

PROSPECTUS

IDLC

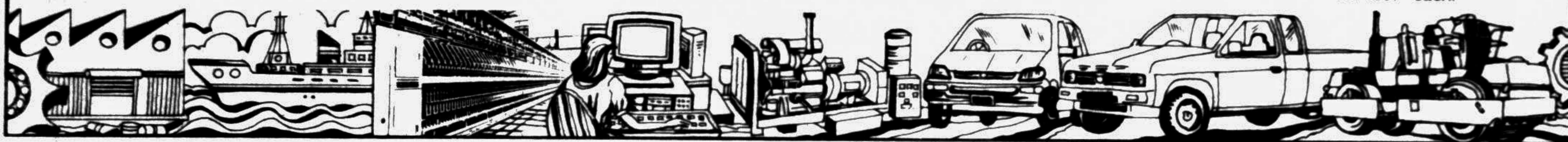
Registered Office:
Hadi Mansion
6th floor
2 Dilkusha C/A
GPO Box No. 3160
Dhaka-1000.

Industrial Development Leasing Company of Bangladesh Limited

(A Public Company with limited liability of Shareholders incorporated on May 23, 1985 under Companies Act 1913)

FOR ISSUE OF 75,000 ORDINARY SHARES OF TK. 100/- EACH AT 50% PREMIUM

Authorised Capital:
Tk. 100,000,000.00
divided into
1,000,000
ordinary shares of
Tk. 100/- each.



"Consent of the Government has been obtained to the issue of capital under the Capital Issues (Continuance of Control) Act, 1947 by an order of which, a complete copy is open to public inspection at the registered office of the company. It must be distinctly understood that in giving this consent the Government does not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed with regard to them".

A dated and signed copy of this Prospectus has been filed for registration with the Registrar, Joint Stock Companies, Bangladesh as required by Section 92(2) of the Companies Act, 1913.

Application is being made to the Dhaka Stock Exchange Limited for admission of the Shares of the Company for dealing on the market and for their quotation on the Dhaka Stock Exchange. If for any reason, the application for listing is not accepted by the competent authority, the Company undertakes to publish in the press a notice to that effect within 45 days of such rejection and thereafter to refund the subscription money to any applicant who may apply in writing for such refund within thirty days of the date of publication of the notice of refusal.

THE SUBSCRIPTION LIST OF 75,000 ORDINARY SHARES OF TK. 100/- EACH AT 50% PREMIUM BEING HEREBY OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON JANUARY 16, 1993 AND WILL CLOSE ON JANUARY 21, '93 AT THE CLOSE OF BANKING HOURS.

PART-I SHARE ISSUE

1. SHARE ISSUE

A. SUBSCRIBED AND FULLY PAID-UP CAPITAL BY THE SPONSORS:

DOMESTIC SHAREHOLDERS:

Industrial Promotion and Development Company of Bangladesh Limited (IPDC)	153,500 ordinary shares of Tk. 100/- each	15,350,000
The City Bank Limited (CBL)	122,500 ordinary shares of Tk. 100/- each	12,250,000
Shadharan Bima Corporation (SBC)	61,500 ordinary shares of Tk. 100/- each	6,150,000
		<u>33,750,000</u>

FOREIGN SHAREHOLDERS:

Korea Development Leasing Corporation (KDLC)	150,000 ordinary shares of Tk. 100/- each	15,000,000
International Finance Corporation (IFC)	75,000 ordinary shares of Tk. 100/- each	7,500,000
Korea Long Term Credit Bank (KLTB)	75,000 ordinary shares of Tk. 100/- each	7,500,000
Aga Khan Fund for Economic Development (AKFED)	18,750 ordinary shares of Tk. 100/- each	1,875,000
German Investment and Development Company (DEG)	18,750 ordinary shares of Tk. 100/- each	1,875,000
		<u>33,750,000</u>
		<u>67,500,000</u>

NOW OFFERED FOR SUBSCRIPTION TO PUBLIC IN CASH IN FULL ON APPLICATION:

75,000 ordinary shares of Tk. 100/- each offered at Tk. 150/- each (i.e. at a premium of Tk. 50/- each) 11,250,000

2. CONDITIONS OF OFFER AND ALLOTMENT OF SHARES:

Investment Corporation of Bangladesh (ICB), other financial institutions and employees of IDLC shall have the right of preferential allotment to the extent of 20%, 10% and 5.0% respectively of the issue. Any part of such allotment not taken up by them shall be allotted to general public as determined by the Controller of Capital Issue.

