

STRICTLY PRIVATE & CONFIDENTIAL

**INFORMATION MEMORANDUM**  
**“of Alif Industries Limited of Convertible Bond of  
Tk. 300 Crore”**



**ISSUER: ALIF INDUSTRIES LIMITED**

**CORPORATE OFFICE:** Bilquis Tower (9th Floor),  
Plot 6, Road 46, Gulshan Circle 2, Dhaka-1212

**TRUSTEE: BANGLADESH GENERAL INSURANCE COMPANY LIMITED**

**TYPE OF SECURITY: FULLY CONVERTIBLE PRINCIPAL AMOUNT**

**TOTAL FACE VALUE: BDT 3,000,000,000**

**FACE VALUE OF EACH BOND: BDT 100,000**

**MINIMUM INVESTMENT: BDT 1,000,000**

**NUMBER OF SECURITIES: 30,000 NOS.**

**INTEREST RATE: 7% base profit plus 10.0 % of latest declared dividend (Cash and Bonus) to the ordinary share-holders.**

**INTEREST AMOUNT: Fully guaranteed by bank guarantee.**

**CREDIT RATING REPORT**

Credit rating status of the bond: A-  
Outlook: Stable  
Rated by: Alpha Credit Rating Limited  
Validity Date: 17 April 2023

Credit rating status of Alif Industries Limited:  
Long Term Rating: A  
Short Term Rating: ST-2  
Outlook: Stable  
Rated by: Alpha Credit Rating Limited  
Validity Date: 17 April 2023

**ISSUE MANAGER & LEAD ARRANGER  
BENGAL INVESTMENTS LIMITED**

**“IF YOU HAVE ANY QUERY ABOUT THIS DOCUMENT, YOU MAY CONSULT THE ISSUER OR  
ORIGINATOR, ISSUE MANAGER AND THE TRUSTEE.”**

## ACRONYMS/ELABORATION

A	
AIL	Alif Industries Limited
AGM	Annual General Meeting
Allotment	Allotment of Bond to respective investor
ATB	Alternative Trading Board
B	
BIL	Bengal Investments Limited
BAS	Bangladesh Accounting Standards
BB	Bangladesh Bank
BDT	Bangladeshi Taka
BMRE	Balancing, Modernization, Rehabilitation & Expansion
BOD	Board of Directors
BO Account	Beneficial Owners Account
BSEC	Bangladesh Securities and Exchange Commission
BSA	Bangladesh Standards on Auditing
C	
CDBL	Central Depository Bangladesh Limited
CDR	Cumulative Default Rate
CIB	Credit Information Bureau
CFO	Chief Financial Officer
Commission	Bangladesh Securities and Exchange Commission
Company	Alif Industries Limited
Companies Act	Companies Act, 1994 (Act. No. XVIII of 1994)
COGS	Costs of Goods Sold
Corporate Office	Head Office of the Company
CSE	Chittagong Stock Exchange Limited
CB	Convertible Bond
D	
DSE	Dhaka Stock Exchange Limited
E	
EPS	Earnings Per Share
EI	Eligible Investors
EGM	Extraordinary General Meeting
F	
FC Account	Foreign Currency Account
FV	Face Value
FY	Financial Year
G	
GDP	Gross Domestic Product
I	
Issuer	Alif Industries Limited

Issue Manager	Bengal Investments Limited
IM	Information Memorandum
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
M	
MT	Metric Tons
N	
NAV	Net Asset Value
NBR	National Board of Revenue
NRB	Non-Resident Bangladeshi
NOC	No Objection Certificate
P	
P/E	Price Earnings Ratio
R	
RJSC	Registrar of Joint Stock Companies and Firms
Rules	Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021
S	
Sft.	Square Feet
Y	
YTM	Yield to Maturity

**CONTACT INFORMATION****ISSUER**

Name and Address	Contact Person	Contact Address
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**TRUSTEE**

Name and Address	Contact Person	Contact Address
<b>Bangladesh General Insurance Company Limited</b> Head Office Address: 42, Dilkusha C/A, Dhaka- 1000	<b>Ms. Mahabuba Bagum</b> Assistant Vice President	Mobile: 01731-781968 Phone:02223380379 Fax: 02223384212 E-mail: <a href="mailto:bgic@citechco.net">bgic@citechco.net</a> Website: <a href="http://www.bgicinsure.com">www.bgicinsure.com</a>

**ISSUE MANAGER & LEAD ARRANGER**

Name and Address	Contact Person	Contact Address
<b>Bengal Investments Limited</b> (A full fledged Merchant Bank) Corporate Office Address: Flat # 1C, House # 313, Road # 4, Avenue # 4, Mirpur DOHS, Dhaka-1216	<b>Mr. Tahid Ahmed Chowdhury, FCCA</b> Managing Director & CEO	Mobile: 88- 01838-555506 Phone: 88- 02- 44806155 E-mail: <a href="mailto:md.bengalinvestments@gmail.com">md.bengalinvestments@gmail.com</a> Website: <a href="http://www.bengal-investments.co">www.bengal- investments.co</a>

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**Risk factors and management perception about the risks: All risk factors and management's perception about the risks are to clearly stated which shall include, among others, namely :-**

**a) interest rate risks;**

Interest rate risk is the risk that the Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

**Management Perception**

The Company has no long term loan. The term loan is not significant as well. Therefore, a change in interest rates at the reporting date would not affect profit or loss of the issuer.

**b) foreign exchange risks with risk mitigation policy;**

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

**Management Perception**

The Company's exports exceed imports; therefore, volatility of exchange rates has limited impact on profitability of the Company.

**c) non-repayment risks;**

Non-repayment risk can arise if the Company becomes unable to repay the interest to the bondholder. Due to pandemic situation, the Company may not be able to repay their bondholder. Change of interest rate, inflation, recession may have a negative impact on cash flow and profitability of the Company which results in non-repayment in bond amount to bond holders.

**Management Perception**

The management of AIL is always concerned about the prevailing and upcoming future changes in the domestic and global financial policies and/or conditions, and is always ready to response appropriately and timely to safeguard its shareholders' and bondholders' interest. The interest amount is fully secured by bank guarantee, and the principle amount will be converted to shares of AIL in due course of time.

**d) prepayment, call or refunding risks;**

The risk of Call or Refunding may arise if the bond-holder wishes to get return the bond amount before the bond's maturity. The issuer has the right to redeem (call) the bonds earlier than maturity @ 0.25% premium of the outstanding balance. However, there is no put option (sold it back to issuer) to the issue for investors.



**Management Perception**

AIL is issuing BDT 3,000,000,000 (three hundred) crore, fully convertible bonds through Private placement that has 6 Years maturities period. These bonds are payable as per schedule. However, in case of unavoidable circumstance, if payment to bonds holders is delayed then they shall be compensated by an additional 0.50% per annum on the amount due for payment. The issuer has the right to redeem (call) the bonds earlier than maturity @ 0.25 % premium of the outstanding balance. However, there is no put option (sold it back to the issuer) to this issue for investors.

**e) Security risks;**

AIL is issuing BDT 3,000,000,000 (three hundred) crore, fully convertible bonds through Private placement that has 6 Years maturities period. The interest may not be paid.

**Management Perception**

The interest amount accrued every six months is fully secured by bank guarantee.

**f) Liquidity risks;**

The Company needs to ensure the payment of suppliers on time while selling items on L/C or credit. In this manner, it may face shortage of funds to meet its current obligations in a timely manner. Therefore, the end objective of liquidity management is to ensure striking of balance between liquidity and profitability.

**Management Perception**

The Company's approach to managing liquidity is to ensure, as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

**g) Management risks;**

There is risk associated with ineffective, unprofessional, non-discreet or underperforming management, that impedes the growth of the organization as well as hurts the shareholders and the Company, fund of which being managed.

**Management Perception**

AIL belongs to one of the leading business houses in Bangladesh, Alif Group. They have been in business since 47 years in Bangladesh with a track record of consistent performance achieved through effective leadership and corporate governance. AIL has a sound management system that is not only efficient but also dynamic in taking appropriate decision to make the organization more effective, vibrant and result oriented. Therefore, with the strong leaderships and structured corporate set-up the management risk is not a matter of concern at all for the steady and sustainable growth of AIL.

**h) Operational risks;**

Operational risk is the risk of potential losses from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events. This risk involves with labor unrest, market competition, raw material price, policy, and political instability.

Non-availabilities of materials/equipment's/services may affect the smooth operational activities of the Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

**Management Perception**

The Company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company, over a period, has developed human resources, IT systems and equipped with production facilities with modern technology. With the above facilities, the Company is now operating as a quality producer with high franchise value. It has developed a pool of quality human resources who are capable to undertake any type of export orders relating to full composite unit, knitting, dyeing & garments. Also, there has been no serious labor unrest in the Company under current management. Therefore, the management does not foresee any significant operational risk.

**i) Business risks;**

The Company may face business risk while doing their business in RMG sector. Business risk implies uncertainty in profit or danger of loss and the events that could pose a risk due to some unforeseen events in future, which may cause business of AIL to fail.

**Management Perception**

AIL has a very good profitability record through its business life. The management is aware about this risk. The buyers, suppliers and the financial institutions have been showing substantial interest and offering comparatively low interest rate and interested to offer financial assistance if required. Although AIL is established long before, it has been updating its system equipment and procedures every year. Therefore, there is no significant business risk in running the Company.

**j) Industry risks;**

Textile has been an extremely important for the economy of Bangladesh. The RMG industry has been contributed around 15% share of GDP and almost 80% export earnings of the country. However, although the textile industry is one of the largest of the country's economy, it faces a lot of challenges as the sector is dependent largely on imported raw materials and unfavorable trade policies and lack of adequate incentives for expansion.

### **Management Perception**

AIL has always been careful in offering innovative, convenient, and cost-effective products by the way it minimizes its industry risk exposure. The Company actively encourages feedback from the customers and regard complaints as constructive comments that helps to build customer relationships and improve business situation.

## **k) Market and technology-related risks;**

### **Market Risk**

RMG export market of Bangladesh is currently very competitive and volatile. The entrance of new entities into the market is increasing the competitiveness of the market. Strong marketing and brand management would help the Company to increase its customer base.

### **Management Perception**

Since the export market of the Company is mainly in Europe, AIL exports low-cost essential products. And with the increasing trend of labor cost in the Chinese market, Bangladesh is likely to be a beneficiary. However, the wage cost in Bangladesh is also increasing. To keep the cost at minimum, the Company has been trying to increase the efficiency of the workers. Therefore, although there are market risks, to some extent, the management does not consider it to be very significant.

### **Technology Related Risks**

Technology plays vital role for ensuring better service to the customers and minimizing the cost in various aspects. The RMG companies must embrace new technology to be efficient enough to cope up with the future changing demand.

### **Management Perception**

Technology is the nerve center of AIL's rapid growth. AIL utilizes a state of the art ERP Solution' application to provide a seamless integration of information flowing through the various functions of the business. The Company keeps inducting latest technology in all its manufacturing processes to ensure quality and cost effectiveness. In addition, real time, efficient and accurate control and monitoring system are present.

## **l) Risks related to potential or existing government regulations;**

Any unexpected and negative changes in the policies and business framework formed by authorized bodies will have adverse effect on the business of the Company. The Government monitors the work environment and often fixes the minimum wages. Non-compliance of these can breed worker unrest.

### **Management Perception**

AIL operates under export/import policy, taxation policy adopted by NBR and rules adopted by other regulatory organizations. Unless any policy change negatively and materially affects the industry, the business of the Company is expected not to be affected significantly. The management of is always concerned about the prevailing and upcoming future changes in the global or national policy and responds appropriately and timely to safeguard its interest.

**m) Risk related to potential changes in global or national policies;**

Changing economic conditions may affect the demand for the type of products offered by the Company, Downturn of economic activity or uncertainty may result in a downturn in demand for products in the industry.

**Management Perception**

Generally, this risk applies to every textile Company in the Country, but they are normally mitigated by being aware of the circumstances and taking appropriate action in time. AIL has always kept abreast of changing business environments and this is evidenced by its good financial performance in the past. AIL's performance has been steady during periods of political turmoil and natural calamities. On the other hand, political turmoil and the disturbance are bad for the economy as a whole and so also for the Company.

**Detailed description and information [excepting information as required in clause (6) below] to be provided as mentioned in Schedule-A (Part-I and Part-II):**

Detailed description and information have been provided as mentioned in Schedule-A (Part-I and Part-II). [Annexure: 01]

**Details plan of the utilization of proceeds;**

**Bond Utilization**

AIL would like to set up or acquire a state-of-the-art 100% export-oriented denim fabrics factory with monthly production capacity 1.4 million yards. The money raised through the convertible bond will used for solely that purposes.

**HIGHLIGHT OF THE ACQUIREE COMPANY:**

The target denim fabrics factory which AIL intends to acquire has present production capacity 750,000 yard/month with the following assets, liabilities and facilities.

<b>Legal Description</b>	:	Public Limited Company (non-listed)
<b>Capacity (Production)</b>	:	750,000 Yard/Month
<b>Authorized Capital</b>	:	Tk.100,00,00,000.00
<b>Paid-up Capital</b>	:	Tk. 64,83,75,000.00
<b>Bank Loan</b>		Tk. 1,6000,000,000
<b>Main Building Area</b>	:	105,000 sft
<b>Utility Building</b>	:	17,000 sft
<b>Product</b>	:	Denim Fabrics
<b>Market of the Product</b>	:	100% Export Oriented Garments Factories

**PRODUCT RANGE:**

The newly setup or acquire 100% export-oriented denim fabrics factory will have the following product range:

<b>Serial</b>	<b>Product</b>	<b>Range</b>
1	Stretch Denim Fabrics	4.5 Oz to 14.5 Oz
2	X-Hatch/Slub Denim Fabrics	
3	Ring Denim Fabrics	
4	Basic Denim Fabrics	
5	Poly Denim Fabric	

LIST OF KEY BRAND-NEW MACHINERIES OF THE PLANT:

Serial	Description	Origin	Quantity
01.	Warping	Moenus, Sucker, Germany	1 Set
02.	Dyeing & Sizing	Moenus, Sucker, Germany	1 Set
03.	Weaving (Airjet Looms)	Tsudakoma, Japan	64 Sets
04.	Finishing Range	CibiTex, Italy	1 Set
05.	Stenter Machine	Dhall, India	1 Set
06.	Mercerize Machine	Dhall, India	1 Set
07.	Fabric Inspection	China	5 Sets
08.	Spectrophotometer	Hunter Lab, USA	1 Set
09.	Gas Generator (2.2 MW)	GE, Austria	2 Nos.
10.	Boiler (10 Ton)	Cochran, Scotland	1 No.
11.	Air Compressor with Dryers	Kaeser, Germany	6 Sets
12.	Humidification	LTG, Germany	1 No.
13.	OHTC	Sohler, Germany	1 Set
14.	Water Treatment Plant	Spain	1 No.
15.	Effluent Treatment Plant	Italy	1 No.
16.	BBT	Finetrend, France	1 Set

AVAILABLE POWER, GAS, WATER & OTHER UTILITIES:

Sl. No.	Item	Sources	Requirements/Remarks
1	Power (Electricity)	2 Gas Generator	2.0 MW
		REB for the backup power stability	250 KW
2	Water	Supplied by Authority	600 m3 of water per day
3	Gas	Bakhrabad Gas System Ltd.	18000 m3 per day
4	Boiler	Cochran, Scotland	10 Tons
5	ETP	Available	

STRUCTURES:

Serial	Particulars	Identification	Quantity
01.	Main Building (Steel Structure)	Sqft	105,000
02.	Utility Steel Building	Sqft	17,216
03.	Boundary Walls	Rft	1,888
04.	Drainage System	Fit3	32,400

**Tentative Bond proceeds Utilization:**

The proceeds of BDT 300 crore will be utilized as follows:

<b>1</b>	<b>For Existing Project acquisition</b>	<b>Tentative Time Schedule</b>	<b>Amount (Tk)</b>
	(Monthly production capacity 7,50,000 yard)		
	Payment for Equity		648,375,000
	Payment for Debt		1,600,000,000
	Subtotal		2,248,375,000
	Working capital		150,000,000
	Sub Total		2,398,375,000
<b>2</b>	<b>For Expansion of Second Line</b>		
	(For additional 6,50,000 yard)		
	Machineries*		477,200,000
	Sub Total		477,200,000
	Working Capital		65,110,500
	Sub Total		542,310,500
<b>3</b>	<b>Bond Issue related Expenses</b>	<b>Particulars</b>	<b>Amount (Tk)</b>
<b>A</b>	<b>Issue Manager's Fees</b>		
	Issue Managers Fees	0.35% of the issue size	10,500,000
	VAT against Issue Management Fees	15% of the issue management fees	1,575,000
	Sub Total		12,075,000
<b>B</b>	<b>Commission (BSEC) Fees</b>		
	Application Fees	Fixed	10,000
	Consent Fees	0.1% of the total face value	3,000,000
	Sub Total		3,010,000
<b>C</b>	<b>Credit Rating fees for Tenor (6 Years)</b>	<b>At Actual</b>	<b>600,000</b>
	VAT	15% of Credit rating Fees	90,000
	Sub Total		690,000
<b>D</b>	<b>Arrangement Fees</b>		
	Arrangement Fees	1% of arrangement amount	30,000,000
	VAT against arrangement fees	15% of arrangement fees	4,500,000

	<b>Sub Total</b>		<b>34,500,000</b>
<b>E</b>	<b>Trustee Related Fees</b>		
	<b>Trustee Fess</b>	<b>(Including application, consent and annual fees)</b>	<b>4,900,000</b>
	<b>VAT against Trustee Fess</b>	<b>15% of the trustee fees</b>	<b>735,000</b>
	<b>Sub Total</b>		<b>5,635,000</b>
<b>F</b>	<b>Paying Agent and Registrar Fees</b>		
	<b>Registrar Fees</b>	<b>(2 lac taka each year)</b>	<b>1,200,000</b>
	<b>VAT against Registrar Fess</b>	<b>15% of Registrar Fees</b>	<b>180,000</b>
	<b>Sub Total</b>		<b>1,380,000</b>
<b>G</b>	<b>Printing and Private placement Expenses</b>		
	<b>Publication of Information Memorandum (IM)</b>	<b>At Actual</b>	<b>1,000,000</b>
	<b>Stationeries and other expenses</b>	<b>At Actual</b>	<b>800,000</b>
<b>H</b>	<b>CDBL Related fees</b>		
	<b>CDBL fees on share conversion</b>	<b>0.015% of issue size BDT 3,000,000,000</b>	<b>450,000</b>
	<b>Security Deposit</b>	<b>Fixed</b>	<b>500,000</b>
	<b>Documentation fees</b>	<b>At Actual</b>	<b>2,500</b>
	<b>Annual Fees</b>	<b>At Actual</b>	<b>500,000</b>
	<b>Connection Fees</b>	<b>1000 tk/month for 6 years</b>	<b>72,000</b>
	<b>Bond credit Fees</b>	<b>At actual</b>	<b>500,000</b>
	<b>Sub Total</b>		<b>2,024,500</b>
<b>I</b>	<b>Any other Expenses</b>	<b>At actual related to Bond</b>	<b>At actual</b>
	<b>Sub Total</b>		<b>59,314,500</b>
	<b>Grand Total (For 14,00,000 yard/month)</b>		<b>3,000,000,000</b>



**PROJECTED SECOND LINE (BRAND NEW M/C) FINANCE:**

Since the target denim factory has existing production capacity 7,50,000 yard/month, AIL intends to expand its capacity after the acquisition to 14,00,000 yard/month to gain advantage of economies of scale and optimize the resources. Therefore, the additional capacity expansion of 650,000 yard/month will require BDT 562,200,000. The breakdown is as follows:

**PROJECTED SECOND LINE (BRAND NEW M/C) FINANCE:**

01.	Weaving Looms (48 Sets)	TK	115,200,000
02.	Dyeing Machine with Warping (1 Set)	TK	92,000,000
03.	Finishing Range (1 Set)	TK	50,000,000
04.	Generator (1.0 MW)	TK	44,000,000
05.	Compressor with Dryer (3 Sets)	TK	15,000,000
06.	Knotting MC (1 Set)	TK	4,000,000
07.	Inspection Machine (3 Sets)	TK	4,000,000
08.	Warp Real and Warper Beams (40 Pcs)	TK	11,000,000
09.	Lab and QC Equipment	TK	20,000,000
10.	Beam Trolley & Fork Lift (2 Sets)	TK	12,000,000
11.	Civil Works for Machines	TK	30,000,000
12.	Civil Works for Mezzanine Floor	TK	30,000,000
13.	Electrical Wearing	TK	30,000,000
14.	Erection and Commissioning	TK	15,000,000
15.	Local Purchase (Spares and Tools)	TK	5,000,000
16.	Working capital	TK	65,110,500
<b>Sub Total</b>		<b>TK</b>	<b>542,310,500</b>

**Bond Utilization Schedule**

1	Acquisition Cost	Particulars	Currency	Amount	Time Line
		Payment for acquisition of shares (Tk10/each)	Tk	648,375,000	Within 1 year from closing subscription
		Payment of bank liability	Tk	1,600,000,000	Within 1 year from closing subscription
		<b>Sub Total</b>	<b>Tk</b>	<b>2,248,375,000</b>	
2	Second Line Expansion Cost	Particulars	Currency	Amount	Time Line
	1	Weaving Looms (48 Sets)	Tk	115,200,000	Within 1 year from closing subscription
	2	Dyeing Machine with Warping (1 Set)	Tk	92,000,000	Within 1 year from closing subscription
	3	Finishing Range (1 Set)	Tk	50,000,000	Within 1 year from closing subscription
	4	Generator (1.0 MW)	Tk	44,000,000	Within 1 year from closing subscription
	5	Compressor with Dryer (3 Sets)	Tk	15,000,000	Within 1 year from closing subscription
	6	Knotting MC (1 Set)	Tk	4,000,000	Within 1 year from closing subscription
	7	Inspection Machine (3 Sets)	Tk	4,000,000	Within 1 year from closing subscription
	8	Warp Real and Warper Beams (40 Pcs)	Tk	11,000,000	Within 1 year from closing subscription
	9	Lab and QC Equipment	Tk	20,000,000	Within 1 year from closing subscription
	10	Beam Trolley & Fork Lift (2 Sets)	Tk	12,000,000	Within 1 year from closing subscription
	11	Civil Works for Machines	Tk	30,000,000	Within 1 year from closing subscription
	12	Civil Works for Mezzanine Floor	Tk	30,000,000	Within 1 year from closing subscription
	13	Electrical Wearing	Tk	30,000,000	Within 1 year from closing subscription
	14	Erection and Commissioning	Tk	15,000,000	Within 1 year from closing subscription
	15	Local Purchase (Spares and Tools)	Tk	5,000,000	Within 1 year from closing subscription
		<b>Sub Total</b>		<b>477,200,000</b>	
3	<b>Working Capital</b>			<b>215,110,500</b>	Within 1 year from closing subscription
4	<b>Issue related expenses</b>			<b>59,314,500</b>	As per the time line
	<b>Total</b>			<b>3,000,000,000</b>	

-Sd-

**Md. Azimul Islam**  
Managing Director

-Sd-

**Md. Hanif**  
Chief Financial Officer

Feasibility Report of the Project

**Projected Profitability (Existing Production Line)**

**YEAR 1 (EXISTING PROJECT)**

85.0 = 1 USD

Serial	Particulars	Existing-Monthly			Figure in Taka
		Figure In USD	Production/Yds	%	
<b>A.</b>	<b>Estimated Sales / Export</b>	<b>\$ 1,500,000</b>	<b>\$2.00</b>	<b>100%</b>	<b>127,500,000</b>
<b>B.</b>	<b>Total Cost :</b>				
	<i>Raw Material :</i>				
1	Yarn	900,000	\$1.2000	60.0%	
2	Chemicals	150,000	\$0.2000	10.0%	
	<b>Sub Total</b>	<b>1,050,000</b>	<b>\$1.4000</b>	<b>70.0%</b>	
<b>C.</b>	<i>Factory Overhaed Cost :</i>				
3	Gas Consumption	47,059	\$0.0627	3.1%	4,000,000
4	Electricity Bill	3,529	\$0.0047	0.2%	300,000
5	Water Bill	5,294	\$0.0071	0.4%	450,000
6	ETP & WTP Chemicals	11,765	\$0.0157	0.8%	1,000,000
7	Wages & Overtime	41,176	\$0.0549	2.7%	3,500,000
8	Repair & Maintainence	11,765	\$0.0157	0.8%	1,000,000
9	Packing Materials	4,706	\$0.0063	0.3%	400,000
	<b>Sub Total</b>	<b>125,294</b>	<b>\$0.1671</b>	<b>8.4%</b>	<b>10,650,000</b>
<b>D.</b>	<i>Administrative &amp; Others O/H :</i>				
10	Salary and allowances (H/O)	10,000	\$0.0133	0.7%	850,000
11	Factory Plot Rent	3,706	\$0.0049	0.2%	315,000
12	Marketing Expenses	5,882	\$0.0078	0.4%	500,000
13	Selling & Distribution Exp.	5,882	\$0.0078	0.4%	500,000
14	Others Expenses	5,882	\$0.0078	0.4%	500,000
15	Bank Charges	5,882	\$0.0078	0.4%	500,000
	<b>Sub Total</b>	<b>37,235</b>	<b>\$0.0496</b>	<b>2.5%</b>	<b>3,165,000</b>
<b>E.</b>	<b>Total Cost (B+C+D) Before Fin. Exp</b>	<b>1,212,529</b>	<b>\$ 1.6167</b>	<b>80.8%</b>	<b>13,815,000</b>
	<b>Total Monthly Profit (A-E) Before Fin Exp</b>	<b>\$ 287,471</b>	<b>\$ 0.3833</b>	<b>19.2%</b>	<b>24,435,000</b>
	<b>Total Yearly Profit (A-E) Before Fin Exp</b>				<b>293,220,000</b>

Esitimated Yearly Finance Expense

240,000,000

Est yearly Profit before tax

53,220,000

**Projected Profitability (adding after Second Line Production)**

**YEAR 2 (AFTER BMRE, 2ND LINE START)**

85.0 = 1 USD

Serial	Particulars	After Second Line-Monthly			Figure in Taka
		Figure In USD	Production/Yds		
			1,400,000	%	
<b>A.</b>	<b>Estimated Sales / Export</b>	<b>\$ 2,800,000</b>	<b>\$2.00</b>	<b>100%</b>	<b>238,000,000</b>
<b>B.</b>	<b>Total Cost :</b>				
	<i>Raw Material :</i>				
1	Yarn	1,680,000	\$1.2000	60.0%	
2	Chemicals	280,000	\$0.2000	10.0%	
	<b>Sub Total</b>	<b>1,960,000</b>	<b>\$1.4000</b>	<b>70.0%</b>	
<b>C.</b>	<i>Factory Overhaed Cost :</i>				
3	Gas Consumption	88,235	\$0.1176	5.9%	7,500,000
4	Electricity Bill	7,059	\$0.0094	0.5%	600,000
5	Water Bill	10,412	\$0.0139	0.7%	885,000
6	ETP & WTP Chemicals	17,647	\$0.0235	1.2%	1,500,000
7	Wages & Overtime	76,471	\$0.1020	5.1%	6,500,000
8	Repair & Maintainence	21,176	\$0.0282	1.4%	1,800,000
9	Packing Materials	8,235	\$0.0110	0.5%	700,000
	<b>Sub Total</b>	<b>229,235</b>	<b>\$0.3056</b>	<b>15.3%</b>	<b>19,485,000</b>
<b>D.</b>	<i>Administrative &amp; Others O/H :</i>				
10	Salary and allowances (H/O)	17,647	\$0.0235	1.2%	1,500,000
11	Factory Plot Rent	3,706	\$0.0049	0.2%	315,000
12	Marketing Expenses	11,765	\$0.0157	0.8%	1,000,000
13	Selling & Distribution Exp.	10,588	\$0.0141	0.7%	900,000
14	Others Expenses	10,588	\$0.0141	0.7%	900,000
15	Bank Charges	10,588	\$0.0141	0.7%	900,000
	<b>Sub Total</b>	<b>64,882</b>	<b>\$0.0865</b>	<b>4.3%</b>	<b>5,515,000</b>
<b>E.</b>	<b>Total Cost (B+C+D) Before Fin. Exp</b>	<b>2,254,118</b>	<b>\$ 1.7922</b>	<b>89.6%</b>	<b>25,000,000</b>
	<b>Total Monthly Profit (A-E) Before Fin Exp</b>	<b>\$ 545,882</b>	<b>\$ 0.2078</b>	<b>10.4%</b>	<b>46,400,000</b>
	<b>Total Yearly Profit (A-E) Before Fin Exp</b>				<b>556,800,000</b>

Esitimated Yearly Finance Expense

240,000,000

Est yearly Profit before tax

316,800,000

**Detail features of the debt securities to be issued, among others, namely :-**

**a) Basic features of the instrument:**

<b>Issuer</b>	Alif Industries Limited
<b>Manager to the Issue</b>	Bengal Investments Limited
<b>Lead Arranger</b>	Bengal Investments Limited
<b>Trustee &amp; Paying Agent</b>	Bangladesh General Insurance Company Limited
<b>The Issue</b>	AIL Convertible Bond
<b>Arrangement Basis</b>	Best Effort Basis
<b>Purpose</b>	Purchase of Land, Machinery, Existing factory retrofitting etc.
<b>Investor</b>	Banks, Insurance Companies, Financial Institutions, Corporate Houses and High net worth individual
<b>Currency</b>	Bangladeshi Taka (BDT)
<b>Total Fund to be Raised (Issue Size)</b>	Face Value of BD 3,000,000,000/=
<b>Denomination</b>	Denomination of each Convertible Bond is BDT 100,000
<b>Face Value of Each Bond</b>	BDT 100,000/=
<b>Interest Rate</b>	7% base profit plus 10.0 % of latest declared dividend (Cash and Bonus) to the ordinary share-holders. The interest amount will be disbursed semi annually
<b>Interest Payment</b>	Interest will be paid semi-annually, i.e. twice a year, one part within one month from 30th June, another part within one month from 31st December. The Dividend portion of the interest will be paid in the corresponding period to the AGM of the dividend being approved.
<b>Maturity</b>	6 Years

<b>Minimum Investment (Subscription)</b>	BDT 1,000,000 or its multiple
<b>Offering Style</b>	Private Placement
<b>Governing Law</b>	The laws of The People’s Republic of Bangladesh
<b>Security</b>	Interest amount of the said bond is fully secured by Bank Guarantee.
<b>Delayed Payment</b>	In case of unavoidable circumstance, if payment to bond holders is delayed then they shall be compensated by an additional 0.50% per annum on the amount due for payment;
<b>Convertibility</b>	The “AIL Convertible Bond” will be converted @ 25% per annum from the end of 3rd Year, and will be fully converted into shares of AIL by at the end of the tenure. The conversion strike price for each conversion shall be determined at 10% discount based on the weighted average market price of last 180 (one hundred eighty) trading days of Alif Industries Limited at Dhaka Stock Exchange Limited (DSE) prior to conversion date.
<b>Prepayment, Call, Refunding, Conversion Features</b>	The issuer has the right to redeem (call) the “AIL Convertible Bond” earlier than maturity @ 0.25 % premium. However, there is no put option (sell it back to the issuer) to this issue for investors. The issuer has full discretion as to which bonds to be redeemed early, and the issuer will provide the bond holder a notice period of no less than 30 days before exercising the call option.
<b>Investment Risk</b>	Any investment in private debt instruments poses some degree of risk. Investors are requested to analyze the Company/Issuer fundamentals, seek professional consultant’s opinion on legal and tax issues of the offered instrument, rigorous study of the credit rating report of the Company and the instrument, talking to regulators and personal investigate the affairs of the Company/Issuer before any such investment
<b>Tax Features</b>	As applicable by the Govt. All payments made by the Issuer or under or in respect of or the Bonds will be subject to any present or future taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be obligated to pay any additional amounts in respect of such taxes, duties, assessments, or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such

	deductions or withholdings to Bondholders.
<b>Regulatory Approval</b>	Upon approval from the Bangladesh Securities and Exchange Commission (BSEC), the Company will issue the bonds as per the information memorandum. In no way, the Company shall issue any such bonds without taking approval from the BSEC.

