

Information Memorandum

Private Offer of

Secured Coupon Bearing Bond of BDT 3,000,000,000 (Taka Three Billion)

for

IFAD AUTOS LIMITED



Registered Office Address: Saha Belishor, Dhamrai, Dhaka

Corporate Office: **IFAD Tower, Plot-7 (New), Tejgaon Industrial Area, Dhaka-1208**

Name of the Bond:	IFAD Autos Secured Coupon Bearing Bond
Bond Maturity:	05 years
Coupon Rate:	05-year BGTB Rate + 2.50% p.a.
Coupon Floor:	6.00% p.a.
Coupon Ceiling:	None
Face Value of each bond:	BDT 10,000,000 (Taka Ten Million)
Total Issue Amount:	BDT 3,000,000,000 (divided into 300 bonds)
Type of Security:	Secured Floating-rate Coupon-bearing Bond

Trustee to the Issue: **EC Securities Limited**



Corporate Office: **Kazi Tower (5th Floor), 86 Naya Palton, Dhaka-1000**

Credit Rating of the Issuer: **AA₂ (Long-term), ST-2 (Short-term)**

Credit Rating of the Bond: **AA₃**

External Credit Assessment Institution: **Credit Rating Agency of Bangladesh (CRAB)**

Mandated Lead Arranger: **Shanta Equity Limited**



Corporate Office: **The Glass House (Level-4), 38 Gulshan Avenue, Gulshan 1, Dhaka 1212**

Issue Date of Information Memorandum: **24 January 2023**

"If you have any query about this document, you may consult the issuer, mandated lead arranger and/or trustee"

Arranger's Disclaimer

IFAD Autos Limited (hereinafter referred as the “IAL” or the “Issuer”) has authorized Shanta Equity Limited (SEL), referred as the “**Mandated Lead Arranger**”, to distribute this Information Memorandum (IM) in connection with the proposed transaction outlined in it (the “**Transaction**”) and the bonds proposed to be issued in the Transaction (the “**Bonds**”)

This Information Memorandum is provided to prospective investors on a private and confidential basis for use solely in connection with the issue, offer, sale or invitation to subscribe or purchase the Bonds. This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose without prior written consent of the Arranger.

The Issuer has prepared this Information Memorandum and is solely responsible for its contents. The issuer will comply with all rules, laws and regulations and is responsible for obtaining all regulatory, governmental and corporate approvals for the issuance of the Bonds. The Issuer, having made all reasonable inquiries, confirms that this Information Memorandum contains all the information with respect to itself and the Bonds to be issued by it, which is material in the context of the Bonds; that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading; that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

The Mandated Lead Arranger has relied on the information provided by the Issuer and such information has not been independently verified by the Mandated Lead Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Mandated Lead Arranger or any affiliate of the Mandated Lead Arranger for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Mandated Lead Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information Memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefore. By accepting this Information Memorandum, investors agree that the Mandated Lead Arranger will not have any such liability.

Neither this Information Memorandum nor any other information supplied in connection with the Issue is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Mandated Lead Arranger that any recipient of this Information Memorandum (or any other information supplied in connection with the Issue) should purchase or subscribe for any Bonds. Each investor contemplating purchasing or subscribing for a Bond should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of the Issuer. Investors are advised not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice. Investors are also advised to consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters, concerning an investment in the Bonds.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR INVESTING IN THE BONDS.

Material Information

ALL THE FEATURES OF IFAD AUTOS LTD SECURED COUPON BEARING BOND HAVE BEEN FINALIZED SUBJECT UPON THE APPROVAL OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION. THESE FEATURES MAY BE MODIFIED AS PER THE DIRECTIONS OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION. IN ADDITION TO THE INFORMATION SPECIFICALLY REQUIRED BY THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (DEBT SECURITIES) RULES 2021, THE IM CONTAINS ALL MATERIAL INFORMATION NECESSARY TO ENABLE THE INVESTORS TO MAKE AN INFORMED ASSESSMENT OF THE ISSUE, THE ISSUER, THE TRUSTEE, THE SECURED, COUPON-BEARING BONDS BEING OFFERED, THE RIGHTS AND OBLIGATIONS OF THE INVESTORS, AND THE TRUSTEE ATTACHING TO THE SECURED, COUPON-BEARING BOND BEING OFFERED AND FULL DISCLOSURE ABOUT THE FINANCIAL, CORPORATE, MANAGEMENT AND OTHER AFFAIRS OF THE ISSUER.

Issuer's disclaimer

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus. The issue of non-convertible zero coupon bonds is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bond issue to the public in general. Apart from this Information Memorandum, no information memorandum or prospectus has been prepared in connection with the offering of this issue.

This Information Memorandum has been prepared to provide general information about the issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the bond issue. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither does this Information Memorandum nor any other information supplied in connection with the bond issue is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any bonds. Each potential investor contemplating the purchase of any bonds should make his/her own independent investigation of the financial condition and affairs of the issuer and his/her own appraisal of the creditworthiness of the issuer.

Potential investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in the bonds and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof.

