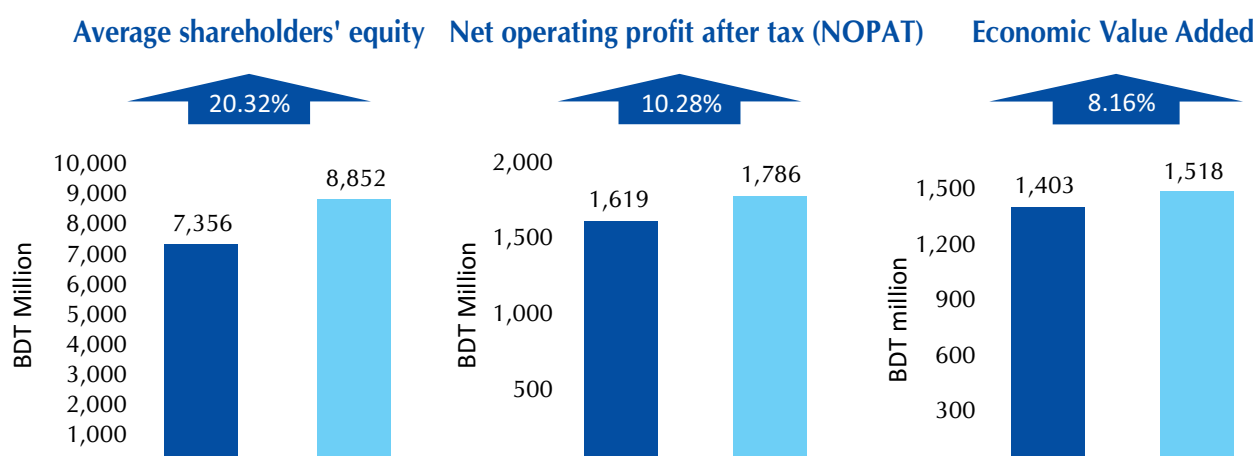
One of the most useful performance measurements to account for the ways in which business value can be added or lost is Economic Value Added or EVA. Another term for this metric is Economic Profit.

Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value and companies which earn lower returns than cost of capital are deemed harmful for shareholder value.

EVA has been calculated by the following formula:

$EVA = \text{Net Operating Profit} - \text{Taxes} - \text{Cost of Capital}$

Particulars	Amount in BDT	
	2017	2016
Net operating profit	2,831,969,389	2,761,287,301
Tax expense	1,046,216,421	1,141,929,498
Net operating profit after tax (NOPAT)	1,785,752,968	1,619,357,803
Charges for capital		
Capital employed	8,851,534,818	7,356,425,837
Average cost of capital (%)	3.03%	2.94%
Capital Charge	268,201,505	216,278,920
Economic Value Added	1,517,551,463	1,403,078,884
Capital employed as on 31 December		
Shareholder's equity	6,298,367,884	5,967,572,772
Accumulated provision for doubtful accounts and future losses	3,346,043,417	2,091,085,562
Average shareholders' equity	8,851,534,818	7,356,425,837





## Financial Highlights

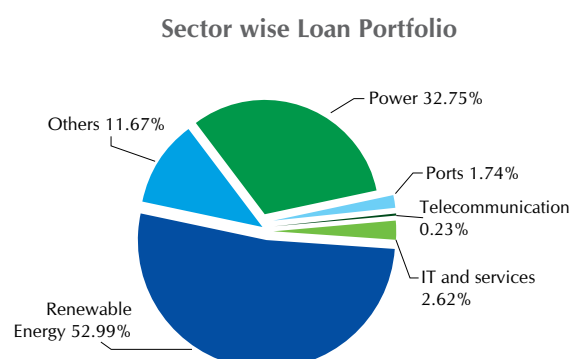
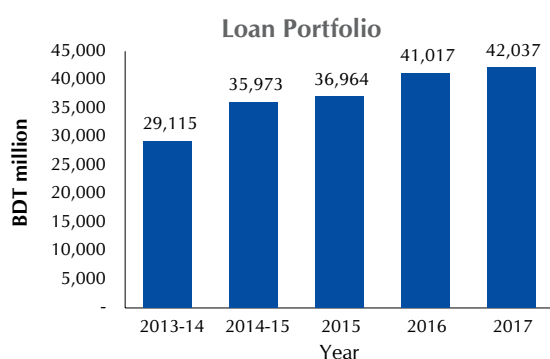
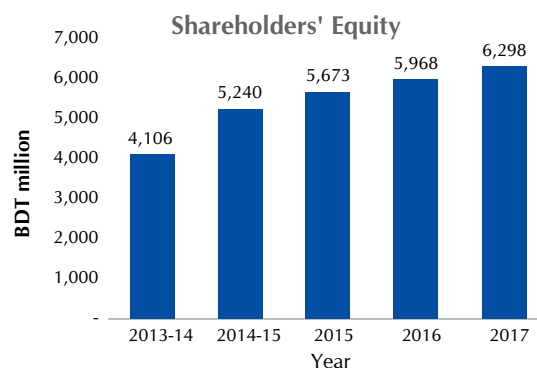
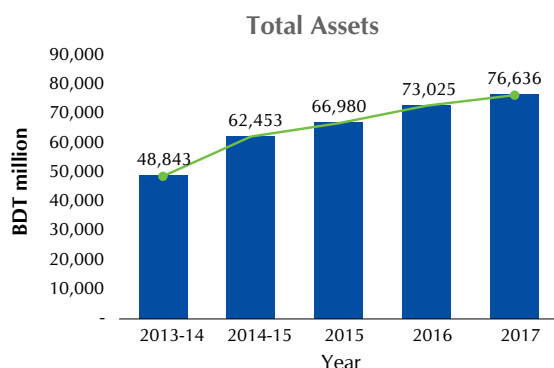


## Key Operating and Financial Highlights

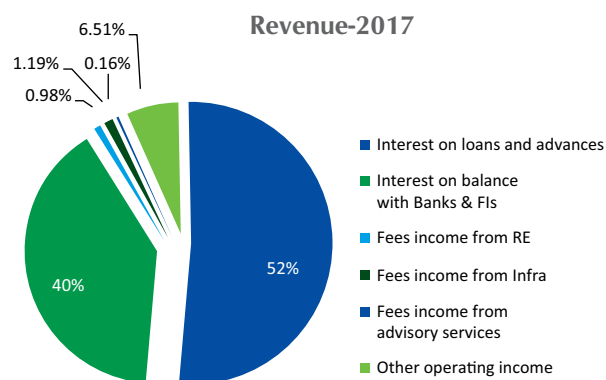
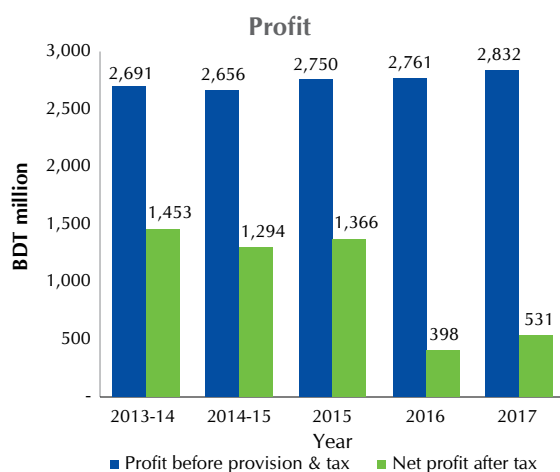
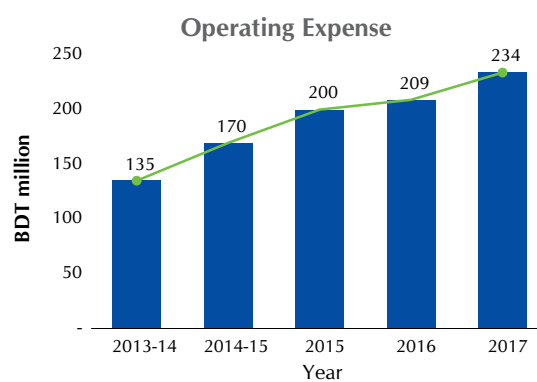
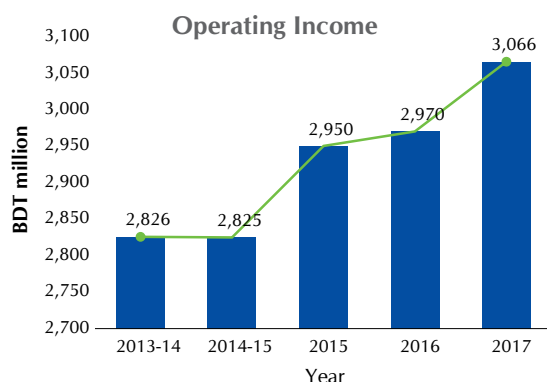
Particulars	2013-14	2014-15	2015	2016	2017
<b>Financial Performance (BDT million):</b>					
Long-term Investment	-	-	-	-	-
Short term Investment	13,932	22,111	24,900	27,069	26,886
Loan Portfolio	29,115	35,973	36,964	41,017	42,037
Power	3,850	9,612	9,282	12,320	13,767
Ports	101	96	95	844	733
Telecommunication	434	593	490	92	96
IT and services	229	139	139	350	262
Renewable Energy	24,261	25,177	25,746	24,490	22,275
Others	239	355	1,211	2,921	4,904
Total assets	48,843	62,453	66,980	73,025	76,636
Total Liabilities	44,737	57,213	61,307	67,057	70,338
Total equity	4,106	5,240	5,673	5,968	6,298
Net current assets	18,216	23,542	26,245	27,160	28,430
<b>Operational Performance (BDT million):</b>					
Total Revenue	3,870	4,097	4,324	4,509	4,730
Operating income	2,826	2,825	2,950	2,970	3,066
Operating expenses	135	170	200	209	234
Financial expenses	1,044	1,272	1,373	1,539	1,665
Profit before provision & tax	2,691	2,656	2,750	2,761	2,832
Net profit after tax	1,453	1,294	1,366	398	531
<b>Financial Ratios:</b>					
Debt equity ratio (Times)	10.17	10.06	9.86	10.35	10.09
Debt ratio (%)	85.45%	84.42%	83.48%	84.62%	82.94%
Current ratio (Times)	11.93	9.53	8.44	13.97	13.36
Return on assets (%)	2.97%	2.07%	2.04%	0.54%	0.69%
Return on Investment (%)	4.99%	3.60%	3.70%	0.97%	1.26%
Return on shareholders' equity (%)	35.38%	24.70%	24.08%	6.67%	8.43%
Profit Margin (%)	37.54%	31.59%	31.60%	8.82%	11.22%
Opex as % of Operating Income	4.78%	6.00%	6.78%	7.04%	7.63%
Earnings per share (BDT)	29.05	25.88	27.32	7.96	9.65
% of Classified Loans	0.80%	1.58%	6.22%	8.70%	9.83%
<b>Equity Statistics:</b>					
Number of shares (No.)	26,000,000	38,500,000	50,000,000	50,000,000	55,000,000
Paid up Capital (BDT million)	2,600	3,850	5,000	5,000	5,500
Shareholders' equity (BDT million)	4,106	5,240	5,673	5,968	6,298

## Key Financial and Operating Highlights

### 1. Financial position of the company:



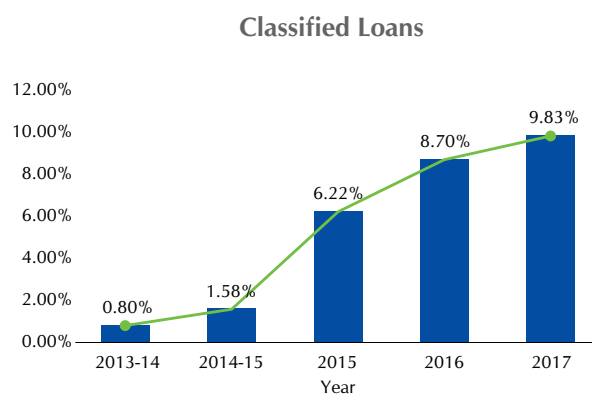
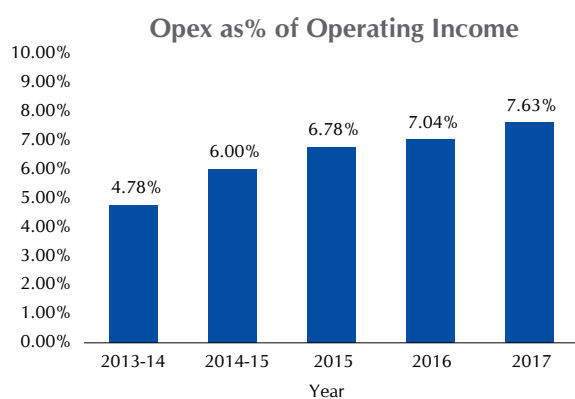
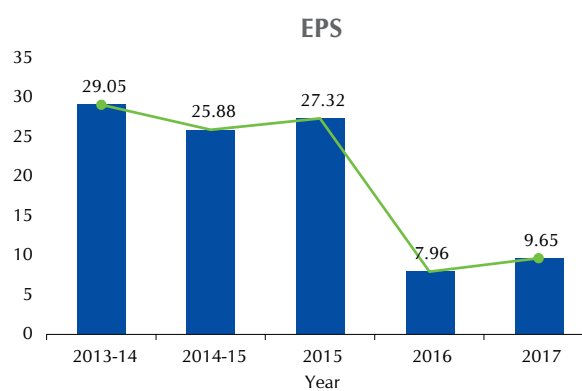
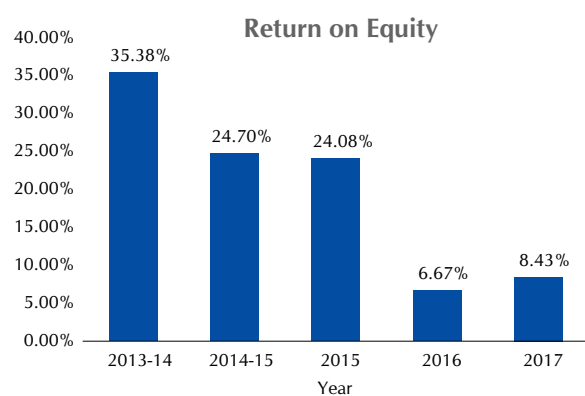
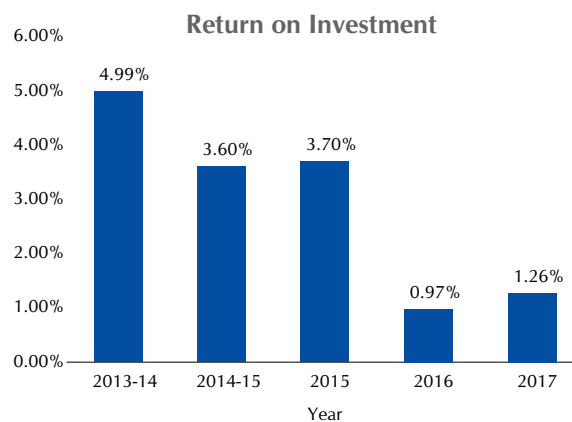
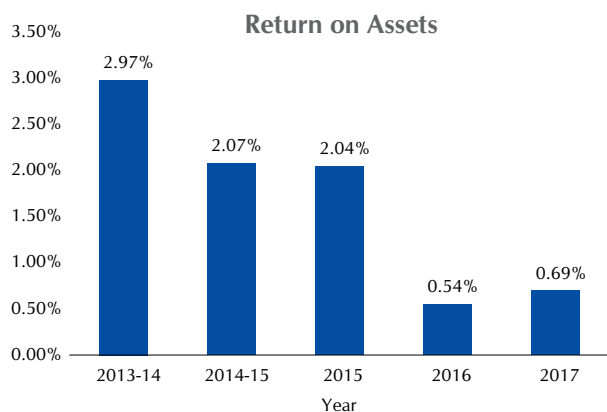
### 2. Operating performance of the company:







### 3. Financial Ratios:







# Independent Auditor's Report

## To the Shareholders of Infrastructure Development Company Limited

We have audited the accompanying financial statements of Infrastructure Development Company Limited ("IDCOL" or the "Company"), which comprise the balance sheet as at 31 December 2017 and the profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statement

Management of IDCOL is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), as explained in Note 2.

## Report on Other Legal and Regulatory Requirements

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 purposes 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 statement of comprehensive income dealt with by the report are in agreement with the books of account;

the expenditure incurred and payments made were for the purpose of the company's business;

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;

the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

the records and statements which were submitted by the Company/branches has/have been properly maintained and recorded in the financial statements;

statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;

proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans found satisfactory;

the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,200 person hours for the audit of the books and accounts of the Company; and

all other issues which are important for the stakeholders of the Company have been disclosed in the audit report adequately.

Sd/-

Dhaka, 28 March 2018

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

## Infrastructure Development Company Limited

### Balance Sheet

as at December 31, 2017

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
<b>PROPERTY AND ASSETS</b>			<i>Restated</i>
<b>Cash</b>	3	<b>834,646,574</b>	<b>186,829,878</b>
Cash in Hand		302	5,617
Balance with Bangladesh Bank and its agent bank		834,646,272	186,824,261
<b>Balance with other banks and financial institutions</b>	4	<b>31,121,535,366</b>	<b>29,177,573,149</b>
In Bangladesh		31,121,535,366	29,177,573,149
Outside Bangladesh		-	-
<b>Money at call and short notice</b>	5	-	-
<b>Investments</b>	6	-	-
Government securities		-	-
Others		-	-
<b>Loans and advances</b>		<b>42,036,663,720</b>	<b>41,016,574,846</b>
Loans, cash credit, overdraft etc.	7	42,036,663,720	41,016,574,846
Bill purchased and discounted		-	-
<b>Fixed assets including land, building, furniture and fixtures</b>	8	<b>92,850,674</b>	<b>70,565,667</b>
<b>Other assets</b>	9	<b>2,550,289,304</b>	<b>2,572,972,289</b>
<b>Non-banking assets</b>		-	-
<b>Total assets</b>		<b>76,635,985,638</b>	<b>73,024,515,827</b>
<b><u>LIABILITIES &amp; CAPITAL</u></b>			
<b>Liabilities:</b>			
Borrowings from other banks and financial institutions	10	63,563,786,163	61,790,494,782
Deposit and other accounts		-	-
Other liabilities	11	6,773,831,590	5,266,448,272
<b>Total liabilities</b>		<b>70,337,617,754</b>	<b>67,056,943,055</b>
<b>Capital/Shareholders' equity:</b>			
Paid-up Capital	12	5,500,000,000	5,000,000,000
Statutory reserve		-	-
Retained earnings		798,367,884	967,572,772
<b>Total shareholders' equity</b>		<b>6,298,367,884</b>	<b>5,967,572,772</b>
<b>Total liabilities and shareholders' equity</b>		<b>76,635,985,638</b>	<b>73,024,515,827</b>





# Infrastructure Development Company Limited

## Off Balance Sheet Items

as at December 31, 2017

Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
<b><u>Contingent Liabilities:</u></b>	-	-
Acceptances and Endorsements	-	-
Letters of Guarantee	-	-
Irrevocable Letters of Credit	-	-
Bills for Collection	-	-
Other Contingent Liabilities	-	-
<b><u>Other Commitments:</u></b>	-	-
Documentary credit and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total Off-Balance Sheet Items</b>	-	-
<b>Net Asset Value (NAV) per share</b>	115	119

The annexed notes 1-33 form an integral part of these statements.

