



## REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders

Assalamu Alaikum,

It is my privilege and honor to welcome you all at the 18<sup>th</sup> Annual General Meeting of PREMIER LEASING & FINANCE LIMITED and to present the Annual Report together with the audited Financial Statements of the Company for the year ended as on December 31, 2019 on behalf of the Board of Directors. The Directors Report has been prepared complying Section 184 of the Companies Act, 1994; BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3-June-2018 and Listing Regulations of Dhaka and Chittagong Stock Exchanges and other applicable rules and regulations of the regulatory bodies.

### Overview on the Economy of the Country

The economy of Bangladesh has faced a number of new challenges on its business and fiscal fronts in 2019, even though the political atmosphere has been peaceful. The new challenges are hefty borrowing from the Banking system by the government, fall in export receipt, continued pickup in inflation rate and declining import of raw materials. Besides, the economy of the country also confronted a number of major problems such as soaring non-performing loans in the banking sector and slow collection of revenues and poor Private Sector credit growth in the year 2019. The Capital Market passes another bad year in terms of market capitalization, turnover and investors' confidence. But the GDP recorded a healthy 8.15% growth in the fiscal year 2018-2019. Bangladesh has been attaining 'impressive growth' over the past four years.

Recently, Bangladesh has graduated from the Least Developed Country (LDC) status to Lower Middle Income Country and has successfully met all criteria for said graduation in the first review. The sustained higher economic growth is also necessary for graduation from LDC to Lower Middle-Income Country. Although, it would be difficult to achieve Lower Middle-Income Country status for the Country due to Novel Corona Virus Pandemic all over the world including Bangladesh. The arrival of the COVID-19 pandemic has been a mighty shock to the global economic and industrial structure. The economy of Bangladesh has been hit hard as well. Bangladesh remains in a weak position to deal with the financial effect of COVID-19. The results of irresistible sickness are extensive and have been legitimately influencing financial exchanges around the world. The underdeveloped nations experienced more negative returns as compared to the different nations of the world. However, it is expected that the Country will be able to meet the criteria in the second review of 2021 and will finally graduate from the LDC status to Lower Middle-Income Country Status by 2024.

As per Bangladesh Bureau of Statistics (BBS) the economy of Bangladesh expanded at a striking rate 8.15% in the fiscal year 2018-2019, which is up from 7.9% in the Financial Year 2017-2018. The higher economic growth was propelled by exponential growth of the country's Industrial and Service Sectors simultaneously. The service sector grew by 6.78 % in 2019 as against 6.39% in the previous year 2018. But the Agricultural growth fell to a 3.92% in the financial year 2019 from 4.19% in FY 2018.

However, Banking sector has suffered its worst period in 2019 due to large default loans. Although the high bank borrowing by the Government is a risk-free investment for Banks, but it shrinks the investment capacity for private sector borrowers.

According to the Bangladesh Bureau of Statistics, the 12 months average inflation rate was 5.59% in 2019 as against 5.55 percent in the previous Calendar year 2018. For the current fiscal year 2019-2020, the Government has projected the inflation rate at 5.50 percent. Meanwhile, the point-to-point inflation rate dropped to 5.75 percent in December, 2019 from 6.05 percent in November, 2019 which was 5.35 percent in December, 2018. According to BBS data, the food inflation in December across the country on point-to-point basis dropped slightly by 0.53 percent points to 5.88 percent from 6.41 percent in the previous month. However, the non-food inflation rate increased by 0.08 percent points to 5.55 percent in December, 2019 from 5.47 percent in November, 2019.

Annual remittance inflow increased at over 21 percent in December 2019 due to declaration of incentive in the Budget for the expatriate workers to send their money through legal channels as well as for taking preventive and punitive steps against the abuse of mobile phone accounts in illegal hundi operations, reduced bank fees and charges. At the end of December, 2019, foreign exchange reserve stood at USD. 3,268.92 Crore which was USD66.92 Crore higher than that of December, 2018.