It is the responsibility of potential investors to also ensure that they will sell/transfer these Bonds in strict accordance with this Information Memorandum and other applicable laws. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the issuer.

The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the issuer till the time the Information Memorandum comes within public domain. Notwithstanding the foregoing, a bondholder may provide this Information Memorandum to a potential investor for the sole purpose of transferring the bonds.

Each person receiving this Information Memorandum acknowledges that:

- Such person has been afforded an opportunity to request and to review and has reviewed and received this Information Memorandum and all additional information considered by an individual to be necessary to verify the accuracy or to supplement the information herein; and

- Such person has not relied on any intermediary that may be associated with the issuance of the bonds in connection with his/her investigation of the accuracy of such information or his/her investment decision.

The issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. Neither the delivery of this Information Memorandum nor any sale of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the bonds may be restricted by law in certain jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions

Availability of the Information Memorandum

The hard copy and soft copy of the Information Memorandum of IFAD Autos Secured Coupon Bearing Bond may be obtained from the following institutions:

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1. Report to Eligible Investors

By investing in the Bonds, you are hereby deemed to have acknowledged, represented and warranted to, and agreed (as the case may be) for the benefit of the Arrangers, as set out below:

Risk: You are fully aware that investment in the Bonds involves a high degree of risk.

Consultation with Advisers: You have (i) consulted with your own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary, (ii) collected and reviewed all information that you or your advisers believe is necessary or appropriate in connection with the purchase of the Bonds, and (iii) made your own investment decisions based upon your own judgment, due diligence and advice from such advisers as you have deemed necessary and not upon any view expressed by or on behalf of the Arrangers.

No Reliance: You acknowledge and agree that you may not rely on any investigation that the Lead Arranger or any of its affiliates or any person acting on their behalf may have conducted with respect to the Issuer or any of their affiliates, and neither the Arrangers nor its affiliates, employees, officers, directors, legal advisers or representatives have made any representation to you, express or implied, with respect to your investment in the Bonds.

Informed Decision: You are in possession of all the information that you believe is necessary and appropriate in order to make an informed decision regarding your purchase of the Bonds, including without limitation, adequate information concerning the Issuer's business, financial condition, results of operations and prospects.

Knowledge and Experience: You have such knowledge and experience in financial, business and international investment matters that you are capable of evaluating the merits and risks of purchasing the Bonds and are aware that you may be required to bear, and are able to bear, all risks including economic risk of an investment in the Bonds.

Information of the Company: You acknowledge that the information provided to you with regard to the Issuer and the Bonds in this Information Memorandum has been supplied to you by the Arrangers only on behalf of the Issuer and that neither the Arrangers nor any of its affiliates, employees, officers, directors, legal advisers or representatives has verified such information or makes any representation or warranty as to its accuracy or completeness.

Review of Information Memorandum: You have reviewed this Information Memorandum in its entirety, including the risks associated with investment in the Bonds, and you understand and acknowledge all of the risks described herein. By investing in the Bonds, you have determined that:

- i. The Bonds are a suitable investment and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and
- ii. You have obtained all approvals and consents (whether internal or external), and have made all notifications necessary for you to invest in the Bonds as contemplated; and
- iii. You can bear the economic risk of the investment and are able to sustain a complete loss in connection with your investment.

Own account: The investment made by you in purchasing the Bonds for your own account and not with a view to any distribution thereof.

No representation or warranty: The Arrangers have not made, and you have not relied upon any representation, warranty or condition (express and/or implied), and the Arrangers shall not owe any duty whatsoever to you in connection with the Bonds.

No obligation to purchase: The Arrangers shall have no obligation to purchase or acquire all or any part of the Bonds purchased by you or to support losses, if any, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Bonds, including the nonperformance by the issuance, whether to you or otherwise.

2. Risk Factors and Management Perception

Any investment in debt securities carries risks. Hence, different debt securities carry different risks, an investment in debt securities must be evaluated on its own merits. An investment in the coupon bearing bonds is not different in that respect. Potential investors of Coupon bearing Bonds of IFAD Autos Limited are strongly encouraged to evaluate all the information in this Information Memorandum, especially the risk factors both internal and external on their own merit and not by reference to any other debt securities whether of a comparable nature or otherwise before making any investment decision.

This section addresses the possible risks an investor might have to bear by investing in the bonds and each risk factor is followed by management's perception regarding the risk. If any of the risks described below materialize, it could have a material impact on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued. However, the list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

2.1. Interest Rate Risk

A business entity tends to get exposed to the unpredictability in the interest rates in the money markets. Higher rate and/or rising in the rate of interests adversely affect the profitability of the company having outsiders' loan in its financing, sometimes casting significant doubt on the sustainability of the company.

Management Perception

In order to manage this risk and overcome it, the Company shall exercise good management in its cash flows, coupled with continued strength in sales and marketing. IAL is very careful in managing its costs in an effective manner, so as to ensure that the debt repayments are met on schedule, even if the interest rates increase due to any liquidity needs in the country or any changes in government policies.