Sd/-  
**Kazi Shofiqul Azam**  
Chairman

Sd/-  
**Dr. Ahmed Kaikaus**  
Director

Sd/-  
**Abdul Haque**  
Director

Sd/-  
**Mahmood Malik**  
Executive Director & CEO

Sd/-  
**M. Maftun Ahmed**  
Company Secretary

As per our report of even date.

Dhaka, 28 March 2018

Sd/-  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

## Infrastructure Development Company Limited

### Profit and Loss Account

for the year ended December 31, 2017

	Notes	Amount in Taka	
		Jan-Dec 2017	Jan-Dec 2016
<b>Operating income</b>			
Interest income	14	4,317,041,264	4,126,765,790
less: Interest on deposits, borrowings etc	15	1,664,608,320	1,538,747,109
<b>Net interest income</b>		<b>2,652,432,943</b>	<b>2,588,018,681</b>
Investment income	16	-	-
Fees, Commission & brokerage	17	105,666,726	203,918,130
Other operating income	18	307,788,616	178,332,691
<b>Total operating income (A)</b>		<b>3,065,888,285</b>	<b>2,970,269,502</b>
<b>Operating expenses</b>			
Salaries and allowances	19	79,517,094	73,922,684
Rent, taxes, insurance, electricity etc.	20	6,434,433	5,564,417
Legal expenses	21	8,922,399	3,508,043
Postage, stamp, telecommunication etc.	22	1,149,921	925,320
Stationery, printing, advertisement etc.	23	9,068,278	13,496,365
Chief Executive's salary and fees	24	12,507,565	11,038,781
Directors' fees	25	1,239,432	1,153,213
Auditors' fees	26	310,500	304,750
Depreciation and repair of Company's assets	27	16,121,793	13,804,452
Other operating expenses	28	98,647,482	85,264,176
Charges on loan losses	29	-	-
<b>Total operating expenses (B)</b>		<b>233,918,897</b>	<b>208,982,201</b>
<b>Profit/(Loss) before provision &amp; Tax (C) = (A - B)</b>		<b>2,831,969,389</b>	<b>2,761,287,301</b>
Provision for loans and advances	30	1,254,957,855	1,221,486,568
<b>Total provision (D)</b>		<b>1,254,957,855</b>	<b>1,221,486,568</b>
<b>Net profit/(loss) before Tax (E) = (C - D)</b>		<b>1,577,011,533</b>	<b>1,539,800,733</b>
Tax expenses	31	1,046,216,421	1,141,929,498
<b>Net profit/(loss) after tax</b>		<b>530,795,112</b>	<b>397,871,235</b>
<b>Appropriation:</b>			
Statutory reserve		-	-
General reserve		-	-
<b>Retained surplus</b>		<b>530,795,112</b>	<b>397,871,235</b>
<b>Earnings Per Share (EPS)</b>	32	<b>9.65</b>	<b>7.96</b>

The annexed notes 1-33 form an integral part of these financial statements.

Sd/-  
**Kazi Shofiqul Azam**  
Chairman

Sd/-  
**Dr. Ahmed Kaikaus**  
Director

Sd/-  
**Abdul Haque**  
Director

Sd/-  
**Mahmood Malik**  
Executive Director & CEO

Sd/-  
**M. Maftun Ahmed**  
Company Secretary

As per our report of even date.

Dhaka, 28 March 2018

Sd/-  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants



# Infrastructure Development Company Limited

## Cash Flow Statement

for the year ended December 31, 2017

	Amount in Taka	
	Jan-Dec 2017	Jan-Dec 2016
<b>A. Cash flows from operating activities</b>		
Interest received	4,317,041,264	4,126,765,790
Interest paid	(1,664,608,320)	(1,538,747,109)
Fees and commission received	105,666,726	203,918,130
Paid to employees and suppliers	(217,345,067)	(193,621,511)
Receipts from other operating activities	297,885,777	169,182,874
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>2,838,640,380</b>	<b>2,767,498,174</b>
<b>(Increase)/decrease in operating assets and liabilities</b>		
Decrease/(Increase) advances, deposits and prepayments	(66,541,482)	21,576,577
Decrease/(Increase) advances income tax	(901,348,995)	(1,144,202,528)
Decrease/(Increase) accounts receivables	(147,665,654)	(228,792,324)
Decrease/(Increase) Loans and advances	(1,020,088,874)	(4,164,496,657)
Increase/(Decrease) interest suspense account	184,519,701	49,018,866
Increase/(Decrease) payables and accrued expenses	(60,492,512)	171,521,094
Increase/(Decrease) Unearned Revenue- Monitoring Fees	3,015,139	(237,361)
Increase/(Decrease) employees' gratuity fund	10,040,700	12,139,909
	<b>(1,998,561,978)</b>	<b>(5,283,472,423)</b>
<b>Net cash flows from operating activities</b>	<b>840,078,401</b>	<b>(2,515,974,249)</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of fixed assets	(22,546,372)	(1,359,341)
Proceeds from sale of assets	955,500	-
<b>Net cash flows from investing activities (B)</b>	<b>(21,590,872)</b>	<b>(1,359,341)</b>
<b>C. Cash flows from financing activities</b>		
Loan from Government of Bangladesh	1,773,291,382	5,878,659,660
Dividend paid	-	(440,000,000)
<b>Net cash flows from financing activities</b>	<b>1,773,291,382</b>	<b>5,438,659,660</b>
<b>D Net increase in cash and cash equivalents (A + B + C)</b>	<b>2,591,778,913</b>	<b>2,921,326,073</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>29,364,403,027</b>	<b>26,443,076,960</b>
<b>F Cash and cash equivalents at the end of the year (D + E)</b>	<b>31,956,181,940</b>	<b>29,364,403,027</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	302	5,617
Money at call and short notice	-	-
Balance with Bangladesh Bank and its agent banks	834,646,272	186,824,261
Balance with other banks and financial institutions	31,121,535,366	29,177,573,149
	<b>31,956,181,940</b>	<b>29,364,403,027</b>

## Infrastructure Development Company Limited

### Statement of Changes in Equity

for the year ended December 31, 2017

Amount in Taka

Particulars	Paid up Capital	Statutory Reserve	Retained earnings	Total shareholders' equity
Balance as at 01 January 2017	5,000,000,000	-	967,572,772	5,967,572,772
Changes in accounting policy	-	-	-	-
<b>Balance</b>	<b>5,000,000,000</b>	<b>-</b>	<b>967,572,772</b>	<b>5,967,572,772</b>
Increase/Decrease of revaluation of properties	-	-	-	-
Increase/Decrease of revaluation of investment	-	-	-	-
Currency transaction differences	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-
Net profit for the year	-	-	530,795,112	530,795,112
Bonus shares	500,000,000	-	(500,000,000)	-
Cash dividend	-	-	(200,000,000)	(200,000,000)
Statutory Reserve	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>5,500,000,000</b>	<b>-</b>	<b>798,367,884</b>	<b>6,298,367,884</b>

Particulars	Paid up Capital	Statutory Reserve	Retained earnings	Total shareholders' equity
Balance as at 01 January 2016	5,000,000,000	-	673,083,410	5,673,083,410
Adjustment in Receivables	-	-	(3,381,875)	(3,381,875)
<b>Balance</b>	<b>5,000,000,000</b>	<b>-</b>	<b>669,701,535</b>	<b>5,669,701,535</b>
Increase/Decrease of revaluation of properties	-	-	-	-
Increase/Decrease of revaluation of investment	-	-	-	-
Currency transaction differences	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-
Net profit for the year	-	-	397,871,235	397,871,235
Bonus shares	-	-	-	-
Cash dividend	-	-	(100,000,000)	(100,000,000)
Statutory Reserve	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>5,000,000,000</b>	<b>-</b>	<b>967,572,772</b>	<b>5,967,572,770</b>



# Infrastructure Development Company Limited

## Liquidity Statement

(Asset and Liability Maturity Analysis)  
as at December 31, 2017

	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets:</b>						
Cash in hand (including balance with Bangladesh Bank)	834,646,574	-	-	-	-	834,646,574
Balance with other banks and financial institutions	4,235,054,909	3,085,000,000	20,546,480,457	3,255,000,000	-	31,121,535,366
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans and advances	255,661,314	1,982,295,504	7,790,114,266	23,005,518,058	9,003,074,578	42,036,663,720
Fixed assets	-	-	-	-	92,850,674	92,850,674
Other assets	354,159	105,394,090	1,922,093,125	493,567,227	28,880,704	2,550,289,305
Non-banking assets	-	-	-	-	-	-
<b>Total assets</b>	<b>5,325,716,956</b>	<b>5,172,689,594</b>	<b>30,258,687,848</b>	<b>26,754,085,285</b>	<b>9,124,805,957</b>	<b>76,635,985,638</b>
<b>Liabilities:</b>						
Borrowings from Government of Bangladesh	-	586,892,915	4,534,192,908	18,969,911,434	39,472,788,906	63,563,786,163
Deposits	-	-	-	-	-	-
Other Accounts	-	-	-	-	-	-
Provision and other liabilities	-	137,528,446	2,161,758,383	458,885,362	4,015,659,399	6,773,831,589
<b>Total liabilities</b>	<b>-</b>	<b>724,421,361</b>	<b>6,695,951,291</b>	<b>19,428,796,796</b>	<b>43,488,448,305</b>	<b>70,337,617,753</b>
<b>Net Liquidity Gap</b>	<b>5,325,716,956</b>	<b>4,448,268,232</b>	<b>23,562,736,557</b>	<b>7,325,288,489</b>	<b>(34,363,642,348)</b>	<b>6,298,367,886</b>



## Infrastructure Development Company Limited

### Notes to the financial statements

for the year ended December 31, 2017

#### 1. Background:

##### 1.1 Legal Status and nature of the company:

The Infrastructure Development Company Limited (IDCOL), a non-bank financial institution, was incorporated in Bangladesh on May 14, 1997 as a government owned public limited company under the Companies Act 1994. The Company was licensed by Bangladesh Bank as a non-bank financial institution (NBFIs) on January 5, 1998. The registered office of the Company is located at UTC Building, Level-16, 8 Panthapath, Kawranbazar, Dhaka-1215.

##### 1.2 Principal activities:

Since inception, IDCOL is playing a major role in bridging the financing gap for developing medium and large-scale infrastructure and renewable energy projects in Bangladesh. The company now stands as the market leader in private sector energy and infrastructure financing in Bangladesh. The primary objective of the company is to promote significant participation of the private sector in investment and operation, ownership and maintenance of new infrastructure facilities.

##### Infrastructure Projects

IDCOL provides long-term debt financing to viable privately-owned and operated infrastructure projects. To be eligible for IDCOL funding, projects must be included in the GoB's priority sector and use proven technology. Infrastructure sectors in the current priority sector include power generation telecommunications, information and communication technology, ports, social infrastructure, gas and gas related infrastructure, water supply, toll roads and bridges, shipyards and shipbuilding, hotel and tourism, mass transportation systems, urban environmental services etc.

##### Renewable Energy Projects

Under renewable energy program, IDCOL is implementing projects in four major areas- solar home systems (SHS), domestic biogas plants, improved cook stoves (ICS), and small-scaled renewable energy based power plants.

IDCOL started its SHS Program in 2003 with an initial target to finance 50,000 SHSs with financial assistance from the World Bank and GEF. Subsequently, a number of development partners participated in the program by providing refinancing and grant support. IDCOL provides soft loans and channels grants for the development of rural infrastructure, i.e. renewable energy. IDCOL's SHS Program is one of the fastest growing off-grid renewable energy program in the world. It has brought significant change in lives in remote rural areas of Bangladesh through providing access to electricity.

IDCOL has been implementing Biogas Program in Bangladesh since 2006. Initially, the program started as National Domestic Biogas and Manure Program (NDBMP) with the support from SNV, Netherlands Development Organization and KFW, German Development Bank. In 2012, the World Bank also joined to support the program under its Household Energy Initiatives. With the support from KFW and the World Bank, IDCOL restructured the Program in 2013. Under this program, IDCOL has a revised target to install 100,000 domestic size biogas plants in Bangladesh by 2021.

IDCOL launched the 'Improved Cook Stove (ICS) Program' in May 2013 with the initial target to install 1 million ICSs across the country by 2018. Under the program, IDCOL provides institutional development grant and technical assistance to its partner organizations (POs). IDCOL's principal objective is commercialization of ICS, which would allow the ICS market to develop and flourish after the completion of the Program. IDCOL has already achieved the target of 1 million within 2017 and has a target to finance additional 4 million ICSs in the second phase by 2021.

Besides, IDCOL has been financing various small-scaled renewable energy projects including solar PV based irrigation pumps, solar PV based micro-grid projects, biomass gasification based power projects, biogas based power plants, solar powered solution for telecom BTS etc. IDCOL has a target to finance 50,000 solar irrigation pumps and 200 solar based mini-grid projects by 2025. In addition, IDCOL is exploring the financing of more Biogas and Biomas based power projects in near future.

##### Corporate Advisory Services

IDCOL has established an advisory wing to provide knowledge support to various local/foreign institutions on infrastructure projects, renewable energy projects, public private partnership, etc. IDCOL has already provided advisory services to delegates from Ethiopia, Ghana, Sudan, Guinea and Uganda on renewable



energy. In addition, IDCOL signed two different Memorandums of Understanding (MoU) with the Bangladesh Infrastructure Finance Fund Limited (BIFFL) and IDLC Finance Limited to provide necessary support in project due diligence and another one with to provide advisory services to design and launch new financial products for the suppliers under IDCOL Solar Home System (SHS) Program, respectively. Till date, IDCOL trained more than 1,500 professionals from local banks and businesses in twenty three training courses on project finance, nineteen courses on financial modelling, and seven special courses for capacity building.

### 1.3 Resources

IDCOL has access to resources provided by the World Bank (WB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), German Development Bank (KfW), Department for International Development (DFID), Islamic Development Bank (IDB), German Development Cooperation (GIZ), United States Agency for International Development (USAID), SNV-Netherlands Development Organization, and the Government of Bangladesh (GoB) to place in projects across a range of infrastructure and renewable energy projects.

## 2. Significant Accounting Policies and Basis of Preparation

### 2.1 Basis of accounting

The financial statements of the Company have been prepared under historical cost convention in accordance with generally accepted accounting principles as laid down in the International Financial Reporting Standards (IFRS) applicable to the company as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRS). The reported financial statements, i.e. Balance Sheet, Profit and Loss Account, Statement of Changes in Shareholder's Equity and Cash Flow Statement were prepared by capturing the transactions of Infrastructure Development Company Limited. The financial statements of projects accounts are being maintained and prepared separately showing movement of funds, i.e. loans and grants received from various donors, lenders, etc., realization of principal and interest from borrowers, loan and grants disbursed to borrowers, repayment of loans to donors, lenders, etc. These projects accounts are being audited and reported separately. The consolidated movement of funds of these projects are shown in note # 33.

### 2.2 Statement of compliance

The financial statements of IDCOL are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank and the Companies Act 1994. In case any requirement of the Financial Institution Act 1993, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Financial Institution Act 1993, and provisions and circulars issued by Bangladesh Bank shall prevail.

### 2.3 Other comprehensive income

**BFRS:** As per BAS 1 elements of Other Comprehensive Income (OCI) can be presented in a separate statement i.e. Other Comprehensive Income or can be included in a single Statement of Comprehensive Income.

**Bangladesh Bank:** The scheduled banks and financial institutions in Bangladesh have been using certain prescribed templates of financial statements (including names of those financial statements) issued by Bangladesh Bank. Those templates do not include 'Other Comprehensive Income' nor are the elements of OCI allowed to be included in a Single Comprehensive Income Statement (Profit & Loss Account, as per BB format). As such the banks and financial institutions does not prepare a separate OCI Statement. However elements of OCI, if any, are shown in the statements of changes in equity.

### 2.4 Cash flow statement

**BFRS:** The Cash Flow Statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per DFIM circular no. 11 of 23 December 2009, cash flow is the mixture of direct and indirect methods. Money at call on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

### 2.5 Provision for loans and advances

**BFRS:** As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exist for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis

**Bangladesh Bank:** As per Bangladesh Bank circular (FID Circular no. 08 dated 03 August 2002 and FID Circular no. 03 dated 03 March 2006), a general provision at 1% for standard loan and 5% for SMA loans, should be maintained regardless of objective evidence of impairment. And, specific provision for sub-standard loan, doubtful loans and bad/losses should be provided at 20%, 50% and 100% respectively for loans and advances

depending on the duration of overdue. Also a general provision at 1% should be provided for all off balance sheet exposure. Such provision policies are not specifically in line with those prescribed by BAS 39.

## 2.6 Cash and cash equivalent

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items which includes 'money at call and short notice', is not shown as cash and cash equivalents.