**b) Rate of return, Yield to Maturity, Coupon/Discount Rate:**

7% base profit plus 10.0% of latest declared dividend (Cash and Bonus) to the ordinary share-holders. The interest amount will be disbursed semiannually.

**c) Transferability/Liquidity:**

The bond is transferable as per conditions mentioned in Modus Operandi.

**d) Prepayment, Call, Refunding, Conversion or Exchange option:**

The issuer has the right to redeem (call) the "AIL Convertible Bond" earlier than maturity @ 0.25 % premium. However, there is no put option (sell it back to the issuer) to this issue for investors. The issuer has full discretion as to which bonds to be redeemed early, and the issuer will provide the bond holder a notice period of no less than 30 days before exercising the call option.

**e) Early redemption or Late redemption:**

The Issuer shall within 30 (thirty) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly.

**f) Tax Features:**

As applicable by the Govt. All payments made by the Issuer or under or in respect of or the Bonds will be subject to any present or future taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be obligated to pay any additional amounts in respect of such taxes, duties, assessments, or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such deductions or withholdings to Bondholders.

**g) Costs related to the issue:**

<b>A Issue Manager's Fees</b>		
Issue Managers Fees	0.35% of the issue size	10,500,000
VAT against Issue Management Fees	15% of the issue management fees	1,575,000
<b>Sub Total</b>		<b>12,075,000</b>
<b>B Commission (BSEC) Fees</b>		
Application Fees	Fixed	10,000
Consent Fees	0.1% of the total face value	3,000,000
<b>Sub Total</b>		<b>3,010,000</b>
<b>C Credit Rating fees for Tenor (6 Years)</b>		
Credit Rating fees for Tenor (6 Years)	At Actual	600,000
VAT	15% of Credit rating Fees	90,000
<b>Sub Total</b>		<b>690,000</b>
<b>D Arrangement Fees</b>		
Arrangement Fees	1% of arrangement amount	30,000,000
VAT against arrangement fees	15% of arrangement fees	4,500,000
<b>Sub Total</b>		<b>34,500,000</b>
<b>E Trustee Related Fees</b>		
Trustee Fess	(Including application, consent and annual fees)	4,900,000
VAT against Trustee Fess	15% of the trustee fees	735,000
<b>Sub Total</b>		<b>5,635,000</b>
<b>F Paying Agent and Registrar Fees</b>		
Registrar Fees	(2 lac taka each year)	1,200,000
VAT against Registrar Fess	15% of Registrar Fees	180,000
<b>Sub Total</b>		<b>1,380,000</b>
<b>G Printing and Private placement Expenses</b>		
Publication of Information Memorandum (IM)	At Actual	1,000,000
Stationeries and other expenses	At Actual	800,000
<b>H CDBL Related fees</b>		
CDBL fees on share conversion	0.015% of issue size BDT 3,000,000,000	450,000
Security Deposit	Fixed	500,000
Documentation fees	At Actual	2,500
Annual Fees	At Actual	500,000
Connection Fees	1000 tk/month for 6 years	72,000
Bond credit Fees	At actual	500,000
<b>Sub Total</b>		<b>2,024,500</b>
<b>I Any other Expenses</b>		
Any other Expenses	At actual related to Bond	At actual
<b>Sub Total</b>		<b>59,314,500</b>

## h) Repayment schedule:

### Alif Industries Limited

Convertible Bond of Tk. 300 Crore

Repayment schedule

Subscription amount: Tk. 1,000,000 assuming declared dividend 10%

Year	Month	Tentative Date	Subscription	Conversion	Remaining Principal	Interest Rate	* 10% of Dividend (Dividend: 10%)	Total	** Gross Interest Amount
0	0	30-06-2022			1,000,000				
	6	31-12-2022	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
1	12	30-06-2023	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
	18	31-12-2023	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
2	24	30-06-2024	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
	30	31-12-2024	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
3	36	30-06-2025	1,000,000	250,000	750,000	7.00%	1.00%	8.00%	40,000
	42	31-12-2025	1,000,000	-	750,000	7.00%	1.00%	8.00%	30,000
4	48	30-06-2026	1,000,000	250,000	500,000	7.00%	1.00%	8.00%	30,000
	54	31-12-2026	1,000,000	-	500,000	7.00%	1.00%	8.00%	20,000
5	60	30-06-2027	1,000,000	250,000	250,000	7.00%	1.00%	8.00%	20,000
	66	31-12-2027	1,000,000	-	250,000	7.00%	1.00%	8.00%	10,000
6	72	30-06-2028	1,000,000	250,000	-	7.00%	1.00%	8.00%	10,000
					<b>1,000,000</b>				<b>360,000</b>

\* Calculation of interest rate on declared dividend

Cash dividend	5%
Stock dividend	5%
Total dividend	<b>10%</b>
So, 10% of latest declared dividend (Cash and Bonus) to the ordinary share-holders	<b>1%</b>

\*\* The gross interest amount is subject to govt. tax. Please see Page- 15, (f) Tax Features.

Subscription amount: Tk. 1,000,000 assuming declared dividend 20%

Year	Month	Tentative Date	Subscription	Conversion	Remaining Principal	Interest Rate	* 10% of Dividend (Dividend: 20%)	Total	** Gross Interest Amount
0	0	30-06-2022			1,000,000				
	6	31-12-2022	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
1	12	30-06-2023	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
	18	31-12-2023	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
2	24	30-06-2024	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
	30	31-12-2024	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
3	36	30-06-2025	1,000,000	250,000	750,000	7.00%	2.00%	9.00%	45,000
	42	31-12-2025	1,000,000	-	750,000	7.00%	2.00%	9.00%	33,750
4	48	30-06-2026	1,000,000	250,000	500,000	7.00%	2.00%	9.00%	33,750
	54	31-12-2026	1,000,000	-	500,000	7.00%	2.00%	9.00%	22,500
5	60	30-06-2027	1,000,000	250,000	250,000	7.00%	2.00%	9.00%	22,500
	66	31-12-2027	1,000,000	-	250,000	7.00%	2.00%	9.00%	11,250
6	72	30-06-2028	1,000,000	250,000	-	7.00%	2.00%	9.00%	11,250
					<b>1,000,000</b>				<b>405,000</b>

\* Calculation of interest rate on declared dividend

Cash dividend	10%
Stock dividend	10%
Total dividend	<b>20%</b>
So, 10% of latest declared dividend (Cash and Bonus) to the ordinary share-holders	<b>2%</b>

\*\* The gross interest amount is subject to govt. tax. Please see Page- 15, (f) Tax Features.



**i) Call or put option, and premium or discount thereof, if any:**

The issuer has the right to redeem (call) the “AIL Convertible Bond” earlier than maturity @ 0.25 % premium. However, there is no put option (sell it back to the issuer) to this issue for investors. The issuer has full discretion as to which bonds to be redeemed early, and the issuer will provide the bond holder a notice period of no less than 30 days before exercising the call option.

**j) Credit enhancement or guarantee, if any:**

Total interest payable of the tenure of the bond will be fully secured by the bank guarantee. This bank guarantee will be provided in favor of trustee by the issuer.

**k) Enforcement of charges over securities:**

There is no such provision. The bond will be fully convertible to ordinary shares of AIL over its tenure starting from the end of third year.

**Description of collateral security and type of charges to be created against the issue:**

The interest payable to the bondholders over its tenure will be guaranteed by the bank guarantee given by the issuer in favor of trustee. The principal portion of the bond will be converted to the ordinary shares (therefore there is no chance of default of principal payment) over its tenure starting from the end of third year.

Therefore, the bond has no chance of default in terms of interest and principal payment.

## **Rights and obligations of the issuer and/or originator;**

### **1 Covenant to Pay**

The Issuer covenants with the Trustee that it shall, as and when any of the interest payment under the Bonds become due for payment on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds, the interest payments of the Bonds becoming due for payment, repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:

1.1 every payment of interest in respect of the Bonds or any of them made to or to the account of the Paying Agent i.e. Trustee in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions.

1.2 if any payment of interest in respect of the Bonds or any of them is made after the due date then "condition of the bond" shall be applicable in respect of delayed payment and, payment shall be deemed partial payment until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions

### **2 Following an Event of Default**

At any time after any Event of Default shall have occurred, the Trustee may:

2.1 by notice in writing to the Issuer, the Paying Agent and the other Agents, require the Paying Agent and the other Agents or any of them, until notified by the Trustee to the contrary:

(a) to act thereafter as agents of the Trustee under the provisions of this Trust Deed on the terms provided in the Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out of pocket expenses of the Agents shall be limited to amounts for the time being held by the Trustee on the trusts of this Trust Deed in relation to the Bonds on the terms of this Trust Deed and available to the Trustee for such purpose) and thereafter to hold all Bond related documents and all sums, documents and records held by them in respect of Bonds on behalf of the Trustee; and/or

(b) to deliver up all Bond related documents and all sums, documents and records held by them in respect of Bonds to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any document or record which the relevant Agent is obliged not to release by any law or regulation; and

2.2 by notice in writing to the Issuer, require it to make all subsequent payments in respect of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such

notice is withdrawn, sub-clause 1.1 of Clause 1 (Covenant to Repay) and (so far as it concerns payments by the Issuer) Clause 18.2 (Payment to Bondholders) shall cease to have effect.

3 Covenant to comply with Trust Deed, conditions, Schedules, Agency Agreement and applicable law

3.1 The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Agency Agreement, the Conditions (including, without limitation, Condition 5 (Covenants)) and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.

3.2 The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of the applicable law including but is not limited to The Securities and Exchange Commission (Debt Securities) Rules 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.

3.3 The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions and the applicable law as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

4 Covenants by the Issuer

The Issuer hereby covenants with the Trustee that, so long as any of the Bonds remain outstanding, it will:

4.1 Books of account

At all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;

4.2 Event of Default

Give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action;

4.3 Corporate Governance

Comply (and shall ensure that each member of the Group will) in all material respects with the corporate governance guidelines set out by the Bangladesh Securities and Exchange Commission.

4.4 Information

So far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and in such form as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents;

4.5 Execution of further Documents

So far as permitted by applicable law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed;

#### 4.6 Notices to Bondholders

Send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;

#### 4.7 Notification of non-payment

Notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, and notify the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;

#### 4.8 Notification of late payment

In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made;

#### 4.9 Notification of Call Exercise Date

Not less than 30 (thirty) days prior to the Call Exercise Date in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly;

#### 4.10 Obligations of Agents:

Observe and comply with its obligations and use all reasonable endeavors to procure that the Agents observe and comply with all their obligations under the Agency Agreement; maintain the Register; and notify the Trustee immediately it becomes aware of any material breach of such obligations, or failure by any Agent to comply with such obligations, in relation to the Bonds;

#### 4.11 Authorized Signatories

Upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same; and

#### 4.12 Payments

Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by laws of the land.

## **Rights and obligations of the trustee:**

### **1 Trustee's Rights**

1.1 Applicable Law: Notwithstanding anything contained in this Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to The Securities and Exchange Commission (Debt Securities) Rules 2021 together with all its amendment, modification or ratification thereof.

1.2 Advice: The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission. However, the trustee should also perform the standard due diligence process in case of receipt of any advice, whatever means the communication form either print or electronic, in relation to the issuance of the bond;

1.3 Resolution or direction of Bondholders: the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;

1.4 Trustee not responsible for investigations: save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;

1.5 Events of Default: save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and

1.6 Right to Deduct or Withhold: notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be

otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall act to make such deduction or withholding as per the prevailing laws of the land.

1.7 Liability: Under no circumstance will the Trustee be liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of business, goodwill, opportunity or profit), whether or not foreseeable, even if the Trustee has been advised of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise. This Clause 1.8 shall survive the termination or expiry of this Trust Deed or the removal or termination of the Trustee.

1.8 Force Majeure: The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labor disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above.

1.9 Immunities: The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Deed and final payment of the Bonds.

1.10 Professional charges: any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person). In this connection prior approval from the Issuer should be obtained by the Trustee.

1.11 Expenditure by the Trustee: nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the

repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it, subject to prior approval from the Issuer; and

1.12 **Restriction on financial transactions with the Issuer:** The Trustee and its directors and officers shall be precluded from making any contracts or entering into any transactions (“Other Business) with the Issuer which would place its fiduciary duties towards the Bondholders in conflict with its rights and obligations in such Other Business.

1.13 **Trustee Liability:** The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds, more particularly payment of interest on Bonds and conversion of such Bonds, save in relation to its own gross negligence, willful default or fraud. Trustee will not be liable for any compensation to Bond Holders in the event that the issuer shuts down operation or goes in to liquidation prior to conversion of the bonds. The Trustee and or the Paying Agent shall not be liable, under any circumstances, for failure on the part of the Issuer to pay interest of the Bond Holders on due time.

1.14 **Right to Sue:** The Trustee may sue and may be sued on behalf of the Bondholders.

## **2 Trustee's powers and duties**

2.1 **Applicable Law:** Notwithstanding anything contained in this Trust Deed the Trustee shall have all such responsibility as set out in the applicable law including but is not limited to The Securities and Exchange Commission (Debt Securities) Rules 2021.

2.2 **Act for Bondholders:** Subject to applicable law and terms and conditions of this Trust Deed Trustee shall act on behalf and for the exclusive interest of the Bondholders;

2.3 **Monitoring:** Trustee shall ensure that Issuer is observing the applicable law for the Bonds and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach;

2.4 **Report to BSEC:** Trustee shall submit an annual compliance report to the BSEC on the activities of the Issuer including repayment of dues to the Bondholders. When Trustee shall submit such report to the BSEC it shall provide copy to the Issuer and the Bondholders. However, in case of any non-compliance of the Issuer, the trustee shall first provide a copy of the report to the Issuer with details of such non-compliance and then submit to the BSEC;

2.5 **Notification of call or repayment:** immediately upon receipt of notice from the Issuer regarding a Call Exercise Date in respect of any Bond, give to the respective Bondholders notice in writing of the amount of such redemption or purchase by the Issuer pursuant to the Conditions;

2.6 **Grievances of the Bondholders:** Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

2.7 Trustee's determination The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;

2.8 Determination of questions: the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

2.9 Trustee's discretion: the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;

2.10 Trustee's consent: any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;

2.11 Application of proceeds: the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond related documents to the Bondholders;

2.12 Error of judgment: the Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters;

2.13 Agents: Subject to the provisions of the Trust Act 1882 and The Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person;

2.14 Confidential information: the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or



other information made available to the Trustee by the Issuer in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

2.15 Determination of Interest Rate: the Trustee shall determine Applicable Interest Rate in accordance with the issuer's corporate declaration and the features of the bond.

### 3 Exercise of Discretion

3.1 Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 66<sup>2/3</sup> percent principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of Bondholders.

3.2 The Trustee will be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any exercise or non-exercise of a discretion or the making or failure to make any determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

## **Rights and obligations of the issue manager, underwriter, or any other contractual parties:**

### RIGHTS & OBLIGATIONS OF THE ISSUE MANAGER

The Issue Manager warrant and represent to ISSUER that:

The Issue Manger are a valid and legally constituted and has obtained necessary and requisite licenses, approvals, and permits (as the case may be) from the Bangladesh Securities and Exchange Commission (BSEC) and any other authorities/agencies concerned to carry on the business as Manager to Issue with regard to the Bond Issue Management.

The Issue Manger will provide all the Services in accordance with the requirement of the law, especially in strict compliance to the Bangladesh Securities and Exchange laws, regulations, notifications, and directions issued from time to time prior to and on the date of the BOND OFFER, the Companies Act, the Listing Rules etc.

The Issue Manger shall a Due Diligence Certificate in favor of ISSUER to execute BOND OFFER in compliance with the "Bangladesh Securities Exchange Commission (Debt Securities) Rules 2021" only upon the Issue Managers satisfaction on independent verification of different papers, reports, documents and other material facts and disclosures to evaluate authenticity and integrity of the Company through several discussions with the officials and Directors of ISSUERS.

The Issues Managers take all possible precaution and care and employ best of its expertise skills and service for the BOND OFFER.

The Issue Managers shall keep a record for the next 5 (five) years after BOND OFFER approval for any inspection or queries by the Commission as per the guideline of “Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021”.

The Issue Manager shall ensure its competence for approval but not extent any guarantee from the regulator which is beyond control.

#### RIGHTS & OBLIGATIONS OF THE UNDERWRITER, OR ANY OTHER CONTRACTUAL PARTIES

The issuer did not appoint any underwriter, or any other contractual parties.

#### **Rights of the investors:**

- 1 Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors, and which shall be an integral part of the Trust Deed.
- 2 The rights of the Bondholder are several and any debt or other obligation arising under the Subscription Agreement at any time from the Issuer to any other Bondholder(s) shall be a separate and independent debt. Each Bondholder will be entitled to protect and enforce its individual rights independently. It shall not be necessary for any other Bondholder(s) to be joined as an additional party in proceedings for such purpose.
- 3 Each Bondholder has the right to demand information from the Issuer as set out in this Trust Deed.
- 4 Each Bondholder has the right to receive ordinary shares of Alif Industries Limited as set forth in the conditions of conversion, at the end of due tenure.
- 5 Each Bondholder has the right to receive interest on the Bond on the Interest Payment Date.
- 6 Each Bondholder has the right to attend meeting of the Bondholders and vote.
- 7 The Issuer shall fully indemnify the Bondholder(s) from and against any expense, loss, damage or liability which any of them may incur as per provisions of this Trust Deed in connection with the enforcement, protection or preservation of any right or claim of the Bondholders under the Transaction Documents.

Description of the issuer or originator in respect of the following, namely :-

a) Capital structure:

Share Capital	31.12.2021	30.06.2021	30.06.2020
<b>i Authorized Capital</b>			
150,000,000 ordinary Shares @ Tk 10 each.	4,000,000,000	1,500,000,000	1,500,000,000
<b>ii Issued, Subscribed and Paid-up Capital</b>			
44,251,669 Ordinary Shares @ Tk 10 each.	442,516,690	442,516,690	442,516,690
	<b>442,516,690</b>	<b>442,516,690</b>	<b>442,516,690</b>
<b>iii Detail Break up of issued, Subscribed and Paid-up Share Capital</b>			
Ordinary Shares	205,000,000	205,000,000	205,000,000
Stock Dividend @12% in 2015	24,600,000	24,600,000	24,600,000
Stock Dividend @31% in 2016	71,176,000	71,176,000	71,176,000
Stock Dividend @25% in 2017	75,194,000	75,194,000	75,194,000
Stock Dividend @10% in 2018	37,597,000	37,597,000	37,597,000
Stock Dividend @7% in 2019	28,949,690	28,949,690	28,949,690
<b>Total Shares</b>	<b>442,516,690</b>	<b>442,516,690</b>	<b>442,516,690</b>

iv Share Holding Patterns	As on 31 December, 2021		As on 30 June, 2021		As on 30 June, 2020	
	No of Shares	%	No of Shares	%	No of Shares	%
Sponsor/ Directors	14,758,705	33.35%	14,758,705	33.35%	14,758,705	33.35%
Institutions	5,439,414	12.29%	6,679,167	15.09%	4,664,125	10.54%
General Public and Others	24,053,550	54.36%	22,813,797	51.55%	24,828,839	56.11%
<b>Total Shares</b>	<b>44,251,669</b>	<b>100%</b>	<b>44,251,669</b>	<b>100%</b>	<b>44,251,669</b>	<b>100%</b>

v The Share holding position of the company are as follows:

Particulars	As on 31 December, 2021		As on 30 June, 2021		As on 30 June, 2020	
	No of Shares	TK	No of Shares	TK	No of Shares	TK
MD. AZIZUL ISLAM	1,566,879	15,668,790	1,566,879	15,668,790	1,566,879	15,668,790
MD. AZIMUL ISLAM	11,337,846	113,378,460	11,337,846	113,378,460	11,337,846	113,378,460
LUBNA ISLAM	922,441	9,224,410	922,441	9,224,410	922,441	9,224,410
M/S ALIF APPARELS LTD	931,539	9,315,390	931,539	9,315,390	931,539	9,315,390
INSTITUTIONS	5,439,414	54,394,140	6,679,167	66,791,670	4,664,125	46,641,250
GENERAL PUBLIC	24,053,550	240,535,500	22,813,797	228,137,970	24,828,839	248,288,390
<b>Total</b>	<b>44,251,669</b>	<b>442,516,690</b>	<b>44,251,669</b>	<b>442,516,690</b>	<b>44,251,669</b>	<b>442,516,690</b>

vi Classification of Shares by holding as on 31.12.2021

Slabs by No of Shares	As on 31 December, 2021		As on 30 June, 2021		As on 30 June, 2020	
	No of Share Holders	Shareholder %	No of Share Holders	Shareholder %	No of Share Holders	No of Share Holders
Less than 500 Shares	1306	33.32%	1632	32.54%	2,544	36.72%
500 to 5,000 Shares	1839	46.93%	2418	48.21%	3,296	47.57%
5,001 to 10,000 Shares	313	7.99%	423	8.43%	528	7.62%
10,001 to 20,000 Shares	194	4.95%	268	5.34%	308	4.45%
20,001 to 30,000 Shares	92	2.35%	100	1.99%	98	1.41%
30,001 to 40,000 Shares	34	0.87%	48	0.96%	45	0.65%
40,001 to 50,000 Shares	27	0.69%	26	0.52%	30	0.43%
50,001 to 100,000 Share	65	1.66%	53	1.06%	41	0.59%
100,001 to 1,000,000 Sh	44	1.12%	42	0.84%	33	0.48%
Over 1,000,000 Shares	5	0.13%	6	0.12%	6	0.09%
<b>Total</b>	<b>3919</b>	<b>100%</b>	<b>5016</b>	<b>100%</b>	<b>6,929</b>	<b>100%</b>

**b) Business;**

Alif Industries Limited (AIL) (previously known as Sajib Knitwear) was incorporated as a Private Limited Company vide registration No.C-22524(932)/92 dated August 02, 1992 under the Company Act, 1913. It was converted to a ‘Public Limited Company’ in 1995. The Company went for Initial Public Offering (IPO) in September 1995, and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in December 1995. The company changed its name from “Sajib Knitwear and Garments Limited” to “Alif Industries Limited” on March 2015.

The company started its business as an export oriented Garments industry having full composite unit, knitting, dyeing & garments.

<b>Company at a glance</b>	
Issuer	Alif Industries Limited
Date of Incorporation	02 August, 1992
Date of Commercial Operation	31 August, 1992
Converted to public limited company	1995
Floatation of shares	30 September, 1995
Listed in DSE	06 December, 1995
Listed in CSE	09 December, 1995

**c) Management:**

The Management Committee comprises of top senior officials headed by Managing Director. The management committee deals with entire organizational matter. The Management Committee comprises of the following members:

Mr. Md. Azimul Islam: Managing Director

Mr. Md. Shafiqul Islam: Head of Internal Audit

Mr. Mohammad Hanif: Chief Financial Officer

Mr. Md. Rafiqul Islam: Director as nominee of Alif Apparels Ltd.

Mr. Mahfuzur Rahman: Acting Secretary

**d) Description of encumbered and unencumbered assets with value thereof:**

There are no encumbered assets of AIL, all assets are unencumbered.

**e) Brief profile of directors/owners of the issuer or originator:**

**Mr. Md. Azizul Islam- Chairman**

Mr. Md. Azizul Islam has a reputation to be a commercially important person (CIP) for the last 18 years. He is the honorable chairman of Alif Group. Alif Group has been awarded the National Export Trophy Gold for 4 years being the highest exporters, by Export Promotion Bureau. He has been operating largest Export oriented business of the country since 1984.

**Mr. Md. Azimul Islam- Managing Director**

Mr. Md. Azimul Islam has obtained MBA from USA. He is Honorable Managing Director of Alif Group and the chairman of Alif SSL Sports Holding Ltd. (A concern of Alif Group). “Sylhet Superstars” is a franchise cricket team of Bangladesh Cricket Board (BCB) operated by Alif SSL Sports Holding Ltd. He has started his business carrier in Apparels sectors since 2008

**Mrs. Lubna Islam- Director:**

Dr. Lubna Islam is the eldest daughter of Mr. Azizul Islam, honorable chairman of the Alif Group. Dr. Lubna Islam is an MBBS doctor by profession. She has also completed her MBA.

**Mr. Md. Rafiqul Islam, Nominated Director: (Represented by Alif Apparels Ltd)**

Mr. Md. Rafiqul Islam completed the Masters in Accounting from the Rajshahi University. He started his professional career from 1992 in the Garments Industry. He is expert in Business Accounting and Management Development

**Mr. Golam Mostafa- Independent Director**

Mr. Golam Mustafa has completed MBA from Dhaka University. He started his professional career from Dhaka Bank Limited– Bangladesh. Subsequently, worked for ICB Islamic Bank Limited-Bangladesh, IDLC finance Limited- Bangladesh and joined in Garments Industries in 2015. He is expert in business accounting and management development and his leadership capabilities contributing greatly to the company.