## Financial Sector Scenario

Non-Bank Financial Institutions (NBFI), also termed as only Financial Institutions (FI) have been playing a crucial role through providing additional financial services that cannot be usually provided by the Banks. The NBFIs, with more multifaceted products and services have taken their place in the competitive Financial Market to satisfy the changing demands of the Customers. NBFIs also play an important role in the Capital Market as well as in Real Estate sector of Bangladesh like Banks. Most of the NBFIs have separate subsidiaries to operate Merchant Banking activities. The NBFIs are supervised by Bangladesh Bank through risk-based supervisory system. This helped NBFIs to attract thousands of people who are playing vital role in the economy with the help of NBFI loans. Today, they are the automatic choice of a large diaspora to rural people and women entrepreneurs who were earlier denied Bank Loans. There is no doubt that NBFIs play a significant role in meeting the diverse financial needs of various sectors of the economy and thus contribute to the economic development of the Country. As regards to the development process of Bangladesh, NBFIs have become prominent alongside the Banking Sector due to proactive role and continuous support of Bangladesh Bank. Starting from leasing business, NBFIs have diversified their operations into multiple business lines over the years and expanded to term lending, equity financing and venture Capital Financing etc.

During last few years, NBFIs have reinvented themselves to play a pivotal role in all aspects of economy from Capital Market, Home Loan, Auto Loan, SME Loan to long term Industrial Investment to fill the needs of the entrepreneurs not placing themselves parallel to Commercial Banks rather complementary to Banks. By now, NBFIs have become an alternative source of financing for many entrepreneurs and integral part of Bangladesh Financial Market over the years. As per Bangladesh Bank report, total Asset of all NBFIs stood at TK.87,430 Crore as on 30-June-2019 as against total liability of TK.75,180 Crore (approx.) as on the same date. On the other hand, even amid the ongoing liquidity crisis in the Financial Market during the year 2019, total Deposit of the NBFI Industry stood at TK.48,010 Crore up to 30-June-2019. Average NPL of NBFIs is also lower than the NPL of Banking Industry.

But still the industry has a long way to go since NBFIs still do not enjoy the level playing field with Commercial Banks. NBFIs find it difficult to attract deposits even after offering higher interest rates to ease their fund constraint since the depositors have traditionally developed their greater reliance on Banks and Government Deposit Schemes than NBFIs to put their funds. Besides, NBFIs have only term deposit products and continued to have their dependence on Banks for their main source of funds who also act as competitors to NBFIs having the advantage of low cost of funds. So, high Cost of Fund still remains the main impediment to the growth of NBFIs. Growing amount of non-performing loans (NPLs) was another major challenge besides liquidity crisis for the country's financial sector. 37.50% Corporate Tax rate is also higher compared to Commercial Banks. The Government as well as the regulatory authorities should come up with fund support and create a conducive business environment for sustaining loan growth of Business Sector.

The Call Money rate was steady within 5% to 5.50% throughout the year 2019. But, NBFIs are allowed to collect fund from the inter-bank Call Money Market up to 30% of their Equity only.

## Business Performance of PLFL

During the year 2019, the Company was able to disburse TK. 13.00 Crore only as Term Loan and Lease Finance as against TK.29.25 Crore only in the year 2018. The net Investment Portfolio including Lease and Term Finance of the Company as on 31-December-2019 stood at TK.1,251.50 Crore as against TK. 1,282.69 Crore as on 31-December-2018.

The liquidity crisis in the entire Bank and NBFI Industry of the Country which started since second half of 2017 and continued whole the year 2019 seriously affected the new investment as well as adjustment of some loan accounts by the Customers, total Investment Portfolio of the Company has been decreased as on 31-December-2019 as like as for the year ended as on December 31, 2018. On the other hand, the Company had to book significant amount of loss against investment in shares since the share price in the Capital Market decreased around 50% than that of previous year. Income from subsidiary Company has also decreased during the year 2019 and marked negative growth as compared to the previous year. The consolidated EPS of the Company stood at TK. 0.17 as on 31-December-2019. Consolidated EPS of 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> Quarters of the year were TK.0.17, TK.0.07 & TK.0.09 respectively. At the end of the year 2019, Shareholders' Equity in the Company stood at TK.208.88 Crore only which was TK.206.64 Crore as on 31-December-2018. During the year no extra-ordinary activity (Gain/Loss) was occurred in the Company.