After deducting shares subscribed by ICB, other Financial Institutions and the employees of IDLC, the basis of allotment of shares to General public shall be as follows:

(a) Application for 20 (Twenty) shares shall be accommodated fully if the capital being offered to the General Public is sufficient for the purpose. In case of excess subscription by applicants of 20 shares allotment shall be made by lottery among all the applicants in the presence of authorised representatives of the CCI office and members of the Board of the Company.

(b) Any capital left after allotment to applicants mentioned in (a) above shall be distributed to applicants who apply for shares exceeding 20 (Twenty) shares on the basis of a progressive rate in favour of applicants for similar number of shares as may be approved by the Controller of Capital Issue.

(c) In case any difficulty arises with respect to implementation of (a) & (b) above the allotment of shares to applicants shall be made in such manner as may be determined by the Controller of Capital Issue.

3. There are no founder's management or deferred shares. It is also not presently intended to issue any preference shares.

4. No payment has been or is intended to be made to the promoters, Directors or other persons for promotion of the Company.

5. The MINIMUM SUBSCRIPTION on which the Directors will proceed for allotment is the full amount of the present issue.

PART-II UNDERWRITING COMMISSION, BROKERAGE, TAXES UNDERWRITING:

The public offering of 75,000 ordinary shares have been underwritten by the following members:

1) Industrial Promotion and Development Company of Bangladesh Limited (IPDC)	34,110 shares
2) The City Bank Limited (CBL)	27,225 shares
3) Sadharan Bima Corporation (SBC)	13,665 shares
	<u>75,000 shares</u>

If and to the extent the Shares hereby offered to the public shall not have been subscribed and paid for in cash in full, the underwriters shall within 30 days of being duly called upon by the Company to do so, subscribe and pay for in cash in full the shares that are not so subscribed.

UNDERWRITING COMMISSION:

Each underwriter will be paid an underwriting commission at the rate of 1% of the nominal value of shares underwritten by them out of the Public Offering.

COMMISSION TO BANKERS TO THE ISSUE:

Commission at the rate of 1/4th of 1% will be paid to the Bankers to the issue for the services to be rendered by them.

BROKERAGE:

The Company will pay brokerage @ 1% of the value of Shares allotted to the members of Dhaka Stock Exchange Limited on application bearing their rubber stamp. Neither the brokerage to the brokers nor the commission to the bankers shall be payable in respect of the Shares taken by the underwriter.

PRELIMINARY EXPENSES:

The expenses for the said issue inclusive of brokerage, underwriting commission, and commission to the Bankers to the issue are expected not to exceed Tk. 1.4 million.

TAX HOLIDAY:

The company's income, profit & gains from its activities had been under the purview of tax holiday for a period of 5 (five) years commencing from March 03, 1987. Since March 03, 1992 the company's profit, gain & all incomes are under the purview of income tax.

EXEMPTION FROM INCOME TAX:

Application is being made to the National Board of Revenue (NBR) for declaration under section 44 of Income Tax Ordinance 1984 whereby such income of an assessee as may be invested in the shares of the company will remain exempted from tax as provided in the said section.

INSURANCE ACT APPROVAL:

Approval has already been obtained from Controller of Insurance for the purpose of "Approved Investment" under Clause-3A of Section 2 of the Insurance Act, 1938 for the Insurance Companies registered in Bangladesh.

PART-III APPLICATION FOR SUBSCRIPTION

1. Application may be made for any number of shares with a minimum of 20 shares and should be made on the company's Printed Forms, Application forms and the prospectus may be obtained from the Registered Office of the Company, the Dhaka Stock Exchange Limited or from the Bankers to the issue. If adequate forms are not available, intending investors may have the same photocopied.