**f) Brief description of assets and liabilities:**

**ALIF INDUSTRIES LIMITED**

STATEMENT OF FINANCIAL POSITION  
AS AT

Particulars	Amount in (Taka)			
	31.12.2021	30.06.2021	30.06.2020	30.06.2019
<b>ASSETS:</b>				
<b>I. Non-Current Assets</b>	<b>353,809,415</b>	<b>357,263,130</b>	<b>330,202,118</b>	<b>336,183,831</b>
Property, Plant and Equipments	351,294,274	354,747,989	327,686,977	333,668,690
Advances , Deposits & Pre-payments	2,515,141	2,515,141	2,515,141	2,515,141
<b>II. Current Assets:</b>	<b>988,242,805</b>	<b>745,563,083</b>	<b>725,087,168</b>	<b>748,808,861</b>
Inventories	206,345,117	173,803,600	199,615,685	178,045,882
Trade Receivable	739,463,188	537,726,292	470,358,257	470,188,343
Export Incentive Receivable	1,554,626	1,554,626	1,554,626	1,554,626
Income Tax deducted at Source	23,250,302	22,053,251	13,672,648	12,139,868
Cash & Cash Equivalents	17,629,572	10,425,314	39,885,952	86,880,142
<b>Total</b>	<b>1,342,052,220</b>	<b>1,102,826,213</b>	<b>1,055,289,286</b>	<b>1,084,992,690</b>
<b>EQUITY AND LIABILITIES</b>				
<b>III. Shareholders' Equity</b>	<b>947,660,552</b>	<b>958,614,991</b>	<b>894,208,451</b>	<b>861,461,986</b>
Share Capital	442,516,690	442,516,690	442,516,690	413,567,000
Retained Earnings	242,180,476	251,808,035	184,747,732	178,297,196
Tax Holiday Reserve	2,481,728	2,481,728	2,481,728	2,481,728
Revaluation Reserve	260,481,658	261,808,538	264,462,300	267,116,062
<b>IV. Non-Current Liabilities</b>	<b>2,270,837</b>	<b>1,281,602</b>	<b>22,475,467</b>	<b>22,943,778</b>
Deferred Tax Liability	2,270,837	1,281,602	22,475,467	22,943,778
<b>V. Current Liabilities</b>	<b>392,120,831</b>	<b>142,929,620</b>	<b>138,605,368</b>	<b>200,586,926</b>
Accrued Expenses	4,168,567	4,130,686	5,319,858	5,238,265
Liabilities for Goods	215,224,564	34,281,340	984,630	77,239,008
Short Term Loan	20,530,000	-	-	-
Provision for WPPF	5,297,187	5,297,187	5,297,187	2,633,558
Dividend Payable	48,741,724	4,558,009	41,376,901	35,773,080
Unclaimed / Unpaid Dividend	1,007,387	1,007,387	-	-
Provision for Income Tax	97,151,402	93,655,011	85,626,792	79,703,015
<b>Total</b>	<b>1,342,052,220</b>	<b>1,102,826,213</b>	<b>1,055,289,286</b>	<b>1,084,992,690</b>
<b>Net Asset Value (NAV) per Share</b>	<b>21.42</b>	<b>21.66</b>	<b>20.21</b>	<b>20.35</b>

**g) Brief description of previously issued debt or equity securities or such other securities:**

The Share holding position of the company are as follows:

Particulars	As on 31 December, 2021		As on 30 June, 2021		As on 30 June, 2020	
	No of Shares	TK	No of Shares	TK	No of Shares	TK
MD. AZIZUL ISLAM	1,566,879	15,668,790	1,566,879	15,668,790	1,566,879	15,668,790
MD. AZIMUL ISLAM	11,337,846	113,378,460	11,337,846	113,378,460	11,337,846	113,378,460
LUBNA ISLAM	922,441	9,224,410	922,441	9,224,410	922,441	9,224,410
M/S ALIF APPARELS LTD	931,539	9,315,390	931,539	9,315,390	931,539	9,315,390
INSTITUTIONS	5,439,414	54,394,140	6,679,167	66,791,670	4,664,125	46,641,250
GENERAL PUBLIC	24,053,550	240,535,500	22,813,797	228,137,970	24,828,839	248,288,390
<b>Total</b>	<b>44,251,669</b>	<b>442,516,690</b>	<b>44,251,669</b>	<b>442,516,690</b>	<b>44,251,669</b>	<b>442,516,690</b>

**Auditors’ report along with the audited financial statements of the issuer or originator, as applicable made up to a date not older than 270 (two hundred seventy) days from the date of issue of the IM:**

## **Independent Auditor’s Report To the Shareholders ‘Alif Industries Limited’**

### **Report on the Half-Yearly Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of ‘**Alif Industries Limited**’ (‘the company’) which comprise the Statement of Financial Position on 31 December, 2021 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of ‘**Alif Industries Limited**’ as of 31 December, 2021 and results of its financial performance and its cash flows for the year then ended & comply with the Companies Act 1994, & other applicable laws & regulations.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgments, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1.Revenue Recognition Ref: Note 23.00	
Key audit matters	How our audit address the matter
<p>Export Sales Revenue is recognized for Tk.328,316,332/- for the year ended 31 December, 2021.</p> <p>Revenue recognition has significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax. Since, revenue recognition is one of the performance indicators in almost all sector, there always exist risk of revenue smoothing or window dressing.</p> <p>Under IFRS 15 revenue is recognized when a</p>	<p>-Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts.</p> <p>-We tested the completeness of journal entries compared to financial statements and make sure that there are no unusual items.</p> <p>-We checked company monthly VAT return and confirmed the amount disclosed as direct export &amp; deemed export.</p>

<p>performance obligation is satisfied by transferring control over a promised good or service.</p>	<p>-On sample basis, we tested the export proceed documents and other supporting like bill of lading, bill of export, challan and also check some receivables balances of material figure to match against balance sheet date. We also review the sales contract agreements with different buyer.</p> <p>-We further performed testing for to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.</p> <p>-We checked bank confirmation for direct export realization and amount of tax deducted at source.</p> <p>-We verified the adequacy of disclosure made under IFRS-15 Revenue from contracts with Customers.</p>
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2. Valuation of Inventory  
Ref: Note 7.00

Key audit matters	How our audit address the matter
<p>Closing inventory of Tk. 206,345,117/- represents 20.88 % of current assets and almost 15.37% of total assets .The closing inventory figure have significant impact in determining the cost of goods sold.</p> <p>Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value.</p>	<p>Our audit approach includes but not limited to the followings:</p> <p>-We gained a clear understanding of recording and valuation methods and operating effectiveness regarding Inventory.</p> <p>-We made sure that closing balances care carried forward correctly and current year purchase amounts are in agreement with ledger balances.</p> <p>-It was hard for us to conduct an inventory count at balance sheet date due to restrictions and health awareness imposed by COVID-19 pandemic situation.</p> <p>-We also assess the competency of the management team conducted the year inventory count and the basis used by them as disclosed in note no 3.02.</p> <p>-We reviewed the company’s policy of accounting for obsolete, damaged &amp; slow</p>



	<p>moving items along with procedure for disposal.</p> <p>-We have checked the physical safeguard of inventory held at warehouse of the company.</p> <p>- We also reviewed the requisition process of inventory and control on dispatch of items.</p> <p>-We have also considered the adequacy of the company's disclosures in respect of the levels of provisions against inventory.</p>
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3. Information Technology System and Control (IT Controls)	
Key audit matters	How our audit address the matter
<p>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses several systems for its overall financial reporting.</p> <p>All insurance companies are highly dependent on technology due to the significant number of transactions that are processed daily. A significant part of the Company's financial processes is heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions. Thus, there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p>	<p>Our audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems.</p> <p>-Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;</p> <p>-Understand IT application controls covering: -user access and roles, segregation of duties; and o key interfaces, reports, reconciliations and system processing;</p> <p>-Test the IT application controls for design and operating effectiveness for the audit period</p> <p>-Sample testing of key control over IT systems having impact on financial accounting and reporting;</p> <p>-Assessed the IT system processes for effectiveness of some of the key controls with respect to financial accounting and reporting records by sample testing; and</p> <p>-Reviewed the report of independent information system auditors which has further confirmed the various system control measures adopted by the Company.</p>

**Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) 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;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

Place:Dhaka  
Date:30 January, 2022

Sd/-  
**Md.Mohiuddin Ahmed FCA,CFC**  
Enrollment no: 1046  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants

## ALIF INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2021

Particulars	Notes	Amount in (Taka)	
		Audited	Audited
		31.12.2021	30.06.2021
<b>ASSETS:</b>			
<b>I. Non-Current Assets</b>		<b>353,809,415</b>	<b>357,263,130</b>
Property, Plant and Equipments	5.00	351,294,274	354,747,989
Advances , Deposits & Pre-payments	6.00	2,515,141	2,515,141
<b>II. Current Assets:</b>		<b>988,242,805</b>	<b>745,563,083</b>
Inventories	7.00	206,345,117	173,803,600
Trade Receivable	8.00	739,463,188	537,726,292
Export Incentive Receivable	9.00	1,554,626	1,554,626
Income Tax deducted at Source	10.00	23,250,302	22,053,251
Cash & Cash Equivalents	11.00	17,629,572	10,425,314
<b>Total</b>		<b>1,342,052,220</b>	<b>1,102,826,213</b>
<b>EQUITY AND LIABILITIES</b>			
<b>III. Shareholders' Equity</b>		<b>947,660,552</b>	<b>958,614,991</b>
Share Capital	12.00	442,516,690	442,516,690
Retained Earnings	13.00	242,180,476	251,808,035
Tax Holiday Reserve	14.00	2,481,728	2,481,728
Revaluation Reserve	15.00	260,481,658	261,808,538
<b>IV. Non-Current Liabilities</b>		<b>2,270,837</b>	<b>1,281,602</b>
Deferred Tax Liability	16.00	2,270,837	1,281,602
<b>V. Current Liabilities</b>		<b>392,120,831</b>	<b>142,929,620</b>
Accrued Expenses	17.00	4,168,567	4,130,686
Liabilities for Goods and others	18.00	215,224,564	34,281,340
Short Term Loan	19.00	20,530,000	-
Provision for WPPF	20.00	5,297,187	5,297,187
Dividend Payable	21.00	48,741,724	4,558,009
Unclaimed / Unpaid Dividend	21.01	1,007,387	1,007,387
Provision for Income Tax	22.00	97,151,402	93,655,011
<b>Total</b>		<b>1,342,052,220</b>	<b>1,102,826,213</b>
<b>Net Asset Value (NAV) per Share</b>		<b>21.42</b>	<b>21.66</b>

The annexed notes form an integral part of these financial statements.

Sd/- Chairman      Sd/- Managing Director      Sd/- Director      Sd/- Company Secretary      Sd/- Chief Financial Officer

*SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE*

Date: 30.01.2022  
Place: Dhaka

Sd/-  
Md. Mohiuddin Ahmed |  
Enrollment no: 1046  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants

## ALIF INDUSTRIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Particulars	Notes	Amount (Taka)			
		Audited	Un-audited	Un-audited	Un-audited
		01-07.-2021 to 31-12.2021	01-07.-2020 to 31-12.2020	01-10-2021 to 31-12.2021	01-10-2020 to 31-12.2020
Turnover	<b>23.00</b>	328,316,332	288,493,083	168,778,829	146,477,402
Less: Cost of Sales	<b>24.00</b>	288,564,058	249,975,050	148,343,938	125,032,375
<b>Gross Profit</b>		<b>39,752,274</b>	<b>38,518,034</b>	<b>20,434,891</b>	<b>21,445,027</b>
<b>Less: Operating Expenses</b>					
Administrative Selling & Distribution E	<b>25.00</b>	2,460,587	2,427,250	1,242,940	1,214,800
<b>Operating Profit</b>		<b>37,291,687</b>	<b>36,090,784</b>	<b>19,191,951</b>	<b>20,230,227</b>
Add: Other Income	<b>26.00</b>	511,935	7,673	512,088	780
<b>Profit Before Financial Charges &amp; Taxes</b>		<b>37,803,622</b>	<b>36,098,457</b>	<b>19,704,039</b>	<b>20,231,007</b>
Less: Financial Charges	<b>27.00</b>	32,989	57,054	(7,028)	28,650
Less: Worker Profit Participation Fund ( WPPF)		-	-		
<b>Profit Before Tax</b>		<b>37,770,633</b>	<b>36,041,403</b>	<b>19,711,067</b>	<b>20,202,357</b>
<b>Less: Income Tax Expense</b>		<b>4,719,782</b>	<b>4,582,148</b>	<b>414,735</b>	<b>2,229,773</b>
Current Tax	<b>21.00</b>	3,496,391	4,014,110	531,813	2,010,173
Deferred Tax Expense/(Income)		1,223,391	568,038	(117,078)	219,600
<b>Profit After Tax</b>		<b>33,050,851</b>	<b>31,459,255</b>	<b>19,296,332</b>	<b>17,972,584</b>
<b>Other Comprehensive Income:</b>		-			
<b>Total Comprehensive Income for the year</b>		<b>33,050,851</b>	<b>31,459,254</b>	<b>16,676,757</b>	<b>17,972,584</b>

**Earnings Per Share (EPS)**                      **27.00**                      **0.75**                      **0.71**                      **0.38**                      **0.41**

The annexed notes form an integral part of these financial statements.

Sd/-                      Sd/-                      Sd/-                      Sd/-                      Sd/-  
Chairman              Managing Director              Director              Company Secretary              Chief Financial Officer

*SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE*

Date: 30.01.2022  
Place: Dhaka

Sd/-  
Md.Mohiuddin Ahmed FCA,CFC  
Enrollment no: 1046  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants

**ALIF INDUSTRIES LIMITED**

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 December 2021

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2021</b>	442,516,690	2,481,728	261,808,538	251,808,035	<b>958,614,991</b>
Profit after tax for the year				33,050,851	<b>33,050,851</b>
Cash Dividend @5% for the year 2019-20				(14,746,482)	<b>(14,746,482)</b>
Cash Dividend @10% for the year 2020-21				(29,492,964)	<b>(29,492,964)</b>
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation on Revalued Assets			(1,326,881)	1,326,881	-
Adjustment for deferred tax	-	-		234,155	<b>234,155</b>
<b>Balance as on 31.12.2021</b>	<b>442,516,690</b>	<b>2,481,728</b>	<b>260,481,657</b>	<b>242,180,476</b>	<b>947,660,551</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

Amount in BDT

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2020</b>	442,516,690	2,481,728	264,462,300	184,747,733	<b>894,208,451</b>
Profit after tax for the year	-	-		31,459,254	<b>31,459,254</b>
Stock Dividend	-	-	-	-	-
Cash Dividend				-	-
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation	-	-	(2,653,762)	2,653,762	-
<b>Balance as on 30.06.2021</b>	<b>442,516,690</b>	<b>2,481,728</b>	<b>261,808,538</b>	<b>251,808,035</b>	<b>958,614,991</b>

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

Sd/-  
Chief Financial Officer

Date: 30.01.2022

Place: Dhaka

## ALIF INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Particulars	Notes	Amount in (Taka)	
		31.12.2021	31.12.2020
<b>A. Cash Flows from Operating Activities</b>			
<b>Receipts:</b>			
Cash Collection from Sales		93,739,011	196,629,194
Cash Collection from Other Sources		538,980	1,684,622
<b>Total Receipts</b>		<b>94,277,991</b>	<b>198,313,816</b>
<b>Payments:</b>			
Payment to Suppliers		(75,315,333)	(135,551,118)
Payment to other Operating Expenses		(30,754,013)	(27,594,672)
RMG Central Fund		(74,305)	(1,453)
Advanced Income Tax paid		(1,197,051)	(2,027,074)
<b>Total Payments</b>		<b>(107,340,702)</b>	<b>(165,174,317)</b>
<b>Net Cash flows from Operating Activities</b>		<b>(13,062,711)</b>	<b>33,139,499</b>
<b>B. Cash Flows from Investing Activities</b>			
Acquisition of Fixed Assets		(207,300)	(54,455)
<b>Net Cash Flows from Investing Activities</b>		<b>(207,300)</b>	<b>(54,455)</b>
<b>C. Cash Flows from Financing Activities</b>			
Short Term Loan		20,530,000	-
Payment of Dividend		(55,731)	(800,000)
<b>Net Cash Flows from Financing Activities</b>		<b>20,474,269</b>	<b>(800,000)</b>
<b>Net Cash Inflow for the year</b>		<b>7,204,258</b>	<b>32,285,044</b>
<b>D. Opening balance of cash &amp; cash equivalents</b>		<b>10,425,314</b>	<b>39,885,952</b>
<b>E. Closing balance of cash &amp; cash equivalents</b>		<b>17,629,572</b>	<b>72,170,996</b>
<b>Net Operating Cash flow Per Share (NOCFPS)</b>	<b>30.00</b>	<b>(0.30)</b>	<b>0.75</b>

The annexed notes form an integral part of these financial statements.

Sd/- Chairman      Sd/- Managing Director      Sd/- Director      Sd/- Company Secretary      Sd/- Chief Financial Officer

Date: 30.01.2022  
Place: Dhaka

**ALIF INDUSTRIES LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE PERIOD ENDED 31 DECEMBER 2021

**01.00 BACKGROUND AND ACTIVITIES OF THE COMPANY:**

**01.01 Background of the Company:**

The company was incorporated as a Private Limited Company vide registration No.C-22524(932)/92 dated August 02, 1992 under the Companies Act, 1913. It was converted into a 'Public Limited Company' in 1995. The Company went for Initial Public Offering (IPO) in September 1995, and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in December 1995. The company changed its name from "Sajib Knitwear and Garments Limited" to "Alif Industries Limited" in March 2015. Currently company's share are listed in main platform of both DSE and CSE.

**01.02 Address of the Registered and Corporate Office:**

The registered office and corporate office of the company is located at Bilquis Tower (9<sup>th</sup> floor), House # 06, Road # 46, Gulshan Circle-2, Dhaka-1212

**01.03 Nature of Business Activities:**

The Principal activities of the company are to carry on the business of 100% export oriented knit garments

**01.04 Production Unit:**

Production unit of the company is situated at 05 Tatki, Rupganj, Narayanganj.

**02.00 SIGNIFICANT ACCOUNTING POLICIES:**

**02.01 Basis of Preparation and Presentation of the Financial Statements:**

The Financial Statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, International Accounting Standards (IASs) and International Financial Reporting Standard (IFRSs) as applicable to the company. The Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income have been prepared according to IAS I 'Presentation of Financial Statements' based on accrual basis of accounting and going concern assumption. Statement of Cash Flows of the company has been prepared under direct method in accordance with IAS 7: Statement of Cash Flows.

**02.01. (a) Going Concern**

The company has adequate resources to continue in operation for the foreseeable future. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business. For this reason the directors continue to adopt going concern basis in preparing the Financial Statement.

**02.02 Basis of Measurement:**

These financial statements have been prepared on historical cost basis except for the following items in the statement of financial position:

- (a) Land and land development is measured at revalued amount.



- (b) Building & other civil work is initially measured at cost and subsequently at revalued amount less accumulated depreciation.
- (c) Additions to property, plant & equipment after the date of revaluation is measured at cost.

**02.03 Principle Accounting Policies:**

The specific accounting policies have been selected and applied by the company’s management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with applicable IASs and IFRSs.

**02.04 Application of accounting Standards:**

The following IASs are applicable to the financial statements for the year under review:

- IAS 01 Presentation of Financial Statements
- IAS 02 Inventories
- IAS 07 Statement of Cash Flows
- IAS 08 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 12 Income Taxes
- IAS 16 Property, plant and Equipment
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related party Disclosures
- IAS 33 Earnings Per Share
- IAS 36 Impairment of Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRS 7 Financial Instruments: Disclosure
- IFRS 8 Operating Segments
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The other related IFRSs are also complied for the preparation of these financial statements.

**02.05 Valuation of Inventories:**

Inventories consisting of raw materials, work in progress, finished goods are valued at lower of cost and net realizable value as per IAS 2: Inventory. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete, and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value as the board approve from time to time. Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Category of Stocks	Basis of valuation
Raw Material	At lower of cost or net realizable value
Finished Goods:	At lower of cost or net realizable value
Goods in Transit	At lower of cost or net realizable value
WIP	At lower of cost or net realizable value

Impairment of Inventories

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow-moving items, the sales prices of the products may decrease over time. The management of the Company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment in accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recognized immediately in the Financial Statements. However, there was no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

The company conducted period end inventory count held at 31/12/2021 as per accepted guideline set by management. A management expert team consisting of members with adequate knowledge & expertise was engaged in counting and valuation of inventory. The breakdown of the components of inventory is disclosed in note no 7:00. As per accepted practice within the industry, management has made adequate declaration regarding the value & quantity of inventory as at 31/12/2021.

#### **02.06 Statement of Cash Flows:**

Statement of Cash Flow is prepared principally in accordance with IAS 7: 'Statement of Cash Flows' and the cash flows from operating activities have been presented under direct method as required by the Bangladesh Securities and Exchange Rules 1987 and Considering the para 19 of IAS 7 that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

#### **02.07 Use of estimates and judgments:**

The preparation of financial statements requires management to make and apply consistent judgments, estimates and assumptions for records and balances that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

#### **02.08 Events after the Reporting Period:**

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

#### **02.09 Income Tax:**

##### **Current Tax:**

Current income tax is provided on the taxable income for the year. During the year provision for taxation has been made at 12% as per Finance Act, 2018 and the Income Tax Ordinance, 1984 on the taxable income made by the company.

##### **Deferred Tax:**

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the

carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date. The company has recognized Deferred Tax as per provision of IAS-12: Income Taxes

**02.10 Property, Plant and Equipment:**

Property plant and equipment are shown at cost/revalued amount less accumulated depreciation. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenance expenses are charged to the Statement of Profit or Loss and other Comprehensive Income during the year when these are incurred.

**Revaluation of Property, Plant & Equipment (PPE)**

PPE have been revalued in accordance with IAS: 16 Property, Plant & Equipment.

- i) Effective date of revaluation to the financial Statements 31 December 2016.
- ii) Land & Land Developments and Buildings & other civil works has been revalued by an independent valuer, Ata Khan & CO. Chartered Accountants.
- iii) Initial revaluation surplus of Tk. 297,882,901 has been transferred to Revaluation Reserve deducting deferred tax therefrom and distribution of such surplus to the shareholders is restricted.

**02.11 Depreciation of property, plant and equipment**

Depreciation on all property, plant and equipment other than land and land development has been charged on Straight-line method considering the economic and useful lives of such assets. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The estimated depreciation rates are as follows:

Category of Fixed Assets	Rate%
Factory Building and civil Constructions	2.5
Plant and Machinery	5.0
Electrical Installation	5.0
Furniture & Fixture	5.0
Transport and Vehicles	7.5
Office Decoration	10.0
Computer	15.0

**02.12 Revenue Recognition:**

As per IFRS-15: “Revenue from contracts from customers” an entity shall account for a contract with a customer only when all of the following criteria are met:

- i) The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations,
- ii) The entity can identify each party’s right regarding the goods or services to be transferred
- iii) The entity can identify the payment terms for the goods or services to be transferred
- iv) The contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flow is expected to change as a result of the contract; and

- v) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

#### **02.13 Employee Benefits (IAS 19):**

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include short-term employee benefits such as maternity leave allowance, medical service, day care center etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

#### **02.14 The Effects of Changes in Foreign Exchange Rates:**

The financial statements are presented in Taka/Tk., which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2021 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position 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 statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

#### **02.15 Borrowing Costs:**

Borrowing costs/Financial expenses comprise of interest expense on long term loan, short term loan, finance lease, L/C commission, bank charges etc. All such costs are recognized in the statement of profit or loss and other comprehensive income except those are capitalized in accordance with IAS-23: Borrowing Costs.

#### **02.16 Related Party Disclosures:**

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. During the year the company large number of transactions with related party other than payment to directors disclosed in note # 31 B to the financial statements.

#### **02.17 Earnings per Share:**

The company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic 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 period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the year.

#### **02.18 Impairment of Assets:**

In compliance with the requirements of IAS 36: Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit or loss account. No such indication of impairment has been observed till to date.

#### **02.19 Provisions:**

In accordance with the guidelines as prescribed by IAS 37 provisions were recognized in the following situation:

- When the company has a present obligation (legal or constructive) as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the obligation

#### **02.20 Contingent liabilities and assets**

##### **Contingent liability:**

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company; or
- b) a present obligation arising from past events but not recognized because:
  - i) an outflow of resources to settle the obligation is not probable; or
  - ii) the amount of the obligation cannot be measured with sufficient reliability.

##### **Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company. During the year there were no such assets or liabilities of the company.

#### **2.21 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Derivative:**

According to IFRS 7: " Financial Instruments: Disclosures", the Company was not a Party to any derivative contract (financial instruments) at the financial statement date, such as forward contracts, future contracts to hedge risks arising from borrowings, future purchase, etc.

##### **Non-Derivative:**

Non-derivative financial instruments comprise of trade and other receivables, borrowings and other payables and are shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

## **02.22 Cash and Cash Equivalents:**

Cash and Cash Equivalents include cash in hand, cash at banks, etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

## **02.23 Trade Receivable**

Trade receivable from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates. Uncollectible receivables are charged to statement of profit or loss and comprehensive income as bad debts.

## **02.24 Trade and Other Payable:**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

## **02.25 Segment Reporting**

No segmental reporting is applicable for the company as required by IFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single operational unit.

## **02.26 Leases**

An entity shall assess a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In line with IFRS-16 Leases, an entity shall determine the lease term as the non-cancellable period of a lease together with both:

- I. Period covered by the option to extend the lease and;
- II. Period covered by the option to terminate the lease.

Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model.

The company does not hold any such right of use of asset for non-cancellable period of time in exchange for any consideration.

## **03.00 COMPLIANCE AND OTHERS:**

### **03.01 Compliance with Local Laws:**

The Financial Statements have been prepared in compliance with requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant local laws and rules.

### **03.02 Compliance with International Accounting Standards (IAS)**

The Financial Statements have been prepared in compliance with requirements of Bangladesh Accounting Standards (IASs) and Bangladesh Financial Reporting Standards (IFRSs).

### **03.03 Reporting Currency and Level of precision:**

The figures in the Financial Statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

### **03.04 Reporting period:**

The Financial year of the company covers one (1) year from 1<sup>st</sup> July 2021 to 31 December 2021 consistently.

#### 04.00 General

i. Wherever considered necessary, previous Period's figures have been rearranged for the purpose of comparison.

ii. Figures appearing in the financial statements have been rounded off to the nearest Taka.

Notes No.	Particulars	Amount in (Taka)	
		31 December, 2021	30 June, 2021
<b>5.00</b>	<b>Property, Plant &amp; Equipment</b>		
	Land & Land Development	180,000,000	180,000,000
	Building & Other Civil Works	133,088,212	135,545,751
	Machinery	250,651	44,650
	Electrical Installation	6,196,001	6,539,383
	Fire Fighting System	31,753,210	32,611,405
	Furniture & Fixture	-	-
	Office Decoration	-	-
	Computer	6,200	6,800
	<b>Total</b>	<b>351,294,274</b>	<b>354,747,989</b>

Details of property, plant and equipment have been shown in annexure A/1.

#### 6.00 Advances , Deposits & Pre-payments

##### Advance

Deposit to DESA	175,540	175,540
Deposit to Titas Gas	1,474,812	1,474,812
Deposit to T&T	80,140	80,140
Deposit to CDBL	300,000	300,000
Marginal Deposit	426,053	426,053
Advance against Office Rent	58,596	58,596
<b>Total</b>	<b>2,515,141</b>	<b>2,515,141</b>

#### 7.00 Inventories

Raw Materials-Fabrics	99,241,849	49,668,600
Raw Materials-Yarn	33,956,700	17,568,300
Raw Materials-Accessories	26,671,108	19,684,200
Packing Materials	671,300	4,836,700
Spare Parts	489,700	836,700
Work in Process	28,551,260	28,730,400
Finished Goods	16,763,200	52,478,700
<b>Total</b>	<b>206,345,117</b>	<b>173,803,600</b>

Notes No.	Particulars	Amount in (Taka)	
		31 December, 2021	30 June, 2021
<b>8.00</b>	<b>Trade Receivable</b>		
	This represents invoice value of goods delivered to customer. This is considered good and collectible		
	Trade Receivable Beginning	537,726,292	470,358,257
	Add: Sales during the year	295,475,907	553,972,140
	Less: Realized	93,739,011	486,604,105
	<b>Total</b>	<b>Tk. 739,463,188</b>	<b>537,726,292</b>
	<b>The aging of trade receivables are as follows</b>		
	Below 60 Days	41,370,870	127,660,933
	Within 61-120 Days	123,939,591	147,780,980
	Within 121-180 Days	92,043,166	158,390,700
	Over 180 Days	482,109,561	103,893,679
	<b>Total</b>	<b>Tk. 739,463,188</b>	<b>537,726,292</b>
	<b>The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:</b>		
	Receivable considered good in respect of which the company is fully secured.	43,177,293	27,660,933
	Receivable considered good in respect of which the company holds no security other than the debtor personal security.	-	-
	Receivables considered doubtful bad.	-	-
	Receivable to Directors.	-	-
	Receivables due by common management.	696,285,895	510,065,359
	The maximum amount of receivable due by any director or other officer of the company.	-	-
	<b>Total</b>	<b>Total Tk. 739,463,188</b>	<b>537,726,292</b>
	<b>Receivables due by common management included M/S. Shadhin Garments Ltd are lying with EXIM Bank Ltd.:</b>		
	Shadhin CD Account	955,800	-
	Shadhin FC Account	173,547,390	-
	Shadhin MTDR Account	1,124,635	-
	Shadhin LD Account	42,175,441	-
	<b>Total</b>	<b>Tk. 217,803,266</b>	<b>-</b>
<b>9.00</b>	<b>Export Incentive Receivable</b>		
	This receivables arise due to cash incentive on export.		
	Beginning Balance	1,554,626	1,554,626
	Add: Export Incentive claimed during the year	-	-
	Less: Realized	-	-
	<b>Total</b>	<b>Tk. 1,554,626</b>	<b>1,554,626</b>



Notes No.	Particulars	Amount in (Taka)	
		31 December, 2021	30 June, 2021
<b>10.00</b>	<b>Income Tax deducted at Source</b>		
	Opening Balance	22,053,251	13,672,648
	Addition During the year	1,197,051	180,603
	Payment through pay order	-	8,200,000
	Less: Adjustments	-	-
	<b>Total</b>	<b>23,250,302</b>	<b>22,053,251</b>
<b>11.00</b>	<b>Cash &amp; Cash Equivalents</b>		
	Cash in Hand (11.01)	13,561,217	8,390,800
	Cash at Bank (11.02)	4,068,355	2,034,514
	<b>Total</b>	<b>17,629,572</b>	<b>10,425,314</b>
<b>11.01</b>	<b>Cash in Hand</b>		
	Cash in Hand	13,561,217	8,390,800
		<b>13,561,217</b>	<b>8,390,800</b>
	The Management through balance confirmation certificate has confirmed the above balance as on December 31, 2021		
<b>11.02</b>	<b>Cash at Bank</b>		
	EXIM Bank A/C No. 3511100085318	52,497	56,082
	EXIM Bank A/C No. 03919500173701	3,876,830	1,944,278
	EXIM Bank A/C No. 039111-169486	1,926	-
	EXIM Bank A/C No. 03915200396493	133,188	23,696
	Islami Bank A/c No. FC 205010223-73610	761	761
	EXIM Bank A/C No. 03913100296723	3,153	9,697
	<b>Total Taka</b>	<b>4,068,355</b>	<b>2,034,514</b>
<b>12.00</b>	<b>Share Capital</b>		
<b>i</b>	<b>Authorized Capital</b>		
	400,000,000 ordinary Shares @ Tk 10 each.	<b>4,000,000,000</b>	<b>1,500,000,000</b>
<b>ii</b>	<b>Issued, Subscribed and Paid-up Capital</b>		
	44,251,669 Ordinary Shares @ Tk 10 each.	442,516,690	442,516,690
	<b>Total</b>	<b>442,516,690</b>	<b>442,516,690</b>
<b>iii</b>	<b>Detail Break up of issued, Subscribed and Paid-up Share Capital</b>		
	Ordinary Shares	205,000,000	205,000,000
	Stock Dividend @12% in 2015	24,600,000	24,600,000
	Stock Dividend @31% in 2016	71,176,000	71,176,000
	Stock Dividend @25% in 2017	75,194,000	75,194,000
	Stock Dividend @10% in 2018	37,597,000	37,597,000
	Stock Dividend @7% in 2019	28,949,690	28,949,690
	<b>Total</b>	<b>442,516,690</b>	<b>442,516,690</b>

iv	Share Holding Patterns	As on 31 December, 2021		As on 30 June, 2021	
		No of Shares	%	No of Shares	%
	Sponsor/ Directors	14,758,705	33.35%	14,758,705	33.35%
	Institutions	5,439,414	12.29%	6,679,167	15.09%
	General Public and Others	24,053,550	54.36%	22,813,797	51.55%
	<b>Total Shares</b>	<b>44,251,669</b>	<b>100%</b>	<b>44,251,669</b>	<b>100%</b>

v The Share holding position of the company are as follows:

Particulars	As on 31 December, 2021		As on 30 June, 2021	
	No of Shares	Amount ( Tk.)	No of Shares	Amount ( Tk.)
MD. AZIZUL ISLAM	1,566,879	15,668,790	1,566,879	15,668,790
MD. AZIMUL ISLAM	11,337,846	113,378,460	11,337,846	113,378,460
LUBNA ISLAM	922,441	9,224,410	922,441	9,224,410
M/S ALIF APPARELS LTD	931,539	9,315,390	931,539	9,315,390
INSTITUTIONS	5,439,414	54,394,140	6,679,167	66,791,670
GENERAL PUBLIC	24,053,550	240,535,500	22,813,797	228,137,970
<b>Total</b>	<b>44,251,669</b>	<b>442,516,690</b>	<b>44,251,669</b>	<b>442,516,690</b>

vi Classification of Shares by holding as on 30.06.2021

Slabs by No of Shares	As on 31 December, 2021		As on 30 June, 2021	
	No of Share Holders	Shareholder %	No of Share Holders	Shareholder %
Less than 500 Shares	1306	33.32	1632	32.54
500 to 5,000 Shares	1839	46.93	2418	48.21
5,001 to 10,000 Shares	313	7.99	423	8.43
10,001 to 20,000 Shares	194	4.95	268	5.34
20,001 to 30,000 Shares	92	2.35	100	1.99
30,001 to 40,000 Shares	34	0.87	48	0.96
40,001 to 50,000 Shares	27	0.69	26	0.52
50,001 to 100,000 Share	65	1.66	53	1.06
100,001 to 1,000,000 Sh	44	1.12	42	0.84
Over 1,000,000 Shares	5	0.13	6	0.12
<b>Total</b>	<b>3919</b>	<b>100</b>	<b>5,016</b>	<b>100</b>

13.00 Retained Earnings

	31 December, 2021	30 June, 2021
Retained Earning Beginning	251,808,035	184,747,732
Add: Profit after tax for the year	33,050,851	64,406,541
Less: Cash Dividend FY 2019-20	14,746,482	-
Less: Cash Dividend FY 2020-21	29,492,964	-
Transfer from revaluation reserve for additional depreciation	1,561,036	2,653,762
<b>Total</b>	<b>242,180,476</b>	<b>251,808,035</b>

#### 14.00 Tax Holiday Reserve

This amount is made up as per the last years account.  
Tax Holiday Reserve

	2,481,728	2,481,728
<b>Total</b>	<b>2,481,728</b>	<b>2,481,728</b>

#### 15.00 Revaluation Reserve

Land & land Development  
Factory Building  
Transfer to retained earnings for additional depreciation  
Adjustment for deferred tax

	173,000,000	173,000,000
	124,882,901	124,882,901
	(15,610,363)	(14,049,327)
	(21,790,880)	(22,025,036)
<b>Total</b>	<b>260,481,658</b>	<b>261,808,538</b>

Particulars	Book Value as on 31.12.2016	Replacment Value as on 31.12.2016
Land & land Development	7,000,000	180,000,000
Factory Building	32,780,699	157,663,600
<b>Total</b>	<b>39,780,699</b>	<b>337,663,600</b>

#### 16.00 Deferred Tax Liability/(Asset)

##### A. Temporary difference:

Written down value of PPE	69,021,736	70,914,415
Tax base value of PPE	(48,146,798)	(60,234,397)
Taxable temporary difference	20,874,938	10,680,018
Income Tax rate	<b>0.12</b>	<b>12%</b>
<b>Temporary difference</b>	2,504,992	1,281,602
Less: Adjustment of Depreciation on Revalued Assets	234,155	-
<b>Deferred Tax Liability/(Asset)</b>	<b>2,270,837</b>	<b>1,281,602</b>
Opening balance	1,281,602	145,526
<b>Expense/ (Income)</b>	<b>1,223,390</b>	<b>1,136,076</b>

#### 17.00 Accrued Expenses

Listing Fees	430,774	430,774
Salaries & Wages	2,880,832	3,082,802
Utility Bill	370,961	131,110
CDBL Fees	236,000	236,000
Audit Fees	250,000	250,000
<b>Total</b>	<b>4,168,567</b>	<b>4,130,686</b>

#### 18.00 Liabilities for Goods

Liabilities for BTB LC	180,943,224	-
Liabilities for Fire Fighting System ( Alif Garments Ltd)	34,281,340	34,281,340
<b>Total</b>	<b>215,224,564</b>	<b>34,281,340</b>

Notes No.	Particulars	Amount in (Taka)	
		31 December, 2021	30 June, 2021
<b>18.01</b>	<b>The break down is given as below:</b>		
	Opening Banalce	-	984,630
	Purchases (Through BTB LC Shadhin Gurments)	161,395,873	479,293,747
	Purchases (BTB LC Direct)	118,900,746	-
	Payment During the period through Shadin Garments	50,805,049	-
	Payment During the period BTB LC Direct	48,548,346	480,278,377
	<b>Total</b>	<b>180,943,224</b>	<b>-</b>
<b>19.00</b>	<b>Short Term Loan</b>		
	The Short Term Loan Received from EXIM Bank Ltd. This amount is made up as follows:		
	Opening Banalce	-	-
	Received during the year	28,280,000	-
	Payment During the year	7,750,000	-
		<b>20,530,000</b>	<b>-</b>
<b>20.00</b>	<b>Provision for WPPF</b>		
	Beginning Balance	5,297,187	5,297,187
	Provision made during the year	-	-
	<b>Total</b>	<b>5,297,187</b>	<b>5,297,187</b>
	<b>Reason for not providing provision for WPPF in the Audited Accounts:</b>		
	Alif Industries Limited is a 100% export orientedt garments manufacturer and member of The Bangladesh Garment Manufacturers and Exporters Association (BGMEA)). As per Sub-Section 3 of Section 232 of Bangladesh Labor Act 2006 re-placed by the Act No 30, Para 63 of the year 2013 as follows:		
	"in case of a 100% export-oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector-based central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector."		
	Amount for WPPF central fund has been deducted at source in accordance with এফইপিডি(রপ্তানি নীতি)২২০/২০১৬-১৮ and the sales rfevenue has been needed of against deduction of contribution for WPPF.		
<b>21.00</b>	<b>Dividend Payable</b>		
	<b>Opening Balance</b>	4,558,009	41,376,901
	Add: Dividend declared FY 2019-20	14,746,482	-
	Add: Dividend declared FY 2020-21	29,492,964	-
	Diivdend paid during the Period	55,731	36,818,892
	<b>Closing Balance</b>	<b>48,741,724</b>	<b>4,558,009</b>
<b>21.01</b>	<b>Unclaimed / Unpaid Dividend</b>		
	Opening	1,007,387	1,007,387
	Addition in current year	-	-
		1,007,387	1,007,387
	Transfer to Gov. Fund	-	-
		<b>1,007,387</b>	<b>1,007,387</b>
<b>22.00</b>	<b>Provision for Income Tax</b>		
	Beginning Balance	93,655,011	85,626,792
	Provision for the year	3,496,391	8,028,219
	<b>Total</b>	<b>97,151,402</b>	<b>93,655,011</b>

Particulars	01 July, 2021 to 31 December, 2021 ( Audited)	01 July, 2020 to 31 December 2020 (Un-audited)	01 October, 2021 to 31 December 2021 (Audited)	01 October 2020 to 31 December 2020 (Un-audited)
<b>23.00 Turnover</b>				
Direct Export	38,048,642	218,986,583	31,631,834	118,986,583
Deeam Export	257,427,265	-	116,990,666	-
Subcontract Bill	32,914,730	69,506,500	20,226,830	27,490,819
Less: RMG Central Fund	74,305	-	70,501	-
<b>Total</b>	<b>328,316,332</b>	<b>288,493,083</b>	<b>168,778,829</b>	<b>146,477,402</b>

**24.00 Cost of Goods Sold**

**i Raw Materials Consumed**

Beginning Raw Materials	86,921,100	108,308,375	86,556,900	108,308,375
Add: Purchase of Raw Materials	279,072,863	164,943,261	32,178,330	80,388,947
Less: Closing Stock	159,869,657	86,590,700	29,613,750	95,686,920
<b>Raw Material Consumed Total</b>	<b>206,124,306</b>	<b>186,660,936</b>	<b>89,121,480</b>	<b>93,010,402</b>

The breakdown of Raw Materials Consumptions are given as below:

**a Yarn**

Opening Balance	17,568,300	18,844,800	17,568,300	75,447,475
Add: Purchase during the period	51,145,158	39,856,330	4,003,882	32,655,900
Less: Closing Balance	33,956,700	39,388,200	-	42,899,600
<b>Sub Total ( Yarn consumption) Total</b>	<b>34,756,758</b>	<b>19,312,930</b>	<b>21,572,182</b>	<b>65,203,775</b>

**b Fabrics**

Opening Balance	49,668,600	75,447,475	49,401,800	18,844,800
Add: Purchase during the period	184,666,521	118,683,960	26,133,683	27,863,520
Less: Closing Balance	99,241,849	42,528,000	26,556,900	42,528,000
<b>Sub Total (Fabrics Consumption) Total</b>	<b>135,093,272</b>	<b>151,603,435</b>	<b>48,978,583</b>	<b>4,180,320</b>

**c Accessories (Various)**

Opening Balance	19,684,200	14,016,100	19,586,800	14,016,100
Add: Purchase during the period	43,261,184	6,402,971	2,040,766	19,869,527
Less: Closing Balance	26,671,108	4,674,500	3,056,850	10,259,320
<b>Sub Total (Accessories Consumptions) Total</b>	<b>36,274,276</b>	<b>15,744,571</b>	<b>5,091,959</b>	<b>23,626,307</b>
<b>Raw Material Consumption (Grand Total)</b>	<b>206,124,306</b>	<b>186,660,936</b>	<b>75,642,724</b>	<b>93,010,402</b>

Particulars	01 July, 2021 to 31 December, 2021 ( Audited)	01 July, 2020 to 31 December 2020 (Un-audited)	01 October, 2021 to 31 December 2021 (Audited)	01 October 2020 to 31 December 2020 (Un- audited)
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**ii Packing Materials Consumed**

Beginning Balance	4,836,700	1,982,425	4,495,259	1,982,425
Add: Purchase during the period	6,154,900	4,856,730	1,268,000	3,285,600
Less: Closing Stock	671,300	489,060	671,300	452,932
<b>Total</b>	<b>10,320,300</b>	<b>6,350,095</b>	<b>5,091,959</b>	<b>4,815,093</b>

**iii Store & Spares Consumed**

Beginning Balance	836,700	721,885	628,400	856,732
Add: Purchase during the period	3,405,387	3,296,870	1,008,987	2,685,303
Less: Closing Stock	489,700	845,600	489,700	745,210
<b>Total</b>	<b>3,752,387</b>	<b>3,173,155</b>	<b>1,147,687</b>	<b>2,796,825</b>

**iv Factory Overhead**

Salary, Wages & Overtime	22,957,446	20,796,236	12,486,043	20,496,850
Eid Bonus	660,416	-	660,416	-
Tiffin Bill	81,835	98,435	25,635	86,530
Entertainment	-	-	-	-
Electricity Bill	862,426	844,776	414,076	536,920
Electrical Expenses	-	-	-	-
Depreciation	3,661,015	3,660,890	1,786,807	1,786,800
Dyeing Charges	-	27,625,406	-	-
Knitting Charges	510,092	3,107,016	510,092	300,850
Printing Charges	55,260	308,641	7,710	469,852
Heat Setting	-	-	-	-
Fuel (CNG)	798,467	755,910	401,925	562,358
Fuel (Dissel)	98,810	120,575	41,920	218,560
Machine Oil	9,660	7,200	1,534	5,860
Medecine	3,042	1,560	-	1,550
Fire Extinguisher & Compliance	60,830	264,600	-	86,520
Insurance	279,864	170,900	279,864	126,850
Repair & Maintainance	169,310	63,850	55,342	23,658
Freight & Carrying Exp	2,263,952	1,644,790	315,945	128,450
<b>Total</b>	<b>32,472,425</b>	<b>59,470,785</b>	<b>16,987,309</b>	<b>24,831,608</b>

**v Work In Process**

Opening Work In Process	28,730,400	29,545,000	29,051,263	25,368,910
Closing Work In Process	28,551,260	28,596,700	28,551,260	26,085,200
<b>Total</b>	<b>179,140</b>	<b>948,300</b>	<b>500,003</b>	<b>(716,290)</b>

Particulars	01 July, 2021 to 31 December, 2021 ( Audited)	01 July, 2020 to 31 December 2020 (Un-audited)	01 October, 2021 to 31 December 2021 (Audited)	01 October 2020 to 31 December 2020 (Un- audited)
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**vi Cost of Sales**

Beginning Finished Goods	52,478,700	59,058,000	52,258,700	43,685,210
<b>Cost of Goods Manufactured</b>	<b>252,848,558</b>	<b>256,603,271</b>	<b>112,848,438</b>	<b>124,737,638</b>
Closing Finished Goods	16,763,200	65,686,221	16,763,200	43,390,473
<b>Total</b>	<b>288,564,058</b>	<b>249,975,050</b>	<b>148,343,938</b>	<b>125,032,375</b>

**25.00 Administrative Expense**

Salary & Allowances	886,709	720,000	479,409	613,125
AGM Expense	103,950	-	106,850	-
Director's Remuneration	450,000	450,000	225,000	-
Board Meeting Fees	20,000	40,000	7,990	30,000
Printing & Stationary	40,209	26,132	24,349	8,890
Travelling & Conveyance	27,310	21,850		96,845
Office Expense	150,000	150,000	23,198	90,000
Credit Rating		107,500		
BGMEA	10,500	15,000	10,500	10,500
EPB	4,500	3,250	4,500	3,250
CDBL fees		106,000		106,000
IRC & ERC		40,250		40,250
Listing fees		389,623		-
Factory Licence	4,900	19,900	4,900	5,200
Fire Licence	8,740	28,740	8,740	7,300
Office Rent	320,000	175,000	-	120,000
Entertainment Expense	35,010	35,840	6,710	26,850
Misc Exp	83,089	85,960	38,489	44,260
Land Tax	41,000	-	41,000	-
Medicine	2,900	1,335	415	1,450
Audit Fees	250,000	-	250,000	-
News Paper	770	370	390	380
Internet Expense	21,000	10,500	10,500	10,500
<b>Total</b>	<b>Total</b>	<b>2,460,587</b>	<b>2,427,250</b>	<b>1,242,940</b>
				<b>1,214,800</b>

**26.00 Non Operating Income**

Wastage Sales	538,900	8,000	511,348	780
Interest Income	80			
Foreign currency translation gain/(loss)	(27,045)	(627)	-	
<b>Total</b>	<b>511,935</b>	<b>7,373</b>	<b>511,348</b>	<b>780</b>

**27.00 Financial Charges**

This is made up as follows:

Bank Charges and Commission	67,237	57,054	27,220	28,650
<b>Total</b>	<b>67,237</b>	<b>57,054</b>	<b>27,220</b>	<b>28,650</b>

Notes No.	Particulars	Amount in (Taka)	Amount in (Taka)
		31 December, 2021	30 June, 2021

### 28.00 Net Asset Value per Share

The calculation is as follows:

Paid-Up Capital	Note 12.00	442,516,690	442,516,690
Tax Holiday Reserve	Note 14.00	2,481,728	2,481,728
Revaluation Reserve	Note 15.00	260,481,658	261,808,538
Retained Earnings	Note 13.00	242,180,476	251,808,035
<b>Total Net Asset Value</b>		<b>947,660,552</b>	<b>958,614,991</b>

No of shares applied to calculate Net Asset Value per Share

**44,251,669**

**44,251,669**

**Net Asset Value (NAV) Per Share**

**21.42**

**21.66**

### 29.00 Earnings Per Share (EPS)

The calculation is as follows:

Profit After Tax		33,050,851	31,459,254
No of shares applied to calculate Earning per Share (EPS)		44,251,669	44,251,669
<b>Earnings Per Share (EPS)</b>		<b>0.75</b>	<b>0.71</b>

Previous year's EPS has been adjusted in accordance with BAS 33: Earnings Per Share.

### 30.00 Net Operating Cash flow Per Share (NOCFPS)

The calculation is as follows:

Cash Receipts from Operation		93,962,493	198,313,816
Less: Cash used in Opeartion		(110,234,258)	(165,174,317)
<b>Net Cashflow from Operations</b>		<b>(16,271,765)</b>	<b>33,139,499</b>

No of shares applied to calculate Net Operating Cash flow Per Share (NOCFPS)

44,251,669

44,251,669

**Net Operating Cash flow Per Share (NOCFPS)**

**(0.37)**

**0.75**

### 31.00 Reconciliation of Profit/ Loss before tax to Cash Generated from Operations

Net Profit/(Loss) before Tax		33,050,851	73,265,930
Add: Depreciation		3,661,015	7,321,784
(Increase)/Decrease in Receivable		(201,736,896)	(67,368,035)
(Increase)/Decrease in Inventory		(32,541,517)	25,812,085
Increase/(Decrease) in Liabilities for Goods and Others		180,943,224	33,296,710
Increase/(Decrease) in Accrued for Expenses		64,221	(1,189,172)
Increase / (Decrease) in dividend payable		-	(47,098,990)
Provision for Income Tax		3,496,391	(23,431,376)
		<b>(13,062,711)</b>	<b>608,936</b>



**32.00 Related party transactions :**

A. The names and

Name of the parties	Relationship		Nature of Transaction	Closing Balance of Transaction
Shadhin Garments Ltd.	Common Management		Trading	726,354,951
Alif Garments Ltd.	Common management		Equipments Suppliers	34,281,340
<b>Total</b>				<b>692,073,611</b>

B. **Payment / Perquisites to directors:**

The aggregate amounts paid / provided during the year in respect of directors are disclosed below :

Managerial remuneration	✓	450,000
Board Meeting fees	✓	20,000

Managerial remuneration paid to the directors for their full time services, rendered are :

Mr. MD. Azimul Islam	✓	450,000
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(a) No compensation was made to the Managing Director of the company except as stated in above.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated in above.

There is no other related party except as stated in ( 32 ) above

**ALIF INDUSTRIES LIMITED**

Schedule of property, plant and equipment  
As at 31 December 2021

**Annexure-A**

Sl. No.	Particulars	Cost				Depreciation					WDV as on 31.12.2021
		Balance as on 01.07.2021	Addition during the Period	Disposal During the period	Balance as on 31-12-2021	Rate %	Balance as on 01.07.2021	Charged during the Period	Disposal During the period	Balance as on 31-12-2021	
<b>A) At Cost</b>											
01	Land & Land Development	7,000,000		-	7,000,000	-	-	-	-	-	7,000,000
02	Building & Other Civil Works	71,720,200		-	71,720,200	0	47,008,023	896,503	-	47,904,526	23,815,674
03	Machinery	49,069,689	207,300		49,276,989	0	49,025,039	1,299		49,026,338	250,651
	Fire Fighting System	34,327,795		-	34,327,795	0	1,716,390	858,195	-	2,574,585	31,753,210
04	Electrical Installation	13,735,294	-	-	13,735,294	0	7,195,911	343,382	-	7,539,293	6,196,001
05	Furniture & Fixture	4,703,236	-	-	4,703,236	0	4,703,236	-	-	4,703,236	-
06	Motor Vechiles	1,492,000	-	-	1,492,000	0	1,492,000	-	-	1,492,000	-
07	Office Decoration	3,389,416	-	-	3,389,416	0	3,389,416	-	-	3,389,416	-
08	Computer	189,500		-	189,500	0	182,700	600	-	183,300	6,200
	<b>Sub Total</b>	<b>185,627,130</b>	<b>207,300</b>	<b>-</b>	<b>185,834,430</b>		<b>114,712,715</b>	<b>2,099,979</b>	<b>-</b>	<b>116,812,694</b>	<b>69,021,736</b>
<b>B) Revaluation Surplus</b>											
01	Land & Land Development	173,000,000		-	173,000,000		-	-	-	-	173,000,000
02	Building & Other Civil Works	124,882,901		-	124,882,901	0	14,049,327	1,561,036	-	15,610,363	109,272,538
	<b>Sub Total</b>	<b>297,882,901</b>	<b>-</b>	<b>-</b>	<b>297,882,901</b>		<b>14,049,327</b>	<b>1,561,036</b>	<b>-</b>	<b>15,610,363</b>	<b>282,272,538</b>
	<b>Balance (A+B) at 31 December 2021</b>	<b>483,510,031</b>	<b>207,300</b>	<b>-</b>	<b>483,717,331</b>		<b>128,762,042</b>	<b>3,661,015</b>	<b>-</b>	<b>132,423,057</b>	<b>351,294,274</b>
	<b>Balance (A+B) at 30 June 2021</b>	<b>449,127,236</b>	<b>34,382,795</b>	<b>-</b>	<b>483,510,031</b>		<b>121,440,259</b>	<b>7,321,783</b>	<b>-</b>	<b>128,762,042</b>	<b>354,747,989</b>

Comparative financial statements of the issuer or originator, as applicable for the last 03(three) years or for the period of its commercial operation, as the case may be. If the issuer or originator, as applicable, is not in commercial operation, forecasted financial statements for the next five years.

### ALIF INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT

Particulars	Amount in (Taka)			
	31.12.2021	30.06.2021	30.06.2020	30.06.2019
<b>ASSETS:</b>				
<b>I. Non-Current Assets</b>	<b>353,809,415</b>	<b>357,263,130</b>	<b>330,202,118</b>	<b>336,183,831</b>
Property, Plant and Equipments	351,294,274	354,747,989	327,686,977	333,668,690
Advances , Deposits & Pre-payments	2,515,141	2,515,141	2,515,141	2,515,141
<b>II. Current Assets:</b>	<b>988,242,805</b>	<b>745,563,083</b>	<b>725,087,168</b>	<b>748,808,861</b>
Inventories	206,345,117	173,803,600	199,615,685	178,045,882
Trade Receivable	739,463,188	537,726,292	470,358,257	470,188,343
Export Incentive Receivable	1,554,626	1,554,626	1,554,626	1,554,626
Income Tax deducted at Source	23,250,302	22,053,251	13,672,648	12,139,868
Cash & Cash Equivalents	17,629,572	10,425,314	39,885,952	86,880,142
<b>Total</b>	<b>1,342,052,220</b>	<b>1,102,826,213</b>	<b>1,055,289,286</b>	<b>1,084,992,690</b>
<b>EQUITY AND LIABILITIES</b>				
<b>III. Shareholders' Equity</b>	<b>947,660,552</b>	<b>948,987,432</b>	<b>894,208,451</b>	<b>861,461,986</b>
Share Capital	442,516,690	442,516,690	442,516,690	413,567,000
Retained Earnings	242,180,476	242,180,476	184,747,732	178,297,196
Tax Holiday Reserve	2,481,728	2,481,728	2,481,728	2,481,728
Revaluation Reserve	260,481,658	261,808,538	264,462,300	267,116,062
<b>IV. Non-Current Liabilities</b>	<b>2,270,837</b>	<b>1,281,602</b>	<b>22,475,467</b>	<b>22,943,778</b>
Deferred Tax Liability	2,270,837	1,281,602	22,475,467	22,943,778
<b>V. Current Liabilities</b>	<b>392,120,831</b>	<b>142,929,620</b>	<b>138,605,368</b>	<b>200,586,926</b>
Accrued Expenses	4,168,567	4,130,686	5,319,858	5,238,265
Liabilities for Goods	215,224,564	34,281,340	984,630	77,239,008
Short Term Loan	20,530,000	-	-	-
Provision for WPPF	5,297,187	5,297,187	5,297,187	2,633,558
Dividend Payable	48,741,724	4,558,009	41,376,901	35,773,080
Unclaimed / Unpaid Dividend	1,007,387	1,007,387	-	-
Provision for Income Tax	97,151,402	93,655,011	85,626,792	79,703,015
<b>Total</b>	<b>1,342,052,220</b>	<b>1,093,198,654</b>	<b>1,055,289,286</b>	<b>1,084,992,690</b>
<b>Net Asset Value (NAV) per Share</b>	<b>21.42</b>	<b>21.45</b>	<b>20.21</b>	<b>20.35</b>

## ALIF INDUSTRIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED

Particulars	Amount in (Taka)			
	01.07.2021 to 31.12.2021	2020-2021	2019-2020	2018-2019
Turnover	328,316,332	555,675,944	448,816,487	629,900,255
Less: Cost of Sales	288,564,058	499,950,099	393,755,208	516,442,039
<b>Gross Profit</b>	<b>39,752,274</b>	<b>55,725,845</b>	<b>55,061,279</b>	<b>113,458,216</b>
<b>Less: Operating Expenses</b>	<b>2,460,587</b>	<b>4,854,501</b>	<b>5,573,165</b>	<b>9,287,911</b>
Administrative Selling & Distribution Expense	2,460,587	4,854,501	5,573,165	9,287,911
<b>Operating Profit</b>	<b>37,291,687</b>	<b>50,871,344</b>	<b>49,488,114</b>	<b>104,170,305</b>
Add: Non Operating Income				6,488,645
Add: Other Income	511,935	22,508,694	3,784,456	18,201,442
<b>Profit Before Financial Charges &amp; Taxes</b>	<b>37,803,622</b>	<b>73,380,038</b>	<b>53,272,570</b>	<b>128,860,392</b>
Less: Financial Charges	32,989	114,108	-	197,312
Less: Worker Profit Participation Fund ( WPPF)	-	-	2,663,629	-
<b>Profit Before Tax</b>	<b>37,770,633</b>	<b>73,265,930</b>	<b>50,608,941</b>	<b>128,663,080</b>
<b>Less: Income Tax Expense</b>	<b>4,719,782</b>	<b>9,164,295</b>	<b>5,455,467</b>	<b>15,341,905</b>
Current Tax	3,496,391	8,028,219	5,923,778	15,030,394
Deferred Tax Expense/(Income)	1,223,391	1,136,076	(468,311)	311,511
<b>Profit After Tax</b>	<b>33,050,851</b>	<b>64,101,635</b>	<b>45,153,474</b>	<b>113,321,175</b>
<b>Other Comprehensive Income:</b>	-	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>33,050,851</b>	<b>64,101,635</b>	<b>45,153,474</b>	<b>113,321,175</b>
<b>Earnings Per Share (EPS)</b>	<b>0.75</b>	<b>1.45</b>	<b>1.02</b>	<b>2.74</b>

**ALIF INDUSTRIES LIMITED**

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Amount in BDT

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2021</b>	442,516,690	2,481,728	261,808,538	251,808,035	<b>958,614,991</b>
Profit after tax for the year				33,050,851	<b>33,050,851</b>
Cash Dividend @5% for the year 2019-20				(14,746,482)	<b>(14,746,482)</b>
Cash Dividend @10% for the year 2020-21				(29,492,964)	<b>(29,492,964)</b>
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation on Revalued Assets			(1,326,881)	1,326,881	-
Adjustment for deferred tax	-	-		234,155	<b>234,155</b>
<b>Balance as on 31.12.2021</b>	<b>442,516,690</b>	<b>2,481,728</b>	<b>260,481,657</b>	<b>242,180,476</b>	<b>947,660,551</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

Amount in BDT

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2020</b>	442,516,690	2,481,728	264,462,300	184,747,733	<b>894,208,451</b>
Profit after tax for the year	-	-		-	-
Stock Dividend	-	-		-	-
Cash Dividend				-	-
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation	-	-	(2,653,762)	2,653,762	-
<b>Balance as on 30.06.2021</b>	<b>442,516,690</b>	<b>2,481,728</b>	<b>261,808,538</b>	<b>251,808,035</b>	<b>958,614,991</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2019</b>	413,567,000	2,481,728	267,116,062	178,297,196	<b>861,461,986</b>
Profit after tax for the year	-			45,153,475	<b>45,153,475</b>
Stock Dividend @7% for the year 2018-19	28,949,690			(28,949,690)	-
Cash Dividend @3% for the year 2018-19	-			(12,407,010)	<b>(12,407,010)</b>
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation	-	-	(2,653,762)	2,653,762	-
Adjustment for deferred tax	-	-			-
<b>Balance as on 30.06.2020</b>	<b>442,516,690</b>	<b>2,481,728</b>	<b>264,462,300</b>	<b>184,747,733</b>	<b>894,208,451</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Share Capital	Tax Holiday Reserve	Revaluation Reserve	Retained Earnings	Total
<b>Balance as on 01.07.2018</b>	375,970,000	2,481,728	269,769,824	193,443,448	<b>841,665,000</b>
Profit after tax for the year	-			113,321,175	<b>113,321,175</b>
Stock Dividend @10% for the year 2017-18	37,597,000			(37,597,000)	-
Cash Dividend @25% for the year 2017-18	-			(93,992,500)	<b>(93,992,500)</b>
Revaluation Reserve					-
Transfer to retained earnings for additional depreciation	-	-	(3,122,073)	3,122,073	-
Adjustment for deferred tax	-	-	468,311		<b>468,311</b>
<b>Balance as on 30.06.2019</b>	<b>413,567,000</b>	<b>2,481,728</b>	<b>267,116,062</b>	<b>178,297,196</b>	<b>861,461,986</b>