A comparative statement of business performance of the Company for last five (5) years as well as segment wise performance of last two (2) years have been shown in this Annual Report under the head 'Progress at a Glance'.

### Financial Results and Appropriation

The financial results of the Company and the proposed appropriation of profit for the year 2019 compared to the year 2018 are summarized below:

|   | <u>2019 (Taka)</u>        | <u>2018 (Taka)</u>        |
|---|---------------------------|---------------------------|
| Operational Income                        | 184,123,911               | 371,012,419               |
| Operational Expenses and provision        | <u>132,415,760</u>        | <u>200,161,615</u>        |
| Profit before Taxation                    | 51,708,151                | 170,850,804               |
| Provision for Taxation                    | <u>26,868,966</u>         | <u>75,364,406</u>         |
| Profit after Taxation                     | 24,839,185                | 95,486,398                |
| Retained Surplus brought forward          | <u>128,846,457</u>        | <u>125,774,819</u>        |
| <b>Profit available for Appropriation</b> | <b><u>153,685,642</u></b> | <b><u>221,261,217</u></b> |

### Directors' recommendation for Appropriation:

|                         |                           |                           |
|-------------------------|---------------------------|---------------------------|
| Statutory Reserve (20%) | 4,967,837                 | 13,202,135                |
| Proposed Dividend       | --                        | 63,319,148                |
| Retained Earnings       | <u>148,717,805</u>        | <u>144,739,934</u>        |
|                         | <b><u>153,685,642</u></b> | <b><u>221,261,217</u></b> |

### Funding

Working fund of the Company comprises of its' Paid-up Capital and Reserves, Term Deposits received from individuals and institutions and Credit Lines from Commercial Banks. At the end of the year 2019, total borrowing from the commercial Banks stood at TK.445.14 Crore as Term Loan and mobilized TK.814 Crore as deposit from Institutions and Individuals. During the year 2019, the Company mobilized TK.15.27 Crore as Deposit from Individuals and Institutions as against TK.45.75 Crore in the previous year.

### Entitlement to get Govt. Fund

PREMIER LEASING & FINANCE LIMITED has been selected for keeping the Govt. Fund of Annual Development Program (ADP) as Deposit in 2017 for the first time and the Ministry of Finance renewed the same further per their Directive No.53.00.0000.331.22.001.20-18, dated 19-January-2020 which was a great achievement of the Company. Before 2017, the Company was not entitled to get the abovementioned fund.

### Corporate and Financial Reporting Framework

The Board of Directors of PREMIER LEASING & FINANCE LIMITED confirm that the Company maintains proper books and accounting records, which discloses reasonable accuracy of the financial position of PLFL and enables them to ensure that the Financial Statements meet the requirements of Companies Act, 1994; Bangladesh Securities and Exchange Rules, 1987, Financial Institutions Act, 1993; Listing Regulations 2015 of Stock Exchanges and other applicable rules and regulations and amendments thereto.

The Board of Directors of PREMIER LEASING & FINANCE LIMITED further confirms compliance with the financial reporting framework for the following:

- The Financial Statements prepared by the Management of PLFL present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied while preparing the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IASs)/Bangladesh Accounting Standards (BASs)/ International Financial Reporting Standards (IFRSs)/Bangladesh Financial Reporting Standards (BFRSs) as applicable in Bangladesh have been followed in preparation of Financial Statements and any deviation therefrom has been adequately disclosed;
- The system of Internal Control is sound in design and has been effectively implemented and monitored;



- f) The Interest of minority shareholders has been protected and the affairs of the Company is free from any abusive actions either directly or indirectly by, or in the interest of controlling shareholders.
- g) There are no significant doubts upon the Company's ability to continue as a Going Concern.
- h) No Bonus Shares or Stock Dividend has been or shall be declared as Interim Dividend.
- i) The Managing Director and CFO have certified that they have reviewed the Financial Statements for the year and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- j) The Managing Director and CFO have also certified that the Financial Statements of the Company present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
- k) The Managing Director and CFO have further certified that to the best of their knowledge and belief, no transactions entered into by the Company during the year, 2019 which are fraudulent, illegal or violation of the Company's Code of Conduct.