2. All completed application forms together with remittance for the full amount payable on application should be lodged with any of the following Bankers to the issue:

- The City Bank Ltd.
- Banque Indosuez
- American Express Bank Ltd.
- Agrani Bank
- IFIC Bank Ltd.

3. The subscription money collected by the bankers to the issue will be remitted to the Company's authorised account.

4. Payments may be made with one of the above mentioned Banks in Cash / Cheque / Pay Order / Draft. The Cheque, Pay Order or Draft shall be made payable to the Bank to which it

is sent and be marked "A/C: IDLC of Bangladesh Limited" and shall bear the crossing "A/C PAYEE ONLY" and must be drawn on a Bank in the same town of the Bank to which application form is sent.

5. A separate cheque or draft must accompany each application and a provisional acknowledgment should be obtained from the receiving bank immediately.

6. Joint applications from more than two persons will not be accepted. In the case of a joint application each party must sign the application form.

7. Application signed under a power of Attorney must be accompanied by the certified photostat copy of the instrument under which the power is given.

8. Application must be in full name of individuals or limited companies and not in the name of firms, minors or persons of unsound mind.

APPLICATION NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS IS LIABLE TO BE REJECTED.

ALLOTMENT:

The Company reserves the right of accepting any application in part. Where any application is not accepted in full, the balance of money received on application will be refunded to the applicant by cheque without interest. Where allotment is made in whole or in part in respect of joint application, the allotment letter will be despatched to the person whose name appears first on the application form, notwithstanding that the Shares have been allotted to the joint applicants. Where joint application is accepted in part the balance of any amount paid on application will be refunded without interest to the person named first in the application form.

Successful applicants will be notified by the despatch of an allotment letter by registered post / courier. Letters of allotment will be issued within sixty days of the closing of the subscription list and share certificate will be issued within ninety days of the date of letters of allotment. Interest of 5% and 7% will be paid to the unsuccessful applicants where application money is not refunded within 120 days and 180 days respectively from the date of issue of Prospectus.

PART-IV THE PROJECT

Industrial Development Leasing Company of Bangladesh Ltd. (IDLC) is the first and the largest equipment leasing company of the country. IDLC has been established with the multinational collaboration of Development Financial Institutions, Commercial Banks, Insurance & Leasing Corporation.

The company was incorporated on May 23, 1985 and obtained the certificate of commencement of business on February 22, 1986. IDLC the pioneer leasing company in the country was set-up in the private sector to serve as an additional and alternate source of capital assets financing primarily in small and medium scale enterprises.

Five foreign institutions including the International Finance Corporation (IFC), an affiliate of the World Bank holding 45% shares and three domestic financial institutions holding 55% shares are the shareholders of the company. Korea Development Leasing Corporation (KDLC) of South Korea, one of the foreign shareholders, has been providing technical know-how of leasing to the company.

OPERATIONS

After completing all the environmental issues i.e. statutory, legal premises and logistics related, IDLC commenced commercial operation in February, 1986. Primary focus of IDLC till now is in the area of financial leasing of industrial and professional equipment and vehicles for three to five years term with particular emphasis on balancing, modernisation, replacement and expansion (BMRE) of the existing units.

Equipment leasing is a long term financing instrument, providing the right to use of equipment. Instead of lending funds to purchase equipment, IDLC provides the equipment and extends the exclusive right to its use against specified rental payments at periodic intervals.

Until now, the fifth year of operation, IDLC has established leasing as an alternative and effective source of financing in the capital market of the country.

Having a successful operation since its inception the company expanded its activities by establishing the first branch office in Chittagong in 1990 and efforts will continue to open more branches at an opportune time.

The growing awareness of lease financing among the entrepreneurs coupled with the gradual development of lease market in the country, it is expected that leasing business in Bangladesh offers a promising future in the years to come.

PART-V FINANCIAL PERFORMANCE OF THE COMPANY AUDITORS' REPORT TO THE MEMBERS

We have audited the accounts of Industrial Development Leasing Company of Bangladesh Limited in accordance with approved auditing guidelines.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1991 and its profit for the year then ended in accordance with generally accepted accounting principles.