## ALIF INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED

Particulars	Amount in (Taka)			
	01.07.2021 to 31.12.2021	2020-2021	2019-2020	2018-2019
<b>A. Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Cash Collection from Sales	93,739,011	486,604,105	379,298,685	585,914,635
Cash Collection from Other Sources	538,980	1,729,468	71,599,564	23,451,163
Cash Received from Export Incentives	-	-	-	-
<b>Total Receipts</b>	<b>94,277,991</b>	<b>488,333,573</b>	<b>450,898,249</b>	<b>609,365,798</b>
<b>Payments:</b>				
Payment to Suppliers	(75,315,333)	(415,565,290)	(430,277,604)	(461,687,205)
Payment to other Operating Expenses	(30,754,013)	(56,922,044)	(59,278,866)	(73,370,648)
Payment to financial charges				(197,312)
RMG Central Fund	(74,305)	(10,317)	-	-
Advanced Income Tax paid	(1,197,051)	(15,226,986)	(1,532,780)	(3,495,727)
Total Payments	<b>(107,340,702)</b>	<b>(487,724,637)</b>	<b>(491,089,250)</b>	<b>(538,750,892)</b>
<b>Net Cash flows from Operating Activities</b>	<b>(13,062,711)</b>	<b>608,936</b>	<b>(40,191,001)</b>	<b>70,614,905</b>
<b>B. Cash Flows from Investing Activities</b>				
Acquisition of Fixed Assets	(207,300)	(101,455)	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(207,300)</b>	<b>(101,455)</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flows from Financing Activities</b>				
Short Term Loan	20,530,000	-		
Payment of Dividend	(55,731)	(29,968,119)	(6,803,189)	(62,772,109)
<b>Net Cash Flows from Financing Activities</b>	<b>20,474,269</b>	<b>(29,968,119)</b>	<b>(6,803,189)</b>	<b>(62,772,109)</b>
<b>Net Cash Inflow for the year</b>	<b>7,204,258</b>	<b>(29,460,638)</b>	<b>(46,994,190)</b>	<b>7,842,796</b>
<b>D. Opening balance of cash &amp; cash equivalents</b>	<b>10,425,314</b>	<b>39,885,952</b>	<b>86,880,142</b>	<b>79,037,345</b>
<b>E. Closing balance of cash &amp; cash equivalents</b>	<b>17,629,572</b>	<b>10,425,314</b>	<b>39,885,952</b>	<b>86,880,141</b>
<b>Net Operating Cash flow Per Share (NOCFPS)</b>	<b>(0.30)</b>	<b>0.01</b>	<b>(0.91)</b>	<b>1.71</b>

**Ratio analysis of the issuer or originator for last 3 (three) accounting years or for the period of its commercial operation, as the case may be, among others, namely (If the issuer or originator, as applicable, is not in commercial operation, financial ratio based on the forecasted financial statements for the next five years) :-**

Particulars	Formula	01.07.2021 to 31.12.2021 (Annualized*)		2020-2021		2019-2020		2018-2019	
		Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio
(a) Current Ratio	Current Assets/Current Liabilities	988,242,805 392,120,831	2.52	745,563,083 142,929,620	5.22	725,087,168 138,605,368	5.23	748,808,861 200,586,926	3.73
(b) Quick Ratio	Current Assets- Inventory/Current Liabilities	781,897,688 392,120,831	1.99	571,759,483 142,929,620	4.00	525,471,483 138,605,368	3.79	570,762,979 200,586,926	2.85
(c) Break-Even Point (including financial costs)*	Fixed Costs/Contribution Margin Ratio	2,493,576 12.10%	41,223,387	4,968,609 10.01%	49,646,651	5,573,165 12.27%	45,428,083	9,485,223 17.98%	52,752,046
(d) Debt to Equity Ratio (prior to and after issue of debt securities)	Total Debt/Total Shareholders' Equity	20,530,000 947,660,552	2.17%	No Debt 958,614,991	NA	No Debt 894,208,451	NA	No Debt 861,461,986	NA
(e) Debt to Total Assets Ratio	Total Debt/Total Asset	20,530,000 1,342,052,220	1.53%	No Debt 1,102,826,213	NA	No Debt 1,055,289,286	NA	No Debt 1,084,992,690	NA
(f) Accounts Receivable Turnover Ratio*	Net sales/Average accounts receivable	328,316,332 638,594,740	1.03	555,675,944 504,042,275	1.10	448,816,487 470,273,300	0.95	629,900,255 447,576,071	1.41
(g) Gross Margin Ratio	Gross profit/Net Sales	39,752,274 328,316,332	12.11%	55,725,845 555,675,944	10.03%	55,061,279 448,816,487	12.27%	113,458,216 629,900,255	18.01%
(h) Operating Income Ratio	Operating Income/Net Sales	37,291,687 328,316,332	11.36%	50,871,344 555,675,944	9.15%	49,488,114 448,816,487	11.03%	104,170,305 629,900,255	16.54%
(i) Net Income Ratio	Net Income/Net Sales	33,050,851 328,316,332	10.07%	64,101,635 555,675,944	11.54%	45,153,474 448,816,487	10.06%	113,321,175 629,900,255	17.99%
(j) Return on Assets*	Net Income/Total Asset	33,050,851 1,342,052,220	4.93%	64,101,635 1,102,826,213	5.81%	45,153,474 1,055,289,286	4.28%	113,321,175 1,084,992,690	10.44%
(k) Return on Equity*	Net Income/Total Shareholders' Equity	33,050,851 947,660,552	6.98%	64,101,635 958,614,991	6.69%	45,153,474 894,208,451	5.05%	113,321,175 861,461,986	13.15%
(l) Earnings- Per- Share (EPS)	Net Income/No of ordinary shares outstanding	33,050,851 44,251,669	0.75	64,101,635 44,251,669	1.45	45,153,474 44,251,669	1.02	113,321,175 41,356,700	2.74
(m) Net Asset Value (NAV) per share	Total Net Asset Value/No of ordinary shares outstanding	947,660,552 44,251,669	21.42	958,614,991 44,251,669	21.66	894,208,451 44,251,669	20.21	861,461,986 41,356,700	20.35
(n) Net operating cash flow to Net Income	Net operating cash flow/Net Income	(13,062,711) 33,050,851	(0.40)	608,936 64,101,635	0.01	(40,191,001) 45,153,474	(0.89)	70,614,905 113,321,175	0.62
(o) Total debt to tangible assets ratio	Total debt/Tangible assets	20,530,000 1,342,052,220	1.53%	No Debt 1,102,826,213	NA	No Debt 1,055,289,286	NA	No Debt 1,084,992,690	NA



**Rating summary with rating rationale of the issue and the issuer or originator, as applicable;**

Rating summary with rating rationale of the issue :

Credit rating status of the bond: A-  
Outlook: Stable & rated by Alpha Credit Rating Limited  
Validity Date: 17 April 2023

Rating summary with rating rationale of the issuer :

Credit rating status of Alif Industries Limited:  
Long Term Rating: A  
Short Term Rating: ST-2  
Outlook: Stable & rated by Alpha Credit Rating Limited  
Validity Date: 17 April 2023

**Latest default matrix and transition statistics of CRC:**

There is no default matrix and transition statistics of CRC.



### Description of the trustee, Board of trustee, etc.;

TRUSTEE		
Name and Address	Contact Person	Contact Address
<b>Bangladesh General Insurance Company Limited</b> Head Office Address: 42, Dilkusha C/A, Dhaka- 1000	<b>Ms. Mahabuba Bagum</b> Assistant Vice President	Mobile: 01731-781968 Phone:02223380379 Fax: 02223384212 E-mail: bgic@citechco.net Website: www.bgicinsure.com

### Description of the trustee

Bangladesh General Insurance Company Ltd. or “BGIC Ltd”. is the first general insurance company in Bangladesh in the private sector. BGIC was incorporated as a public limited company and started business on 29 July, 1985 with an authorized capital of Tk. 100 million divided into 1,000,000 ordinary shares of Tk. 100 each. The company runs the business operation under the supervision of board of Director and legal frame work of the insurance Act, 1938 and the insurance rules,1958 as a amended from time to time. Its initial paid up capital was Tk 30 million.

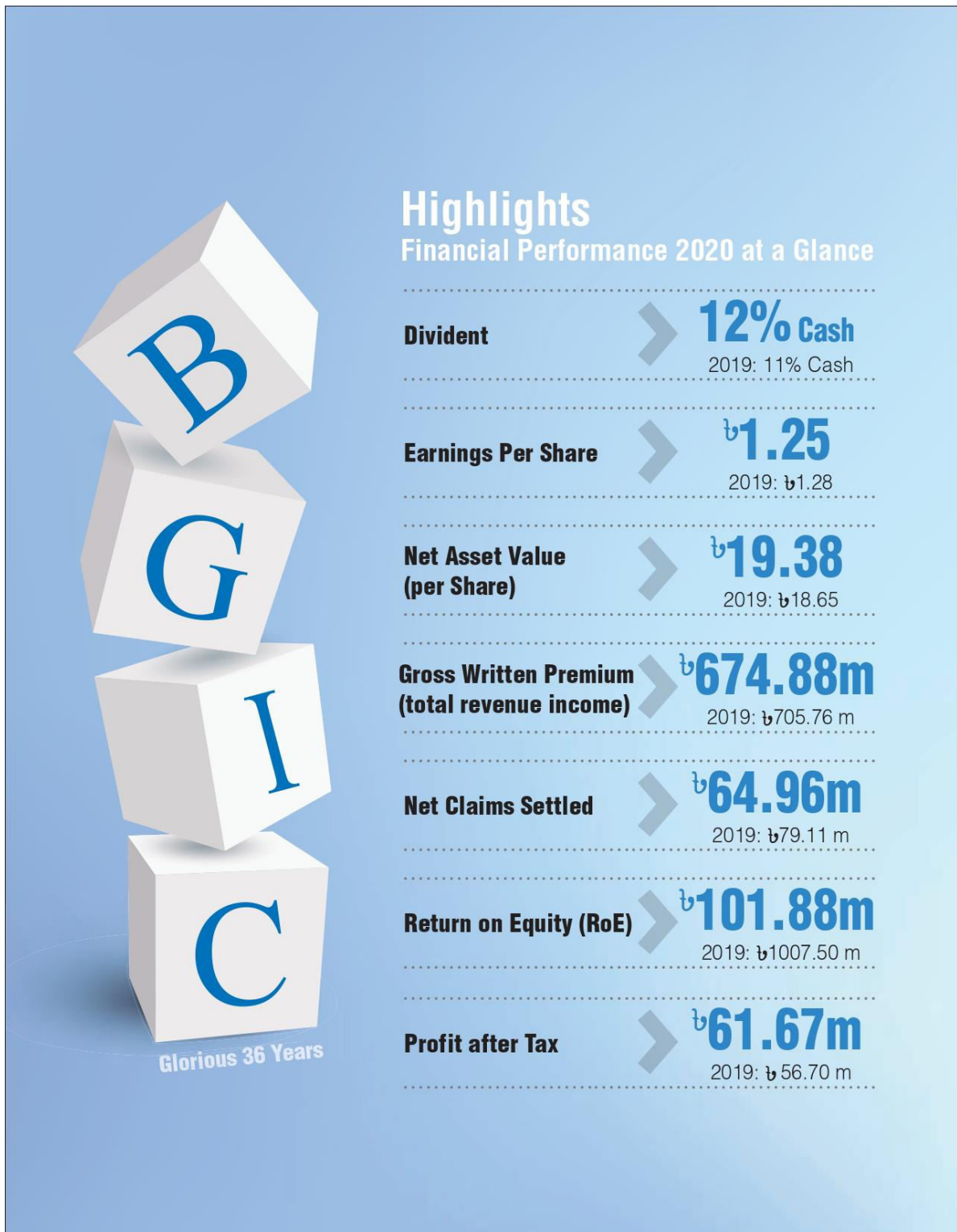
In May 1989, the company’s paid up capital was increased to Tk. 60 million by offering Tk.30 million worth of share for public subscription, the paid-up capital was increased to Tk. 72 million in 1998, and by December 2008, BGIC’s paid up capital stood at Tk. 176.97 million. BGIC is listed with both Dhaka and Chittagong stock exchanges. In December 2008, the numbers of shareholders of the company was 7,708, who held 1,769,705 shares.

BGIC has since developed substantially with all the strengths and details prudently essential of an insurance company. It is primarily staffed with professionals of longest experience, qualified insurance technocrats of highest order of international repute and a team of highly educated and skilled personnel of commendable status. The equity structure of the company was carefully selected, not only for the financial benefit, but to support the growth of a dynamic company with the goal a major player both in the domestic and international insurance markets.

### Board of trustee

<b>Chairman</b> Md. Towhid Samad Chairman, Savar Textiles Ltd. Dhaka	<b>Vice Chairman</b> Mr. Salim Bhuiyan Managing Director, Nationwide Co. Ltd. Dhaka	<b>Independent Director</b> Mr. Sohail Humayun Managing Director, RIO Shipping Line Ltd. Dhaka
<b>Director</b> Md. Shakil Rizvi Modhumita Building, 4th Floor, 158-160, Motijheel C/A, Dhaka-100	<b>Independent Director</b> Mr. Mustafa Zaman Abbasi Road No-103, House No-7B, Gulshan, Dhaka-1212.	<b>Managing Director</b> Mr. Ahmed Saifuddin Chowdhury Bangladesh General Insurance Company Ltd. (BGIC), Dilkusha C/A, Motijheel Dhaka

Financial highlights of the trustee



**Bangladesh General Insurance Company Ltd.**  
**Balance Sheet**

(Statement of Financial Position)  
As at December 31, 2020

Capital and Liabilities	Notes	Amount in Taka		
		2020	2019 (Restated)	2018 (Restated)
<b>Share capital</b>				
Authorized Share Capital	4.00	1,000,000,000	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital	4.00	540,272,550	540,272,550	540,272,550
Share Premium	5.00	244,825,200	244,825,200	244,825,200
<b>Reserve and Contingency Account</b>		<b>196,748,462</b>	<b>160,452,122</b>	<b>217,832,113</b>
Reserve for Exceptional Losses	6.01	210,068,701	205,568,701	199,568,701
General Reserve	6.02	5,000,000	5,000,000	5,000,000
Investment Fluctuation Fund	6.03	(20,020,239)	(51,816,579)	11,563,412
Dividend Equalization Reserve	6.04	1,700,000	1,700,000	1,700,000
Profit and Loss Appropriation Account Balance		65,014,787	61,669,912	56,695,168
<b>Total Shareholders' Equity</b>		<b>1,046,860,999</b>	<b>1,007,219,784</b>	<b>1,059,625,031</b>
<b>Balance of Fund And Accounts</b>	<b>7.00</b>	<b>148,593,262</b>	<b>183,181,068</b>	<b>135,848,256</b>
Fire Insurance Fund Account		28,419,958	29,247,674	12,805,628
Marine Cargo Insurance Fund Account		39,251,886	62,832,557	46,548,994
Marine Hull Insurance Fund Account		3,826,374	3,729,383	1,418,150
Motor Insurance Fund Account		51,994,726	46,166,716	43,890,718
Miscellaneous Insurance Fund Account		25,100,318	41,204,738	31,184,766
Premium Deposits	8.00	7,236,891	5,834,478	12,777,898
Deferred Tax Liability	9.00	-	280,010	829,627
Lease Obligations	10.00	46,791,178	-	-
<b>Provisions for Fund</b>	<b>11.00</b>	<b>7,394,000</b>	<b>8,894,000</b>	<b>3,894,000</b>
Employees Gratuity Fund		6,500,000	7,500,000	2,500,000
Corporate Social Responsibility (CSR) Fund		894,000	1,394,000	1,394,000
<b>Liabilities and Provisions</b>		<b>394,600,370</b>	<b>450,298,541</b>	<b>452,123,666</b>
Estimated Liabilities in Respect of Outstanding Claims Whether Due or Intimated	12.00	126,876,403	139,061,970	121,852,288
Amount Due to Other Persons or Bodies Carrying on Insurance Business	13.00	22,261,593	7,101,016	12,697,226
Loan from Banks (Uttara Bank Ltd and Mercantile Bank Ltd)	14.00	76,804,305	162,958,410	174,313,687
Sundry Creditors	15.00	57,685,010	41,197,734	50,101,020
Provision for Taxation	16.00	110,973,059	99,979,411	93,159,445
<b>Total Liabilities</b>		<b>604,615,701</b>	<b>648,488,098</b>	<b>605,473,447</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,651,476,700</b>	<b>1,655,707,881</b>	<b>1,665,098,478</b>

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Bangladesh General Insurance Company Ltd.**

**Balance Sheet**

(Statement of Financial Position)  
As at December 31, 2020

Assets and Properties	Notes	Amount in Taka		
		2020	2019 (Restated)	2018 (Restated)
Investment	17.00	268,081,343	204,992,908	246,613,087
Interest, Dividend and Rent Outstanding	18.00	93,270,879	94,427,824	59,366,750
Amount Due from Other Persons or Bodies				
Carrying on Insurance Business	19.00	281,153,303	348,140,682	298,994,103
Sundry Debtors	20.00	28,235,011	20,424,519	34,547,046
Deferred Tax Asset	21.00	112,120	-	-
<b>Cash and Bank Balances</b>	<b>22.00</b>	<b>827,207,314</b>	<b>888,891,770</b>	<b>922,394,075</b>
Fixed Deposits Accounts	22.01	663,232,756	575,482,756	484,632,757
Cash and Cheques in hand		20,857,238	15,918,028	27,872,379
STD and Current Accounts	22.02	143,117,320	297,490,986	409,888,939
<b>Other Accounts</b>	<b>23.00</b>	<b>153,416,730</b>	<b>98,830,178</b>	<b>103,183,417</b>
Fixed Assets (at Cost Less Accumulated Depreciation)	23.01	149,414,529	95,553,234	99,241,411
Stock of Stamps and Stationery	24.00	4,002,201	3,276,944	3,942,006
<b>Total Assets and Properties</b>		<b>1,651,476,700</b>	<b>1,655,707,881</b>	<b>1,665,098,478</b>
<b>Net Asset Value (NAV) Per Share</b>	<b>26.00</b>	<b>19.38</b>	<b>18.65</b>	<b>19.61</b>

The accompanying notes 1-36 form an integral part of these financial statements.

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Bangladesh General Insurance Company Ltd.**

**Profit and Loss Account**

(Statement of Profit or Loss Account & Other Comprehensive Income)  
For the year ended December 31, 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
<b>Expenses of management :</b>		<b>40,833,965</b>	<b>23,657,865</b>
(Not Applicable to any particular fund or Account)			
Advertisement in News papers & Periodicals		2,248,010	1,790,157
Director's Fees	27.00	160,000	208,000
Legal and Professional fees		537,250	207,375
Audit fees	28.00	385,000	350,000
Donation and Subscription		1,997,250	1,556,622
Interest		11,110,203	9,598,034
Depreciation		24,396,252	9,947,677
Net profit transferred to profit and loss appropriation account		101,882,726	107,452,382
<b>Total</b>		<b>142,716,691</b>	<b>131,110,247</b>
<b>Interest, Dividend and Rents:</b>			
(Not Applicable to any particular fund or Account)			
Interest and Dividend Income	29.00	39,985,065	47,597,123
<b>Profit/(Loss) Transferred from:</b>		<b>55,878,150</b>	<b>37,204,120</b>
Fire Revenue Account		(79,486,611)	(56,816,448)
Marine Revenue Account		62,142,185	29,313,170
Motor Revenue Account		35,105,065	31,389,506
Miscellaneous Revenue Account		38,117,511	33,317,892
Profit or (Loss) on sale of Assets	30.00	1,196,538	(436,426)
Sundry Income	30.01	45,656,938	46,745,430
<b>Total</b>		<b>142,716,691</b>	<b>131,110,247</b>

The accompanying notes 1-36 form an integral part of these financial statements.

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Bangladesh General Insurance Company Ltd.**  
**Profit and Loss Appropriation Account**

For the year ended December 31, 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019 (Restated)
Reserve for Exceptional Losses	6.01	4,500,000	6,000,000
Provision for Income Tax	16.01	30,000,000	33,000,000
Provision for Deferred Tax		(392,131)	(549,616)
Provision for Employees Gratuity Fund:		5,000,000	10,000,000
Dividend Distributed from Last Year Profit		59,429,981	54,027,255
Balance transferred to Statement of Financial position		65,014,787	61,669,912
<b>Total</b>		<b>163,552,637</b>	<b>164,147,550</b>
Balance brought forward from last year		61,669,912	56,695,168
Net Profit for the year brought down		101,882,726	107,452,382
<b>Total</b>		<b>163,552,637</b>	<b>164,147,550</b>
<b>Earnings Per Share</b>	<b>31.00</b>	<b>1.25</b>	<b>1.28</b>

The accompanying notes 1-36 form an integral part of these financial statements.

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Bangladesh General Insurance Company Ltd.**  
**Consolidated Revenue Account**

For the year ended December 31, 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
<b>Claim Under Policies Less Re-Insurance:</b>		<b>64,959,681</b>	<b>79,110,627</b>
Paid during the year		77,145,248	61,900,945
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	12.00	126,876,403	139,061,970
Less: Outstanding at the end of the previous year		(139,061,970)	(121,852,288)
Agency Commission		92,313,919	94,992,445
Expenses of Management		241,956,145	256,209,302
Profit transferred to Profit & Loss Account		55,878,150	37,204,120
Reserve for unexpired Risks of premium income of the year as shown in the Balance Sheet	7.00	148,593,262	183,181,068
<b>Total</b>		<b>603,701,157</b>	<b>650,697,562</b>
		<b>603,701,157</b>	<b>650,697,562</b>
Balance of account at the beginning of the year (Reserve for unexpired Risks)		183,181,068	135,848,256
Premium less Re-Insurance		365,743,596	452,358,595
Commission on Re-Insurance ceded		54,776,493	62,490,711
<b>Total</b>		<b>603,701,157</b>	<b>650,697,562</b>

The accompanying notes 1-36 form an integral part of these financial statements.

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Bangladesh General Insurance Company Ltd.**  
**Statement of Changes in Equity**

For the Year Ended December 31, 2020

Amount in Taka

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Investment Fluctuation Fund	Dividend Equalization Fund	Profit & Loss Appropriation Account	Total
<b>Balance as on January 01, 2020</b>	<b>540,272,550</b>	<b>244,825,200</b>	<b>205,568,701</b>	<b>5,000,000</b>	<b>(51,816,579)</b>	<b>1,700,000</b>	<b>61,669,912</b>	<b>1,007,219,784</b>
Profit after Tax during the Year	-	-	-	-	-	-	72,274,857	72,274,857
Cash Dividend 2019 Paid During the Year	-	-	-	-	-	-	(59,429,981)	(59,429,981)
Appropriation made during the year	-	-	4,500,000	-	-	-	(4,500,000)	-
Fair Value Reserve Realized	-	-	-	-	62,816,579	-	-	62,816,579
Fair Value Reserve- 2020	-	-	-	-	(31,020,239)	-	-	(31,020,239)
Provision for Employees Gratuity Fund	-	-	-	-	-	-	(5,000,000)	(5,000,000)
<b>Balance as on December 31, 2020</b>	<b>540,272,550</b>	<b>244,825,200</b>	<b>210,068,701</b>	<b>5,000,000</b>	<b>(20,020,239)</b>	<b>1,700,000</b>	<b>65,014,788</b>	<b>1,046,860,999</b>

**Statement of Changes in Equity**

For the Year Ended December 31, 2019

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Investment Fluctuation Fund	Dividend Equalization Fund	Profit & Loss Appropriation Account	Total
<b>Balance as on January 01, 2019</b>	<b>540,272,550</b>	<b>244,825,200</b>	<b>199,568,701</b>	<b>5,000,000</b>	<b>11,563,412</b>	<b>1,700,000</b>	<b>56,695,168</b>	<b>1,059,625,031</b>
Profit after Tax during the Year	-	-	-	-	-	-	75,001,999	75,001,999
Cash Dividend 2018 Paid During the Year	-	-	-	-	-	-	(54,027,255)	(54,027,255)
Appropriation made during the year	-	-	6,000,000	-	-	-	(6,000,000)	-
Fair Value Reserve Realized	-	-	-	-	(563,412)	-	-	(563,412)
Fair Value Reserve-2019	-	-	-	-	(62,816,579)	-	-	(62,816,579)
Provision for Employees Gratuity Fund	-	-	-	-	-	-	(10,000,000)	(10,000,000)
<b>Balance as on December 31, 2019</b>	<b>540,272,550</b>	<b>244,825,200</b>	<b>205,568,701</b>	<b>5,000,000</b>	<b>(51,816,579)</b>	<b>1,700,000</b>	<b>61,669,912</b>	<b>1,007,219,784</b>

The accompanying notes 1-36 form an integral part of these financial statements

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

  
Mahtab Huq & CO  
Chartered Accountants

Dated: May 19, 2021  
Place: Dhaka

Signed as per our annexed report of even date.



**Bangladesh General Insurance Company Ltd.**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2020

PARTICULARS	Amount in Taka	
	2020	2019
<b>A. Cash Flows from operating activities</b>		
Collections from Premium, other income and receipts	882,351,986	761,463,469
Management Expenses, Re-Insurance, Claims and Others	(758,422,843)	(684,545,309)
Income Tax paid	(19,006,352)	(26,180,034)
<b>Net Cash from operating activities</b>	<b>104,922,791</b>	<b>50,738,126</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of fixed assets	(12,115,650)	(7,260,926)
Sale proceeds of fixed assets	5,185,809	565,000
Investment in BGTB	(10,000,000)	-
Disposal of Investment	283,712,191	58,023,377
Investment made during the year	(287,805,511)	(70,185,350)
<b>Net Cash used in investing activities</b>	<b>(21,023,161)</b>	<b>(18,857,899)</b>
<b>C. Cash flows from financing activities</b>		
Dividend Paid	(59,429,981)	(54,027,255)
Bank Loan	(86,154,106)	(11,355,277)
<b>Net Cash used in financing activities</b>	<b>(145,584,087)</b>	<b>(65,382,532)</b>
<b>Net Decrease in Cash and Cash equivalents (A+B+C)</b>	<b>(61,684,457)</b>	<b>(33,502,305)</b>
<b>Opening Cash and Cash equivalents at beginning of the year</b>	<b>888,891,770</b>	<b>922,394,075</b>
<b>Closing Cash and Cash equivalents at end of the year</b>	<b>827,207,314</b>	<b>888,891,770</b>
<b>Net Operating Cash Flows (NOCF) per share</b>	<b>1.94</b>	<b>0.94</b>

The accompanying notes 32 form an integral part of these financial statements

  
Ahmed Saifuddin Chowdhury  
Managing Director & CEO

  
Md. Shakil Rizvi  
Director

  
Salim Bhuiyan  
Director

  
Towhid Samad  
Chairman

Signed as per our annexed report of even date.

Dated: May 19, 2021  
Place: Dhaka

  
Mahfel Huq & CO  
Chartered Accountants

**Modus Operandi of the issue including:**

Any Schedule Banks, Corporate, Financial Institutions and/or Insurance Companies duly registered in Bangladesh and operating its business under the license or approval duly issued by the respective competent authority or institution of the Government of Bangladesh, high net worth individual Resident Bangladeshi or Non-Resident Bangladeshi will be eligible for investing in the bond.

**Form and Denomination**

<b>Particular</b>	<b>Amount</b>
<b>Total Face Value</b>	BDT 3,000,000,000
<b>Total Issue Amount (Discounted Value)</b>	BDT 3,000,000,000
<b>Number of Bonds being offered</b>	30,000
<b>Issue Price Per Bond</b>	BDT 100,000
<b>Minimum Investment</b>	BDT 1,000,000 or its multiple (10 bonds or their multiple)
<b>Interest Rate</b>	Base rate (7%) + 10.0 % of latest declared dividend (Cash and Bonus) to the ordinary share-holders
<b>Conversion</b>	25% of the face value each year starting from the 3 <sup>rd</sup> year till full conversion
<b>Conversion rate</b>	The conversion strike price for each conversion shall be determined at 10% discount based on the weighted average market price of last 180 (one hundred eighty) trading days of Alif Industries Limited at Dhaka Stock Exchange Limited (DSE) prior to conversion date.
<b>Tenure in Year</b>	6 Year

Each bond (AIL Convertible Bond) shall be issued in dematerialized form having the face value of BDT 100,000 (one hundred thousand taka) each. The Minimum Subscription of AIL Convertible Bond shall be Tk. 1,000,000 (ten lac only) as stipulated in clause .....of the Trust Deed.

Subscription Forms attached in the respective IM shall be used by the persons interested to subscribe AIL Convertible Bond under private placement

**a) Application procedure:**

Upon consent from the BSEC, the Bonds shall be distributed through private placement. Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors. The Issue Manager/Lead arranger shall arrange subscriber for issuance of "AIL Convertible Bond" under private placement. Upon such arrangement, the Issue Manager shall notify the of interested subscribers and accordingly arrange execution of Subscription Agreement for private placement.

The Issuer shall fix the issuance date of "AIL Convertible Bond "and accordingly notify the same to the Commission. Subscription period for the private placement shall be stipulated in the IM.

**i) Undertaking to Issue**

The Issuer will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, duly execute and duly credited the bond to investors designated BO account through CDBL as per the subscription agreement

**ii) Undertaking to Subscribe**

The investor will, subject to and in accordance with the provisions of the Subscription Agreement, on or before the Closing Date, subscribe and pay the aggregate purchase price for the allocation, in Bangladesh Taka for same day value to such account as the Issuer designates.

**iii) Subscription Closing**

Subject to the condition's precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.