### Credit Rating

ARGUS Credit Rating Services Limited (ACRSL) was appointed further for fresh Credit Rating of the Company since the validity of previous rating report (assigned rating 'A+') expired on 12-November-2019. ACRSL conducted renewal Credit Rating of PREMIER LEASING & FINANCE LIMITED and has been assigned same as previous 'A+' (single A plus) rating in the Long-term and **ST-2** rating in the Short-term by them. This has been done in consideration of high credit quality, low expectation of credit risk, high certainty of timely payment, strong liquidity factor supported by good fundamental protection factors, satisfactory level of Corporate Governance etc. The validity of said report shall expire on 14-November-2020.

### Internal Control

PREMIER LEASING & FINANCE LIMITED has an effective Internal Control System in place on a permanent basis for managing risk. Clearly defined responsibilities, accountability of team members, fair documentation process, periodical reporting, practice of Corporate Governance System within the organization, delegation of authority, effective Organogram and evaluation of performance are the key elements of effective internal control of the Company. The Audit Committee of the Board of Directors of the Company supervises the process on regular interval. The Company has different Management Committees approved by the Board of Directors. The Committees have been formed in light of the Basel accord of Bangladesh Bank to address the operational and other risks. Those Committees sit in regular interval to minimize the risks.

To protect the interest of Customers, Owners and Employees and all other stakeholders of the Company, the Management prepared Code of Conduct for the employees of PREMIER LEASING & FINANCE LIMITED in light of the Code of Conduct prepared by Bangladesh Bank for Banks and NBFIs duly approved by the Board of Directors. As per Corporate Governance Code of BSEC, PLFL has appointed full time Internal Auditor in the Company having professional qualifications who has been working independently in the Company.

### Risk and Management Perception

The possibility of losses, financial or otherwise is defined as risk. Investment always associates with some internal as well as external risk factors and among the factors, some can be averted, others are beyond control. Risk is the element of uncertainty. There are different kinds of risks in leasing business operations. Risk also arises from potential disruptions of business process associated with the delivery of products or services to the Customers.

The Management of PREMIER LEASING & FINANCE LIMITED considers some risk factors involving in their business. Sound risk management practices are fundamental to the long-term success of financial institutions. The risk management of the Company covers the core risk areas, viz, operational risk, interest rate risk, credit risk, liquidity risk, industry risk, market and technology related risk, risk regarding changes in regulatory policies as well as the Government policies, changes in economic conditions, portfolio management risk, assets quality risk, etc.

The Company follows methodical client selection and project appraisal and documentation process while taking investment decision, which reduces the risk of default to a great extent. Moreover, we have a separate lease/loan supervision and monitoring section, which pursue the overdue loans in a very systematic way. For better management of asset and liability risk, PLFL has an established Asset Liability Management Committee (ALCO) which meet time to time to review overall Asset and Liability position of the Company.



Besides liquidity crisis and higher cost of fund are in the front line of impediments for FIs for doing business. The Company has developed Risk Management Manual in the light of 'Core Risk Management' guidelines of Bangladesh Bank and taken appropriate measures for implementation of the guidelines step by step.

#### Human Resources Development

The Company involves human resources development strategy with a view to ensuring good working environment, a high level of loyalty and commitment, devotion and dedication. PLFL considers its working force as its valuable asset. From the inception, PREMIER LEASING & FINANCE LIMITED continued to implement appropriate Human Resource Management policies and practices to develop its employees and to ensure their optimum contribution towards the achievement of Corporate goals. With a view to encouraging human resources development as well as to meet the organizational needs to face future challenges, Executives and Officers of the Company regularly participate in various training courses, seminars and workshops organized by reputed institutes including Bangladesh Bank. During the year 2019, the Management of PLFL prepared a guideline for providing 'Integrity Award' in light of the Guidelines as prepared by the Department of Financial Institutions and Markets of Bangladesh Bank as issued per their DFIM Circular No. 04, dated 11-December-2019 duly approved by the Board of Directors. From the year 2020 and onward PLFL will provide 'Integrity Award' to the eligible employees of the Company to motivate and inspire them to practice Code of Conduct in all activities within the organization as a part of implementation of Integrity Strategy of the Government in the Company.