## 2.7 Recognition of interest in suspense

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per FID circular no. 08 dated 03 August 2002, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

## 2.8 Financial instruments: presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

## 2.9 Presentation of intangible asset

**BFRS:** An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in DFIM circular no. 11 of 23 December 2009.

## 2.10 Off-balance sheet items

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per DFIM circular no. 11 of 23 December 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

## 2.11 Use of estimate and judgements

The preparation of these financial statements in conformity with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Bank guidelines requires management to make judgement, estimates and assumptions that affect the application of accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis.

## 2.12 Functional and Presentation Currency

These financial statements are using the currency of the primary economic environment in which the company operates (the functional currency) and presentation currency is Bangladesh Taka which is also the functional currency of the company.

## 2.13 Revenue Recognition

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

Income on investment is recognized on an accrual basis. Investment income includes interest on bonds.

Fees & commission income is recognized on an accrual basis which includes fees received from borrowers of infrastructure financing and administering monitoring activities under renewable energy program.

## 2.14 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is charged on reducing balance method. Depreciation on additions to fixed assets is charged in full for the year and no depreciation is charged for the year in which an asset is disposed, irrespective of the date of acquisition, on reducing balance method. The rates of depreciation are as follows:

Category of assets	Rate of depreciation
Office space	10%
Furniture, fixture and decoration	10%
Computer and computer equipment	30%
Office equipment	10%
Vehicle	20%
Software	30%





## 2.15 Accounting for grant

Accounting for grant has been made in accordance with Bangladesh Accounting Standards (BAS) - 20 "Accounting for Government Grants and Disclosure of Government Assistance". Grant has been recognized as income to the extent of depreciation on grant funded assets.

## 2.16 Foreign Currency transactions (Exchange fluctuations and gains or losses)

Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into taka at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit and loss account as per ISA/BAS 21: the effects of changes in foreign exchange rates.

## 2.17 Write-off

A loan write off – as it applies to individual borrowers -simply meaning taking off the amount from the Balance Sheet against which provision has already been made for a reduction in the value of an asset or earnings by the amount of an expense or loss. When businesses file their income tax return, they are able to write off expenses incurred to run the business and subtract them from their revenue to determine their taxable income. Recovery of debts written off provided for its credited revenue. Income are recognized where amounts are either recovered and/or adjusted against securities/properties or advances.

## 2.18 Earning per Share (EPS)

As per BAS - 33, the company presents its basic earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

## 2.19 Related party disclosure

As per Bangladesh Accounting Standards (BAS 24) , parties to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. All transactions were carried out in the ordinary course of business on an arm's length basis, no related party transactions were incurred during this financial year.

## 2.20 Employee benefits:

### Defined contribution plan(provident fund)

The company operates a contributory provident fund scheme where employees contribute 10% of their basic salary with equal contribution by the company. The provident fund is considered as defined contribution plan being managed by a Board of Trustees.

### Defined benefit plan(gratuity)

The company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all permanent employees. The employees gratuity fund is being considered as defined benefit plan.

## 2.21 Internal Audit

Internal Audit function plays a crucial role in ongoing assessment and maintenance of internal control, risk management and governance in the organization. Internal audit team conducts audit in all partner NGO's and IDCOL regional offices. Internal audit use standard approach to determine their respective work plan and actions.

## 2.22 Fraud and Forgeries

To prevent fraud and forgeries internal audit team acts independently as the first contact point/information unit. As a counteractive course of action, preventive and corrective measures are recommended to the operation unit to take necessary action. All fraud related issues are recorded in the fraud register in a systematic manner for future reference.

## 2.23 Disclosure for BAS & BFRS Compliance:

	Name of the BAS	BAS #	Compliance status
1	Presentation of Financial Statements	1	Applied
2	Inventories	2	N/A
3	Statements of Cash Flow	7	Applied*
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
5	Events after the Balance Sheet Period	10	Applied

## Audited Financial Statements

	Name of the BAS	BAS #	Compliance status
6	Construction Contracts	11	N/A
7	Income Taxes	12	Applied
8	Property, Plant and Equipment	16	Applied
9	Leases	17	N/A
10	Revenue	18	Applied
11	Employee Benefits	19	Applied
12	Accounting for Government Grants and Disclosure of Government Assistance	20	Applied
13	The Effects of Changes in Foreign Exchange Rates	21	Applied
14	Borrowing Costs	23	Applied
15	Related Party Disclosures	24	Applied
16	Accounting and Reporting by Retirement Benefit Plans	26	N/A
17	Separate Financial Statements	27	Applied
18	Investment in Associates and Joint Ventures	28	N/A
19	Financial Reporting in Hyperinflationary Economies	29	N/A
20	Financial Instruments: Presentation	32	Applied *
21	Earnings per share	33	Applied
22	Interim Financial Reporting	34	Applied
23	Impairment of Assets	36	Applied
24	Provisions, Contingent Liabilities and Contingent Assets	37	Applied
25	Intangible Assets	38	Applied
26	Financial Instruments: Recognition and Measurement	39	Applied *
27	Investment Property	40	N/A
28	Agriculture	41	N/A

	Name of the BFRS	BFRS #	Compliance status
1	First-time Adoption of IFRS	1	N/A
2	Share Base payment	2	N/A
3	Business combination	3	N/A
4	Insurance Contracts	4	N/A
5	Non-current assets held for sale and discontinued operation	5	N/A
6	Exploration for and Evaluation of Mineral Resources	6	N/A
7	Financial Instruments: Disclosures	7	Applied *
8	Operating Segments	8	Applied
9	Financial Instruments	9	N/A
10	Consolidated Financial Statements	10	Applied
11	Joint Arrangement	11	N/A
12	Disclosure of Interest in Other Entities	12	N/A
13	Fair Value Measurement	13	Applied

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



## **2.24 Basis of measurement**

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

## **2.25 Risk Management**

In IDCOL, a well-structured and proactive risk management system is working within the company to address and manage the risks relating to credit, market, liquidity and operations along with the guidelines for managing core risks of financial institutions issued by the Bangladesh Bank (Central Bank), vide FID circular No. 10 dated September 18, 2005.

### **2.25.1 Credit Risk:**

Credit risk is being managed through a framework set by policies and procedures developed by the management and approved by the IDCOL board. The approval process contributes in mitigating credit risk. Every proposal is reviewed by Credit Risk Management Unit, Credit Risk Management Committee, Credit Committee and Board of Directors as a part of risk governance in IDCOL. Moreover, IDCOL has a Credit Risk Manual implemented in accordance with guideline provided by Bangladesh Bank.

The responsibility is clearly segregated between origination of business and approval of the transaction in order to maintain the independence and integrity of the credit decision-making process. The project appraisal team after completing their detailed due diligence of the project submits the completed project appraisal report to Credit Risk Management (CRM) department. After the risk assessment of CRM, the project is submitted to CRM committee headed by CEO and comprising of functional unit heads. Once approved by the CRM Committee, it goes to Credit Committee for their review and approval and final approval obtained from the IDCOL Board.

### **2.25.2 Market Risk**

Market risk arises from the fluctuation of returns caused by the macroeconomic factors that affect the overall performance of the financial market and organization as well. The Asset Liability Management Committee reviews the market trend of interest rates and matches the interest risks of the assets so that it can meet its obligations without making any losses. It also ensures that IDCOL has appropriate capital to cover potential losses from exposures to changes in interest rates. IDCOL management makes sure that lending and borrowing currency will always be same so that company does not have to bear any foreign currency risk.

### **2.25.3 Liquidity Risk**

IDCOL has established strategies, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure sufficient liquidity. The Asset Liability Management Committee (ALCO) of IDCOL actively monitors and controls liquidity risk exposures.

### **2.25.4 Operational Risk**

Managing operational risks requires timely and accurate information as well as a strong control culture. To do so, IDCOL has established an internal control & compliance unit to address operational risks and to frame and implement policies to encounter such risks. IDCOL also provides training for capacity building of the employees, ensures active participation of the senior management in identifying and mitigating key operational risks, maintains proactive communication between our revenue-producing units and our independent control and support functions and has built a network of systems throughout the firm to facilitate the collection of data used in analyzing and assessing our operational risk exposure.

### **2.25.5 Money Laundering Risk**

A separate Central Compliance Unit (CCU) of IDCOL has been established which is responsible for managing money laundering risks following guidance notes on Prevention of Money Laundering and Terrorist Financing issued by Bangladesh Bank.

### **2.25.6 Information Technology and Communication Risk**

IDCOL has a full-fledged department which ensures adequate IT and MIS infrastructure and its security. It streamlines the management information systems with the strategic direction of the Company while mitigating the risks associated with incorrect deployment and use of Information-Technology.

# Audited Financial Statements

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
<b>3.0 CASH</b>			
Cash in hand	3.1	302	5,617
Balance with Bangladesh Bank and its agent bank	3.2	834,646,272	186,824,261
		<b>834,646,574</b>	<b>186,829,878</b>
3.1 Cash in Hand			
Local Currency		302	5,617
Foreign Currencies		-	-
		<b>302</b>	<b>5,617</b>
3.2 Balance with Bangladesh Bank and its agent bank			
Bangladesh Bank balance in local currency		7,646,272	62,293,743
Bangladesh Bank balance in foreign currency		827,000,000	124,530,518
		<b>834,646,272</b>	<b>186,824,261</b>
3.3 Cash Reserve Ratio (CRR)			
Required reserve @ 2.5% of average balance of term deposit		-	-
Actual reserve		-	-
Surplus		-	-
3.4 Statutory Liquidity Ratio (SLR)			
Required reserve @ 5% of average liabilities excluding funds from banks/FIs		-	-
Actual Reserve held		-	-
Surplus		-	-
Total Surplus		-	-
* As per Bangladesh Bank # FID (L) 1053/69/4, maintenance of CRR and SLR is exempted for IDCOL.			
<b>4.0 Balance with other banks and financial institutions</b>			
<i>Inside Bangladesh</i>		31,121,535,366	29,177,573,149
<i>Local currency</i>			
Current and short-term deposits in local currency	4.1	2,508,493,058	1,642,272,191
Fixed deposits in local currency	4.2	24,761,000,000	24,313,500,000
<i>Foreign currency</i>			
Current and short-term deposits in foreign currency	4.3	1,726,561,850	466,279,875
Fixed deposits in foreign currency	4.4	2,125,480,457	2,755,521,083
<i>Outside Bangladesh</i>		-	-
		<b>31,121,535,366</b>	<b>29,177,573,149</b>
4.1 Current and short-term deposits in local currency			
Janata Bank Ltd.	4.1.a	2,386,697,797	1,338,277,771
The City Bank Ltd.	4.1.b	8,011,732	16,694,220
Prime Bank Ltd.	4.1.c	2,376,411	1,158,821
National Credit and Commerce Bank Ltd.	4.1.d	21,128,275	11,071,501
National Bank Ltd.	4.1.e	72,355	35,443
Islami Bank Bd. Ltd.	4.1.f	189,053	129,092
Agrani Bank Ltd.	4.1.g	81,938,292	261,996,143
Eastern Bank Ltd.	4.1.h	1,586,202	909,351
Standard Chartered Bank	4.1.i	6,492,942	11,999,850
		<b>2,508,493,058</b>	<b>1,642,272,191</b>



Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
4.1.a Janata Bank Limited		
<u>Accounts under donor funded projects</u>		
IDA -5158-BD : REREDP-II	162,937,651	87,134,417
IDA -5514-BD : Additional Financing REREDP-II	206,096,032	323,736,960
IDB -151-BD :	7,663,267	7,595,344
PPIDF-II (SF)	5,515,598	6,105,517
JICA BD P-90	1,045,234,618	-
STD Account	959,250,631	913,705,532
	<u>2,386,697,797</u>	<u>1,338,277,771</u>
4.1.b The City Bank Limited		
<u>Accounts under donor funded projects</u>		
KfW - 2006.65.612 -NDBMP	3,674,522	14,814,107
<u>Company accounts</u>		
Imprest account	4,337,210	1,880,113
	<u>8,011,732</u>	<u>16,694,220</u>
4.1.c Prime Bank Limited		
<u>Company accounts</u>		
Salary account	495	495
<u>Accounts for Regional Offices</u>		
Barisal	163,682	131,212
Bogra	376,956	180,449
Chittagong	216,781	221,034
Dhaka	847,666	313,454
Faridpur	187,742	29,963
Rangpur	211,562	81,986
Khulna	195,246	117,549
Mymensingh	176,280	82,679
	<u>2,376,411</u>	<u>1,158,821</u>
4.1.d National Credit and Commerce Bank Limited		
<u>Revolving fund account under projects</u>		
PPIDF: ADB 2453-BAN (SF)	20,858,363	10,967,536
<u>Accounts for Regional Offices</u>		
Brahmanbaria	196,633	66,845
Laxmipur	73,279	37,120
	<u>21,128,275</u>	<u>11,071,501</u>
4.1.e National Bank Limited		
<u>Accounts for Regional Office</u>		
Sylhet	72,355	35,443
	<u>72,355</u>	<u>35,443</u>
4.1.f Islami Bank Bangladesh Limited		
<u>Accounts for Regional Office</u>		
Borguna	189,053	129,092
	<u>189,053</u>	<u>129,092</u>
4.1.g Agrani Bank Limited		
<u>Accounts under donor funded projects</u>		
P-075 : JICA	81,938,292	261,996,143
	<u>81,938,292</u>	<u>261,996,143</u>
4.1.h Eastern Bank Limited		
<u>Revolving fund account under projects</u>		
P-075 : JICA	1,586,202	909,351
	<u>1,586,202</u>	<u>909,351</u>



# Audited Financial Statements

Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
4.1.i Standard Chartered Bank		
<u>Company Account</u>		
Salary Account	6,492,942	11,999,850
	<u>6,492,942</u>	<u>11,999,850</u>
4.2 Fixed deposits in local currency		
<u>Fixed deposit receipt (three months' term) with:</u>		
Dhaka Bank Ltd.	-	888,500,000
EXIM Bank Ltd.	965,000,000	1,150,000,000
Fas Finance Ltd.	100,000,000	-
IFIC Bank Ltd.	480,000,000	1,400,000,000
Jamuna Bank Ltd.	-	895,000,000
One Bank Ltd.	220,000,000	500,000,000
Premier Bank Ltd.	820,000,000	310,000,000
Shahjalal Islamic Bank Ltd.	-	540,000,000
Standard Bank Ltd.	-	200,000,000
The City Bank Ltd.	500,000,000	-
<u>Fixed deposit receipt (six months' term) with:</u>		
DBH Fin Corp. Ltd.	520,000,000	300,000,000
Dhaka Bank Ltd.	550,000,000	-
EXIM Bank Ltd.	200,000,000	-
First Lease & Finance	-	100,000,000
First Security Islami Bank Ltd.	1,000,000,000	1,000,000,000
IDLC Finance Ltd.	150,000,000	300,000,000
Lanka-Bangla Finance Ltd.	560,000,000	200,000,000
Peoples Leasing	-	100,000,000
Premier Bank Ltd.	1,180,000,000	380,000,000
Premier Leasing & Finance Ltd.	400,000,000	150,000,000
Prime Finance & Investment Ltd.	300,000,000	100,000,000
Union Capital Ltd.	510,000,000	200,000,000
AB Bank Ltd.	405,000,000	595,000,000
Al-Arafah Islami Bank Ltd.	1,800,000,000	1,250,000,000
IPDC of Bangladesh Ltd.	350,000,000	150,000,000
Mercantile Bank Ltd.	195,000,000	-
National Bank Ltd.	815,000,000	1,250,000,000
NCC Bank Ltd.	1,135,000,000	1,550,000,000
NCC Bank Ltd. (PPIDF-1 revolving fund)	1,985,000,000	3,370,000,000
One Bank Ltd.	600,000,000	-
IFIC Bank Ltd.	50,000,000	-
Habib Bank Ltd	-	650,000,000
Standard Bank Ltd.	853,000,000	1,200,000,000
Uttara Finance Ltd.	300,000,000	200,000,000
The City Bank Ltd.	-	780,000,000
Jamuna Bank Ltd.	820,000,000	380,000,000
Trust Bank Ltd.	-	150,000,000
Shahjalal Islami Bank Ltd.	928,000,000	710,000,000
Union Bank Ltd.	200,000,000	200,000,000
Southeast Bank Ltd.	875,000,000	580,000,000
Social Islami Bank	50,000,000	-
Fas Finance Ltd.	100,000,000	50,000,000
South Bangla Agri Bank	50,000,000	-
Islami Bank Ltd.	100,000,000	-



Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
BD Finance	400,000,000	100,000,000
Bay Leasing & Investment Ltd.	100,000,000	-
First Finance Ltd	300,000,000	-
International Leasing	400,000,000	-
National Finance Ltd.	240,000,000	-
<i>Fixed deposit receipt (1 year term) with:</i>	-	-
AB Bank Ltd.	400,000,000	-
Eastern Bank Ltd.(JICA revolving fund account)	-	760,000,000
Eastern Bank Ltd.	-	1,205,000,000
Mercantile Bank Ltd.	570,000,000	-
National Bank Ltd.	1,035,000,000	-
The City Bank Ltd	1,250,000,000	470,000,000
	<b>24,761,000,000</b>	<b>24,313,500,000</b>
4.3 Current and short-term deposits in foreign currency		
Janata Bank Ltd.	1,586,808,040	465,440,055
Commercial Bank of Ceylon (PPIDF-1 revolv. USD)	139,753,810	839,820
	<b>1,726,561,850</b>	<b>466,279,875</b>
4.4 Fixed deposits in foreign currency		
<i>Fixed deposit receipt (One/six months' term) with:</i>		
Janata Bank Ltd.	-	1,089,509,910
Commercial Bank of Ceylon	1,436,399,191	1,466,404,533
Jamuna Bank Ltd.	206,750,000	-
Southeast Bank Ltd.	264,640,000	-
Dhaka Bank Ltd.	217,691,266	199,606,640
	<b>2,125,480,457</b>	<b>2,755,521,083</b>
4.5 Maturity grouping of Balance		
Up to one month	4,235,054,909	2,108,552,066
More than one month but less than three months	3,085,000,000	5,883,500,000
More than three months but less than one year	20,546,480,457	18,750,521,083
More than one year but less than five years	3,255,000,000	2,435,000,000
More than five years	-	-
	<b>31,121,535,366</b>	<b>29,177,573,149</b>
<b>5.0 Money at call and short notice</b>		
	-	-
	-	-
<b>6.0 Investments</b>		
	-	-
	-	-
<b>7.0 Loans and advances</b>		
<i>Inside Bangladesh</i>		
Long-term finance	7.1 41,260,905,483	40,356,306,290
Short term financing	7.2 5,400,697	5,332,553
Interest receivable on loans and advances	7.3 770,357,540	654,936,003
	<b>42,036,663,720</b>	<b>41,016,574,846</b>
<i>Outside Bangladesh</i>	-	-
	<b>42,036,663,720</b>	<b>41,016,574,846</b>