- a) **Investor Representation Letter:** On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer.
- b) **Payment of net issue proceeds:** On or before the Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka.
- c) **Registration:** On the Closing Date of subscription period, the Issuer shall procure the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement

**Issue:** On the Closing Date, the Issuer shall duly execute and credited the bond to investors designated BO account through CDBL as per the subscription agreement and deliver the detailed report to the Trustee and the Commission.

**b) Allotment;**

On the closing date, to be determined, the Issuer shall allot and issue the Bonds, in registered form in denomination of BDT 100,000 and minimum amount of investment is BDT 1000,000 or its multiple, and credited the same to the investors designated BO account through CDBL as per the subscription agreement

The Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon) for all purposes and, except as ordered by a court of competent jurisdiction or as

required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

**c) Refund:**

After the closing of subscription and completion of allotment, oversubscribed portion will be refunded within reasonable period.

**d) Transfer:**

Subject to the terms and conditions as to be implemented in the Trust Deed, a Bond may be transferred to another person in Bangladesh (a “Transferee”) with a duly completed and executed instrument of transfer (a “Instrument of Transfer”) by the registered holder of the Bond, as transferor (the “Transferor”) or the proposed Transferee.

A valid Instrument of Transfer shall be duly stamped, completed and executed by both the Transferor and the Transferee. If the Transferor or the Transferee is a body corporate, such Instrument of Transfer shall be executed by the authorized persons of the Transferor or the Transferee, as the case may be.

Upon receipt of the duly completed and executed Instrument of Transfer at the specified office of the Transfer Agent (Registrar), together with such evidence as such Transfer Agent (Registrar), may reasonably require to prove (i) the title of the Transferor and (ii) the signature and authority of each of the individuals who have executed the Instrument of Transfer on behalf of the Transferor and the Transferee.

Upon receipt the Instrument of Transfer and the other supporting documents named above, the Transfer Agent (Registrar), as the duly authorized delegate of the Issuer’s Board of Directors, shall approve and take necessary action to transfer through CDBL. It is clarified that in order to give effect to any transfer of “AIL CONVERTIBLE BOND” the same has to be dematerialized form and has to transfer through CDBL Any cost arising from transfer of the bond, the applicable law of CDBL and Commission shall apply to both transferor and transferee.

If the Transfer Agent (Registrar) refuses to register the transfer of any Bond it shall immediately provide notice of such refusal to the Issuer. If the Issuer does not agree with the Transfer Agent’s refusal to approve and certify such transfer, it shall within 3 (three) Business Days of receipt of such notice from the Transfer Agent (Registrar), direct the Transfer Agent (Registrar), to approve and certify the transfer as requested in the relevant Instrument of Transfer. If the Issuer agrees with Transfer Agent (Registrar), that the requested transfer should be refused, the Issuer shall, within 30 (thirty) days from the date on which the relevant Instrument of Transfer was lodged with the Transfer Agent (Registrar), send or cause to be sent notice of such refusal to both the Transferor and the Transferee.

Where it is proved to the satisfaction of the Issuer that a duly completed and executed Instrument of Transfer has been lost, the Issuer may, in its discretion, on application in



writing made by the Transferee and bearing such stamp as is required by an Instrument of Transfer, register such transfer on such terms as to indemnity as the Issuer may think fit.

**e) Trading or listing with the stock exchange:**

The bond shall not be listed with Stock Exchanges for trading.

**f) Repayment and coupon payment:**

**Alif Industries Limited**

Convertible Bond of Tk. 300 Crore

Repayment schedule

**Subscription amount: Tk. 1,000,000 assuming declared dividend 10%**

Year	Month	Tentative Date	Subscription	Conversion	Remaining Principal	Interest Rate	* 10% of Dividend (Dividend: 10%)	Total	** Gross Interest Amount
0	0	30-06-2022			1,000,000				
	6	31-12-2022	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
1	12	30-06-2023	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
	18	31-12-2023	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
2	24	30-06-2024	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
	30	31-12-2024	1,000,000	-	1,000,000	7.00%	1.00%	8.00%	40,000
3	36	30-06-2025	1,000,000	250,000	750,000	7.00%	1.00%	8.00%	40,000
	42	31-12-2025	1,000,000	-	750,000	7.00%	1.00%	8.00%	30,000
4	48	30-06-2026	1,000,000	250,000	500,000	7.00%	1.00%	8.00%	30,000
	54	31-12-2026	1,000,000	-	500,000	7.00%	1.00%	8.00%	20,000
5	60	30-06-2027	1,000,000	250,000	250,000	7.00%	1.00%	8.00%	20,000
	66	31-12-2027	1,000,000	-	250,000	7.00%	1.00%	8.00%	10,000
6	72	30-06-2028	1,000,000	250,000	-	7.00%	1.00%	8.00%	10,000
					<b>1,000,000</b>				<b>360,000</b>

\* Calculation of interest rate on declared dividend

Cash dividend	5%
Stock dividend	5%
Total dividend	<u>10%</u>
So, 10% of latest declared dividend (Cash and Bonus) to the ordinary share-holders	<u>1%</u>

\*\* The gross interest amount is subject to govt. tax. Please see Page- 15, (f) Tax Features.

**Subscription amount: Tk. 1,000,000 assuming declared dividend 20%**

Year	Month	Tentative Date	Subscription	Conversion	Remaining Principal	Interest Rate	* 10% of Dividend (Dividend: 20%)	Total	** Gross Interest Amount
0	0	30-06-2022			1,000,000				
	6	31-12-2022	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
1	12	30-06-2023	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
	18	31-12-2023	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
2	24	30-06-2024	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
	30	31-12-2024	1,000,000	-	1,000,000	7.00%	2.00%	9.00%	45,000
3	36	30-06-2025	1,000,000	250,000	750,000	7.00%	2.00%	9.00%	45,000
	42	31-12-2025	1,000,000	-	750,000	7.00%	2.00%	9.00%	33,750
4	48	30-06-2026	1,000,000	250,000	500,000	7.00%	2.00%	9.00%	33,750
	54	31-12-2026	1,000,000	-	500,000	7.00%	2.00%	9.00%	22,500
5	60	30-06-2027	1,000,000	250,000	250,000	7.00%	2.00%	9.00%	22,500
	66	31-12-2027	1,000,000	-	250,000	7.00%	2.00%	9.00%	11,250
6	72	30-06-2028	1,000,000	250,000	-	7.00%	2.00%	9.00%	11,250
					<b>1,000,000</b>				<b>405,000</b>

\* Calculation of interest rate on declared dividend

Cash dividend	10%
Stock dividend	10%
Total dividend	<u>20%</u>
So, 10% of latest declared dividend (Cash and Bonus) to the ordinary share-holders	<u>2%</u>

\*\* The gross interest amount is subject to govt. tax. Please see Page- 15, (f) Tax Features.

**g) Redemption or conversion or exchange:**

The Bond will be convertible @ 25% per annum from the end of 3rd Year, and will be fully converted into shares of AIL by at the end of the tenure. The conversion strike price for each conversion shall be determined at 10% discount based on the weighted average market price of last 180 (one hundred eighty) trading days of Alif Industries Limited at Dhaka Stock Exchange Limited (DSE) prior to conversion date.

**h) Details of conversion or exchange option exercise procedures, if applicable:**

The Bond will be convertible @ 25% per annum from the end of 3rd Year, and will be fully converted into shares of AIL by at the end of the tenure. The conversion strike price for each conversion shall be determined at 10% discount based on the weighted average market price of last 180 (one hundred eighty) trading days of Alif Industries Limited at Dhaka Stock Exchange Limited (DSE) prior to conversion date.

**Details of fees structure and expenses:**

<b>A Issue Manager's Fees</b>		
Issue Managers Fees	0.35% of the issue size	10,500,000
VAT against Issue Management Fees	15% of the issue management fees	1,575,000
<b>Sub Total</b>		<b>12,075,000</b>
<b>B Commission (BSEC) Fees</b>		
Application Fees	Fixed	10,000
Consent Fees	0.1% of the total face value	3,000,000
<b>Sub Total</b>		<b>3,010,000</b>
<b>C Credit Rating fees for Tenor (6 Years)</b>		
Credit Rating fees for Tenor (6 Years)	At Actual	600,000
VAT	15% of Credit rating Fees	90,000
<b>Sub Total</b>		<b>690,000</b>
<b>D Arrangement Fees</b>		
Arrangement Fees	1% of arrangement amount	30,000,000
VAT against arrangement fees	15% of arrangement fees	4,500,000
<b>Sub Total</b>		<b>34,500,000</b>
<b>E Trustee Related Fees</b>		
Trustee Fess	(Including application, consent and annual fees)	4,900,000
VAT against Trustee Fess	15% of the trustee fees	735,000
<b>Sub Total</b>		<b>5,635,000</b>
<b>F Paying Agent and Registrar Fees</b>		
Registrar Fees	(2 lac taka each year)	1,200,000
VAT against Registrar Fess	15% of Registrar Fees	180,000
<b>Sub Total</b>		<b>1,380,000</b>
<b>G Printing and Private placement Expenses</b>		
Publication of Information Memorandum (IM)	At Actual	1,000,000
Stationeries and other expenses	At Actual	800,000
<b>H CDBL Related fees</b>		
CDBL fees on share conversion	0.015% of issue size BDT 3,000,000,000	450,000
Security Deposit	Fixed	500,000
Documentation fees	At Actual	2,500
Annual Fees	At Actual	500,000
Connection Fees	1000 tk/month for 6 years	72,000
Bond credit Fees	At actual	500,000
<b>Sub Total</b>		<b>2,024,500</b>
<b>I Any other Expenses</b>		
Any other Expenses	At actual related to Bond	At actual
<b>Sub Total</b>		<b>59,314,500</b>

**Additional disclosures for IM under Public issue:**

The bond will be issued under private placement. So, there are no additional disclosures for IM under Public issue.

**Conditions imposed by the Commission in the consent letter;**

Conditions imposed by the Commission in the consent letter will be provided after getting consent from the Commission.



**Declaration and due diligence certificates as per Annexure(s)-I, II, III and IV;**

**Annexure- I**

**Declaration about the responsibility of the directors, including the CEO of  
the issuer or originator in respect of the information memorandum**

**[See rule 4(2)(a)]**

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

Sd/-  
**Md. Azizul Islam**  
Chairman

Sd/-  
**Md. Azimul Islam**  
Managing Director

Sd/-  
**Mrs. Lubna Islam**  
Director

Sd/-  
**Md. Rafiqul Islam**  
Alif Apparels Ltd  
Nominee Director

Sd/-  
**Golam Mostafa**  
Independent Director

**Date:** 01 February 2022

**Annexure-II**  
**[See rule 3(1)(m), 4(1)(c) and 4(2) (a)]**  
**Due diligence certificate of the trustee**

**To**  
**The Bangladesh Securities and Exchange Commission**

**Sub: Issuance of 30,000 fully convertible debt securities of Tk. 100,000 each of Alif Industries Limited.**

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

**WE CONFIRM THAT:**

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

Sd/-  
**Ahmed Saifuddin Chowdhury**  
Managing Director & CEO

**Annexure-III**

**Due diligence certificate to be furnished by issue manager(s) in the  
information memorandum**

**[See rule 4(2)(a)]**

**To**

**The Bangladesh Securities and Exchange Commission**

**Sub: Issuance of 30,000 numbers convertible debt securities of Tk. 100,000 each of  
Alif Industries Limited.**

**Dear Sir,**

We, the issue manager(s) to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned issue, visited the premises of the issuer or originator and interviewed the chairperson, directors and key management personnel of the issuer or originator in connection with the finalization of the information memorandum pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer or originator, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

**WE CONFIRM THAT:**

- a. The information memorandum filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b. All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the government have been duly complied with;
- c. The disclosures made in information memorandum are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Trust Act, 1882, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and other applicable laws;
- d. Besides ourselves, all the intermediaries named in the information memorandum are registered with the Commission and till date such registrations are valid;
- e. We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;

- f. The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer or originator and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- g. Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the information memorandum;
- h. All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well-informed decision;
- i. We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer or originator, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the issue of securities for any further inspection by the Commission;
- j. We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 containing details such as the rule number, its text, the status of compliance, page numbers of the information memorandum where the rules has been complied with and our comments, if any;
- k. We also declare that we have managed the issue of securities of the following issuers including originators in the last 05 (five) years:

Serial No.	Name of the Issue Month/Year	Issue Price	Dividend or Repayment History	Category, if listed
1.	Nil	Nil	Nil	Nil

Place: Dhaka  
Date: 21 December 2021

Sd/-  
**Tahid Ahmed Chowdhury, FCCA**  
Managing Director & CEO



**Annexure - IV**  
**Due diligence certificate by the underwriter(s)**  
**[See rule 4(2)(a)]**

The issuer did not appoint any underwriter.



**Credit Rating Report of the issue and issuer or originator:**

**Credit Rating Report of the issue:**

R  
A  
T  
I  
N  
G  
  
R  
E  
P  
O  
R  
T

# AlphaRating

## AIL CONVERTIBLE BOND

**Issuer**

**Alif Industries Limited**

(Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46, Gulshan # 02, Dhaka-1212.)

**2022**



**AIL Convertible Bond**

**Rating Type** —Initial

**A- Rating**

**Date of Declaration** 18 April, 2022

**Valid Till** 17 April, 2023

**Stable Outlook**

Business Risk	Liquidity Profile	Solvency	Priority	Covenant	Industry Group	Sector
Moderate	Sound	Sound	Moderate	Good	Textile	Fabric

Alif Industries Limited Is a public limited company, listed with the Dhaka and Chittagong Stock Exchange.  
Engaged in manufacturing and distributing of textiles and clothing.

**Contact Analysts**

HasiburRahman

[hasibur@alpharating.com.bd](mailto:hasibur@alpharating.com.bd)

NasibulKhaer

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**Date of Incorporation:**

02 August, 1992

**Board Chairman:**

Md. Azizul Islam

**Managing Director:**

Md. Azimul Islam

**Issue:** AIL Convertible Bond.

**Tenure:** 6 years

**Lead Arranger:**

Bengal Investments Limited

**Trustees & Paying Agent:**

Bangladesh General Insurance Company Limited

**Bank:**

EXIM Bank Limited

**Loan Limit:**

BDT 83.44 million

**Loan Outstanding:**

BDT 83.44 million  
(As on 29.03.2022)

## Rationale

AlphaRating assigns rating **A- (pronounced as ‘Single A’ minus)** in favor of AIL Convertible Bond. For instrument rating of Alif Industries Limited (herein after referred as ‘the company or AIL’) AlphaRating mainly emphasizes on issue specific risk, and Transaction Dimension, which covers priority, security & covenants of the bond. Moreover, audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021; related business risks and management quality of the entity have also been considered while assigning the rating.

AlphaRating considered increased revenue, sound profitability, good cost control, sufficient finance cost payment ability, sound liquidity position, sufficient collateral coverage; improve cash conversion cycle, positive CFO, increasing net asset value, updated compliance status, increasing ROA, ROE while assigning above rating. Moreover expansions of operation, large reliable customer base and long term experience of qualified management team of issuer have also been taken into consideration during the rating procedure.

On the contrary the rating has been constrained by receivables due by common management, high competition in the market and other operation & financial risks. Nevertheless, with the proper guidelines and support from investors still has scope to improve its performance in future years. Taking into account all the above factors and considering the size and importance of AIL; AIL Convertible Bond for AIL was assigned a rating A-. However, it was also considered that the proceeds of the Bond will be used mainly to purchase of land, machinery, existing factory retrofitting etc. and this will also facilitate the company to reduce the cost of borrowing having positive impact on the profitability.

Issue specific risk analysis revealed that, the risk of late payment will be compensated by the capacity of generating enough CFO and charging 0.50% p.a. above the amount to be paid on the due date. The issuer is expecting to generate good profitability as well as positive CFO when the coupon of the bond will fall due reducing the payment risk to some extent. Interest payment is secured by bank guarantee and principal of bond will be converted at paid up capital from the end of third year till sixth year. All these issues have impacted the rating positively and encouraged us to issue the Stable outlook in favor of instrument rating.

**Company Profile**

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### Company Profile

Alif Industries Limited is engaged in manufacturing of 100% export oriented knit garments items. It is operated as a sister Concern Company of Alif Group of Bangladesh. The company was incorporated on August 02, 1992 and it was converted to a public limited company in 1995. The company changed its name from Sajib Knitwear and Garments Limited to Alif Industries Limited on March, 2015 and listed under the new name in the year of 2017 under DSE & CSE. Corporate office of the company is at Bilquis Tower (9th Floor), House # 06, Road # 46, Gulshan # 02, Dhaka-1212.

### Group Profile

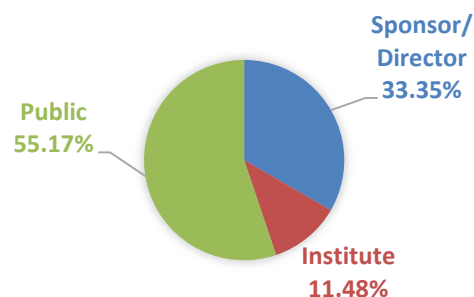
ALIF GROUP is one of the prominent manufactures & exporters of a wide range of knit and woven garments of the country. Alif Group of companies started their journey at 1984 and gradually has developed itself as a strong contemporary in the RMG sector. The group displays excellent performance in the field of garments manufacturing. They have expanded their business under the flagship of Alif Group which comprise of

- Alif Garments Limited
- Alif Outwears Limited
- Alif Textile Limited
- Alif Apparels Limited
- Hexa Garments Limited
- Lotus Kamal Knitwear Limited
- Alif Unitex Limited
- Alif Manufacturing Company Limited
- Shadhin Garments (Pvt.) Limited
- Shadhin Knitting & Textile Industries Limited
- Shadhin Dyeing (Pvt.) Limited
- Shadhin Knitwear Limited

### Ownership Pattern

The authorized share capital is 1,500.00 million ordinary shares of TK 10.00 each. The issued, subscribed and paid-up capital of the company was BDT 442.52 million having face value of shares of TK 10.00 each. The company was re-listed in the year of 2017 under Dhaka Stock Exchange and Chittagong Stock Exchange with market category A and having market capitalization is BDT 2,234.71 million as on 14 March, 2022. The company had paid cash dividend of 10% in 2021 (3% 2019 and 25% 2018). Similarly, bonus issue of 7% in 2019 & 10% 2018. The ownership composition has been depicted as per the disclosure of DSE website as on 28.02.2022.

### OWNERSHIP PATTERN





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## Production Flow

• <b>Yarn</b>
• <b>Knitting</b>
• <b>Dyeing</b>
• <b>Washing</b>

## List of brand new Machineries of the plant

<i>Sl.</i>	<i>Description</i>	<i>Origin</i>	<i>Quantity</i>
1	Warping	Moenus, Sucker, Germany	1 Set
2	Dyeing & Sizing	Moenus, Sucker, Germany	1 Set
3	Weaving (Airjet Looms)	Tsudakoma, Japan	64 Set
4	Finishing Range	CibiTex, Italy	1 Set
5	Stenter Machine	Dhall, India	1 Set
6	Mercerize Machine	Dhall, India	1 Set
7	Fabric Inspection	China	5 Sets
8	Spectrophotometer	Hunter Lab, USA	1 Set
9	Gas Generator (2.2 MW)	GE, Austria	1 Set
10	Boiler (10 Ton)	Cochran, Scotland	1 Set
11	Air Compressor with Dryers	Kaeser, Germany	1 Set
12	Humidification	LTG, Germany	1 Set
13	OHTC	Sohler, Germany	1 Set
14	Water Treatment Plant	Spain	1 Set
15	Effluent Treatment Plant	Italy	1 Set
16	BBT	Fine trend, France	1 Set

## Finished Products, Buyer and Suppliers

AIL is concentrating of producing of knitwear garments especially t-shirt, trouser, jackets. The company exports mainly to different countries of European Union as well as USA. The company's buyer includes Lidi, Wal-Mart, Tema etc. AIL requires various types of materials to produce the goods. AIL produces goods mainly from local market.

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## **INDUSTRY ANALYSIS**

### **Overview**

Bangladesh has become home of the world's third largest garment industry. The country follows behind China and Vietnam for exporting all kinds of garments. (<https://www.dhakatribune.com/business/2021/07/31/vietnam-overtakes-bangladesh-becomes-2nd-largest-rmg-exporter>) The sector contributes 20% to Bangladesh's gross domestic product and clothing manufacturers in Bangladesh are leading the economic growth in the country. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/>)

Bangladesh has gained attention in RMG by earning revenue starting from \$19 billion and growing to more than \$30 billion during past seven years. It is indeed an outstanding achievement by an increase of 79% in less than 10 years. The industry has survived through a dire crisis of losing workers in a number of accidents. However, this tragedy helped the industry gaining a better environment that is more secure and healthy for workers and making the industry attractive in the global RMG market. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/>)

### **Trends & Growth:**

With agriculture as the country's primary employment, Bangladesh started to grow as a more significant garment exporter when the focus shifted to the export industry. In 2012, Bangladesh's textile industry contributed to 79% of the country's export income and by the end of 2021; Bangladesh plans to achieve a target of apparel exports worth \$50 billion. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/>) To meet this projection, Bangladesh will have to outperform the global market by gaining market share from competitors like China and India. ([http://www.projectsprofile.com/news/news\\_profile\\_eight.html](http://www.projectsprofile.com/news/news_profile_eight.html))

The rise in Bangladesh's textile industry started as a consequence of the increasing wages in other countries. Countries, such as Korea, noticed the low manufacturing prices along with the low wages offered by the Bangladesh government to its garment workers and started venturing into the textile industry of Bangladesh. Now the country became the leading destination for outsourcing to overseas clothing manufacturers.

Company Profile

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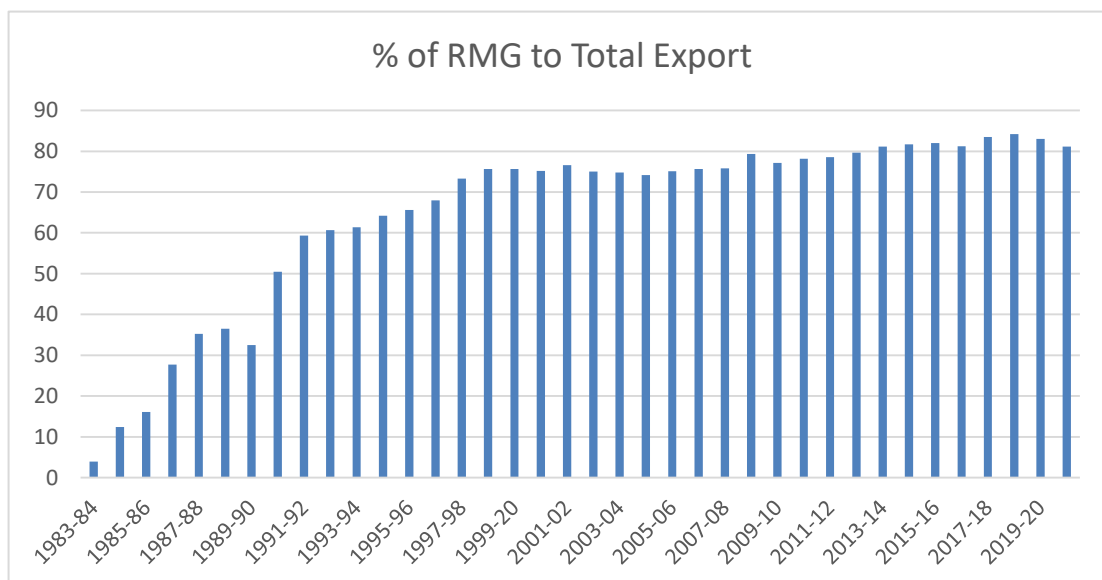
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After experiencing 18% fall in apparel export in 2019-2020, garment export rose 13% to \$31.5 billion in 2020-2021 from a year earlier. This favorable change was owing to 21% surge in overseas sales of knitwear products such as t-shirts and sweaters. Nevertheless, according to the Export Promotion Bureau, this result is still 7% below the pre-pandemic period of 2018-19 financial year. (<https://www.reuters.com/world/asia-pacific/bangladesh-exports-up-15-global-demand-garments-rebounds-2021-07-06/>)

### **Challenges before the industry:**

The RMG industry of Bangladesh has been disrupted by the Covid-19, and since the crisis is yet persisting, the recovery process became quite challenging. The first wave of the pandemic swamped the industry through the cancellation of orders, deferred payments/discounts by buyers, cash crunch. However, extension of wage assistance loan along with easing off and enhancement of the export development fund, retention of foreign currency in a single pool for Back-to-Back import payments, extending the tenure of realization of export proceeds, and most importantly suspension of loan classification enabled the industry participants to withstand the effect of the first wave. Nevertheless, major challenges that the industry still may face are slowdown in export order which can impact on uncertainty over confirmed business, shipment, payment and WIPs, allocation of capacity (utilized and unutilized), optimum management of supply chain and use of resources. Secondly, while the price decline has already been a trend in the global market for decades, the COVID-19 has further escalated the situation. Also, the industry has lost 6 billion dollars in export in FY2019-20, meaning that the capacity was seriously under-utilized. Acceptation of high discounts and delayed payments to clear the canceled goods affected the financial stability of this industry. Not to forget, 73% of Bangladesh's RMG exports enjoy duty-free access as an LDC (\$25 billion out of \$34 billion), which will be completely waived and the margin of preference will diminish for Bangladeshi products compared to our competitor countries, especially for Vietnam since Vietnam has signed FTA with EU. Finally, diversification of products within RMG as well as diversifying the export sectors will be key to Bangladesh's sustained industrial development. (<https://www.textiletoday.com.bd/2021-challenges-before-the-rmg-industry/>)



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## Issue Overview

### Interest

Interest will be paid semi-annually, i.e. twice a year, one part within one month from 30th June, another part within one month from 31<sup>st</sup> December. The Dividend portion of the interest will be paid in the corresponding period to the AGM of the dividend being approved. Interest rate will be 7.00% base profit plus 10.0 % of latest declared dividend (Cash and Bonus) to the ordinary share-holders. The interest amount will be disbursed semi annually.

### Convertibility

The "AIL Convertible Bond" will be converted @ 25% per annum from the end of 3rd Year, and will be fully converted into shares of AIL by at the end of the tenure. The conversion rate will be at 10% discount of last 20 trading days weighted average market price of AIL trading at Dhaka Stock Exchange Limited (DSE).

### Issue Objective

Alif Industries Limited has planned to issue the Bond mainly due to purchase of land, machinery, existing factory retrofitting etc. from Banks, Insurance Companies, Financial Institutions, Corporate Houses and high net worth individual.

### Features of Bond

<b>Issuer</b>	Alif Industries Limited
<b>The Issue</b>	AIL Convertible Bond
<b>Issue Size</b>	BDT 3,000.00 Million
<b>Face Value of each bond</b>	BDT 100,000.00
<b>Total number of Lots</b>	30,000.00
<b>Lead Arranger</b>	Bengal Investments Limited
<b>Trustee</b>	Bangladesh General Insurance Company Limited
<b>Security</b>	Interest amount of the said bond is fully secured by the bank guarantee.
<b>Maturity</b>	End of 6 years from the issue date
<b>Interest rate</b>	7.00% base profit plus 10.00% of latest declared dividend (cash and bonus) to the ordinary shareholders, The interest amount will be disbursed semi-annually.
<b>Delayed Payments</b>	In case of unavoidable circumstance, if payment to bond holders is delayed then they shall be compensated by an additional 0.50% per annum on the amount due for payment;
<b>Listing</b>	listed
<b>Offering Style</b>	Private placement
<b>Investors</b>	Bank, Insurance Companies, FIs, Corporate houses and High net worth individual.

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## **Issue Specific Risk**

### **Interest Rate Risk**

Interest rate risk is the risk that the Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such raises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities. However, the company has no long term loan. The term loan is not significant as well. Therefore, a change in interest rates at the reporting date would not affect profit or loss of the issuer.

### **Security Risk**

AIL is issuing BDT 3,000,000,000 (three hundred core), fully convertible bonds through Private placement that has 6 Years maturities period. The interest may not be paid. However, the interest amount accrued every six months is fully secured by bank guarantee.

### **Liquidity Risk**

The Company needs to ensure the payment of suppliers on time while selling items on L/C or credit. In this manner, it may face shortage of funds to meet its current obligations in a timely manner. Therefore, the end objective of liquidity management is to ensure striking of balance between liquidity and profitability .However, the Company's approach to managing liquidity is to ensure, as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

### **Foreign Exchange Risk with risk mitigation policy**

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit. However, the Company's exports exceed imports; therefore, volatility of exchange rates has limited Impact on profitability of the Company.

### **Non-Repayment Risk**

Non-repayment risk can arise if the Company becomes unable to repay the principal amount and the interest to the bond holder. Due to global financial crisis, the Company may not be able to repay their bond holder. Change of interest rate, inflation, recession may have a negative impact on cash flow and profitability of the Company which results in non-repayment in bond amount to bond holders. The management of AIL is always concerned about the prevailing and upcoming future changes in the domestic and global financial policies and/or conditions, and is always ready to response appropriately and timely to safeguard its shareholders' and bondholders' interest. The interest amount is fully secured by bank guarantee, and the principle amount will be converted to shares of AIL in due course of time.

### **Prepayment, call or refunding risk**

The risk of Call or Refunding may arise if the bond-holder wishes to get return the bond amount before the bond's maturity. The issuer has the right to redeem (call) the bonds earlier than maturity @ 0.25% premium of the outstanding balance. However, there is no put option (sold it back to issuer) to the issue for investors.