During the year 2019, the Company appointed six (6) nos. new employees in different positions in the Head Office and Branches as per requirement. On the other hand, total seven (7) employees of Head Office and different branches had left the organization.

#### Board Meeting and Attendance

During the year 2019, eleven (11) meetings of the Board of Directors were held. The attendance of Directors in the Board of Directors meetings has been shown in **Annexure-I**. The amount of remuneration paid to the members of the Board of Directors for attending the meetings of the Board of Directors and its' different Committees have also been shown in the Note No.29 of the Financial Statements.

#### Executive Committee of the Board

The Executive Committee of the Board of Directors consists of the following members of the Board:

|  |              |
|--|--------------|
| Nargis Anwar                             | : Chairman   |
| Engr. A.Z.M Akramul Haq                  | : Member     |
| Engr. M. Rabiul Huq                      | : Member     |
| A.K.M. Shamsuddin (Independent Director) | : Member     |
| Abdul Hamid Mia (Managing Director)      | : Ex-Officio |

Total four (4) meetings of the Executive Committee of the Board of Directors were held during the year 2019. Among other things, the Executive Committee discussed policy issues, loan portfolio, overall performance and other matters of importance and accorded their approvals accordingly. Bangladesh Bank inspection reports and respective compliance reports were also reviewed by the Executive Committee from time to time.

#### Audit Committee of the Board

The Audit Committee of the Board of Directors consists of the following members of the Board:

|  |              |
|--|--------------|
| Abu Sadek Md. Sohel (Independent Director) | : Chairman   |
| Nargis Anwar                               | : Member     |
| Farzana R. Shahabuddin                     | : Member     |
| A.K.M. Shamsuddin (Independent Director)   | : Member     |
| Abdul Hamid Mia (Managing Director)        | : Ex-Officio |

Subash Chandra Moulick FCS, Senior Vice-president and Company Secretary works as Member Secretary of the Audit Committee.

The Audit Committee of the Board met four (4) times during the year 2019 and reviewed the following with special emphasis on compliance of respective recommendations:





- Audit and Inspection Report(s) of the Internal and External Auditors.
- Ensuring an effective Risk Management System of the Company through ongoing review of the Company's Internal Control System.
- The Financial Statements of the Company audited by the External Auditors.
- Company's overall revenue earning position giving particular emphasis on the receivables, repayment of overdue installments and recovery issues of delinquent loans.
- Company's performance in terms of quality, quantity, timeliness, cost etc. through appropriate audit function.
- Ensuring compliance of appropriate accounting policies, accounting standards and timely providing the relevant and reliable financial and operational information.
- Stressing on the importance of the Compliance Culture within the Company.

Detail activities of the Audit Committee have been mentioned in the Report of the Audit Committee in this Annual Report.

### **Nomination and Remuneration Committee of the Board**

As per Clause No. 6 (l)(a) of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) through Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3-June-2018, every listed Company shall have a Nomination and Remuneration Committee (NRC) as a Sub-committee of the Board of Directors. As per Clause 6 (1)(b) of above Code, the NRC shall assist the Board in formation of the Nomination Criteria or Policy for determining qualification, positive attributes, experiences and Independence of Directors and top-level executive as well as a policy for formal process of considering remuneration of Directors and top-level executives of the Company.

On the other hand, as per Bangladesh Bank DFIM Circular Letter No. 18, dated 26-October-2011, Financial Institutions (FIs) are not allowed to form any other Sub-committee of the Board except the Executive Committee & Audit Committee. Under the said circumstances, the Board of Directors decided to keep pending the proposal for formation of Nomination and Remuneration Committee (NRC) of the Board under BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3-June-2018 until further guideline from Bangladesh Bank and/or BSEC in this regard.