# Audited Financial Statements

		Notes	Amount in Taka	
			31-Dec-17	31-Dec-16
7.1	Long-term finance:			
	Balance at January 01, 2017		40,356,306,290	36,491,017,196
	Add: Disbursement made during the year		4,119,331,684	8,507,755,650
	Add: Interest Capitalization during the year		24,206,965	32,927,183
			44,499,844,939	45,031,700,030
	Less: Realization during the year		(3,946,764,169)	(4,702,659,963)
	Add: Forex gain/ (Loss)		707,824,713	27,266,226
	Balance at December 31, 2017		41,260,905,483	40,356,306,290
7.1.1	Sector wise disclosure of long term finance			
	Infrastructure loan		19,512,642,837	16,455,702,119
	Renewable energy project	7.1.1a	21,700,206,761	23,851,639,368
	Employee car loan		20,393,571	18,746,093
	Employee home loan		27,662,314	30,218,710
			41,260,905,483	40,356,306,290
7.1.1a	Renewable energy project			
	Solar home system		20,278,665,606	22,663,412,756
	Biogas program		268,147,609	331,401,466
	Other renewable energy project		1,153,393,546	856,825,146
			21,700,206,761	23,851,639,368
7.2	Short term financing			
	Balance at January 01, 2017		5,332,553	5,926,028
	Add: Disbursement made during the year		8,955,000	6,303,600
			14,287,553	12,229,628
	Less: Realization during the year		(8,886,856)	(6,897,075)
	Balance at December 31, 2017		5,400,697	5,332,553
7.3	Interest on loan and advance			
	Interest receivable on infrastructure loan		426,439,783	269,726,009
	Interest receivable on renewable energy loan	7.3.1	343,917,757	385,209,994
			770,357,540	654,936,003
7.3.1	Interest receivable on renewable energy loan			
	Solar Home System project		308,658,921	349,845,925
	Biogas project		3,256,001	6,707,459
	Other renewable energy project		32,002,835	28,656,610
			343,917,757	385,209,994
7.4	Large Loan Disclosure			
	Grameen Shakti		6,300,059,767	6,620,937,345
	Regent Energy and Power Ltd.		3,437,705,133	3,549,077,912
	Rural Services Foundation		3,249,461,143	2,361,000,000
	Summit Barisal Power Ltd.		2,488,224,090	1,962,227,100
	Summit Meghnaghat Power Company Ltd.		1,907,933,902	1,963,171,500
	Quantum Power Systems Ltd.		1,824,117,640	1,855,071,209
	Energypac Confidence Power Venture Chittagong Ltd.		1,713,071,121	1,499,668,879
	Doreen Hotels and Resorts Ltd.		1,660,694,737	1,574,000,000
	Summit Narayanganj Power Unit II Limited		1,244,111,838	1,180,500,000
			23,825,379,371	22,565,653,945



	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
7.5	Particulars of Loans, Advances and leases		
a)	Loan considered good in respect of which the FI is fully secured	7,106,518,340	7,432,468,025
b)	Loan considered good in respect of which the FI is partially secured	34,930,145,380	33,584,106,821
c)	Loan considered good for which the FI holds no other security than the debtor's personal security.	-	-
d)	Loan considered good for which the FI holds no other security than the debtor's personal security.	-	-
e)	Loan considered good and secured by the personal security of one of more parties in addition to the personal security of the debtors.	-	-
f)	Loan adversely classified for which no provision is created.	-	-
		<u>42,036,663,720</u>	<u>41,016,574,846</u>
g)	Loan due by directors or officers of the FI or any of them either separately or jointly with any other persons.	48,055,885	48,964,803
h)	Loan due by companies and firms in which the directors of the FI have interest as directors, partners or managing agent or in case of private companies as members.	-	-
i)	Maximum total amount of advances including temporary advances made at any time during the year to directors and managers or officers of the FI or any of them either severally or jointly with any other persons.	-	-
j)	Maximum total amount of advances including temporary advances made at any time during the year to the companies or firms in which the directors of the FI have interest as directors partners r managing agents or in case of private companies as members.	-	-
k)	Due from other Bank/FI companies.	-	-
l)	Classified loans advances and leases		
i)	Classified loans, advances and leases on which interest has not been charged	3,426,065,085	1,479,242,638
ii)	Provision on doubtful loans, advances and leases	1,137,606,293	109,847,514
	Provision on bad loans, advances and leases	1,434,826,163	1,112,567,682
	Total provisions charged during the year	2,572,432,456	1,222,415,197
iii)	Amount written off loans, advances and leases	-	-
	Total amount realized against loans and leases previously written off	-	-
iv)	Provision kept against loans and advances classified as bad debts	-	-
v)	Interest credited to Interest Suspense Account	568,400,899	376,181,954
vi)	Cumulative amount of written off loans, advances and leases		
	Opening Balance	-	-
	Amount written off during the year	-	111,510,936
		<u>-</u>	<u>111,510,936</u>
7.6	Maturity grouping of loans and advances		
	Upto one month	255,661,315	487,742,250
	More than one month but less than three months	1,982,295,504	1,737,791,081
	More than three months but less than one year	7,790,114,265	7,425,372,828
	More than one year but less than five years	23,005,518,058	24,490,157,855
	More than five years	9,003,074,578	6,875,510,831
		<u>42,036,663,720</u>	<u>41,016,574,846</u>

# Audited Financial Statements

			Amount in Taka	
Notes			31-Dec-17	31-Dec-16
7.7	Disclosure for significant concentration			
a)	Advances to allied concerns of Directors		-	-
b)	Advances to Chief Executive and other executives		48,055,885	48,964,803
c)	Advances to customers' group		-	-
	i) Power		13,766,353,106	12,319,973,171
	ii) Ports		733,368,016	844,255,889
	iii) Telecommunication		95,959,353	91,777,673
	iv) IT and services		262,109,698	349,657,828
	v) Renewable energy		22,274,509,006	24,490,121,939
d)	Industrial loans		-	-
e)	Hotel & Resorts		1,660,694,737	1,601,903,345
f)	Healthcare		84,634,609	79,946,966
g)	Other loans		3,110,979,310	1,189,973,232
			<u>42,036,663,720</u>	<u>41,016,574,846</u>
7.8	Geographical Location - wise Loans and Advances			
	<i>Inside Bangladesh</i>		42,036,663,720	41,016,574,846
	Dhaka Region		15,689,472,322	15,345,973,051
	Chittagong Region		7,881,061,077	9,003,705,596
	Khulna Region		4,543,493,428	3,989,936,253
	Rajshahi Region		1,629,545,610	1,597,767,478
	Barisal Region		5,987,838,217	6,013,021,164
	Rangpur Region		1,783,306,329	1,682,903,884
	Sylhet Region		2,728,417,624	3,383,267,420
	Mymensingh Region		1,793,529,113	-
	<i>Outside Bangladesh</i>		-	-
			<u>42,036,663,720</u>	<u>41,016,574,846</u>
7.9	Classification of loans and advances			
	Unclassified:			
	Standard		32,883,168,324	35,553,188,146
	Special Mention Account		4,565,224,487	1,587,244,500
			<u>37,448,392,811</u>	<u>37,140,432,646</u>
	Classified:			
	Sub-Standard		1,162,205,824	2,396,899,562
	Doubtful		1,851,540,593	238,471,197
	Bad or loss		1,574,524,492	1,240,771,441
			<u>4,588,270,909</u>	<u>3,876,142,200</u>
			<u>42,036,663,720</u>	<u>41,016,574,846</u>
7.9.1	Particulars of required provision for loans and advances			
	Status	Base for provision	Rate (%)	
	<i>General provision</i>	37,385,404,996		
	Standard loans/ advances*	32,706,023,593	1%	327,060,236
	Interest receivable on standard loan	177,144,731	1%	1,771,447
	Special mention account(SMA)	4,502,236,672	5%	225,111,834
				<u>553,943,517</u>
	<i>Specific provision</i>	4,058,541,530		
	Sub-standard	1,098,337,221	20%	219,667,444
	Doubtful	1,525,378,146	50%	1,137,606,293
	Bad/loss	1,434,826,163	100%	1,434,826,163
				<u>2,792,099,900</u>
				<u>3,346,043,417</u>
	Total provision required at December 31, 2017			<u>2,091,085,562</u>





		Notes	Amount in Taka	
			31-Dec-17	31-Dec-16
Movement of provision of loans and advances				
Balance at January 01, 2017			2,091,085,562	981,109,929
Provision made during the year			1,254,957,855	1,221,486,568
Adjustment during the year			-	(111,510,935)
Balance at December 31, 2017			3,346,043,417	2,091,085,562
7.10	Net Loans and advances			
	Closing outstanding balance		42,036,663,720	41,016,574,846
	Less: Interest suspense (Note 11.3)		(592,718,096)	(408,198,395)
	Provision for loans and advances (Note 7.9.1, 30)		(3,346,043,417)	(2,091,085,562)
	Net loans and advances		38,097,902,207	38,517,290,889
7.11	Disclosure of disbursement of loan from donor funded projects during the year			
A.	PSIDP and REREDP funded by IDA	Annex -A		
	Loan extended from reflows under PSIDP (Credit No. 2995-BD)		-	498,391,724
	Loan extended from reflows under REREDP (Credit No. 3679-BD)		530,000,000	273,974,322
	Sub Total		530,000,000	772,366,046
B.	REREDP-II funded by IDA (Credit # 5158)	Annex - B		
	a) Refinancing to Partner Organizations (POs)		-	-
	b) Loan to other renewable projects		68,677,759	148,157,378
	Sub Total		68,677,759	148,157,378
C.	Additional REREDP-II funded by IDA (Credit # 5514)	Annex-C		
	Refinancing to Participating Organizations (POs)		24,409,371	1,688,997,828
	Loan to other renewable energy projects		-	-
	Sub Total		24,409,371	1,688,997,828
D.	PPIDF funded by ADB (Loan No. 3045-BAN)	Annex-D		
	Loan to large infrastructure projects (LIP)		-	3,546,000,000
	Sub Total		-	3,546,000,000
	PPIDF funded by ADB (Loan No. 3046-BAN)	Annex-D		
	Refinancing to POs under Renewable Energy Project (REP)		115,245,544	73,707,291
	Sub Total		115,245,544	73,707,291
E.	REDP funded by JICA ( Loan# BD-P75)	Annex-E		
	Refinancing to Participating Organizations (POs)		-	28,496,838
	Loan to other renewable energy projects		311,379,338	117,267,241
	Sub Total		311,379,338	145,764,079
	Grand Total		1,049,712,012	6,374,992,622
8	Fixed assets including land, building, furniture and fixtures			
	Cost			
	Balance at January 01, 2017		150,837,307	132,186,694
	Add: Purchased during the year		39,814,337	18,650,613
	Less: Disposal during the year		(7,270,338)	-
	Balance at December 31, 2017		183,381,306	150,837,307

# Audited Financial Statements

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
<b>Depreciation</b>			
Balance at January 01, 2017		80,271,640	66,467,188
Add: Charged during the year		16,121,793	13,804,452
Less: Adjustment during the year		(5,862,802)	-
Accumulated balance at December 31, 2017		90,530,632	80,271,640
<b>Written Down Value</b>		<b>92,850,674</b>	<b>70,565,667</b>
Details of fixed assets are given in Annexure -G			
<b>9 OTHER ASSETS</b>			
Advances, deposits and prepayments	9.1	157,841,032	91,299,550
Advance income tax	9.2	1,535,853,511	1,776,719,649
Accounts receivables	9.3	846,015,857	698,350,203
Deferred Tax Asset	9.4	10,578,904	6,602,887
		<b>2,550,289,304</b>	<b>2,572,972,289</b>
9.1 Advances, deposits and prepayments			
Advance:			
Advance for SHS project		6,026,364	5,129,502
Advance NDBMP project expense		4,075,787	4,126,072
Advance under PUREP		98,169,449	177,220
Advance under GPOBA II		5,763,175	5,763,175
Advance for other RE projects		437,784	125,118
Advance for training		1,693,524	809,615
Advance for travelling		7,469,257	5,499,742
Advance subsidy- NDBMP		1,843,754	22,640,558
Advance for Land		18,301,800	18,301,800
Book for project finance course		685,365	685,365
Corporate advisory advance		135,800	147,000
Directors remuneration		-	140,000
Rental advance		4,666,437	6,518,437
Salary advance		-	17,333
Advance against training /travelling expenses		7,160,431	20,080,291
Advance for ICS Program		686,061	412,278
Others		726,044	726,044
		<b>157,841,032</b>	<b>91,299,550</b>
9.2 Advance income tax			
Balance at January 01, 2017		1,776,719,649	2,919,328,618
Add: Advance tax (Including TDS ) paid during the year		901,348,995	1,144,202,528
Less: Adjustment with Provision for Tax (FY-2013-14)		(1,142,215,133)	(2,286,811,497)
Balance at December 31, 2017		<b>1,535,853,511</b>	<b>1,776,719,649</b>
9.3 Accounts receivables			
Administration fees under renewable energy projects		465,545	31,819,465
Fees and other receivable from infra. Project		253,069	7,496
Fees and other receivable from advisory services		32,500	32,500
Interest receivable on fixed deposit (FDR)		668,293,726	393,869,844
Other receivables		21,602,383	16,896,677
Receivable under RE projects		145,790,621	255,709,221
IDCOL SPF		2,137,619	-
Gratuity Fund		1,019,633	-
Training fees receivable		15,000	15,000
Receivable under REP-RO	9.3.1	6,405,762	-
		<b>846,015,857</b>	<b>698,350,203</b>



		Notes	Amount in Taka	
			31-Dec-17	31-Dec-16
9.3.1	Receivable under REP -Regional Office (RO)			
	Receivable under REP-Barguna		396,257	-
	Receivable under REP-Brahmanbaria		575,931	-
	Receivable under REP-Bogra		572,395	-
	Receivable under REP- Barisal		407,629	-
	Receivable under REP-Chittagong		728,208	-
	Receivable under REP-Dhaka		773,369	-
	Receivable under REP-Faridpur		484,613	-
	Receivable under REP-Khulna		568,769	-
	Receivable under REP-Laxmipur		397,059	-
	Receivable under REP-Mymensingh		493,101	-
	Receivable under REP-Rangpur		545,034	-
	Receivable under REP-Sunamgonj		463,397	-
			6,405,762	-
9.4	Deferred tax			
	Balance at January 01, 2017		6,602,887	2,327,393
	Provision/(reversal) during the year		3,976,017	4,275,494
	Balance at December 31, 2017	Annex-F	10,578,904	6,602,887
10	<b>Borrowings from other banks, financial institutions and agents</b>			
	<i>Inside Bangladesh</i>			
	Unsecured long-term loans from the Government of Bangladesh			
	IDA financing under PSIDP- (Credit# 2995)	10.1	6,133,953,587	6,133,953,587
	IDA financing under REREDP	10.2	29,120,663,918	29,431,252,048
	ADB financing under PPIDF (Loan # 2453, 2454, 3045 & 3046)	10.3	9,032,578,050	18,037,217,497
	IDB financing under REP ( Credit # 151)	10.4	967,406,924	1,051,419,574
	KfW financing under NDBMP (Credit # 2006.65.612)	10.5	259,879,471	259,879,471
	JICA financing under REDP (Credit # P 75)	10.6	8,049,304,214	6,876,772,605
			63,563,786,163	61,790,494,782
	<i>Outside Bangladesh</i>		-	-
			63,563,786,163	61,790,494,782
	<u>Abbreviations</u>			
	IDA: International Development Association (The World Bank)			
	PSIDP : Private Sector Infrastructure Development Project			
	REREDP : Rural Electrification and Renewable Energy Development Project			
	ADB : Asian Development Bank			
	PPIDF : Public-Private Infrastructure Development Facility			
	IDB : Islamic Development Bank			
	KfW : German Development Bank			
	NDBMP : National Domestic Biogas and Manure Programme			
10.1	IDA financing under PSIDP ( Credit # 2995)			
	Balance at January 01, 2017		6,133,953,587	5,635,561,863
	Add: Drawdown made during the year		-	498,391,724
			6,133,953,587	6,133,953,587
	Less: Repayment made during the year		-	-
	Balance at December 31, 2017		6,133,953,587	6,133,953,587