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### Repayment Schedule

Subscription amount TK 1,000,000 assuming declared dividend 10%

Years	Months	Tentative Date	Subscription	Conversion	Remaining Principal	Interest rate	10% of Dividend	Total	Gross Interest Amount
<b>0</b>	0	30.06.2022			1,000,000	7.00%	1.00%	8.00%	40,000
	6	31.12.2022	1,000,000		1,000,000	7.00%	1.00%	8.00%	40,000
<b>1</b>	12	30.06.2023	1,000,000		1,000,000	7.00%	1.00%	8.00%	40,000
	18	31.12.2023	1,000,000		1,000,000	7.00%	1.00%	8.00%	40,000
<b>2</b>	24	30.06.2024	1,000,000		1,000,000	7.00%	1.00%	8.00%	40,000
	30	31.12.2024	1,000,000		1,000,000	7.00%	1.00%	8.00%	40,000
<b>3</b>	36	30.06.2025	1,000,000	250,000	750,000	7.00%	1.00%	8.00%	40,000
	42	31.12.2025	1,000,000		750,000	7.00%	1.00%	8.00%	30,000
<b>4</b>	48	30.06.2026	1,000,000	250,000	500,000	7.00%	1.00%	8.00%	30,000
	54	31.12.2026	1,000,000		500,000	7.00%	1.00%	8.00%	20,000
<b>5</b>	60	30.06.2027	1,000,000	250,000	250,000	7.00%	1.00%	8.00%	20,000
	66	31.12.2027	1,000,000		250,000	7.00%	1.00%	8.00%	10,000
<b>6</b>	72	30.06.2028	1,000,000	250,000		7.00%	1.00%	8.00%	10,000
			<b>Total</b>	<b>1,000,000</b>		<b>7.00%</b>	<b>1.00%</b>	<b>8.00%</b>	<b>360,000</b>

Subscription amount TK 1,000,000 assuming declared dividend 20%

Years	Months	Tentative Date	Subscription	Conversion	Remaining Principal	Interest rate	10% of Dividend	Total	Gross Interest Amount
<b>0</b>	0	30.06.2022			1,000,000	7.00%	2.00%	9.00%	45,000
	6	31.12.2022	1,000,000		1,000,000	7.00%	2.00%	9.00%	45,000
<b>1</b>	12	30.06.2023	1,000,000		1,000,000	7.00%	2.00%	9.00%	45,000
	18	31.12.2023	1,000,000		1,000,000	7.00%	2.00%	9.00%	45,000
<b>2</b>	24	30.06.2024	1,000,000		1,000,000	7.00%	2.00%	9.00%	45,000
	30	31.12.2024	1,000,000		1,000,000	7.00%	2.00%	9.00%	45,000
<b>3</b>	36	30.06.2025	1,000,000	250,000	750,000	7.00%	2.00%	9.00%	45,000
	42	31.12.2025	1,000,000		750,000	7.00%	2.00%	9.00%	33,750
<b>4</b>	48	30.06.2026	1,000,000	250,000	500,000	7.00%	2.00%	9.00%	33,750
	54	31.12.2026	1,000,000		500,000	7.00%	2.00%	9.00%	22,500
<b>5</b>	60	30.06.2027	1,000,000	250,000	250,000	7.00%	2.00%	9.00%	22,500
	66	31.12.2027	1,000,000		250,000	7.00%	2.00%	9.00%	11,250
<b>6</b>	72	30.06.2028	1,000,000	250,000		7.00%	2.00%	9.00%	11,250
			<b>Total</b>	<b>1,000,000</b>		<b>7.00%</b>	<b>2.00%</b>	<b>9.00%</b>	<b>405,000</b>

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## Bond Transaction Dimension

### Priority

By issuing the bonds the issuer has obligation to the effect that this obligation is not a deposit and is not insured by any deposit insurance scheme. And this obligation is subordinated to claims of bank liabilities and other creditors, is secured (interest portion), and is eligible as collateral for a loan by any bank (subject to discretion of all related parties).

### Security

Security can be in the form of specific collateral or a lien on all assets. For an issue secured with specific collateral to be rated above the “nature” or “stand alone”. If the security is separated from the estate of the company in the event of bankruptcy and the security will maintain value regardless of the company’s fortunes, then the risk of the bond might be minimized. The issuance of bond of AIL is secured bond hence. Principal will be converted to paid-up capital from the end of the 3<sup>rd</sup> year to sixth year (Tenure of the bond). Interest amount of the said bond is fully secured by the bank guarantee.

### Covenants

The Issuer covenants with the Trustee that it shall, as and when any of the interest payment under the Bonds become due for payment on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds, the interest payments of the Bonds becoming due for payment, repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions *provided that*:

- every payment of interest in respect of the Bonds or any of them made to or to the account of the Paying Agent i.e. Trustee in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions.
- if any payment of interest in respect of the Bonds or any of them is made after the due date then “condition of the bond” shall be applicable in respect of delayed payment and, payment shall be deemed partial payment until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions. In case of unavoidable circumstance, if payment to bond holders is delayed then they shall be compensated by an additional 0.50% per annum on the amount due for payment;

<i>Company Profile</i>	<i>Industry Overview</i>	<i>Issue Overview</i>	<b><i>Business Risk</i></b>
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## ***Business Risk Analysis***

### ***Technology Risk***

Technology always plays a vital role for each and every type of business. As technology is improving rapidly with the change of the customers taste, all entities operating in this industry are exposed to obsolescence risk. Better technology can increase productivity, efficiency and quality of product. Quality of product is assured by the quality assurance organizations but the competitive advantage depends on highly efficient technological adoption. In this sector a company is exposed to technology risks when there are competitors who have already adopted advanced technology in their production process. Keeping updated with the latest processes and methods of providing innovative products is essential to maintain market share which is a big challenge for the company. However, AIL is currently using latest production & quality control equipment. But the company will be exposed to technological risk if one of its competitors introduces updated technology in their operations.

### ***Price Fluctuation Risk***

AIL, along with other companies in the industry faces price fluctuation risk due to volatility of yarn price in the market emanating from fluctuation of raw cotton price in international market. In recent times the price of yarn has considerably fluctuated in local and global market and the continuance of this will put pressure on the cost of production as well as price of finished goods. It procures raw materials (yarn, dyes and chemicals) from abroad and provides finished goods (fabric) to some export oriented local garments & buyers. However, the volatility of raw material price is pass through to the finished goods. Therefore, price fluctuation has little impact on profitability.

### ***Human Resource***

Human resource risk arises in many forms. Not having the right person in place with required skills needed to compete are two of those risks. Companies with an ageing workforce are even at more risk. The industry is losing man power every year in a natural way. Absence of experienced manpower create difficulty to get technical and operational works in company also major decision taken by the company. However Management of AIL is fully aware of this risk and has planned to act accordingly.

### ***Operational Risk***

The operational failure may arise due to inadequacy or failure in internal process, people and systems or from external events. In Bangladesh, strike and protest by the opposite political parties can affect the smooth running of the business. There is low entry-exit barrier for the industry which increases the competition resulting low profitability. If the company fails to fulfill its operational facts it may face increased market risk. At the same time inefficient cost control will reduce the return of the company. AIL industry is said to be a labor-intensive industry. The energy consumption cost is significant compared to total production cost. Bangladesh faces a great challenge to power supply. Shortage of power supply may hamper production slightly and this may lead to increase in the cost of production and make the company less profitable.



<i>Company Profile</i>	<i>Industry Overview</i>	<i>Issue Overview</i>	<b><i>Business Risk</i></b>
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### **Foreign Exchange Risk**

The company faces significant foreign exchange risk as it pays the foreign suppliers and receives from foreign customers in US dollar and other foreign currency. When value of US Dollar rises, it has to spend more Bangladeshi currency (BDT) to procure materials and receives more BDT against each USD. The recent trend of the exchange rate of US dollar to BDT is highly volatile and therefore it is a relative concern for the firm to be affected in terms of payment & receipt. AIL is 100% export oriented company. Imports are made through back to back LC. Therefore, any adverse affect of foreign currency fluctuation will be automatically offset by export carriage in foreign currency.

### **Regulatory Risk**

As a major foreign currency earner, textile industry always gets special consideration from government. But recent accidents in several RMG factories has pushed whole textile industry under surveillance of more aggressive regulation and increased government intervention which resulted in greater uncertainty. Regulations vary significantly by jurisdiction, making it difficult to implement consistent growth strategies or operational capabilities across markets. Regulators often control factors that are fundamental to how textile companies operate, and can remove certain competitive advantages that may be expensive to obtain. Companies are now concerned that regulators’ shifting the goalposts creates a more unpredictable business environment which poses a risk to growth prospect. In response to the changing regulatory environment, many companies are providing additional resources to monitor changes in regulation otherwise it would be difficult to operate in certain jurisdiction, in extreme case a company may have to stop doing business.

However AIL operates its business within the frame of applicable laws & regulation which is a primary requirement for any company to be listed with BSEC. AIL prepares its financial statements in accordance with all relevant reporting standards (IAS, BAS, IFRS & BFRS). It also has established set procedures to ensure compliance with all statutory and regulatory requirements. Moreover assigned personnel are responsible for ensuring proper compliance with relevant regulatory framework so impact of this risk is considered to be low.

<i>Company Profile</i>	<i>Industry Overview</i>	<i>Issue Overview</i>	<i>Business Risk</i>
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## Financial Risk Analysis

AlphaRating performs financial analysis by dividing the financial portion into different categories which are Profitability Analysis, Liquidity Analysis Cash Flow Analysis and Capital Structure. Detailed analysis is presented below:

### Profitability

The company is manufacturing and distributing RMG knit garment items. AlphaRating observed that AIL has been experiencing positive growth in revenue since FY 2020. During FY 2021, it has been observed that, the company earned its revenue from diversified sources such as direct export, deemed export and subcontract bill which comprises 5.83%, 93.86% & 0.31% of total revenue respectively in FY 2021. Revenue of AIL is improved by 23.81% mainly due to raise deemed export by BDT 521.58 million. According to the audit report, direct export has been fall by 91.46% due to unavoidable circumstances. Management of AIL has taken required measure to mitigate those compliance issues and overcome those difficulties. From January, 2021 the company started direct export in full pace. At the same time, the Cost of Goods Sold has been increased by 26.97% from that of the last year, which is at a higher rate than revenue growth rate. This has led AIL to achieve Gross Profit Margin of 10.03% in FY 2021, which was slightly lower than previous year. This fall was mainly due to increased price of raw material and dyeing charges & fright & carrying expenses under factory overhead compared to that of FY 2020. On the other hand, in spite of improving operating expense to revenue percentage in FY 2021, OPM of AIL has decreased to 9.15% due to increased direct cost. Moreover, net profit margin has been improved by 1.48% due to increase of other income and unavailable retaining of WPPF compared to that of FY 2020.

It has been observed that ROA has been increased in FY 2021 as total assets in FY 2020 was lower. It is noted that AlphaRating calculated ROA ratio based on average assets. At the same time, Return on Equity (ROE) has also been increased in FY 2021 as a result of increasing net profit.

**Exhibit 1: Selected Indicators: Alif Industries Limited.**

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
<b>Revenue (BDT in Millions)</b>	328.32	555.68	448.82
<b>Revenue Growth (%)*</b>	18.17	23.81	-
<b>COGS (BDT in Millions)</b>	288.56	499.95	393.76
<b>COGS Growth (%)*</b>	15.44	26.97	-
<b>Gross Profit (BDT in Millions)</b>	39.75	55.73	55.06
<b>Operating Profit (BDT in Millions)</b>	37.29	50.87	49.49
<b>Gross Profit Margin (%)</b>	12.11	10.03	12.27
<b>Operating Profit Margin (%)</b>	11.36	9.15	11.03
<b>Net Profit Margin (%)</b>	10.07	11.54	10.06
<b>ROA (%)*</b>	6.10	4.71	4.69
<b>ROE (%)*</b>	6.74	6.69	5.05

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

\*time apportioned to 12 months for better comparison

For the six months period ended 31<sup>st</sup> December, 2021 revenue of the company has been increased by 13.81% from BDT 288.49 million to 328.32 million, similarly, if we consider revenue of 12 months through weighting then the revenue provides positive growth. At the same time, COGS of the business has increased too, however at a slower rate than revenue, which resulted into slightly improved Gross Profit Margin. Moreover, it is observed that management was able to control total operating cost as a percentage of sales indicating improved operational efficiency. On the contrary, income tax expense is appeared to be higher and other income is lower if we consider 12 months periods, which led deterioration of Net Profit Margin. If the profits are time apportion to 12 months the results are reasonable. Both ROA & ROE has improved due to higher operating profit and decreased equity.

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### Liquidity Analysis

In FY 2021, liquidity position of the company is showing that, the company was fully able to meet its total short term obligations, by liquid assets and current ratio stood at above 1 in all FY of consideration. But its capability improves when we only consider current assets as cash & trade receivable which we have seen in quick asset ratio. Despite having increased current liability in FY 2021. Quick ratio of AIL has improved due to decrease inventory amount by 12.93% and increased quick assets by 8.81%. Analyzing the cash ratio provides a view of the liquidity position of the company. In depth analysis revealed that, entity's cash & cash equivalents captures only around 7.30% of current assets which is lower than previous year. This situation results cash ratio fall to 0.04 times in FY 2021. However, holding extra cash is not desired because of the opportunity cost.

In FY 2021, though Cash Conversion Cycle of AIL has improved to 454 days though 567 in FY 2020 but seems higher than industry practice. Higher Cash Conversion Cycle is a negative sign for the company as it implies deterioration efficiency of working capital management. Scrutiny revealed that receivables collection period was unusually high mainly because of common management. This amount represents 94.16% of total receivables at the P/E 31 December, 2021 and 94.86% was in Y/E June, 2021. Based on the aging analysis, about 65.20% amount of total trade receivables under the bracket over 180 days at the P/E 31 December, 2021 & 19.32% was Y/E June, 2021. Indicating downgraded trend of receivables collection periods. Similarly, increasing trade receivables days has resulted on deterioration on trade payables days because of very minimum availability. Y/E June 2021, average of trade payables days has reported low but if we consider analysis with actual trade payable amount in a single year then trade payables days are much higher. Moreover, the company has reported inventory holding periods to 136 days. A high day's inventory indicates that a company is not able to quickly turn its inventory into sales. Having too much idle inventory is detrimental to a company

For the six months period ended 31st December, 2021, current ratio improved and quick ratio is the same as last year if we round up the figure by 12 months.

### Exhibit 2: Selected Indicators: Alif Industries Limited

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
Current Ratio (x)	2.52	5.22	5.23
Quick Ratio (x)	1.99	3.99	3.78
Cash Ratio (x)	0.04	0.07	0.29
Trade Receivable Period (Days)*	355	331	383
Trade Payable Period (Days)*	79	13	1
Inventory Turnover (Days)*	120	136	185
Cash Conversion Cycle (Days)*	396	454	567

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

\*time apportioned to 12 months for better comparison

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### Cash Flow Analysis

After drastically fall in FY 2020, CFO of AIL has positive in FY 2021. This improvement of CFO was mainly due to improve cash receipt from customers and decreased payment to suppliers and other operating expenses compared to that of last FY. The operating cash flow surplus will make the company less dependent on external finance. CFO interest coverage ratio states the company has sufficient capability to fully pay off its short term obligations with its available cash from operating activities in FY 2021.

At the end of 31 December 2021, CFO of AIL has been negative and reported to BDT (13.06) million. This fall was mainly due to cash tied up in receivables, inventories and increased payment for other operating expenses & RMG central fund compared to that of FY June 2021. Negative CFO might decrease lender's confidence and increase dependency on external finance.

### Leverage & Capital Structure

Capital structure of AIL is composed of finance introduced by the investors, reserve and cumulative retained earnings and loan from external sources. In FY 2021, it is observed that debt to equity ratio of AIL was nil, reflecting that the company has been utilizing equity finance capital structure. However, It is noticed that AIL's dependency on external finance has little increased during the 6 months period ended 31 December 2021. This was mainly due to raise short-term loan By BDT 20.53 million from EXIM Bank Limited. Capital structure of AIL is still showing low geared position of the company as loan amount represents 1.53% of total fund & 2.17% of total equity.

In FY 2021, Net Asset Value has been increased by BDT 64.40 million due to increase cumulative retained earnings. On the other hand, at the end of 31 December 2021, Net Asset Value has been decreased by BDT 10.95 million due to fall net profit and additional charged depreciation amount. In FY 2021, and at the end of 31 December, interest Coverage Ratio shown that the company has generated sufficient operating profit to fully cover the finance cost with ease.

#### Exhibit 3: Selected Indicators: Alif Industries Limited

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
<b>CFO (BDT in millions)</b>	(13.06)	0.61	(40.19)
<b>CFO Interest Coverage (x)</b>	-	20.33	-
<b>CFO Debt Coverage (x)</b>	-	-	-

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

#### Exhibit 4: Selected Indicators: Alif Industries Limited

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
<b>Debt-to-Equity (x)</b>	0.02	0.00	0.00
<b>Net Asset Value (BDT in millions)</b>	947.66	958.61	894.21

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

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## Bank Facilities & Credit History

**Bank Loan: Exhibit 5:** Selected Indicators: **Alif Industries Limited** (Figure BDT in million)

	Mode of Facility	Loan Limit	Loan Outstanding
EXIM Bank Limited (As on 29.03.2022)	Bai-Salam ECC (CM) (Case to Case)	51.02	51.02
	Bai-Salam ECC (FOB) (Case to Case)	32.42	32.42
	<b>Total</b>	<b>83.44</b>	<b>83.44</b>

AIL has been availing banking facilities from EXIM Bank Limited, Head Office Corporate Branch, Dhaka. Payment behavior could not be assessed due to insufficient banking information. AlphaRating only considered the above-mentioned bank's facilities availed by the company.

## Management & Other Qualitative Factors

### Board of Directors

The Board of Directors of the company is comprised of 5 members and is led by Md. Azimul Islam as the Managing Director of the company; he is a well experienced business personality having sound business knowledge about this industry. He is leading the management team and monitoring all aspect of day to day operation with the help of other directors of the company. Board of Directors of the company detailed below:

Name of Directors	Status
Md. Azizul Islam	Chairman
Md. Azimul Islam	Managing Director
Lubna Islam	Director
Md. Rafiqul Islam (Nominated by Alif Apparels Ltd.)	Nominee Director
Golam Mostafa	Independent Director

### Management Committee

The Management Committee comprises of top senior officials headed by Managing Director. The management committee deals with entire organizational matter. The Management Committee comprises of the following members:

Name of Directors	Status
Md. Azimul Islam	Managing Director
Md. Shafiqul Islam	Head of Internal Audit
Mohammad Hanif	Chief Financial Officer
Md. Rafiqul Islam	Director as nominee of Alif Apparels Ltd.
MahfuzurRahman	Acting Secretary

### Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors of Alif Industries Ltd is constituted as per the internal control framework of the company Policy and conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC). The present committee comprises of 4 (four) members of whom one is Independent Director. The Company secretary functions as the secretary of the committee as well. Meetings of the committee are attended by Managing Director, Head of Internal Audit, engagement partner of External Audit, as necessary by invitation. During FY 2021, four meeting were held.

### Human Resource Management (HRM)

Human Resource Management is the part of management functions which is primarily concerned with human relationship in an organization; its objectives are the maintenance of those relationships which enable all these engaged in the undertaking to make their maximum contribution to the effective working of the undertaking. The owner is aptly supported by 470 workers and other managerial and official staff to carry out smooth operation of the company. The company has segregated marketing and accounts department.

### Nomination & Remuneration Committee

The Nomination and Remuneration Committee of Alif Industries Limited is a sub-committee of the Board of Directors and appointed and authorized by the Board in pursuance of BSEC notification to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executives. The Board of Directors of Alif Industries Limited has established the Nomination and Remuneration Committee comprises of three members on February 05, 2020 headed by the Independent Director, Mr. Golam Mostafa. The other members of the committee are, Mrs. Lubna Islam and Mr. Rafiqul Islam -Nominated Directors of the company. During the year 2020-21, one meeting of the Nomination and Remuneration Committee was held on 1st April 2021.

### IT Facility

For administrative work the concern uses computer. For preparation of financial statement the respective concern uses Tally (ERP-9) software.

### Corporate Governance

Alif Industries Limited is 100% committed to operate business with trust, confidence, integrity, transparency through high degree of corporate governance standards. The Company believes that high standards of corporate governance are keys to success and best serve the shareholders' interests. The Company is a law abiding responsible corporate citizen of the country. The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates.



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Particulars	Valid till
Trade License	2021-2022
Income Tax Certificate	Not Provided
BGMEA Membership	31.12.2022
Certificate of Compensation Benefit	31.12.2022
ERC	2021-2022
IRC	2021-2022
Fire License	2021-2022
Insurance	27.09.2022

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## COMPANY INFORMATION:

### END OF REPORT

#### *Board of Directors*

<b>Name of Directors</b>	<b>Status</b>
Md. Azizul Islam	Chairman
Md. Azimul Islam	Managing Director
Lubna Islam	Director
Md. Rafiqul Islam (Nominated by Alif Apparels Ltd.)	Nominee Director
Golam Mostafa	Independent Director

#### *Shareholders (As on 28.02.2022)*

Sponsor/Director	33.35%
Institution	11.48%
Public	55.17%

#### *Company Address*

##### **Corporate Office**

Bilquis Tower (9<sup>th</sup> Floor), House # 06,  
Road # 46, Gulshan # 02, Dhaka-1212.

##### **Factory**

Tatki, Rugganj, Narayanganj.

#### *Auditor*

##### **Ashraf Uddin & Co.**

Chartered Accountants

Corporate Office : Rahman Chamber (5<sup>th</sup> Floor)

12-13, Motijheel Commercial Area, Dhaka-1000.

#### *Company Website*

<http://ail.com.bd>



AlphaRating's Research Methodology for Determining Bond Rating



Analysis is segmented into two or three sub sectors:

- Industry Outlook
- Competitive Position
- Operational Analysis

- Priority
- Security
- Covenant

Analysis is segmented into four sub sectors:

- Asset Quality
- Capital Adequacy
- Fund Management
- Liquidity Management
- Profitability

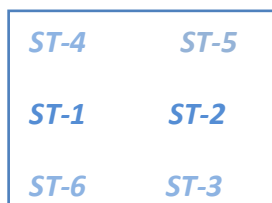
It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- Review Modeling Assumption
- Approve Company-Specific Adjustments



Rating Outlook



POSITIVE	Rating may be raised	ST-1	Superior Capacity	AAA	Exceptionally Strong Capacity
NEGATIVE	Rating may be lowered	ST-2	Strong Capacity	AA	Very Strong Capacity
STABLE	Rating is likely to remain unchanged	ST-3	Adequate Capacity	A	Strong Capacity
DEVELOPING	Rating may be raised, lowered or remain unchanged.	ST-4	Inadequate Capacity	BBB	Adequate Capacity
		ST-5	High Likelihood of Default, with little Capacity to Address Further Adverse Changes in Financial Circumstances	BB	Some Obvious Weakness in Operating Practices & Key Financial Indicators
		ST-6	Payment in Default	B	Fundamental Weakness in Operating Practices & Key Financial Indicators
				C	Several Immediate Problems of a Serious Nature
				D	Requires Sustained External Support without which its Continued Viability is in Doubt

Notes: Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories.



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Credit Rating Report of the issuer:

# AlphaRating

## ALIF INDUSTRIES LIMITED

(Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46, Gulshan # 02, Dhaka-1212.)

(Corporate)  
2022

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**Alif Industries Limited**

**A** Long Term Rating

**ST-2** Short Term rating

**Stable** Outlook

Date of Declaration **18 April, 2022**

Valid Till **17 April, 2023**

## Rationale

### Contact Analysts

HasiburRahman

[hasibur@alpharating.com.bd](mailto:hasibur@alpharating.com.bd)

NasibulKhaer

[Nasib@alpharating.com.bd](mailto:Nasib@alpharating.com.bd)

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### Date of Incorporation:

02 August, 1992

### Board Chairman:

Md. Azizul Islam

### Managing Director:

Md. Azimul Islam

### Total Asset:

BDT 1,102.83 million  
(As on 30.06.2021)

**Authorized Capital:** 1,500.00 million

**Issued Capital:** BDT 442.52 million

### Bank:

EXIM Bank Limited

### Loan Limit:

BDT 83.44 million

### Loan Outstanding:

BDT 83.44 million  
(As on 29.03.2022)

Alpha Credit Rating Limited (AlphaRating) assigns long term rating “A” (pronounced as single “A”) and short term rating “ST-2” in favor of **Alif Industries Limited**. (Hereinafter referred to as “the company” or “AIL”).

AlphaRating considered financial performance, scale of business, quality of financial statements and data presentation, shareholders’ relationship with different parties or stakeholders of the company, stakeholders’ business experience, and comparative strength of the group while assigning the rating. The above rating is based on the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021 and other qualitative factors.

The rating in favor of Alif Industries Limited considered both financial & non-financial indicators of the company. The rating is based on the consideration of positive factors such as: well-qualified and experienced management team, increased revenue, sound profitability, good cost control, sufficient advance cost payment ability, sound liquidity position, sufficient collateral coverage; improve cash conversion cycle, positive CFO, increasing net asset value, updated compliance status, increasing ROA, ROE, efficient managerial effort of the directors etc.

AlphaRating has also considered major constraints such as receivables due by common management, high competition of market and other operational & financial risks and these have made a negative impact on the rating. Moreover, unavailability of income tax certificate, higher trade receivables days so influenced the rating adversely.

### Operating Summary (BDT in Million)

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
Turnover (BDT in Millions)	328.32	555.68	448.82
EBIT (BDT in Millions)	37.29	50.87	49.49
Net Profit (BDT in Millions)	33.05	64.10	45.15
NP Margin (%)	10.07	11.54	10.06
CFO (BDT in Millions)	(13.06)	0.61	(40.19)

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

### Credit Metrics (BDT in Million)

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
Cash in Hand (BDT in Millions)	17.63	10.43	39.89
Total Debt (BDT in Millions)	20.53	-	-
Interest Expense (BDT in Millions)	0.03	0.11	-
Debt to Equity (X)	0.02	-	-
Quick Ratio (X)	1.99	3.99	3.78

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

AIL has been availing banking facilities from EXIM Bank Limited, Head Office Corporate Branch, Dhaka. Payment behavior could not be assessed due to insufficient banking information. AlphaRating only considered the above-mentioned bank’s facilities availed by the company.

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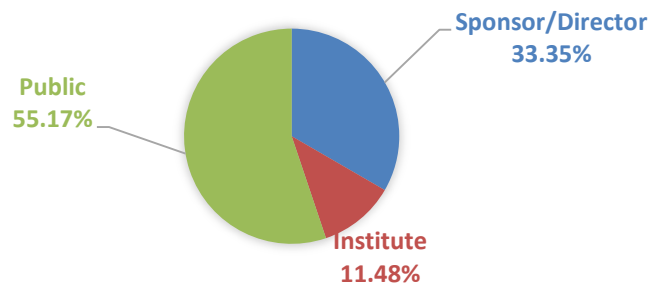
## Company Profile

Alif Industries Limited is engaged in manufacturing of 100% export oriented knit garments items. It is operated as a sister Concern Company of Alif Group of Bangladesh. The company was incorporated on August 02, 1992 and it was converted to a public limited company in 1995. The company changed its name from Sajib Knitwear and Garments Limited to Alif Industries Limited on March, 2015 and listed under the new name in the year of 2017 under DSE & CSE. Corporate office of the company is at Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46, Gulshan # 02, Dhaka-1212.

## Ownership Pattern

The authorized share capital is 1,500.00 million ordinary shares of TK 10.00 each. The issued, subscribed and paid-up capital of the company was BDT 442.52 million having face value of shares of TK 10.00 each. The company was re-listed in the year of 2017 under Dhaka Stock Exchange and Chittagong Stock Exchange with market category A and having market capitalization is BDT 2,234.71 million as on 14 March, 2022. The company had paid cash dividend of 10% in 2021 (3% 2019 and 25% 2018). Similarly, bonus issue of 7% in 2019 & 10% 2018. The ownership composition has been depicted as per the disclosure of DSE website as on 28.02.2022.

### OWNERSHIP PATTERN



## Group Profile

ALIF GROUP is one of the prominent manufactures & exporters of a wide range of woven garments of the country. Alif Group of companies started their journey at 1984 and gradually has developed itself as a strong contemporary in the RMG sector. The group displays excellent performance in the field of garments manufacturing. They have expanded their business under the flagship of Alif Group which comprise of

- Alif Garments Limited
- Alif Outwears Limited
- Alif Textile Limited
- Alif Apparels Limited
- Hexa Garments Limited
- Lotus Kamal Knitwear Limited
- Alif Unitex Limited
- Alif Manufacturing Company Limited
- Shadhin Garments (Pvt.) Limited
- Shadhin Knitting & Textile Industries Limited
- Shadhin Dyeing (Pvt.) Limited
- Shadhin Knitwear Limited

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<i>Issue Risk</i>	<i>Financial Risk</i>	<i>Management Quality</i>	<i>Company Information</i>

## Production Flow

• <b>Yarn</b>
• <b>Knitting</b>
• <b>Dyeing</b>
• <b>Washing</b>

## List of brand new Machineries of the plant

<i>SL.</i>	<i>Description</i>	<i>Origin</i>	<i>Quantity</i>
1	Warping	Moenus, Sucker, Germany	1 Set
2	Dyeing & Sizing	Moenus, Sucker, Germany	1 Set
3	Weaving (Airjet Looms)	Tsudakoma, Japan	64 Set
4	Finishing Range	CibiTex, Italy	1 Set
5	Stenter Machine	Dhall, India	1 Set
6	Mercerize Machine	Dhall, India	1 Set
7	Fabric Inspection	China	5 Sets
8	Spectrophotometer	Hunter Lab, USA	1 Set
9	Gas Generator (2.2 MW)	GE, Austria	1 Set
10	Boiler (10 Ton)	Cochran, Scotland	1 Set
11	Air Compressor with Dryers	Kaeser, Germany	1 Set
12	Humidification	LTG, Germany	1 Set
13	OHTC	Sohler, Germany	1 Set
14	Water Treatment Plant	Spain	1 Set
15	Effluent Treatment Plant	Italy	1 Set
16	BBT	Finetrend, France	1 Set

## Finished Products, Buyer and Suppliers

AIL is concentrating of producing of knitwear garments especially t-shirt, trouser, jackets. The company exports mainly to different countries of European Union as well as USA. The company's buyer includes Lidi, Wal-Mart, Tema etc. AIL requires various types of materials to produce the goods. AIL produces goods mainly from local market.