### **Pattern of Shareholdings**

Pattern of Shareholdings of Subsidiary/Associated Companies and other related parties, Directors, Managing Director/CEO, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance, Executives including their spouse and minor children and shareholders holding 10% or more voting interest in the Company as on 31-December-2019 has been shown in **Annexure-II**.

### **Operation of Subsidiaries**

PREMIER LEASING & FINANCE LIMITED have three (3) subsidiary Companies viz., PREMIER LEASING SECURITIES LIMITED (TREC holder of Chittagong Stock Exchange Limited), PREMIER LEASING SECURITIES BROKING LIMITED (TREC holder of Dhaka Stock Exchange Limited) and PREMIER LEASING CAPITAL MANAGEMENT LIMITED. The last one was formed during the year 2012 to meet the requirement for applying to Bangladesh Securities and Exchange Commission (BSEC) for Merchant Banker Registration Certificate. Application has been made accordingly which is still awaited in BSEC for approval. Our efforts would also be continued for Merchant Banker license. Operation of said Company is not yet started.

Detailed of investment of PLFL in its' Subsidiary Companies have been shown in the Note No. 8.1 of the Financial Statements part of this Annual Report. Detailed financial positions of Subsidiary Companies have also been shown in the Audited Report of subsidiaries as mentioned in the last part of this Annual Report.

### **Share of Income from Subsidiary Companies**

PREMIER LEASING & FINANCE LIMITED holds 98% shares of PREMIER LEASING SECURITIES LIMITED, 51% shares of PREMIER LEASING SECURITIES BROKING LIMITED and 99.25% shares of PREMIER LEASING CAPITAL MANAGEMENT LIMITED.

The main income of subsidiary companies comes from the commission earnings against security transactions by the Customers and own investment in their respective Stock Dealer Accounts. PREMIER LEASING SECURITIES LIMITED did not declare any dividend for the year 2019 since they could not earn profit during the year due to bearish Capital Market situation throughout the year and incurred Net Loss of TK.11,963,504 only



for the year 2019. PREMIER LEASING SECURITIES BROKING LIMITED (PLSBL) also could not earn profit during the year 2019 and incurred net loss of TK.5,400,757 only for the year 2019 as against net profit of TK. 9,189,181 only for the year 2018. But, PLSBL declared 3:1 Stock dividend (33.33%) and 40% Cash dividend for the year 2019 from the retained earnings for distribution to the shareholders of the Company. Previous year PLSBL declared 25% Cash Dividend for distribution to the Shareholders of the Company.

### **Contribution to the National Economy**

PREMIER LEASING & FINANCE LIMITED always upholds its responsibilities to the development of the Society and the Country as a whole. During the year 2019, PLFL contributed TK.4,000,000 only as Corporate Tax, TK.12,824,415 only as TDS, TK.2,032,541 only as Value Added Tax (VAT) and TK.4,244,090 only as Excise Duty total TK.23,101,046 only to the National Exchequer as against TK.70,449,303 only for the year 2018.

### **Corporate Responsibility**

At PREMIER LEASING & FINANCE LIMITED, we recognize that we have certain responsibilities to our Customers, Shareholders, Employees and to the communities in general. We value our Shareholders and their rights. We are also always committed towards our Shareholders to preserve their rights and to enhance their return as possible. PREMIER LEASING & FINANCE LIMITED is equally loyal for the responsibility towards the community. Considering this, PREMIER LEASING & FINANCE LIMITED organizes some CSR activities every year. We believe that a prosperous community creates a prosperous business environment within the Country.

### **Social Activities of the Companies**

As a part of Corporate Social Responsibility, PREMIER LEASING & FINANCE LIMITED donates for distressed people of the Country every year such as, distribution of winter wares, donation for education and medical treatment to the distressed poor people etc.

### **Initiatives towards providing Modern, Healthy and Safe workplace**

The commitment of the Company is to attract high quality persons and professional to work. PLFL involves Human Resources Development Strategy with a view to ensure good working environment, loyalty, commitment, devotion and dedication. Modern, healthy and safe workplace is a precondition for good working environment. The Company provides sufficient working spaces for each employee to ensure healthy environment within the Company. Every employee is equipped with modern technology like Computer/laptop, internet, intranet and IP Phone facility within the Company. There are separate Washrooms, Toilet etc. for male and female employees and modern Dining Room facility for the employees. Separate Prayer Rooms for Male and Female employees are also in the Office. Fire escape spaces, Modern Fire Alarm and fighting arrangement, PA System, continuous surveillance through CCTV etc. remain in place to avoid primary unexpected accident in the Office Premises.