# Audited Financial Statements

		Notes	Amount in Taka	
			31-Dec-17	31-Dec-16
10.2	IDA financing under REREDP			
	IDA credit # 4643	10.2a	4,597,128,613	4,979,743,917
	IDA credit # 3679	10.2b	2,641,132,700	2,111,132,700
	IDA credit # 5013	10.2c	8,652,456,805	9,270,489,433
	IDA credit # 5158	10.2d	8,415,141,515	8,279,491,084
	IDA credit # 5514	10.2e	4,814,804,285	4,790,394,914
			<u>29,120,663,918</u>	<u>29,431,252,048</u>
10.2a	IDA credit # 4643			
	Balance at January 01, 2017		4,979,743,917	5,362,359,221
	Add: Drawdown made during the year		-	-
			<u>4,979,743,917</u>	<u>5,362,359,221</u>
	Less: Repayment made during the year		(382,615,304)	(382,615,304)
	Balance at December 31, 2017		<u>4,597,128,613</u>	<u>4,979,743,917</u>
10.2b	IDA credit # 3679			
	Balance at January 01, 2017		2,111,132,700	1,837,158,378
	Add: Drawdown made during the year		530,000,000	273,974,322
			<u>2,641,132,700</u>	<u>2,111,132,700</u>
	Less: Repayment made during the year		-	-
	Balance at December 31, 2017		<u>2,641,132,700</u>	<u>2,111,132,700</u>
10.2c	IDA credit # 5013			
	Balance at January 01, 2017		9,270,489,433	9,270,489,433
	Add: Drawdown made during the year		-	-
			<u>9,270,489,433</u>	<u>9,270,489,433</u>
	Less: Repayment made during the year		(618,032,628)	-
	Balance at December 31, 2017		<u>8,652,456,805</u>	<u>9,270,489,433</u>
10.2d	IDA credit # 5158			
	Balance at January 01, 2017		8,279,491,084	8,198,306,377
	Add: Drawdown made during the year		135,650,431	81,184,707
			<u>8,415,141,515</u>	<u>8,279,491,084</u>
	Less: Repayment made during the year		-	-
	Balance at December 31, 2017		<u>8,415,141,515</u>	<u>8,279,491,084</u>
10.2e	GoB Loan RERED-II (AF) - IDA 5514			
	Balance at January 01, 2017		4,790,394,914	3,101,397,086
	Add: Drawdown made during the year		24,409,371	1,688,997,828
			<u>4,814,804,285</u>	<u>4,790,394,914</u>
	Less: Repayment made during the year (adjustment)			
	Balance at December 31, 2017		<u>4,814,804,285</u>	<u>4,790,394,914</u>
10.3	ADB financing under PPIDF (Loan # 2453 & 2454)			
	ADB credit # 2453 -REP	10.3a	5,469,130,783	5,733,442,481
	ADB credit # 2453 -SMIP	10.3b	329,333,179	345,249,165
	ADB credit # 2454 -LIP	10.3c	5,910,370,520	5,891,670,880
	ADB credit # 3045 -OCR	10.3d	6,616,000,000	5,509,000,000
	ADB credit # 3046 -SF	10.3e	707,743,568	557,854,971
			<u>19,032,578,050</u>	<u>18,037,217,497</u>



Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
10.3a ADB credit # 2453 -REP		
Balance at January 01, 2017	5,733,442,481	5,733,442,481
Add: Drawdown made during the year	-	-
	5,733,442,481	5,733,442,481
Less: Repayment made during the year	(264,311,698)	-
Balance at December 31, 2017	5,469,130,783	5,733,442,481
10.3b ADB credit # 2453 -SMIP		
Balance at January 01, 2017	345,249,165	345,249,165
Add: Drawdown made during the year	-	-
	345,249,165	345,249,165
Less: Repayment made during the year	(15,915,986)	-
Balance at December 31, 2017	329,333,179	345,249,165
10.3c ADB credit # 2454 -LIP		
Balance at January 01, 2017	5,891,670,880	6,118,085,900
Add: Drawdown made during the year	-	-
	5,891,670,880	6,118,085,900
Less: Repayment made during the year	(273,421,784)	(240,561,924)
Add: Fair value adjustment (exchange loss)	292,121,424	14,146,904
Balance at December 31, 2017	5,910,370,520	5,891,670,880
10.3d ADB credit # 3045 -OCR		
Balance at January 01, 2017	5,509,000,000	1,962,500,000
Add: Drawdown made during the year	827,000,000	3,546,000,000
	6,336,000,000	5,508,500,000
Less: Repayment made during the year	-	-
Add: Fair value adjustment (exchange loss)	280,000,000	500,000
Balance at December 31, 2017	6,616,000,000	5,509,000,000
10.3e ADB credit # 3046 -SF		
Balance at January 01, 2017	557,854,971	557,854,971
Add: Drawdown made during the year	149,888,597	-
	707,743,568	557,854,971
Less: Repayment made during the year	-	-
Balance at December 31, 2017	707,743,568	557,854,971
10.4 IDB financing under REP ( Credit # 151)		
Balance at January 01, 2017	1,051,419,574	1,135,432,224
Add: Drawdown made during the year	-	-
	1,051,419,574	1,135,432,224
Less: Repayment made during the year	(84,012,650)	(84,012,650)
Less: Fair value adjustment	-	-
Balance at December 31, 2017	967,406,924	1,051,419,574
10.5 KfW financing under NDBMP (Credit # 2006.65.612)		
Balance at January 01, 2017	259,879,471	259,879,471
Add: Drawdown made during the year	-	-
	259,879,471	259,879,471
Less: Repayment made during the year	-	-
Balance at December 31, 2017	259,879,471	259,879,471



# Audited Financial Statements

		Amount in Taka	
Notes		31-Dec-17	31-Dec-16
10.6	JICA financing under REDP (Credit # P 75 & P 90)		
	JICA credit # P 75	10.6a 6,880,186,225	6,876,772,605
	JICA credit # P 90	10.6b 1,169,117,989	-
		8,049,304,214	6,876,772,605
10.6a	JICA financing under REDP (Credit # P 75)		
	Balance at January 01, 2017	6,876,772,605	6,394,118,552
	Add: Drawdown made during the year	3,413,620	482,654,053
		6,880,186,225	6,876,772,605
	Less: Repayment made during the year	-	-
	Add: Fair value adjustment	-	-
	Balance at December 31, 2017	6,880,186,225	6,876,772,605
10.6b	JICA financing under REDP (Credit # P 90)		
	Balance at January 01, 2017	-	-
	Add: Drawdown made during the year	1,169,117,989	-
		1,169,117,989	-
	Less: Repayment made during the year	-	-
	Add: Fair value adjustment	-	-
	Balance at December 31, 2017	1,169,117,989	-
10.7	Maturity-wise grouping		
	Upto one month	-	-
	More than one month but less than three months	586,892,915	264,318,529
	More than three months but less than six months	1,373,087,377	816,283,185
	More than six months but less than one year	3,161,105,531	2,459,743,478
	More than one year but less than five years	18,969,911,434	17,413,937,940
	More than five years but less than ten years	29,455,380,548	30,860,487,477
	More than ten years	10,017,408,358	9,975,724,173
		63,563,786,163	61,790,494,781
<b>11</b>	<b>OTHER LIABILITIES</b>		
	Payable and accrued expenses	11.1 953,329,304	992,049,579
	Provision for income tax	31 1,601,142,383	1,714,937,327
	Employees' gratuity fund	11.2 24,891,539	14,850,839
	Interest suspense account	11.3 592,718,096	408,198,395
	Provision for loans and advances	30 3,346,043,417	2,091,085,562
	Grant assets received from donors	11.4 52,006,347	44,641,224
	Unearned Revenue- Monitoring Fees- MPL	3,015,139	-
	Provisions other than loans	685,365	685,365
	Dividend payable	200,000,000	-
		6,773,831,590	5,266,448,272
11.1	Payable and accrued expenses		
	Interest payable to GoB	11.1a 376,907,293	348,573,964
	REREDP PO's deposit (Loan # 3679)	137,380,244	127,298,358
	Initial deposit under REREDP (Loan # IDA - 5158)	161,267,480	153,493,602
	Security deposit from POs under NDBMP project	20,082,899	19,508,899
	Other payables	48,032,459	17,822,534



	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
SHS maintenance expenses -Disaster		560,020	3,852,610
Income tax and VAT payable		105,002	1,615,509
Initial deposit under REREDP (Loan # IDA 5514)		205,531,906	319,139,598
Penalty for ICS		2,407,000	-
Payable under corporate advisory service		25,049	25,048
Payable to IDCOL Staffs		148,202	148,207
Audit fee		569,250	258,750
Credit Rating fee		312,500	312,500
		<b>953,329,304</b>	<b>992,049,579</b>
11.1a Interest payable to GoB			
Interest payable to GoB - PPIDF (Credit # 2453 & 2454)	11.1a.1	122,023,328	118,169,724
Interest payable to GoB - REREDP	11.1a.2	134,036,618	138,809,637
Interest payable to GoB - IDB (Credit # 151)		1,209,261	1,489,513
Interest payable to GoB - JICA (Credit # P 75 & P 90)		60,747,652	59,025,630
Interest payable to GoB - OCR & SF ( Credit # 3045 & 3046)		49,859,932	18,364,077
Commitment Charge payable and others		9,030,502	12,715,383
		<b>376,907,293</b>	<b>348,573,964</b>
11.1a.1 Interest payable to GoB - PPIDF (Credit # 2453 & 2454)			
Payable against Credit # 2453 -SMIP		4,846,253	5,178,739
Payable against Credit # 2453 -REP		74,172,753	79,224,488
Payable against Credit # 2454 -LIP		43,004,322	33,766,497
		<b>122,023,328</b>	<b>118,169,724</b>
11.1a.2 Interest payable to GoB - REREDP			
Payable against Credit # 4643		18,005,427	19,504,003
Payable against Credit #5013		33,888,787	36,309,415
Payable against Credit # 5158		75,758,246	75,733,141
Payable against Credit # 5514		6,384,158	7,263,078
		<b>134,036,618</b>	<b>138,809,637</b>
11.2 Employees' gratuity fund			
Balance at January 01, 2017		14,850,839	2,710,930
Add: Provision made during the year		10,040,700	14,850,839
		<b>24,891,539</b>	<b>17,561,769</b>
Less:			
Settlement made during the year		-	-
Transfer to BoT		-	2,710,930
		<b>-</b>	<b>2,710,930</b>
Balance at December 31, 2017		<b>24,891,539</b>	<b>14,850,839</b>
11.3 Interest suspense account			
Balance at January 01, 2017		408,198,395	359,179,529
Add: Amount transferred to "Interest Suspense" A/c during the year		568,400,899	376,181,954
		<b>976,599,294</b>	<b>735,361,483</b>
Less: Transferred to Income during the year		(383,881,198)	(327,163,088)
Amount waived/written off during the year		-	-
		<b>592,718,096</b>	<b>408,198,395</b>
11.4 Grant assets received from donors			
Balance at January 01, 2017 (Written Down Value)		44,641,224	36,499,769
Add: Assets received during the year		17,267,964	17,291,272
		<b>61,909,187</b>	<b>53,791,041</b>
Less: Amortization/disposal made during the year		(9,902,840)	(9,149,817)
Balance at December 31, 2017 (Written Down Value)		<b>52,006,347</b>	<b>44,641,224</b>

# Audited Financial Statements

## Donor Wise disclosures of cumulative grant assets

Grant assets received from:

The World Bank	89,361,624	75,303,125
KfW-NDBMP	1,162,823	4,125,239
SNV - Netherlands Development Organization	3,864,919	1,221,623
Total value at cost (a)	94,389,365	80,649,987

Accumulated amortization:

The World Bank	38,638,271	32,231,280
KfW-NDBMP	832,687	3,012,019
SNV - Netherlands Development Organization	2,912,060	765,463
Total amortization (b)	42,383,018	36,008,762
Written down value (a - b)	52,006,347	44,641,225

## 12 Paid-up Capital

Authorized capital:

100,000,000 Ordinary shares @ Tk. 100 each	10,000,000,000	5,000,000,000
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Issued, subscribed and paid-up capital

55,000,000 shares @ Taka 100 each	5,500,000,000	5,000,000,000
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Detail of shareholding position of the company

Name of shareholders	No. of shares as at December 31, 2017	No. of shares as at December 31, 2016	Paid up capital as at December 31, 2017	Paid up capital as at December 31, 2016
Economic Relations Division (ERD), Ministry of Finance, Government of the People's Republic of Bangladesh	54,999,000	49,999,000	5,499,900,000	4,999,900,000
Kazi Shofiqul Azam	500	-	50,000	-
Mohammad Mejbahuddin	-	550	-	55,000
Md Nojibur Rahman	50	-	5,000	-
Dr. Nasiruddin Ahmed	-	50	-	5,000
Suraiya Begum ndc	50	-	5,000	-
Dr. Mozammel Haque Khan	50	50	5,000	5,000
Mohammad Muslim Chowdhury	50	-	5,000	-
Ghulam Hussain	-	50	-	5,000
Dr. Ahmad Kaikaus	50	-	5,000	-
Nazrul Islam Khan	-	50	-	5,000
Md. Shah Kamal	50	-	5,000	-
Shubhashish Bose	50	-	5,000	-
Nihad Kabir	50	50	5,000	5,000
Monowar Islam ndc	-	50	-	5,000
Abdul Haque	50	50	5,000	5,000
Waliur Rahman Bhuiyan	10	10	1,000	1,000
Mahmood Malik	40	40	4,000	4,000
Mahbub Ahmed	-	50	-	5,000
	55,000,000	50,000,000	5,500,000,000	5,000,000,000



## 13 Income Statement

### Income

Interest and similar income (Note-14)	14	4,317,041,264	4,126,765,790
Investment income (Note-16)	16	-	-
Fees and commission (Note-17)	17	105,666,726	203,918,130
Other Operating income (Note-18)	18	307,788,616	178,332,691
		<b>4,730,496,606</b>	<b>4,509,016,611</b>

### Expenses

Interest on deposits and borrowings (Note-15)	15	1,664,608,320	1,538,747,109
Administrative expenses (Note-19-26)	19-26	119,149,622	109,913,573
Other Operating expenses (Note-28)	28	98,647,482	85,264,176
Depreciation on Assets (Note-27)	27	16,121,793	13,804,452
		<b>1,898,527,217</b>	<b>1,747,729,310</b>
		<b>2,831,969,389</b>	<b>2,761,287,301</b>

## 14 Interest Income

Interest on loans and advances	14.1	2,443,985,098	2,396,694,352
Interest on balance with other banks & financial institutes	14.2	1,873,056,165	1,730,071,438
		<b>4,317,041,264</b>	<b>4,126,765,790</b>
14.1 Interest Income on loans and advances			
Interest on Infrastructure loan	14.1.1	1,080,197,892	738,100,526
Interest on Renewable Energy Project loan	14.1.2	1,361,282,033	1,656,652,191
Interest on bridge financing		-	406,549
Interest on employee car loan & home loan		2,505,173	1,535,086
		<b>2,443,985,098</b>	<b>2,396,694,352</b>
14.1.1 Interest Income on Infrastructure loan			
Interest income-Infra-LIP		812,457,114	644,710,748
Interest income-Infra-SMIP		260,067,881	90,152,571
Interest income-Infra-PPP		7,672,896	3,237,207
		<b>1,080,197,892</b>	<b>738,100,526</b>
14.1.2 Interest Income on Renewable Energy Project loan			
Interest on SHS project		1,288,316,448	1,597,722,624
Interest on Biogas project		17,079,300	19,897,509
Interest on Other renewable energy project		55,886,285	39,032,058
		<b>1,361,282,033</b>	<b>1,656,652,191</b>
14.2 Interest on balance with other bank & FIs			
Interest on short term bank deposit		8,563,377	10,802,890
Interest on fixed deposit		1,863,651,330	1,718,791,777
Interest on call money lending		841,458	476,771
		<b>1,873,056,165</b>	<b>1,730,071,438</b>

## 15 Interest on deposits, borrowings etc.

Borrowing cost under REREDP	15.1	836,710,755	835,664,098
Borrowing cost under PPIDF	15.2	585,704,449	462,252,538
Borrowing cost under IDB (Credit # 151)		31,228,065	33,871,071
Borrowing cost under JICA (Credit # P 75)	15.3	210,965,051	206,959,402
		<b>1,664,608,320</b>	<b>1,538,747,109</b>

# Audited Financial Statements

		Notes	Amount in Taka	
			31-Dec-17	31-Dec-16
15.1	Borrowing cost under REREDP			
	Interest against Credit # 4643		147,035,250	159,119,995
	Interest against Credit #5013		274,818,508	282,749,927
	Interest against Credit # 5158		259,347,849	255,835,165
	Interest against Credit # 5514		155,509,148	137,959,011
			836,710,755	835,664,098
15.2	Borrowing cost under PPIDF			
	Borrowing cost under PPIDF (Credit # 2453 & 2454)	15.2.1	421,873,898	397,976,322
	Borrowing cost under PPIDF II (Credit # 3045 & 3046)	15.2.2	163,830,551	64,276,216
			585,704,449	462,252,538
15.2.1	Borrowing cost under PPIDF (Credit # 2453 & 2454)			
	Interest against Credit # 2453 -SMIP		17,064,955	17,550,162
	Interest against Credit # 2453 -REP		261,094,821	268,482,948
	Interest against Credit # 2454 -LIP		143,714,122	111,943,212
			421,873,898	397,976,322
15.2.2	Borrowing cost under PPIDF II (Credit # 3045 & 3046)			
	Interest against Credit # 3045 - OCR		139,328,979	38,445,112
	Interest against Credit # 3046 -SF		20,867,354	17,014,573
	Commitment charge against Credit # 3045 - OCR		3,634,218	8,816,531
			163,830,551	64,276,216
15.3	Borrowing cost under JICA (Credit # P 75 & P 90)			
	Interest against Credit # P 75		209,272,331	206,959,402
	Interest against Credit # P 90		1,692,720	-
			210,965,051	206,959,402
16	Investment income			
			-	-
17	Fees, Commission & Brokerage			
	Fees income from renewable energy project	17.1	46,203,733	102,701,058
	Fees income from Infra project	17.2	56,366,288	98,845,239
	Income from advisory services		3,096,705	2,371,833
			105,666,726	203,918,130
17.1	Fees income from renewable energy project			
	Fees for administering SHS program - CDM		29,803,850	39,727,940
	Fees for administering SHS program - GIZ		-	-
	Fees for administering SHS program - DFID		11,429,663	25,848,518
	Fees for administering SHS program - REREDP II		-	-
	NDBMP administration fees - SNV and KfW		3,485,220	5,987,120
	Fees for administering ICS-World Bank		-	30,342,480
	Enlistment of RE equipment		1,485,000	795,000
			46,203,733	102,701,058
17.2	Fees income from Infra project			
	Participation & arrangement fees		5,500,000	3,362,500
	Loan application, processing & documentation fees		2,134,444	2,561,250
	Due diligence fees		8,434,000	12,442,448
	Commission income		3,696,480	482,586
	Commitment charges		933,019	2,454,663
	Waiver, cancellation & prepayment fees		2,957,000	3,677,700
	Upfront fees		8,369,170	54,219,398
	Agency & monitoring Fees		24,342,175	19,644,694
			56,366,288	98,845,239