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## INDUSTRY ANALYSIS

### **Overview**

Bangladesh has become home of the world's third largest garment industry. The country follows behind China and Vietnam for exporting all kinds of garments. (<https://www.dhakatribune.com/business/2021/07/31/vietnam-overtakes-bangladesh-becomes-2nd-largest-rmg-exporter>) The sector contributes 20% to Bangladesh's gross domestic product and clothing manufacturers in Bangladesh are leading the economic growth in the country. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/>)

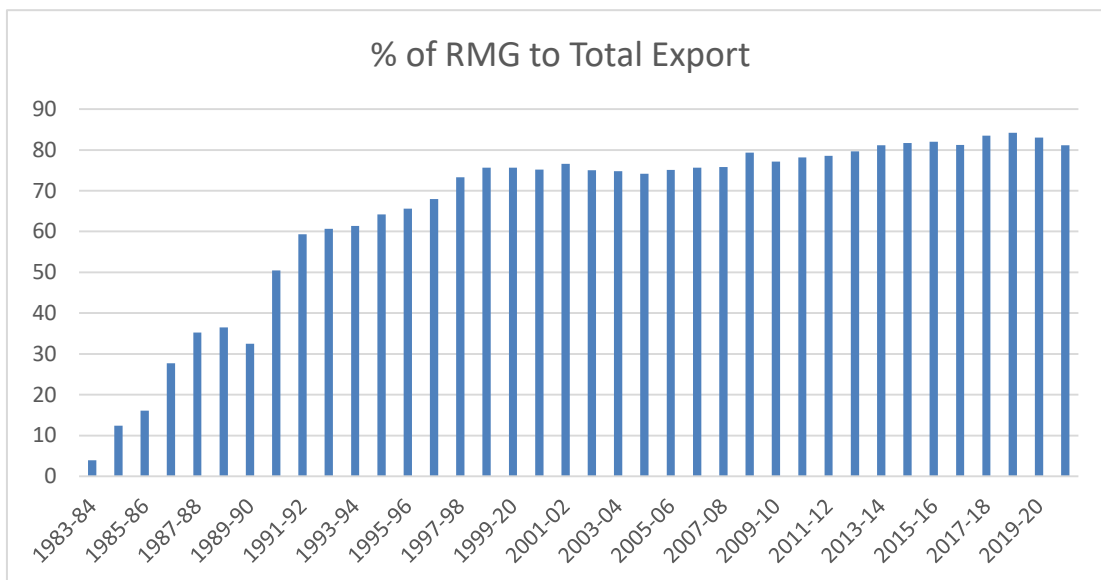
Bangladesh has gained attention in RMG by earning revenue starting from \$19 billion and growing to more than \$30 billion during past seven years. It is indeed an outstanding achievement by an increase of 79% in less than 10 years. The industry has survived through a dire crisis of losing workers in a number of accidents. However, this tragedy helped the industry gaining a better environment that is more secure and healthy for workers and making the industry attractive in the global RMG market. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/> )

### **Trends & Growth:**

With agriculture as the country's primary employment, Bangladesh started to grow as a more significant garment exporter when the focus shifted to the export industry. In 2012, Bangladesh's textile industry contributed to 79% of the country's export income and by the end of 2021; Bangladesh plans to achieve a target of apparel exports worth \$50 billion. (<https://ipsnews.net/business/2021/01/06/the-rise-of-bangladeshs-apparel-and-textile-industry/>) To meet this projection, Bangladesh will have to outperform the global market by gaining market share from competitors like China and India. ([http://www.projectsprofile.com/news/news\\_profile\\_eight.html](http://www.projectsprofile.com/news/news_profile_eight.html))

The rise in Bangladesh's textile industry started as a consequence of the increasing wages in other countries. Countries, such as Korea, noticed the low manufacturing prices along with the low wages offered by the Bangladesh government to its garment workers and started venturing into the textile industry of Bangladesh. Now the country became the leading destination for outsourcing to overseas clothing manufacturers.

Company Profile **Industry Overview** Business Risk Financial Analysis  
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After experiencing 18% fall in apparel export in 2019-2020, garment export rose 13% to \$31.5 billion in 2020-2021 from a year earlier. This favorable change was owing to 21% surge in overseas sales of knitwear products such as t-shirts and sweaters. Nevertheless, according to the Export Promotion Bureau, this result is still 7% below the pre-pandemic period of 2018-19 financial year. (<https://www.reuters.com/world/asia-pacific/bangladesh-exports-up-15-global-demand-garments-rebounds-2021-07-06/>)

### **Challenges before the industry:**

The RMG industry of Bangladesh has been disrupted by the Covid-19, and since the crisis is yet persisting, the recovery process became quite challenging. The first wave of the pandemic swamped the industry through the cancellation of orders, deferred payments/discounts by buyers, cash crunch. However, extension of wage assistance loan along with easing off and enhancement of the export development fund, retention of foreign currency in a single pool for Back-to-Back import payments, extending the tenure of realization of export proceeds, and most importantly suspension of loan classification enabled the industry participants to withstand the effect of the first wave. Nevertheless, major challenges that the industry still may face are slowdown in export order which can impact on uncertainty over confirmed business, shipment, payment and WIPs, allocation of capacity (utilized and unutilized), optimum management of supply chain and use of resources. Secondly, while the price decline has already been a trend in the global market for decades, the COVID-19 has further escalated the situation. Also, the industry has lost 6 billion dollars in export in FY2019-20, meaning that the capacity was seriously under-utilized. Acceptation of high discounts and delayed payments to clear the canceled goods affected the financial stability of this industry. Not to forget, 73% of Bangladesh's RMG exports enjoy duty-free access as an LDC (\$25 billion out of \$34 billion), which will be completely waived and the margin of preference will diminish for Bangladeshi products compared to our competitor countries, especially for Vietnam since Vietnam has signed FTA with EU. Finally, diversification of products within RMG as well as diversifying the export sectors will be key to Bangladesh's sustained industrial development. (<https://www.textiletoday.com.bd/2021-challenges-before-the-rmg-industry/>)



*Company Profile*  
*Bank Facilities*

***Business Risk*** *Financial Analysis*  
*Management Quality Company Information*

## ***Business Risk Analysis***

### ***Technology Risk***

Technology always plays a vital role for each and every type of business. As technology is improving rapidly with the change of the customers taste, all entities operating in this industry are exposed to obsolescence risk. Better technology can increase productivity, efficiency and quality of product. Quality of product is assured by the quality assurance organizations but the competitive advantage depends on highly efficient technological adoption. In this sector a company is exposed to technology risks when there are competitors who have already adopted advanced technology in their production process. Keeping updated with the latest processes and methods of providing innovative products is essential to maintain market share which is a big challenge for the company. However, AIL is currently using latest production & quality control equipment. But the company will be exposed to technological risk if one of its competitors introduces updated technology in their operations.

### ***Price Fluctuation Risk***

AIL, along with other companies in the industry faces price fluctuation risk due to volatility of yarn price in the market emanating from fluctuation of raw cotton price in international market. In recent times the price of yarn has considerably fluctuated in local and global market and the continuance of this will put pressure on the cost of production as well as price of finished goods. It procures raw materials (yarn, dyes and chemicals) from abroad and provides finished goods (fabric) to some export oriented local garments & buyers. However, the volatility of raw material price is pass through to the finished goods. Therefore, price fluctuation has little impact on profitability.

### ***Human Resource***

Human resource risk arises in many forms. Not having the right person in place with required skills needed to compete are two of those risks. Companies with an ageing workforce are even at more risk. The industry is losing man power every year in a natural way. Absence of experienced manpower create difficulty to get technical and operational works in company also major decision taken by the company. However Management of AIL is fully aware of this risk and has planned to act accordingly.

### ***Operational Risk***

The operational failure may arise due to inadequacy or failure in internal process, people and systems or from external events. In Bangladesh, strike and protest by the opposite political parties can affect the smooth running of the business. There is low entry-exit barrier for the industry which increases the competition resulting low profitability. If the company fails to fulfill its operational facts it may face increased market risk. At the same time inefficient cost control will reduce the return of the company. AIL industry is said to be a labor-intensive industry. The energy consumption cost is significant compared to total production cost. Bangladesh faces a great challenge to power supply. Shortage of power supply may hamper production slightly and this may lead to increase in the cost of production and make the company less profitable.

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### ***Foreign Exchange Risk***

The company faces significant foreign exchange risk as it pays the foreign suppliers and receives from foreign customers in US dollar and other foreign currency. When value of US Dollar rises, it has to spend more Bangladeshi currency (BDT) to procure materials and receives more BDT against each USD. The recent trend of the exchange rate of US dollar to BDT is highly volatile and therefore it is a relative concern for the firm to be affected in terms of payment & receipt. AIL is 100% export oriented company. Imports are made through back to back LC. Therefore, any adverse affect of foreign currency fluctuation will be automatically offset by export carriage in foreign currency.

### ***Regulatory Risk***

As a major foreign currency earner, textile industry always gets special consideration from government. But recent accidents in several RMG factories has pushed whole textile industry under surveillance of more aggressive regulation and increased government intervention which resulted in greater uncertainty. Regulations vary significantly by jurisdiction, making it difficult to implement consistent growth strategies or operational capabilities across markets. Regulators often control factors that are fundamental to how textile companies operate, and can remove certain competitive advantages that may be expensive to obtain. Companies are now concerned that regulators' shifting the goalposts creates a more unpredictable business environment which poses a risk to growth prospect. In response to the changing regulatory environment, many companies are providing additional resources to monitor changes in regulation otherwise it would be difficult to operate in certain jurisdiction, in extreme case a company may have to stop doing business.

However AIL operates its business within the frame of applicable laws & regulation which is a primary requirement for any company to be listed with BSEC. AIL prepares its financial statements in accordance with all relevant reporting standards (IAS, BAS, IFRS & BFRS). It also has established set procedures to ensure compliance with all statutory and regulatory requirements. Moreover assigned personnel are responsible for ensuring proper compliance with relevant regulatory framework so impact of this risk is considered to be low.

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## Financial Risk Analysis

AlphaRating performs financial analysis by dividing the financial portion into different categories which are Profitability Analysis, Liquidity Analysis including Cash flow Analysis, Leverage and Capital Structure and Credit facilities with Banks. Detailed analysis is presented below:

### Profitability

The company is manufacturing and distributing RMG knit garment items. AlphaRating observed that AIL has been experiencing positive growth in revenue since FY 2020. During FY 2021, it has been observed that, the company earned its revenue from diversified sources such as direct export, deemed export and subcontract bill which comprises 5.83%, 93.86% & 0.31% of total revenue respectively in FY 2021. Revenue of AIL is improved by 23.81% mainly due to raise deemed export by BDT 521.58 million. According to the audit report, direct export has been fall by 91.46% due to unavoidable circumstances. Management of AIL has taken required measure to mitigate those compliance issues and overcome those difficulties. From January, 2021 the company started direct export in full pace. At the same time, the Cost of Goods Sold has been increased by 26.97% from that of the last year, which is at a higher rate than revenue growth rate. This has led AIL to achieve Gross Profit Margin of 10.03% in FY 2021, which was slightly lower than previous year. This fall was mainly due to increased price of raw material and dyeing charges & fright & carrying expenses under factory overhead compared to that of FY 2020. On the other hand, in spite of improving operating expense to revenue percentage in FY 2021, OPM of AIL has decreased to 9.15% due to increased direct cost. Moreover, net profit margin has been improved by 1.48% due to increase of other income and unavailable retaining of WPPF compared to that of FY 2020.

It has been observed that ROA has been increased in FY 2021 as total assets in FY 2020 was lower. It is noted that AlphaRating calculated ROA ratio based on average assets. At the same time, Return on Equity (ROE) has also been increased in FY 2021 as a result of increasing net profit.

**Exhibit 1: Selected Indicators: Alif Industries Limited.**

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
<b>Revenue (BDT in Millions)</b>	328.32	555.68	448.82
<b>Revenue Growth (%)*</b>	18.17	23.81	-
<b>COGS (BDT in Millions)</b>	288.56	499.95	393.76
<b>COGS Growth (%)*</b>	15.44	26.97	-
<b>Gross Profit (BDT in Millions)</b>	39.75	55.73	55.06
<b>Operating Profit (BDT in Millions)</b>	37.29	50.87	49.49
<b>Gross Profit Margin (%)</b>	12.11	10.03	12.27
<b>Operating Profit Margin (%)</b>	11.36	9.15	11.03
<b>Net Profit Margin (%)</b>	10.07	11.54	10.06
<b>ROA (%)*</b>	6.10	4.71	4.69
<b>ROE (%)*</b>	6.74	6.69	5.05

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

\*time apportioned to 12 months for better comparison

For the six months period ended 31<sup>st</sup> December, 2021 revenue of the company has been increased by 13.81% from BDT 288.49 million to 328.32 million, similarly, if we consider revenue of 12 months through weighting then the revenue provides positive growth. At the same time, COGS of the business has increased too, however at a slower rate than revenue, which resulted into slightly improved Gross Profit Margin. Moreover, it is observed that management was able to control total operating cost as a percentage of sales indicating improved operational efficiency. On the contrary, income tax expense is appeared to be higher and other income is lower if we consider 12 months periods, which led deterioration of Net Profit Margin. If the profits are time apportion to 12 months the results are reasonable. Both ROA & ROE has improved due to higher operating profit and decreased equity.

### Liquidity Analysis

In FY 2021, liquidity position of the company is showing that, the company was fully able to meet its total short term obligations, by liquid assets and current ratio stood at above 1 in all FY of consideration. But its capability improves when we only consider current assets as cash & trade receivable which we have seen in quick asset ratio. Despite having increased current liability in FY 2021. Quick ratio of AIL has improved due to decrease inventory amount by 12.93% and increased quick assets by 8.81%. Analyzing the cash ratio provides a view of the liquidity position of the company. In depth analysis revealed that, entity's cash & cash equivalents captures only around 7.30% of current assets which is lower than previous year. This situation results cash ratio fall to 0.04 times in FY 2021. However, holding extra cash is not desired because of the opportunity cost.

In FY 2021, though Cash Conversion Cycle of AIL has improved to 454 days though 567 in FY 2020 but seems higher than industry practice. Higher Cash Conversion Cycle is a negative sign for the company as it implies deterioration efficiency of working capital management. Scrutiny revealed that receivables collection period was unusually high mainly because of common management. This amount represents 94.16% of total receivables at the P/E 31 December, 2021 and 94.86% was in Y/E June, 2021. Based on the aging analysis, about 65.20% amount of total trade receivables under the bracket over 180 days at the P/E 31 December, 2021 & 19.32% was Y/E June, 2021. Indicating downgraded trend of receivables collection periods. Similarly, increasing trade receivables days has resulted on deterioration on trade payables days because of very minimum availability. Y/E June 2021, average of trade payables days has reported low but if we consider analysis with actual trade payable amount in a single year then trade payables days are much higher. Moreover, the company has reported inventory holding periods to 136 days. A high day's inventory indicates that a company is not able to quickly turn its inventory into sales. Having too much idle inventory is detrimental to a company

For the six months period ended 31<sup>st</sup> December, 2021, current ratio improved and quick ratio is the same as last year if we round up the figure by 12 months.

### Exhibit 2: Selected Indicators: Alif Industries Limited

Particular	2021 (Dec)	2021 (Jun)	2020 (Jun)
Current Ratio (x)	2.52	5.22	5.23
Quick Ratio (x)	1.99	3.99	3.78
Cash Ratio (x)	0.04	0.07	0.29
Trade Receivable Period (Days)*	355	331	383
Trade Payable Period (Days)*	79	13	1
Inventory Turnover (Days)*	120	136	185
Cash Conversion Cycle (Days)*	396	454	567

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

\*time apportioned to 12 months for better comparison

### Cash Flow Analysis

After drastically fall in FY 2020, CFO of AIL has positive in FY 2021. This improvement of CFO was mainly due to improve cash receipt from customers and decreased payment to suppliers and other operating expenses compared to that of last FY. The operating cash flow surplus will make the company less dependent on external finance. CFO interest coverage ratio states the company has sufficient capability to fully pay off its short term obligations with its available cash from operating activities in FY 2021.

At the end of 31 December 2021, CFO of AIL has been negative and reported to BDT (13.06) million. This fall was mainly due to cash tied up in receivables, inventories and increased payment for other operating expenses & RMG central fund compared to that of FY

June 2021. Negative CFO might decrease lender's confidence and increase dependency on external finance. Capital structure of AIL is composed of finance introduced by the investors, reserve and cumulative retained earnings and loan from external sources. In FY 2021, it is observed that debt to equity ratio of AIL was nil, reflecting that the company has been utilizing equity finance capital structure. However, It is noticed that AIL's dependency on external finance has little increased during the 6 months period ended 31 December 2021. This was mainly due to raise short-term loan By BDT 20.53 million from EXIM Bank Limited. Capital structure of AIL is still showing low geared position of the company as loan amount represents 1.53% of total fund & 2.17% of total equity.

In FY 2021, Net Asset Value has been increased by BDT 64.40 million due to increase cumulative retained earnings. On the other hand, at the end of 31 December 2021, Net Asset Value has been decreased by BDT 10.95 million due to fall net profit and additional charged depreciation amount. In FY 2021, and at the end of 31 December, interest Coverage Ratio shown that the company has generated sufficient operating profit to fully cover the finance cost with ease.

#### Exhibit 3: Selected Indicators: Alif Industries Limited

Particular	2021* (Dec)	2021 (Jun)	2020 (Jun)
CFO (BDT in millions)	(13.06)	0.61	(40.19)
CFO Interest Coverage (x)	-	20.33	-
CFO Debt Coverage (x)	-	-	-

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

#### Exhibit 4: Selected Indicators: Alif Industries Limited

Particular	2021* (Dec)	2021 (Jun)	2020 (Jun)
Debt-to-Equity (x)	0.02	0.00	0.00
Net Asset Value (BDT in millions)	947.66	958.61	894.21

Data obtained from the audited financial statements Y/E 30 June 2020, Y/E 30 June 2021 & management report of 6 months P/E 31 December 2021.

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## **Bank Facilities & Credit History**

**Bank Loan: Exhibit 5: Selected Indicators: Alif Industries Limited** (Figure BDT in million)

	<b>Mode of Facility</b>	<b>Loan Limit</b>	<b>Loan Outstanding</b>
EXIM Bank Limited (As on 29.03.2022)	Bai-Salam ECC (CM) (Case to Case)	51.02	51.02
	Bai-Salam ECC (FOB) (Case to Case)	32.42	32.42
	<b>Total</b>	<b>83.44</b>	<b>83.44</b>

AIL has been availing banking facilities from EXIM Bank Limited, Head Office Corporate Branch, Dhaka. Payment behavior could not be assessed due to insufficient banking information. AlphaRating only considered the above-mentioned bank's facilities availed by the company.

<i>Company Profile</i>	<i>Business Risk</i>	<i>Financial Analysis</i>
<i>Bank Facilities</i>	<i>Management Quality</i>	<i>Company Information</i>

## Management & Other Qualitative Factors

### Board of Directors

The Board of Directors of the company is comprised of 5 members and is led by Md. Azimul Islam as the Managing Director of the company; he is a well experienced business personality having sound business knowledge about this industry. He is leading the management team and monitoring all aspect of day to day operation with the help of other directors of the company. Board of Directors of the company detailed below:

<b>Name of Directors</b>	<b>Status</b>
Md. Azizul Islam	Chairman
Md. Azimul Islam	Managing Director
Lubna Islam	Director
Md. Rafiqul Islam (Nominated by Alif Apparels Ltd.)	Nominee Director
Golam Mostafa	Independent Director

### Management Committee

The Management Committee comprises of top senior officials headed by Managing Director. The management committee deals with entire organizational matter. The Management Committee comprises of the following members:

<b>Name of Directors</b>	<b>Status</b>
Md. Azimul Islam	Managing Director
Md. Shafiqul Islam	Head of Internal Audit
Mohammad Hanif	Chief Financial Officer
Md. Rafiqul Islam	Director as nominee of Alif Apparels Ltd.
MahfuzurRahman	Acting Secretary

### Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors of Alif Industries Ltd is constituted as per the internal control framework of the company Policy and conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC). The present committee comprises of 4 (four) members of whom one is Independent Director. The Company secretary functions as the secretary of the committee as well. Meetings of the committee are attended by Managing Director, Head of Internal Audit, engagement partner of External Audit, as necessary by invitation. During FY 2021, four meeting were held.

### Human Resource Management (HRM)

Human Resource Management is the part of management functions which is primarily concerned with human relationship in an organization; its objectives are the maintenance of those relationships which enable all these engaged in the undertaking to make their maximum contribution to the effective working of the undertaking. The owner is aptly supported by 470 workers and other managerial and official staff to carry out smooth operation of the company. The company has segregated marketing and accounts department.

### Nomination & Remuneration Committee

The Nomination and Remuneration Committee of Alif Industries Limited is a sub-committee of the Board of Directors and appointed and authorized by the Board in pursuance of BSEC notification to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executives. The Board of Directors of Alif Industries Limited has established the Nomination and Remuneration Committee comprises of three members on February 05, 2020 headed by the Independent Director, Mr. Golam Mostafa. The other members of the committee are, Mrs. Lubna Islam and Mr. Rafiqul Islam -Nominated Directors of the company. During the year 2020-21, one meeting of the Nomination and Remuneration Committee was held on 1st April 2021.

### IT Facility

For administrative work the concern uses computer. For preparation of financial statement the respective concern uses Tally (ERP-9) software.

### Corporate Governance

Alif Industries Limited is 100% committed to operate business with trust, confidence, integrity, transparency through high degree of corporate governance standards. The Company believes that high standards of corporate governance are keys to success and best serve the shareholders' interests. The Company is a law abiding responsible corporate citizen of the country. The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates.

*Company Profile      Business Risk      Financial Analysis*  
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<b>Particulars</b>	<b>Valid till</b>
Trade License	2021-2022
Income Tax Certificate	Not Provided
BGMEA Membership	31.12.2022
Certificate of Compensation Benefit	31.12.2022
ERC	2021-2022
IRC	2021-2022
Fire License	2021-2022
Insurance	27.09.2022

### ***Compliance Issues***

**END OF REPORT**



Company Profile      Business Risk      Financial Analysis  
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## COMPANY INFORMATION:

### Board of Directors

Name of Directors	Status
Md. Azizul Islam	Chairman
Md. Azimul Islam	Managing Director
Lubna Islam	Director
Md. Rafiqul Islam (Nominated by Alif Apparels Ltd.)	Nominee Director
Golam Mostafa	Independent Director

### Shareholders (As on 28.02.2022)

Sponsor/Director	33.35%
Institution	11.48%
Public	55.17%

### Company Address

#### Corporate Office

Bilquis Tower (9<sup>th</sup> Floor), House # 06,  
Road # 46, Gulshan # 02, Dhaka-1212.

#### Factory

Tatki, Rugganj, Narayanganj.

### Auditor

#### Ashraf Uddin & Co.

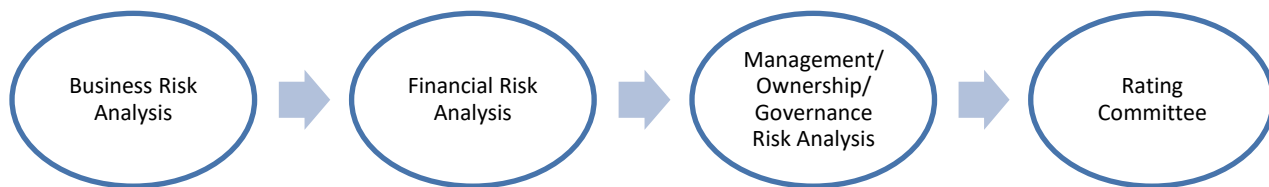
Chartered Accountants

Corporate Office : Rahman Chamber (5<sup>th</sup> Floor)  
12-13, Motijheel Commercial Area, Dhaka-1000.

### Company Website

<http://ail.com.bd>

AlphaRating's Research Methodology for Determining Corporate Credit Rating



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook

ST-4ST-5  
ST-1 ST-2  
ST-6ST-3

BB A BBB  
CC AAA D  
B AA CCC

POSITIVE	Rating may be raised	ST-1	Strongest ability to meet Short term financial commitments	AAA	Strongest Credit Quality
NEGATIVE	Rating may be lowered	ST-2	Above average ability to meet short term financial commitments	AA	Very Strong Credit Quality
STABLE	Rating is likely to remain unchanged	ST-3	Average ability to meet Short term financial commitments	A	Above Average Credit Quality
DEVELOPING	Rating may be raised, lowered or remain unchanged.	ST-4	Below Average ability to meet short term financial commitments	BBB	Average Credit Quality
		ST-5	Well below average ability to meet short term financial commitments	BB	Slightly Below Average Credit Quality
		ST-6	Failed to meet short term financial commitments	B	Weak Credit Quality
				CCC	Very Weak Credit Quality
				CC & C	Extremely Weak Credit Quality
				D	Failed to Meet Rated Financial Commitment On Time or when due

Notes: Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating category.



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**Particulars of underwriters and amount underwritten, if any:**

The issuer did not appoint any underwriter.

**Public issue application procedure:**

The bond will be issued under private placement. So, public issue application procedure is not applicable for this bond.

**Rights option/issue application procedure:**

As per conditions in the consent letter.

**Private offer application procedure:**

As per conditions in the consent letter.

**Any others, as the Commission requires:**

There are no other matters.

**Annexure: 01**

**Schedule "A"**  
**Part - I**  
**[See rule 4(1)(a)]**

1. Particulars of issuer or originator, as applicable :
  - a) Name: Alif Industries Limited
  - b) Legal status: Public limited company
  - c) Details of contact information: Mr. Mohammad Hanif, Chief Financial Officer, E-mail: alifindustries95@gmail.com
  - d) Date of incorporation (in case of company) or registration: Incorporation date: 02 August, 1992
  - e) Date of commencement of business: 31 August 1992
  - f) Authorized capital (in case of company): Tk. 1,500,000,000
  - g) Paid-up capital (in case of company): Tk. 442,516,690
  - h) Total equity: Tk. 947,660,552
  - i) Total liabilities: Tk. 1,342,052,220
  - j) Total financial obligations: Nil
  - k) Total assets: Tk. 1,342,052,220
  - l) Total tangible assets: Tk. 353,809,415
  - m) Net worth: T k. 947,660,552
  - n) Others: N/A
  
2. Particulars of issue manager :
  - a) Name of the issue manager: Bengal Investments Limited
  - b) Legal status of the issue manager: Merchant bank
  - c) Details of contact information of the issue manager: Mr. Tahid Ahmed Chowdhury, FCCA Managing Director & CEO, E-mail: md.bengalinvestments@gmail.com
  - d) Name of the issue managed by the issue manager: Nil
  - e) Others: N/A
  
3. Particulars of the issue :
  - a) Name of the issue: Convertible Bond of Tk. 300 Crore
  - b) Type of instruments to be issued: Convertible Bond
  - c) Purpose of the issue: To set up or acquire a state-of-the-art 100% export-oriented denim fabrics factory
  - d) Number of securities and total size of the issue to be offered: 30,000 numbers and total size Tk. 300 Crore
  - e) Face value and issue price of securities mentioning discount or premium thereof: Face value and issue price Tk. 100,000 each
  - f) Coupon rate or rate of profit or discount rate and yield to maturity (YTM): 7.00 % plus 10.00 % of dividend declared (cash & bonus) to the ordinary shareholders
  - g) Tenor or maturity: 6 Years
  - h) Details of conversion/exchange option features: 25% convertible from the end of 3rd year
  - i) Mode of redemption or conversion/exchange: 25% convertible from the end of 3rd year
  - j) Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof: The issuer has the right to redeem (call) the Bond earlier than maturity @ 0.25 % premium. However, there is no put option (sold it back to the issuer) to this issue for investors.
  - k) Rate of return: 7.00 % plus 10.00 % of dividend declared (cash & bonus) to the ordinary shareholders

- l) Applicable tax rate: 5%
  - m) Default protection mechanism (details of credit enhancement arrangement/agreement, redemption reserve, sinking fund etc.,) if any: It would be converted to AIL shares
  - n) Type of collateral securities being offered, if any: Interest amount fully guaranteed by bank guarantee
  - o) Status of securities holders in case of priority of payment: Interest amount Fully guaranteed by bank guarantee.
  - p) Period within which securities to be issued: After getting approval from BSEC
  - q) Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange): N/A
  - r) Others: N/A
4. Particulars of the trustee :
- a) Name of the trustee: Bangladesh General Insurance Company Limited
  - b) Paid-up capital of the trustee: Tk. 540,272,550
  - c) Net worth of the trustee: Tk. 1,046,860,999
  - d) Name of the issue(s) where performing as trustee: AIBL 1<sup>st</sup> Mutual Fund, Green Delta 1<sup>st</sup> Mutual Fund, DBH 1<sup>st</sup> Mutual Fund
  - e) Others: N/A
5. Particulars of the credit rating company :
- a) Name of credit rating company: Alpha Credit Rating Limited
  - b) Credit rating status of the issuer or originator: Long Term Rating: A, Short Term Rating: ST-2, Outlook: Stable
  - c) Credit rating status of the issue: A-, Outlook: Stable
  - d) Date and validity of rating along with surveillance rating for the issuer or originator and for the issue: 17 April 2023
  - e) Latest default rate of the credit rating company:
  - f) Average time to default of the rated category:
  - g) Rating trigger, if any:
  - h) Others:
6. Particulars of originators, if any : N/A
7. Particulars of other contractual parties : N/A