### **Prevention of Money Laundering and Terrorist Financing Activity**

PREMIER LEASING & FINANCE LIMITED has very firm policies and procedures in place to combat Money Laundering and Terrorist Financing throughout its operation across the Country. Robust Anti-Money Laundering (AML) and Countering the Terrorist Financing (CFT) policies are embedded in framework in which the Company operates taking into account the Master Circular and Guidelines issued by Bangladesh Financial Intelligence Unit (BFIU) till date. The said policies and procedures are approved by the Board of Directors of the Company. The pivotal point of combating Financial Crime is to Know our Customers better. Accordingly, PREMIER LEASING & FINANCE LIMITED has robust policies and procedures for Know Your Customer (KYC), Identification & Certification, Customer Due Diligence (CDD), Transaction Monitoring/Screening and Suspicious Transaction Reporting (STR) which are under control and continuous surveillance of Central Compliance Unit (CCU) of Head Office and Internal Auditor of the Company.

### **Future Prospects and Challenges**

The strategy of PLFL is to maintain a diversified portfolio in major sectors of industries in line with the Country's growth scenario as well as industrial policy of the Government. Increased Cost of Fund, putting the Banks & NBFIs in the same Income Tax bracket, shortage of new fund etc. are the major challenges in the way of expansion of FIs. Ongoing liquidity crisis in Banking and NBFIs industry has added as new challenge before the industry for maintaining continuous growth of FIs. Amid the situation, keeping commitments with the



Customer as well as maintaining the NPLs of the Company within the optimum level are also big challenges before the Company.

In spite of increasing competition with Commercial Banks & NBFIs in terms of deposit mobilization and other financial transactions, we are working hard to meet the challenges of the future ensuing continuing growth. Steps have been taken to mobilize more deposits from the individual depositors. With a view to increase individual deposit as well as to reduce Bank borrowings, efforts of the Management in deposit drive will continue.

Particular attention is being given to bring professionalism in all respect of operation of the Company. Hopefully, the new branches will create opportunities for new investment and collection of Deposit for the Company.

#### **Dividend**

The Capital Market had been passing through a measurable turnover during the last four years. As a result, the overall contributions of two (2) subsidiaries to the profit margin of PLFL were negative at the end of the year 2019. Moreover, provisions against lease, loan and advance were increased to some extent at the end of the year 2019. Provision requirement also went up substantially. All the above facts affected the profit margin of PLFL for the year 2019.

Considering the fact, the Board of Directors recommended no dividend for the year 2019 with a view to strengthen the financial health of the Company. The amount of net income of the year shall remain as retained earnings to be added with the net profit of next year.

#### **Retirement and Re-election of Directors**

In accordance with Clause 126 of the Articles of Association of PREMIER LEASING & FINANCE LIMITED Barrister Nasir Uddin Ahmed Ashim and Mrs. Farzana R. Shahabuddin Directors of the Company shall retire from the Office at this 18<sup>th</sup> Annual General Meeting. As per Clause 128 of the Articles of Association, they are eligible for further term and expressed their willingness for re-election.

Brief resume with professional knowledge and experience of all Directors including the name (s) of the Company/Companies in which they hold Directorship etc. have been mentioned in the Corporate Profile part of this Annual Report (Page no. 8-14)

#### **Related Party Disclosure**

As per International Accounting Standard (IAS)24, parties are considered to be related if one of the parties has the authority and responsibility for planning, Directing and controlling the Company, being members of the Board of Directors, Managing Director, and close members of their families and Companies they control or significantly influence over the party in making financial and operational decisions or for which significant voting power is held. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related Party Transaction has been disclosed in the Financial Statements parts of this Annual Report under Note No. 40.