	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
<b>18 Other operating income</b>			
Exchange gain		280,435,141	23,231,502
Deferred Income (Grant Income)		9,902,839	9,149,817
Others		17,450,636	145,951,372
		<b>307,788,616</b>	<b>178,332,691</b>
<b>19 Salary and allowances</b>			
Salary and allowances		75,264,007	67,545,915
Gratuity		4,253,087	6,376,769
		<b>79,517,094</b>	<b>73,922,684</b>
<b>20 Rent, taxes, insurance and electricity</b>			
Rent		3,684,671	3,368,472
Insurance premium		1,781,810	933,242
Electricity & Utilities		729,585	708,168
Holding tax		238,367	554,535
		<b>6,434,433</b>	<b>5,564,417</b>
<b>21 Legal expenses</b>			
Professional and legal fees		8,922,399	3,508,043
		<b>8,922,399</b>	<b>3,508,043</b>
<b>22 Postage, stamp, telecommunication, etc.</b>			
Postage and courier		9,766	34,108
Telephone, Fax and E-mail		1,140,155	891,212
		<b>1,149,921</b>	<b>925,320</b>
<b>23 Stationery, printing, advertisements, etc.</b>			
Printing and stationeries		3,286,867	2,922,208
Marketing, promotion & Business dev. Exp.		2,846,933	9,340,888
Advertisement		2,934,478	1,233,269
		<b>9,068,278</b>	<b>13,496,365</b>
<b>24 Chief Executive's salary and benefits</b>			
Salary		6,827,487	6,380,829
Allowances		3,891,666	2,625,895
Bonus		1,105,666	1,393,974
Company's contribution to provident fund		682,746	638,083
		<b>12,507,565</b>	<b>11,038,781</b>
<b>25 Directors' fees</b>			
Honorarium for attending board meetings		1,081,100	998,881
Incidental expenses for attending meeting		158,332	154,332
		<b>1,239,432</b>	<b>1,153,213</b>
<b>26 Auditors' fees</b>			
		310,500	304,750
		<b>310,500</b>	<b>304,750</b>

# Audited Financial Statements

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
<b>27 Depreciation and repair of Company's assets</b>			
Office space		422,072	468,969
Furniture, fixture and decoration		3,024,464	663,868
Interior decoration at UTC building		1,542,151	1,713,501
Computer & computer equipment		3,407,828	3,787,919
Other office equipment		1,973,158	822,636
Software		459,603	656,576
Vehicle		5,292,517	5,690,983
		<b>16,121,793</b>	<b>13,804,452</b>
<b>28 Other operating expenses</b>			
Repair and maintenance		2,081,644	1,511,259
Maintenance and utility of UTC building		2,957,760	866,851
Training and exposure visit		2,080,434	1,288,477
Bank and other charge		4,749,503	4,157,322
AGM and Other Meeting expenses		2,044,879	614,681
Office supplies and maintenance		896,439	924,411
Conveyance and travelling expense		509,516	358,022
Seminar, workshop & roadshows		909,499	495,912
Entertainment		1,302,502	870,592
Books and periodicals		32,711	23,575
Vehicle fuel & Maintenance expense		9,143,511	6,315,249
Recruitment cost		263,300	30,000
Operations and logistics		715,950	708,500
Tuition fee reimbursement		285,510	523,541
Credit rating expenses		-	631,945
Loss on disposal of fixed assets		452,037	-
Corporate advisory service expense		18,597	-
Leave Fare Assistance		4,422,597	3,985,761
Fees to regulatory authorities		164,431	4,624,319
Stamps and duties		1,500	3,210
IT & Automation expense		507,632	346,325
Pmt to Intern & Adhoc Employees		26,333	40,000
Receivables & Principle of loan written off		-	-
Expense for annual review program		4,527,491	4,572,016
CSR activities expenses		2,352,469	1,000,000
Other office expenses		423,838	500,000
Provision other than loans		-	1,556,238
Amortization expense		-	-
IDCOL contribution under renewable energy Programme	28.1	57,777,400	49,315,970
		<b>98,647,482</b>	<b>85,264,176</b>
<b>28.1 IDCOL contribution under renewable energy programme</b>			
Salary and allowances	28.3.1	26,179,091	28,850,965
Monitoring expenditure	28.3.2	16,368,125	589,567
Insurance, fees & marketing expenses	28.3.3	3,939,254	2,572,699
Postage, stamp & telecommunication	28.3.4	1,025,116	934,233
Stationery, supplies & printing	28.3.5	549,621	449,582
Other operating expenses	28.3.6	9,716,193	15,918,924
		<b>57,777,400</b>	<b>49,315,970</b>



Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
28.3.1 Salaries and allowances:		
Salaries and allowances	20,391,478	20,376,895
Gratuity	5,787,613	8,474,070
	26,179,091	28,850,965
28.3.2 Monitoring expenditure:		
Physical Verification Exp. (Technical)-REP	16,368,125	589,567
Collection Efficiency Monitoring Exp-REP	-	-
	16,368,125	589,567
28.3.3 Insurance, fees & marketing expenses:		
Insurance	1,206,883	1,811,460
Advertisement & promotion	2,732,371	761,239
	3,939,254	2,572,699
28.3.4 Postage, stamp & telecommunication:		
Postage and courier	49,890	37,964
Telephone, Fax and Internet	975,226	896,269
	1,025,116	934,233
28.3.5 Stationery, supplies & printing:		
Stationeries & supplies	394,495	425,722
Printing	155,126	23,860
	549,621	449,582
28.3.6 Other operating expenses:		
Travelling & Conveyance	1,192,175	356,942
Entertainment	550,317	458,735
Meeting Expenses	191,479	170,507
Repair & Maintenance	209,230	84,265
Training, workshop & exposure visits	1,195,208	1,393,263
Legal and professional fees	4,639,757	5,196,016
Operations and logistics	98,200	86,800
Other Expenses	-	1,418,326
Recruitment Cost - REP	-	340,586
Books, Periodicals & Newspaper - REP	12,527	12,480
Exp for special events under REP	-	3,398,948
Research & Development - REP	32,413	-
SHS maintenance expenses -Disaster	560,020	1,847,080
Pmt to Interns & Ad hoc employees	38,999	
IT & automation Expense	-	120,750
Leave Fair Assistance - REP	995,868	1,034,226
	9,716,193	15,918,924
<b>29 Charges on loan losses</b>	-	-
	-	-
<b>30 Provision for loans and advances</b>		
Balance at January 01, 2017	2,091,085,562	981,109,929
Add: Recoveries of amount previously written off	-	-
Provision required and made for the year	1,254,957,855	1,221,486,568
	3,346,043,417	2,202,596,497
Less. Written off/waived	-	111,510,935
Balance at December 31, 2017	3,346,043,417	2,091,085,562

# Audited Financial Statements

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
30.1 Provision for loans and advances			
General provision		553,943,517	432,673,592
Specific provision		2,792,099,900	1,658,411,970
		3,346,043,417	2,091,085,562
<b>31 Provision for income tax</b>			
Balance at January 01, 2017		1,714,937,327	2,855,543,832
Add: Provision made during the year		1,049,803,020	1,146,204,992
		2,764,740,346	4,001,748,824
Less: Settlement of previous year's tax liabilities		1,163,597,963	2,286,811,497
Balance at December 31, 2017		1,601,142,383	1,714,937,327
Deferred tax expense	9.4	(3,976,017)	(4,275,494)
Current tax expense		1,049,803,020	1,097,042,816
Prior year tax		389,418	49,162,176
Tax expenses		1,046,216,421	1,141,929,498
<b>32 Earnings Per Share (EPS)</b>			
Profit attributable to ordinary shareholders			
Net profit for the year		530,795,112	397,871,235
Ordinary shares at January 01, 2017		50,000,000	50,000,000
Bonus shares issued		5,000,000	-
Total number of shares at December 31, 2017		55,000,000	50,000,000
Earnings per share		9.65	7.96
<b>33 Consolidated movement of funds under projects</b>			
Fund inflow			
Long term loans:			
Loan from IDA under PSIDP		6,210,400,000	6,210,400,000
Loan from IDA under REREDP		3,715,076,936	3,715,076,936
Loan from KfW under solar program		5,230,801	5,230,801
Loan from KfW under NDBMP		259,879,471	259,879,471
		10,190,587,208	10,190,587,208
Grants received for project implementation:			
Grant from World Bank (GEF, IDA, GPOBA) under REREDP		3,202,408,914	2,902,369,144
Grant from KfW under solar program		1,178,943,726	1,178,943,726
Grant from GIZ under solar program		1,075,300,229	1,075,300,229
Grant provided under JICA-REDP		206,812,236	193,538,048
Grant provided under ADB-PPIDF		256,712,856	256,712,856
Grant provided WB under USAID		351,587,763	334,997,762
Grant provided WB under BCCRF		787,321,789	392,175,142
Grant provided by DFID		1,833,171,163	1,597,995,429
Grant provided by SREPGen		9,229,200	9,229,200
Grant received under IDA 5158 (HE)		475,752,606	209,296,764
Grant received under IDA 5158 (AE)		382,416,445	382,416,445
Grant received under IDA 5514 (AE)		165,295,421	76,097,101
Grant from KfW under NDBMP		520,094,670	460,110,439
		10,445,047,018	9,069,182,285



Notes	Amount in Taka	
	31-Dec-17	31-Dec-16
<u>Principal repayment and interest received from projects:</u>		
Principal repaid by the projects financed under PSIDP	4,746,215,152	4,426,086,099
Principal repaid by the projects financed under REREDP	3,499,831,648	3,370,486,334
Interest paid by the projects financed under PSIDP	6,753,127,767	6,553,371,626
Interest paid by the projects financed under REREDP	1,323,693,881	1,308,686,863
	<b>16,322,868,449</b>	<b>15,658,630,921</b>
Interest from bank accounts	45,745,663	38,968,893
	<b>37,004,248,337</b>	<b>34,957,369,307</b>
<b>Fund outflow</b>		
<u>Loans and advances:</u>		
Projects financed under PSIDP	6,210,400,000	6,210,400,000
Loan to POs under REREDP	3,715,065,945	3,715,065,945
Loan to POs under KfW funded solar program	5,230,801	5,230,801
Loan to POs under KfW funded NDBMP	227,578,344	227,578,344
	<b>10,158,275,090</b>	<b>10,158,275,090</b>
<u>Grants utilized for project implementation:</u>		
World Bank (GEF, GPOBA & IDA) grants provided to POs under REREDP	2,311,771,584	2,217,019,702
World Bank (GEF, GPOBA & IDA) grants used for project under REREDP	711,369,585	541,434,573
KfW grants provided to POs under solar program	954,587,290	954,587,290
KfW grants used for project under solar program	210,758,222	210,758,222
GIZ grants provided to POs under solar program	898,001,844	898,001,844
GIZ grants used for project under solar program	147,676,979	147,676,979
ADB grants provided to POs under PPIDF	201,917,025	201,917,025
ADB grants used for project under PPIDF	54,845,950	54,845,950
JICA grants used for project under REDP	204,923,701	192,417,052
USAID grants provided to POs under REREDP	289,570,025	283,774,520
USAID grants used for project under REREDP	18,014,845	1,963,290
BCCRF grants provided to sponsors under REREDP	708,195,019	299,914,151
BCCRF grants used for project under REREDP	79,126,771	47,106,928
DFID grants provided to POs under RE	1,630,972,846	1,406,020,882
DFID grants used for project under RE	91,745,684	80,378,774
Grants provided to POs under IDA 5158 (HE)	535,920,348	347,451,517
Grants used for project under IDA 5158 (HE)	217,277,884	82,420,758
Grants used for project under IDA 5158 (AE)	382,416,445	382,416,445
Grants used for project under IDA 5514 (AE)	165,295,421	76,097,101
Grants provided to POs under SREPGen	1,389,432	1,389,432
Grants used for project under SREPGen	-	-
KfW grants provided to POs under NDBMP	356,556,300	330,698,800
KfW grants used for project under NDBMP	146,484,845	130,659,025
	<b>10,318,818,045</b>	<b>8,888,950,260</b>
<u>On lending by IDCOL from reflows:</u>		
Projects financed from reflows under PSIDP	6,780,796,118	6,780,796,118
Projects financed from reflows under REREDP	2,554,449,654	2,111,132,700
	<b>9,335,245,772</b>	<b>8,891,928,818</b>
Debt service of IDA loans	3,117,885,423	2,796,571,174
Refund, tax and charges	55,988,459	52,173,843
Balance at bank	4,018,035,547	4,169,470,120
	<b>37,004,248,337</b>	<b>34,957,369,307</b>



# Audited Financial Statements

	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
33.1	The World Bank (IDA) and KfW have provided the amount as loan under the project agreements signed among the GoB, donors and IDCOL. This loan is being used for providing refinance to Participating Organizations (POs) under IDCOL solar programme.		
33.2	The donors provide two grants, for purchase of SHS: the buy-down grant to lower initial investment cost of SHS (Grant A), and the institutional development grant for institutional development of POs (Grant B). Both the components of grants decline as market expands and becomes commercially viable. In addition to grants for POs, donors also provides grants for project implementation cost which includes; monitoring, supervision, marketing, physical verification of SHS, technical audit, capacity building of POs, consultants' fees, etc.		
33.3	Disclosure for balance at bank accounts maintained under projects		
	Bd. Bank Repayment account in USD under IDA Credit# 2995-BD	2,412,965,413	2,054,776,113
	Bd. Bank Repayment account in BDT under IDA Credit# 2995-BD	20,523	20,523
	Janata Bank CONTASA account # 36002116 under GPOBA grants	-	-
	Bd. Bank Repayment A/c in BDT under IDA Credit# 3679-BD	1,284,491,021	1,782,996,159
	Janata Bank EURO account # 208 under KfW fund for solar program	-	-
	City Bank BDT account # 31001069 under KfW fund for solar program	-	-
	City Bank BDT account # 31001038 under GIZ fund for solar program	1,001	1,001
	Janata Bank CONTASA account # 36002256 under IDA 5158 (HE)	43,579,468	13,858,303
	Janata Bank CONTASA account # 36002264 under ADB Grant (SF)	-	-
	Agrani Bank CONTASA account # 373 under JICA-REDP	1,888,514	1,414,584
	Ruplai Bank CONTASA account # 240000416 under USAID	44,532,465	49,586,921
	Agrani Bank CONTASA account # 3791 under DFID	120,366,616	117,343,177
	Agrani Bank CONTASA account # 0200002715167 under BCCRF	-	45,425,826
	City Bank BDT account # 3101001984003 under NDBMP	-	29,504,719
	Commercial Bank of Ceylon PLC, STD Account# 2809007305	8,050,536	7,905,940
	Commercial Bank of Ceylon PLC, STD A/C no-2809005803	3,528,045	3,465,547
	Trust Bank SND A/C # 0030-0320000426	33,340,178	32,612,574
	Janata Bank Ltd.-STD A/C # 010236002347	50,282,245	17,083,342
	Janata Bank Ltd.-STD A/C # 010236002355	14,989,523	13,475,392
	Janata Bank CONTASA account # 36002272 under ADB Grant (EF)	-	-
		<b>4,018,035,547</b>	<b>4,169,470,120</b>
33.4	In consolidated movement of funds, amounts are cumulative and foreign currencies (USD and EURO) are converted into equivalent Bangladesh Taka applying exchange rates of BDT 82.70/USD and BDT 99.2400/EURO prevailing at December 31, 2017 and BDT 78.70/USD and BDT 82.7373/EURO prevailing at December 31, 2016.		
33.5	General		
	a) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.		
	b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.		
	c) Cash flow statement rearranged, due to reclassification of loans and advances to operating activities from investing activities.		

For Infrastructure Development Company Limited

Sd/- <b>Kazi Shofiqul Azam</b> Chairman	Sd/- <b>Dr. Ahmed Kaikaus</b> Director	Sd/- <b>Abdul Haque</b> Director	Sd/- <b>Mahmood Malik</b> Executive Director & CEO	Sd/- <b>M. Maftun Ahmed</b> Company Secretary
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As per our report of even date.

Dhaka, 28 March 2018

Sd/-  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants



Annexure-A

**Infrastructure Development Company Limited**  
**Schedule of Loan disbursement from reflows under PSIDP and REREDP project**  
for the year ended December 31, 2017

**Loan extended from reflows under PSIDP (IDA- Credit No. 2995-BD)**

Name of Sponsor/POs	Project	Amount in Taka	
		2017	2016
Samuda Power Ltd.	Power Plant	-	35,831,724
Doreen Hotels and Resorts Ltd.	Hotels and Resorts	-	462,560,000
Sub Total (a)		-	498,391,724

**Loan extended from reflows under REREDP (IDA- Credit No. 3679-BD)**

Name of Sponsor/POs	Project	Amount in Taka	
		2017	2016
SQ Celsius Limited	Auto Bricks	530,000,000	-
Pretty Autobricks Ltd.	Auto Bricks	-	83,974,322
Electro Group	Battery, Solar & Led & Lights	-	150,000,000
Makhrail Auto Green Bricks Ltd.	Auto Bricks	-	40,000,000
Sub Total (b)		530,000,000	273,974,322
Grand Total (a + b)		530,000,000	772,366,046

## Infrastructure Development Company Limited

### Schedule of Loan disbursement from REREDP- II project

Funded by IDA (Credit # 5158)

for the year ended December 31, 2017

(A) Loan under SHS Program (Cat-1)

SL#	Name of Participating Organizations	2017		2016	
		SHS (Units)	Taka	SHS (Units)	Taka
	<b>Sub Total (A)</b>	-	-	-	-

(B) Loan to other RE Projects (Cat-1)

SL #	Name of sponsors	Plants	Taka	Plants	Taka
3	ARS Bangladesh	7	5,948,215	-	-
4	AVA Solar Minigrid	-	-	-	4,425,217
5	BGEF Irrigation	-	-	13	21,466,741
6	GHEL Minigrid	-	-	-	1,540,166
8	Global Resource Augmentation and Management	-	-	1	2,336,232
9	GRAM Er Alo	-	-	-	3,799,453
11	Kazi & Kazi Tea Estate Ltd.	-	-	-	3,378,520
13	Rahimafrooz Renewable Energy Ltd. (RREL)	-	-	4	4,088,454
14	RDF solar irrigation	9	14,691,497	39	74,237,767
15	RHECO	-	-	4	6,186,698
18	Solar Electro Bangladesh Ltd. (SEBL)	-	47,241,971	-	-
19	Solargao Ltd.	-	-	14	6,499,137
20	Souro Bangla Ltd.	-	-	-	1,806,238
21	United Integrated Agro Ltd (UIAL)	-	796,076	1	15,125,449
22	UKAL	-	-	1	2,521,704
23	Zubaida Poultry Ltd	-	-	-	745,602
	<b>Sub Total (B)</b>	<b>16</b>	<b>68,677,759</b>	<b>77</b>	<b>148,157,378</b>
	<b>Grand Total (A + B)</b>		<b>68,677,759</b>		<b>148,157,378</b>

### Refinancing to Participating Organizations (POs)

IDCOL has extended refinancing facility to the POs to the extent of 70%-80% of outstanding loans provided by the PO to the customers/households against installation of SHS. These POs, selected by IDCOL in due process, were found eligible during the audit to receive the refinancing facility as per the project agreements.