We further report as required by the Companies Act 1913 that:

- we have obtained all the information and explanations we considered necessary for the purpose of our audit;
- the balance sheet and profit and loss account are drawn up in conformity with the law;
- the balance sheet, read in conjunction with the attached notes, exhibits a true and fair view of the company's affairs according to the best of our information and explanations given to us and as shown by the books of the company; and
- in our opinion, proper books of account have been kept by the company as required by the Companies Act 1913.

Rahman Rahman Huq
Chartered Accountants
Dhaka, 1 April, 1992

Balance Sheet at December 31

ASSETS	NOTES	1990	1991	1992
				(31 Oct)
Current Assets		53,830,204	75,429,097	96,515,209
Cash and equivalent	3	29,078,199	32,740,938	41,180,433
Accounts receivable & advances	4	23,952,005	42,688,159	55,334,776
Lease Assets	5	348,542,075	390,333,630	390,439,880
Lease equipment at cost less depreciation		322,811,515	348,873,337	397,073,941
Provision for doubtful leases		(15,767,752)	(22,633,602)	(31,188,273)
Advances for lease assets		41,498,312	64,093,895	24,554,222
Fixed Assets	6	4,952,076	4,850,580	6,226,147
Property & equipment at cost less depreciation		4,952,076	4,850,580	6,226,147
Total Assets		<u>Tk. 407,324,355</u>	<u>470,613,307</u>	<u>493,181,246</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		114,151,452	137,801,784	125,139,626
Current maturity of long term debt	7	40,357,466	69,241,466	69,814,000
Current maturity of lease rental deposit		970,400	8,979,620	13,090,000
Security deposit		253,644	2,070	0
Accrued expenses and payable	8	68,819,942	52,138,628	42,235,626
Proposed dividend		3,750,000	7,500,000	0
Long Term Liabilities		240,170,375	257,089,119	258,354,680
Long term debt secured-net of current maturity	7	198,295,095	209,053,629	202,993,630
Lease rental deposits-net of current maturity	9	41,815,280	48,035,490	55,295,150
Security deposit		0	0	65,910
Shareholders' Equity		53,062,528	75,722,404	109,686,930
Share capital	10	25,000,000	50,000,000	50,000,000
Share money deposit	11	0	0	14,375,000
Reserve & surplus:				
General reserve	12	2,600,000	12,500,000	25,000,000
Non-distributable Special Reserve		457,679	498,179	498,179
Reserve for issue of bonus shares		25,000,000	12,500,000	0
Retained earnings		4,849	224,225	19,813,751
Total Liabilities		<u>Tk. 407,324,355</u>	<u>470,613,307</u>	<u>493,181,246</u>

Notes: 1) Annexed notes relating to 1990 & 1991 form part of these Accounts while Notes-11, 12, 18 relates to 1992.
2) Figures as at 31 October 1992 are unaudited.

The Directors

Industrial Development Leasing Company of Bangladesh Limited
Dhaka.
Dear Sirs,

We have examined the accounts of INDUSTRIAL DEVELOPMENT LEASING COMPANY OF BANGLADESH LIMITED for 2 years from the 1st January 1990 to the 31st December 1991 and report in accordance with Section 93(1-A) of the Companies Act, 1913 that the Operational results of the Company for the said period and appropriation made therefrom were as set out below:

Profit and loss Account for the year ended December 31

	NOTES	1990	1991	1992
				(31 Oct)
OPERATIONAL REVENUE		138,274,344	194,980,915	195,419,792
Lease Rentals	13	136,189,690	189,369,580	188,934,763
Other operational revenue	14	1,857,154	4,777,286	5,869,014
Renewal & proceeds	15	- 227,500	834,049	616,015
OPERATIONAL EXPENSES		119,036,368	169,350,134	165,752,140
Depreciation on lease assets		68,879,517	110,459,579	110,298,107
Financial expenses	16	32,396,839	36,602,152	31,958,998
General & Administrative Expenses	17	9,765,342	12,838,108	12,046,983
Allowance for doubtful leases		6,344,390	6,865,850	8,554,671
Other operational expenses		1,650,280	2,584,445	2,893,381
INCOME FROM OPERATION		19,237,976	25,630,781	29,667,652
NON-OPERATIONAL INCOME		5,663,925	4,529,095	1,421,874