#### **Certification of Managing Director and Chief Financial Officer**

A Certificate on the Financial Statements of the Company by the Managing Director and Chief Financial Officer (cc) of the Company has been appended under **Annexure-A** of this Annual Report.

#### **Certificate on Compliance status of Corporate Governance Code**

As per Clause No. 9 of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), all Listed Companies are required to obtain a Certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its Statutory Auditors or Audit Firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the BSEC. The professional who will provide the certificate on compliance of the said Corporate Governance Code shall be appointed by the Shareholders in the Annual General Meeting.

Three (3) Practicing Professionals Firms like (i) **Ahmed Zaker & Co.**, Chartered Accountants (ii) **Jasmin & Associates**, Chartered Secretaries and (iii) **Mohammadullah & Associates**, Chartered Secretaries & Consultants had expressed their willingness to work on Compliance issues of the Company under BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3-June-2018. Among the above mentioned three (3) Firms, After review of the above proposals, the Board of Directors recommended the proposal of





Ahmed Zaker & Co., Chartered Accountants for appointment as Compliance Auditor to work on the compliance status of Corporate Governance Code in the Company for the year 2020 at a remuneration of TK.25,000 only excluding VAT to be approved by the Shareholders of the Company in this Annual General Meeting.

A Certificate on compliance under the abovementioned Guidelines issued by Rahman Mostofa Alam & Co. has been appended under **Annexure-B** of this report.

### **Compliance Statement on Corporate Governance**

The Board of Directors of PREMIER LEASING & FINANCE LIMITED is hereby confirming that the Company has complied with all the necessary guidelines under BSECs' Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3-June-2018. Status of Compliance along with required disclosures have been shown at the end of this Report under **Annexure-C**.

### **Auditors' Report**

So far as the Directors of PREMIER LEASING & FINANCE LIMITED are aware that there is no irrelevant audit information of which the Company's Auditors are not aware. The Directors have found the Auditors' Report clean and without having any adverse remarks of external Auditors of the Company.

### **Auditors**

Ahmed Zaker & Co., Chartered Accountants, Green City Edge (Level-10), 89 Kakrail, Dhaka worked as Auditors of the Company for last three (3) consecutive years. As per DFIM Circular No. 04, dated 30-April-2015 of Bangladesh Bank, Ahmed Zaker & Co., Chartered Accountants is not eligible for re-appointment as Statutory Auditors of the Company for further term. In the last year, they worked at a remuneration of TK.225,000 only

Meanwhile, we had received offers from (i) Rahman Mostofa Alam & Co. (ii) Shafiq Basak & Co. and (iii) Shiraz Khan Basak & Co., Chartered Accountants who had shown their interest to work as Statutory Auditors of the Company. Among them, upon recommendation of Audit Committee, the Board of Directors found Rahman Mostofa Alam & Co., Chartered Accountants, Paramount Heights (7<sup>th</sup> Floor, D2 & C1) 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000 as prospective for conducting audit of the Company and recommended to appoint them as Statutory Auditors of PLFL for the year 2020 until the conclusion of next Annual General Meeting i.e. 19<sup>th</sup> AGM at a remuneration of TK.225,000 (Taka Two Lac Twenty-five Thousand) only excluding VAT to be approved in this 18<sup>th</sup> Annual General Meeting by Shareholders of the Company.

### **Acknowledgement**

The Board of Directors takes this opportunity to place on record the heart-felt gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, Central Depository Bangladesh Ltd., Commercial Banks, Customers, Depositors, Auditors, NBR, Media, Patrons and well-wishers who are the partners in the process of growth of PREMIER LEASING & FINANCE LIMITED. We also look forward to their support in the coming days.

The prudent policy guidance and support of members of the Board of Directors have substantially contributed towards the consolidation of the Company.

On behalf of the Board of Directors, we would like to thank our valued Customers and Shareholders for their continued support to PREMIER LEASING & FINANCE LIMITED and look forward to receive support in the coming days.

The Board of Directors also records their deep appreciation towards the employees of PREMIER LEASING & FINANCE LIMITED for their services to the valued Customers of the Company.

For and on behalf of the Board of Directors

(Engr. A.Z.M. Akramul Haq)  
Chairman