### Loan to other renewable projects

This represents the amount extended under for financing of Solar PV based small scaled power plants and irrigation pumps under Remote Area Power Supply System.



Annexure-C

## Infrastructure Development Company Limited

### Schedule of Loan disbursement from Additional REREDP- II project

**Funded by IDA (Credit # 5514)**

for the year ended December 31, 2017

(A) Loan under SHS Program (Cat-1)

SL#	Name of Participating Organizations	2017		2016	
		SHS (Units)	Taka	SHS (Units)	Taka
1	Atmabiswas Souro Shakti Ltd	48	365,692	374	3,823,216
2	AVA Development Society	-	-	9,247	79,333,402
3	Bright Green Energy Foundation	148	1,283,367	5,049	47,101,856
4	Bengal Renewable Energy Limited	31	201,395	1,153	9,413,694
5	Clean Energy Foundation	193	1,775,918	1,006	9,791,731
6	Center for Development Innovation and Practices	82	809,600	1,067	11,040,160
7	Centre For Mass Education in Science	15	187,720	417	5,213,708
8	DESHA	4	24,276	1,384	12,792,760
9	ECO-Social Development Organisation	12	192,928	442	5,713,803
10	Friends in Village Development	57	570,880	913	9,022,834
11	Green Housing & Energy Limited	-	-	555	5,746,186
12	Grameen Shakti	-	-	65,381	663,684,790
13	Hamko Corporation Limited	56	610,332	1,609	16,579,299
14	Integrated Development Foundation	-	-	8,068	70,058,269
15	Ingen Technology Ltd.	-	-	1,233	14,648,984
16	Jagorani Chakra Foundation	-	-	753	7,769,564
17	Padakhep Manbik Unnayan Kendra	-	-	476	5,871,021
18	PAGE Development Center	-	-	624	6,911,126
19	Patakuri Society	-	-	1,005	8,421,249
20	Pally Bikash Kendra	-	-	908	9,540,869
21	Palli Daridra Bimochan Foundation	-	-	1,186	13,514,573
22	Polli Shakti Foundation Limited	-	-	785	7,310,752
23	Panna Rural Development Foundation	211	1,715,180	7,823	68,172,426

SL#	Name of Participating Organizations	2017		2016	
		SHS (Units)	Taka	SHS (Units)	Taka
24	Resource Development Foundation	-	-	5,605	45,791,899
25	Rural Development Sangstha	-	-	823	6,679,715
26	Rural Energy and Development Initiative	91	717,948	1,713	16,155,713
27	Rimso Foundation	211	1,667,820	5,929	57,213,341
28	RISDA Bangladesh	-	-	3,029	25,872,283
29	Rural Services Foundation	743	5,768,405	23,676	209,298,025
30	SAIF Powertec Limited	200	1,619,527	9,684	80,984,508
31	Sancred Welfare Foundation	92	1,010,144	2,000	24,322,897
32	Samaj Unnayan Palli Sangstha	48	463,748	2,291	26,033,512
33	SKS Foundation	72	659,664	1,701	18,196,812
34	Sun Home Energy Limited	23	174,392	1,929	18,406,144
35	SunRim Energy Limited	20	164,070	1,095	10,080,892
36	Thengamara Mahila Shabuj Shangha	-	-	503	4,350,700
37	United Development Initiatives for Programmed Actions	352	3,519,777	861	37,016,389
38	Upakulio Biddutayan O Mohila Unnayan Samity	-	-	3,466	10,175,984
39	WAVE Foundation	75	906,588	464	6,942,742
<b>Sub Total (A)</b>		<b>2,784</b>	<b>24,409,371</b>	<b>176,227</b>	<b>1,688,997,828</b>

## Refinancing to Participating Organizations (POs)

IDCOL has extended refinancing facility to the POs to the extent of 70%-80% of outstanding loans provided by the PO to the customers/households against installation of SHS. These POs, selected by IDCOL in due process, were found eligible during the audit to receive the refinancing facility as per the project agreements.





Annexure-D

# Infrastructure Development Company Limited

## Schedule of Loan disbursement from PPIDF project

Funded by ADB (Loan # 3045 & 3046)

for the year ended December 31, 2017

Refinancing to POs under Renewable Energy Project (Loan # 3046 -Special Operation)

SL#	Name of Participating Organizations	2017		2016	
		SHS (Units)	Taka	SHS (Units)	Taka
1	RISDA Bangladesh	-	-	2,130	17,888,423.00
2	Padakhep Manbik Unnayan Kendra	-	-	36	591,192.00
3	Bengal Renewable Energy Limited (Xenegeia)	70	472,486	43	295,547.00
4	Panna Rural Development Foundation	317	2,752,396	397	3,337,594.00
5	Bright Green Energy Foundation	358	3,000,597	498	4,587,929.00
6	AFAUS	43	466,393	93	651,032.00
7	Rural Services Foundation	-	-	1,159	8,775,650.00
8	AVA Development Society	472	3,351,725	-	-
9	Rural Services Foundation	1,951	14,974,835	-	-
10	Grameen Shakti	4,233	38,904,755	1,806	16,480,904.00
11	Center for Development Innovation and Practices	271	2,856,000	100	1,052,000.00
12	Centre For Mass Education in Science	10	102,720	18	211,920.00
13	Clean Energy Foundation	64	625,712		
14	DESHA	74	593,729	105	874,241.00
15	ECO-Social Development Organisation	53	730,852	30	426,104.00
16	Friends in Village Development	172	1,696,960	61	558,960.00
17	Hamko Corporation Limited	189	1,910,372		
18	Integrated Development Foundation	2,762	24,834,936	710	6,267,851.00
19	Polli Shakti Foundation Limited	47	322,728		
20	Rural Development Sangstha	72	356,320	29	149,200.00
21	Rural Energy and Development Initiative	118	991,673	131	1,113,877.00
22	Resource Development Foundation	75	696,041		
23	Rimso Foundation	384	3,240,656	450	3,965,226.00
24	SAIF Powertec Limited	287	2,391,754	362	3,043,832.00

## Audited Financial Statements

SL#	Name of Participating Organizations	2017		2016	
		SHS (Units)	Taka	SHS (Units)	Taka
25	Samaj Unnayan Palli Sangstha	51	590,339	95	964,245.00
26	United Development Initiatives for Programmed Actions	14	179,061	-	-
27	SKS Foundation	236	2,276,058	78	835,844.00
28	Sun Home Energy Limited	70	580,862	48	427,682.00
29	SunRim Energy Limited	56	519,435	42	372,072.00
30	Sancred Welfare Foundation	213	2,363,170	-	-
31	Upakulio Biddutayan O Mohila Unnayan Samity	86	868,613	-	-
32	WAVE Foundation	208	2,594,366	60	835,966.00
	<b>Sub Total (a)</b>	<b>12,956</b>	<b>115,245,544</b>	<b>8,481</b>	<b>73,707,291</b>
Loan to Large infrastructure projects (Loan # 3045 -Ordinary Operation)					
	Name of Sponsor		Taka		Taka
1	Summit Barisal Power Limited	-	-	-	2,364,000,000
2	Summit Narayanganj Power Unit II Limited	-	-	-	1,182,000,000
	<b>Sub Total (b)</b>	-	-	-	3,546,000,000



# Infrastructure Development Company Limited

## Schedule of Loan disbursement from RED Project

Funded by JICA (Loan # BD-P75)

for the year ended December 31, 2017

### Refinancing to Participating Organizations (POs)

SL#	Name of Participating Organizations	2017		2016	
		SHS(Units)	Taka	SHS(Units)	Taka
1	Green Housing & Energy limited	-	-	401	4,265,901
2	Network for Universal Services and Rural Advancement	-	-	1,605	16,467,417
3	Resource Development Foundation	-	-	567	7,763,520
Sub Total (A)		-	-	2,573	28,496,838

### Refinancing to Participating Organizations (POs)

IDCOL has extended refinancing facility to the POs to the extent of 70%-80% of outstanding loans provided by the PO to the customers/households against installation of SHS. These POs, selected by IDCOL in due process, were found eligible during the audit to receive the refinancing facility as per the project agreements, during the audit.

### (B) Disbursement detail under Solar Irrigation program

SI	Name of PO	2017		2016	
		Pumps (Units)	Taka	Pumps (Units)	Taka
1	Solargao Limited	28	16,902,512	13	7,621,772
2	RDF-2	-	1,918,938	2	3,538,887
3	GREL	1	2,077,798	28	13,291,442
4	AID-3	-	-	7	12,277,097
5	Grameen Shakti	6	10,516,604	-	-
6	GREL-2	166	145,467,958	-	-
7	Salek Solar Power Ltd.	4	6,578,855	-	-
8	SDRS	2	2,166,112	-	-
9	UDDIPAN	11	18,672,705	-	-
Sub-total (B)		218	204,301,482	50	36,729,198

This represents the amount extended under for financing of solar irrigation pumps under Remote Area Power Supply System. IDCOL has extended refinancing facility to the POs to the extent of 30% of outstanding loans provided by the PO to the customers against installation of Irrigation Plant. These POs, selected by IDCOL in due process, were found eligible during the audit to receive the refinancing facility as per the project agreements.

## (C) Disbursement detail under Solar Minigrid program

Sl	Name of PO	2017		2016	
		Plants (Units)	Taka	Plants (Units)	Taka
1	Solargao Limited	-	5,952,791	1	7,874,299
2	GHEL	-	-	2	22,452,593
3	Parasol	-	1,403,721	1	21,457,980
4	Baraka	-	9,908,263	1	9,366,366
5	Blue Marine Energy Ltd.	1	14,701,350	-	-
6	Brit Bangla Trade Initiatives Ltd.	1	12,000,000	-	-
7	Eastec Ltd.	1	13,451,314	-	-
8	Envis Energy Limited	1	10,735,745	-	-
9	UDDIPAN	2	12,527,610	-	-
10	Vincen Gtech Ltd.	1	21,150,830	-	-
11	SSREL	-	5,246,232	1	19,386,805
<b>Sub-total (C)</b>		<b>7</b>	<b>107,077,856</b>	<b>6</b>	<b>80,538,043</b>
<b>Total under Other Renewable Energy program (B + C)</b>			<b>311,379,338</b>		<b>117,267,241</b>
<b>Grand Total (A + B + C)</b>			<b>311,379,338</b>		<b>145,764,079</b>



Annexure-F

# Infrastructure Development Company Limited

## Deferred tax assets

Particulars	Carrying amount on balance sheet date	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
<b>Year: 2017</b>			
Fixed assets including land, building, furniture and fixtures	92,850,674	92,850,674	-
Gratuity provision	24,891,539	-	(24,891,539)
General provision other than loans	-	-	-
Total temporary difference	117,742,213	92,850,674	(24,891,539)
Applicable tax rate			42.5%
Deferred Tax Asset (see note: 9.4)			(10,578,904)
<b>Year: 2016</b>			
Fixed assets including land, building, furniture and fixtures	70,565,667	70,565,667	-
Gratuity provision	14,850,839	-	(14,850,839)
General provision other than loans	685,365	-	(685,365)
Total temporary difference	86,101,871	70,565,667	(15,536,204)
Applicable tax rate			42.5%
Deferred Tax Asset (see note: 9.4)			(6,602,887)



# Infrastructure Development Company Limited

## Schedule of Fixed Assets

as at December 31, 2017

Name of assets	Cost				Rate	Depreciation				Adjustment for Asset Written off	Written down value as on 31 Dec 2017
	Balance as on 1 Jan 2017	Addition during the year	Disposal during the year	Balance as on 31 Dec 2017		Balance as on 1 Jan 2017	Charged during the year	Adjustments during the year	Balance as on 31 Dec 2017		
Office space	19,412,311	-	-	19,412,311	10%	15,191,592	422,072	-	15,613,664	-	3,798,647
Furniture, fixture and decoration	8,977,105	24,269,821	-	33,246,926	10%	3,002,289	3,024,464	-	6,026,753	-	27,220,173
Interior decoration	23,977,634	-	-	23,977,634	10%	8,556,123	1,542,151	-	10,098,274	-	13,879,360
Computer & computer equipment	28,230,037	3,136,487	3,624,500	27,742,025	30%	19,391,561	3,407,828	3,008,963	19,174,890	615,538	7,951,597
Other office equipment	17,524,464	8,202,458	1,471,511	24,255,411	10%	5,710,262	1,973,158	1,186,432	6,211,909	285,079	17,758,423
Software	6,191,420	-	-	6,191,420	30%	4,659,409	459,603	-	5,119,012	-	1,072,408
Vehicle	46,524,335	4,205,570	2,174,327	48,555,578	20%	23,760,401	5,292,517	1,667,407	26,878,591	506,920	21,170,067
Land	-	-	-	-	0%	-	-	-	-	-	-
Balance as on 31 Dec 2017	150,837,306	39,814,336	7,270,338	183,381,304		80,271,638	16,121,793	5,862,802	89,123,093	1,407,537	92,850,674
Balance as on 31 Dec 2016	132,186,693	18,650,613	-	150,837,306		66,467,186	13,804,452	-	80,271,638	-	70,565,668
* Donor funded Grant assets disclosure											
Name of assets	Cost				Rate	Depreciation				Adjustment for Asset Written off	Written down value as on 31 Dec 2017
	Balance as on 1 Jan 2017	Addition during the period	Disposal during the period	Balance as on 31 Dec 2017		Balance as on 1 Jan 2017	Charged during the year	Adjustments during the year	Balance as on 31 Dec 2017		
The World Bank											
Furniture, fixture & decoration	3,836,901	9,840,049	-	13,676,950	10%	1,033,820	1,264,313	-	2,298,133	-	11,378,817
Interior decoration	12,175,237	-	-	12,175,237	10%	4,105,765	806,947	-	4,912,712	-	7,262,525
Computer & computer equipment	21,558,464	1,036,450	2,640,347	19,954,567	30%	14,769,171	2,230,565	2,249,822	14,359,389	390,525	5,204,653
Other office equipment	11,853,894	6,391,465	569,117	17,676,242	10%	1,983,967	1,619,260	500,322	3,034,110	68,795	14,573,337
Software	3,674,893	-	-	3,674,893	30%	2,394,539	384,106	-	2,778,645	-	896,248
Vehicle	22,203,736	-	-	22,203,736	20%	7,944,018	2,851,944	-	10,795,962	-	11,407,774
Balance as on 31 Dec 2017	75,303,125	17,267,964	3,209,464	89,361,625		32,231,280	9,157,135	2,750,144	38,178,951	459,320	50,723,354
Balance as on 31 Dec 2016	58,011,853	17,291,272	-	75,303,125		23,393,264	8,838,016	-	32,231,280	-	43,071,845

Name of assets	Cost				Rate	Depreciation			Adjustment for Asset Written off	Written down value as on 31 Dec 2017	
	Balance as on 1 Jan 2017	Addition during the year	Disposal during the year	Balance as on 31 Dec 2017		Balance as on 1 Jan 2017	Charged during the year	Adjustments during the year			
SNV-Netherlands Development Organisation											
Furniture, fixture & decoration	2,186,670	-	-	2,186,670	10%	1,299,628	88,704	-	1,388,332	-	798,338
Computer & computer equipment	851,224	-	186,568	664,656	30%	774,534	18,168	170,438	606,134	16,130	42,392
Other office equipment	688,567	-	73,752	614,815	10%	578,958	9,357	57,714	514,563	16,038	84,214
Software	398,778	-	-	398,778	30%	358,899	11,964	-	370,863	-	27,915
Balance as on 31 Dec 2017	4,125,239	-	260,320	3,864,919		3,012,019	128,193	228,152	2,879,892	32,168	952,859
Balance as on 31 Dec 2016	4,125,239	-	-	4,125,239		2,851,322	160,697	-	3,012,019	-	1,113,220
kfw											
Computer & computer equipment	1,032,216	-	58,800	973,416	30%	715,894	87,550	34,310	744,644	24,490	204,282
Other office equipment	189,407	-	-	189,407	10%	49,569	13,984	-	63,553	-	125,854
Balance as on 31 Dec 2017	1,221,623	-	58,800	1,162,823		765,463	101,533	34,310	808,196	24,490	330,136
Balance as on 31 Dec 2016	1,221,623	-	-	1,221,623		614,359	151,104	-	765,463	-	456,160
Balance as on 31 Dec 2017	80,649,987	17,267,964	3,528,584	94,389,367		36,008,762	9,386,861	3,012,606	41,867,039	515,978	52,006,349
Balance as on 31 Dec 2016	63,358,715	17,291,272	-	80,649,987		26,858,945	9,149,817	-	36,008,762	-	44,641,225



# Integrated Report Disclosure Checklist

Annex I

Particulars	Page Reference	Chapter/Section Reference
<b>1 Elements of an Integrated Report</b>		
<b>1.1 Organizational overview and external environment</b>		
An integrated report should disclose the main activities of the organization and the environment of which it operates	14-19 30-48 156	From the CEO's Desk, Programs and Projects, Notes to the FS-1
An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:	21 80-91 110-112	About IDCOL, Directors' Report, Report on Internal Control
<b>• The organization's:</b>		
• Culture, ethics and values	21 80-91 110-112	About IDCOL, Directors' Report, Report on Internal Control
• Ownership and operating structure including size of the organization, location of its operations)	57 58 88	Shareholding Structure, Organogram, Directors' Report (no. 18)
• Principal activities and markets	14-19 30-48 156	From the CEO's Desk, Programs and Projects, Notes to the FS-1
• Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	30-48	Programs and Projects
• Position within the value chain	29	Value Creation Structure
<b>• Key quantitative information</b>		
• The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	137-139 144-147 149-195	Human Resource Management, Financial Highlights, Audited Financial Statements
• Significant factors affecting the external environment and the organization's response (include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term)	14-19 30-48	From the CEO's Desk, Programs and Projects
• The legitimate needs and interests of key stakeholders	30-48	Programs and Projects
• Macro and micro economic conditions, such as economic stability, globalization, and industry trends	80-91	Directors' Report
• Market forces, such as the relative strengths and weaknesses of competitors and customer demand	30-48	Programs and Projects
• The speed and effect of technological change	30-48	Programs and Projects
• Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	135-136	Corporate Social Responsibility
• Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	129-134 140-141	Environmental and Social Compliance, Disaster Management
• The legislative and regulatory environment in which the organization operates	110-112 80-91	Report on Internal Control, Directors' Report
• The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	30-48	Programs and Projects



## Annex I

Particulars	Page Reference	Chapter/Section Reference
<b>1.2 Governance</b>		
An integrated report should show how the organization's governance structure supports its ability to create value in the short, medium and long term	80-91	Directors' Report
An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
<ul style="list-style-type: none"> <li>The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure</li> </ul>	62-65 80-91 68-69	Profile of Directors, Directors' Report, Profile of Management
<ul style="list-style-type: none"> <li>Mandatory and voluntary code of corporate governance adopted by the Company</li> </ul>	90	Directors' Report (No. 28)
<ul style="list-style-type: none"> <li>Code of ethical conduct adopted by the Company in relation to ethical business</li> </ul>	91 110-112	Directors' Report (No. 30), Report on Internal Control
<ul style="list-style-type: none"> <li>Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues</li> </ul>	116-127 110-112	IDCOL Risk Management Process, Report on Internal Control
<ul style="list-style-type: none"> <li>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management</li> </ul>	80-91 14-19 117-118	Directors' Report, From the CEO's Desk, Statement of CRO
<ul style="list-style-type: none"> <li>How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders</li> </ul>	80-91 14-19 117-118	Directors' Report, From the CEO's Desk, Statement of CRO
<ul style="list-style-type: none"> <li>Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies</li> </ul>	92-104	Directors' Responsibility
<ul style="list-style-type: none"> <li>The responsibility those charged with governance take for promoting and enabling innovation</li> </ul>	80-91 92-104	Directors' Report, Directors' Responsibility
<ul style="list-style-type: none"> <li>How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals</li> </ul>	137-139	Human Resource Management
<b>1.3 Stakeholder Identification/ relationships</b>		
An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interest. Stakeholders are the groups or individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes or whose actions can reasonably be expected to significantly affect the ability of the organization to create value	30-48 29	Programs and Projects, Value Creation Structure
<ul style="list-style-type: none"> <li>How the company has identified its stakeholders</li> </ul>		
<ul style="list-style-type: none"> <li>Stakeholder engagement methodology</li> </ul>		
<ul style="list-style-type: none"> <li>Identification of material matters of stakeholders</li> </ul>		
<ul style="list-style-type: none"> <li>How the Company has applied such matters</li> </ul>		
<ul style="list-style-type: none"> <li>How the stakeholders are engaged in assessing impacts, implications and outlook unrespects of Company's business model</li> </ul>		

Particulars	Page Reference	Chapter/Section Reference
<b>Capitals</b>		
An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term	30-48 29	Programs and Projects, Value Creation Structure
An integrated report need to identify the various forms of capitals which are essential for the success of its business operations	30-48 29	Programs and Projects, Value Creation Structure
Financial Capital -The pool of funds that is available to the organization for use in the production of goods or provision of services	14-19 171-176	From the CEO’s Desk, Notes to the Financial Statements – 10 & 11
Manufacturing Capital –Manufactured physical objects that are available to the organization for use in the production of goods and provision of services	137-139	Human Resource Management
Intellectual Capital –Organizational Knowledge based intangibles		
Human Capital –People’s competences, capabilities and experience, and their motivations to innovate		
Social and Relationship Capital –The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing		
Natural Capital –All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organization	30-48	Programs and Projects
<b>1.4 Business model</b>		
An integrated report should describe the organization’s business model	30-48 29	Programs and Projects, Value Creation Structure
An integrated report need to describe the business model, including key:		
• Inputs	30-48	Programs and Projects
• Business activities		
• Outputs		
• Outcomes		
Features that can enhance the effectiveness and readability of the description of the business model include:		
• Explicit identification of the key elements of the business model	30-48	Programs and Projects
• A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization		
• Narrative flow that is logical given the particular circumstances of the organization		
• Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment		
• Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (Including KPIs and financial considerations, like cost containment and revenues)		





Particulars	Page Reference	Chapter/Section Reference
<b>Inputs</b>		
An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model	30-48 29	Programs and Projects, Value Creation Structure
<b>Business activities</b>		
An integrated report describes key business activities. This can include:		
• How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)	14-19 30-48	From the CEO's Desk, Programs and Projects
• How the organization approaches the need to innovate	14-19	From the CEO's Desk
• How the business model has been designed to adapt to change.	30-48 29 14-19	Programs and Projects, Value Creation Structure, From the CEO's Desk
When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management	14-19 137-139	From the CEO's Desk, Human Resource Management
<b>Outputs</b>		
An integrated report identifies an organization's key products and services. There might be other outputs, such as byproducts and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.	30-48 29	Programs and Projects, Value Creation Structure
An integrated report describes key outcomes, including:		
• Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects)	30-48 29 142-143 149-195	Programs and Projects, Value Creation Structure, Value Added and EVA Statement, Audited Financial Statements
• Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).	14-19 29	From the CEO's Desk, Value Creation Structure
<b>1.5 Performance</b>		
An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	14-19 80-91 144-147	From the CEO's Desk, Directors' Report, Financial Highlights
An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
• Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them	22-23 14-19 80-91 144-147	Performance at a Glance, From the CEO's Desk, Directors' Report, Financial Highlights
• The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain	80-91 29	Directors' Report , Value Creation Structure
• The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	80-91 116-127	Directors' Report, IDCOL Risk Management Process

Particulars	Page Reference	Chapter/Section Reference
<ul style="list-style-type: none"> <li>The linkages between past and current performance, and between current performance and the organization's outlook</li> </ul>	144-147 105 149-195 123-127 14-19	Financial Highlights, Organizational Highlights, Audited Financial Statements, Capital Adequacy and Market Discipline, From the CEO's Desk
KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use).	30-48	Programs and Projects
Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	119-122 14-19 80-91 117-118	IDCOL Risk Management Process, From the CEO's Desk, Directors' Report, Statement of CRO
<b>1.6 Risks, opportunities and internal controls</b>		
An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them? And effectiveness of the system of internal controls	119-122 117-118 110-112	IDCOL Risk Management Process, Statement of CRO, Report on Internal Control
<b>This can include identifying:</b>		
<ul style="list-style-type: none"> <li>The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</li> <li>The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.</li> <li>The specific steps being taken to mitigate or manage key risks (e.g: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.</li> <li>Risk Management Report (Which includes details about risk, root cause, potential impact, response to risk, risk rating) Statement of Risk Management</li> <li>Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest.</li> </ul>	119-122 117-118 110-112	IDCOL Risk Management Process, Statement of CRO, Report on Internal Control
<b>1.7 Strategy and resource allocation</b>		
An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)	10-13 14-19	Chairman's Statement, From the CEO's Desk
An integrated report needs to identify:		
<ul style="list-style-type: none"> <li>The organization's short, medium and long term strategic objectives</li> </ul>	20-48 10-13 14-19	About IDCOL, Chairman's Statement, From the CEO's Desk



## Annex I

Particulars	Page Reference	Chapter/Section Reference
• The strategies it has in place, or intends to implement, to achieve those strategic objectives	10-13 14-19	Chairman's Statement, From the CEO's Desk
• How the entity has positioned in the wider market	1 14-19 80-91	Highway to Progression, From the CEO's Desk, Directors' Report
• How the long term strategies relate to current business model	30-48 29	Programs and Projects, Value Creation Structure
• How it will measure achievements and target outcomes for the short, medium and long term	144-147 105 80-91	Financial Highlights, Organizational Highlights, Directors' Report
• The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans:		
• relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change	29 14-19	Value Creation Structure, From the CEO's Desk
• are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals	119-122 110-112	IDCOL Risk Management Process, Report on Internal Control
• What differentiates the organization to give it competitive advantage and enable it to create value, such as:		
• The role of innovation	14-19 30-48	From the CEO's Desk, Programs and Projects
• how the organization develops and exploits intellectual capital	137-139	Human Resource Management
• the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage	129-134	Environmental and Social Compliance
• Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans	30-48	Programs and Projects
- Highlighted challenges facing our company and strategies to counter them	14-19 30-48	From the CEO's Desk, Programs and Projects
<b>1.8 Outlook</b>		
An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance	14-19 30-48 119-122	From the CEO's Desk, Programs and Projects, IDCOL Risk Management Process
An integrated report should highlight anticipated changes over time and provides information on:		
• The organization's expectations about the external environment the organization is likely to face in the short, medium and long term	117-118	Statement of CRO
• How that will affect the organization		
• How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.	117-118 14-19	Statement of CRO, From the CEO's Desk
The discussion of the potential implications, including implications for future financial performance may include:		
• The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	14-19	From the CEO's Desk
• The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labor or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time	137-139 30-48 29	Human Resource Management, Programs and Projects, Value Creation Structure

Particulars	Page Reference	Chapter/Section Reference
An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyzes. If forecasts or projections are included in reporting the organization’s outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook	80-91	Directors’ Report
Disclosures about an organization’s outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject	123-127 6-7 107-109	Capital Adequacy and Market Discipline, Integrated Reporting, Audit Committee Report
<b>1.9 Basis of preparation and presentation</b>		
An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	156-195	Navigating through this report, Notes to the Financial Statements
An integrated report describes its basis of preparation and presentation, including:		
• A summary of the organization’s materiality determination process	156-195	Navigating through this report, Notes to the Financial Statements
• Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	30-48	Programs and Projects
• Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters	92-97	Directors’ Responsibility
• A description of the reporting boundary and how it has been determined	6-7	Integrated Reporting
Eg: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity		
• A summary of the significant frameworks and methods used to quantify or evaluate material matters	6-7 80-91	Navigating through this report, Integrated Reporting, Directors’ Report
(e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks)		
<b>2. Responsibility for an integrated report</b>		
An integrated report should include a statement from those charged with governance that includes:		
• An acknowledgement of their responsibility to ensure the integrity of the integrated report	6-7 80-91	Integrated Reporting, Directors’ Report
• An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report		
• Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework		
<b>3. Other Qualitative Characteristics of an Integrated Report</b>		



Annex

Particulars	Page Reference	Chapter/Section Reference
<b>3.1 Conciseness</b>		
An integrated report should be concise		Navigating through this report
An integrated report need to include sufficient context to understand the organization's strategy, governance, performance and prospects without being burdened with less relevant information		
Follows logical structure and includes internal cross-reference as appropriate to limit repetition		
Express concepts clearly and in as few words		
Favors plain language over the use of jargon or highly technical terminology		
Avoids highly generic disclosures		
<b>3.2 Reliability and completeness</b>		
An integrated report should include all material matters, both positive and negative, in a balanced way and without material error	6-7 80-91 92-97	Integrated Reporting, Directors' Report, Directors' Responsibility
The organization achieves the reliability and completeness through:		
• Selection of presentation formats that are not likely to unduly or inappropriately influence assessments made on the basis of integrated report		Navigating through this report
• Giving equal consecration to both increases and decreases in the capitals, both strengths and weaknesses of the organization, both positive and negative performance etc.	14-19 30-48	From the CEO's Desk, Programs and Projects
When information includes estimates, this is clearly communicated and the nature limitations of the estimation process are explained	149-195	Audited Financial Statements, Notes to the Financial Statements
<b>3.3 Consistency and comparability</b>		
The information in an integrated report should be presented:		
• On a basis that is consistent over time	6-7 80-91	Integrated Reporting, Directors' Report
• In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time	6-7	Integrated Reporting, Navigating through this report
• Presenting information in the form of ratios (e.g., research expenditure as a percentage of sales, or carbon intensity measures such as emissions per unit of output)	144-147 22-23 105 30-48	Financial Highlights, Performance at a Glance, Organizational Highlights, Programs and Projects
• Reporting quantitative indicators commonly used; Financial Capital other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization (e.g., an industry body)		
• Reporting policies are followed consistently from one period to other unless a change is needed to improve the quality of information reported	144-147 22-23 105 30-48 156-195	Financial Highlights, Performance at a Glance, Organizational Highlights, Programs and Projects, Notes to the Financial Statements
• Reporting the same KPIs if they continue to be material across reporting period	144-147 22-23 105 30-48 156-195	Financial Highlights, Performance at a Glance, Organizational Highlights, Programs and Projects, Notes to the Financial Statements



Particulars	Page Reference	Chapter/Section Reference
<b>3.4 Connectivity of information</b>		
An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time	29	Value Creation Structure
• Capitals		
• Content elements		
• Past, Present & Future	80-91 14-19 92-97	Directors' Report, From the CEO's Desk, Directors' Responsibility
• Finance and other information	149-195	Audited Financial Statements Notes to the Financial Statements
<b>3.5 Materiality</b>		
An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	29	Value Creation Structure, Navigating through this report
<b>3.6 Assurance on the Report</b>		
• The policy and practice relating to seeking assurance on the report	107-109 110-112 117-118	Audit Committee Report, Report on Internal Control, Statement of CRO
• the nature and scope of assurance provided for this particular report	149	Auditor's Report
• any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	N/A	



# SAFA Best Presented Accounts Checklist

Annex-II

ITEMS	Page Ref.	Comments
<b>Governance Body's Statement/Objectives</b>		
Vision and Mission	21	
Overall objectives	1	
Core Values and Code of Conduct/Ethical principles	21	
Profile of the Organization	8-9	
Directors' profile and their representation on Board of other companies and Organization chart	62-65	
Content and comprehensiveness of coverage of matters	3	
<b>Management Discussion and Analysis</b>		
A general review of the performance of the organization	105	
Description of the performance of the various activities during the period under review. (Weightage to be given for pictorial/graphical/tabular presentations used for this purpose.	144-145	
Description of external oversight of various functions like systems audit, internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	149	
A general review of the future prospects/outlook	80	
Information on how the company contributed to its responsibilities towards the staff(including health and safety)	20-49, 129-134, 142-143	
Information on company's contribution to the national exchequer & to the economy	80	
<b>Sustainability Reporting</b>		
Social Responsibility Initiatives (CSR)	128-143	
Environment related initiatives		
Human Resource Management		
Disaster Management		
Green Financing	30-48	
Value Added and Economic Value Added Statement	128-143	
<b>Appropriateness of Disclosure of Accounting Policies and General Disclosure</b>		
Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, income and expenditure in line with best reporting standards	156-195	
Compliance with requirements of concerned regulators in respective SAFA countries	98-104	
Any specific accounting principles	157-161	
Clarity of disclosure as to basis of accounting followed- cash or accrual		
Changes in accounting policies/Changes in accounting estimates		
Disclosure of comparison of actuals with budgeted figures and clarity of explanations as to variances from budgeted figures	80	
Consolidated statements of any other special purpose vehicle floated by the organization to meet its objectives	N/A	No parent subsidiary relationship of IDCOL

ITEMS	Page Ref.	Comments
<b>Financial Statements (including formats)</b>		
Disclosure of all contingencies and commitments	150-195	
Comprehensive related party disclosures		
Disclosures of remuneration & facilities provided to directors & CEO		
Statement of financial position/ Balance sheet and relevant schedules		
Income statement/ Profit and loss account and relevant schedules		
Statement of cash flow		
Consolidated Financial Statement	N/A	No parent subsidiary relationship of IDCOL
Extent of compliance with the international or equivalent national standards	150-195	
Disclosures/ Contents of notes to accounts		
<b>Information about Corporate Governance</b>		
Board of Directors, Chairman and CEO	10, 14, 60-65	
Distribution of Shareholding	57	
Audit Committee	107	
Internal Control and Risk Management	106, 110-112, 116-127	
Clarity of description of role and responsibilities of various governance committees of the organization	92-104	
Presentation of any other information relevant and useful from stakeholders' perspective in the specific context of the activities of the organization	30-48	
Comprehensiveness and clarity of information about structure and functioning of the organization	57-58	
Information as to non-compliances of mandatory requirements of the concerned statute and regulator and explanation for such non compliance	123-127, 162	
Ethics and compliance	80	
Adequacy of the governance measures and policies adopted by the organization in the context of the size and level of the organization	92-104	
Adequacy of diversity in terms of gender and qualifications in terms of the members of the governing body - executive and non-executive	92-104	
<b>Risk Management and Control Environment</b>		
Description of the Risk Management Framework	116-127	
Risk Mitigation Methodology		
Disclosure of Risk Report		
Capital Adequacy and Market Discipline		
<b>Graphical/Table/Pictorial Data</b>		
Performance at a Glance	22-23	
Organizational Highlights	105	
Financial Highlights	144-147	



## Annex-II

ITEMS	Page Ref.	Comments
<b>Financial Ratios</b>	144-147	
Return on Asset		
Return on Investment		
Return on Equity		
Earnings per Share		
OPEX as % of operating income		
Classified Loans		
<b>Statement of Value Added and its Distribution</b>	142-143	
Government as Taxes		
Shareholders as Dividend		
Employees as Bonus/Remuneration		
Retained by the Entity		
Economic Value Added		
<b>Business Ratios/Information</b>		
Statutory Liquidity Reserve (Exempted)	162	
Cost/Income Ratio	22-23	
Net Asset Value per Share		
Capital Adequacy Ratio	123-127	
Cash Reserve Ratio (Exempted)	162	
Dividend	22-23	
Operating Profit per Share	105	
Cost of Fund		

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