2.2. Exchange Rate Risk

A business involved in overseas transactions may face a potential loss arising from fluctuation of foreign currency rates. In a case where the business depends mostly on imports for its trade products/raw materials, those losses may be aggravated due to consistently downward trends of Bangladesh Taka against other foreign currencies.

Management Perception

Throughout last few years Bangladesh Taka has gained significantly in the exchange market against Indian Rupee. IAL products are imported from India. Local currency's appreciation makes its import less costly, which allows reducing the sales price. Reduction in sales price increases the demand for company's products and increases the Company's profits. However, our management also perceives the impact of the depreciation of Bangladesh currency. In such situation, in the future, if needed, management is contemplating to hedge overseas payables to minimize the exchange rate risks.

2.3. Non-Repayment Risk

Non-repayment risk is defined as the potential risk that borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Although IAL sets high standards in repaying all its obligations to the lenders, it is possible that the IAL may fail to repay its obligations arising from the bonds to be issued in extreme cases. In the event of default, the investors may suffer financial loss.

Management Perception

IAL will not risk its reputation by setting an instance of default. Furthermore, the bond is backed by collateral security in the form of fixed and movable assets, and in case of any event of default or non-repayment, the Trustee will take steps to recover the outstanding amount by selling the collateral security. Hence, the collateral security will meet debt obligations if the concern defaults.

2.4. Security Risk

Security is the specific revenue sources or assets pledged by an issuer to the bondholder to secure repayment of the bond. Therefore, security risk is all about the process of recovering the investment by the bond holder by utilizing the charge against the collateral securities in case of Issuer's inability to repay the face value of the bond(s).

Management Perception

IAL Coupon Bearing Bond is backed by a mortgage of fixed and floating assets. Investors will have the right on the mortgage to ensure their investment is secured.

2.5. Prepayment, Call or Refund Risk

Prepayment, call or refunding risks are the risks associated with the early repayment of the principal amount of a bond. Such risks exist in a bond that has prepayment or call option.

Management Perception

The bond will be redeemed according to the redemption schedule outlined in this memorandum subject to the approval of Bangladesh Securities and Exchange Commission.

2.6. Liquidity Risk

Liquidity risk primarily arises when a company cannot meet short-term debt obligations. The business of IAL is subject to liquidity risk and could affect the ability to meet its financial obligations.

Management Perception

IAL have their focus on repayment when it comes to meeting short-term debt. IAL has maintained debt levels within operational limits to ensure there is no liquidity crisis. It has maintained a strong base of operating income during the last three years which enables the company to service its debt obligations in particular through operating earnings. The strong revenue and operating margin shown by IAL will mitigate any such liquidity risk.

2.7. Management Risk

Management risk refers to the chance that company managers may put their own interests ahead of the interest of the company, shareholders and other stakeholders. The term signifies the risk of the situation that may occur if the company or any of its stakeholders other than

the management would have been better off without the choices made by management. The bondholders may suffer financial losses in such an event.

Management Perception

The management of IAL comprises a group of highly professional individuals with considerable experience and reputation in the industry. Therefore, it is very unlikely that the management will conduct in such an unprofessional manner.

2.8. Operational Risk

Operational risks refer to the possibility of plant shut down due to disruption in supply of gas, technological failure, natural calamities, human errors and other unforeseen events. Such incidences may lead to non-operation, large overhauling costs and financial losses. The core business operation of IFAD Autos Limited is directly related to assembling and maintaining the products. Also, port congestion and inland immobility due to political instability poses a great operational risk to IFAD Autos Limited.

Management Perception

Bangladesh Government is meeting this challenge by opening the energy generation to private sector; and also making massive investment, which is expected to ensure availability of energy for uninterrupted operation. IFAD Autos Limited perceives that allocation of its resources properly with contingency approaches can reduce this risk factor to great extent.

2.9. Business Risk

Business risk refers to the possibility that the IAL will have lower than anticipated profits, or that it will experience a loss rather than a profit. Business risk of the issuer could occur by numerous factors. Similarly, to all other companies, IAL is also exposed to certain business risk factors.

Management Perception

IAL is one of the industry-leading organization in the commercial transport arena. IAL has a strong base with an efficient workforce and maintains its presence all over the country. The company has a diversified product mix and ensures maximum availability with no compromises in quality. Therefore, general business risks are mitigated through its brand, product portfolio and efficacy.

2.10. Industry Risk

Market Demand: Company's sales and revenues are dependent on the aggregate demand of its products and also on the country's GDP. Any economic recession, changes in requirements, national income and other related factors may cause to decline the market demand of the company products.

Management Perception

Over the last decade the macro economy of Bangladesh has developed consistently; country's GDP has increased remarkably and living standard of the people has been higher. Most importantly, Government spending and public and private consumption have increased drastically. All these macroeconomic features indicate larger economic activities in the country. Consequently, demand for the company's products has increased in multiple times. Our management perceives that this economic trend will continue in the foreseeable future which will see good business profitability in the days to come.

Competition and globalization effects: IAL might have to face competition from its competitors, which may threaten the profitability of the business.

Management Perception

IAL operates its business, among other means, under a license agreement with its strategic foreign alliance. It is a sole distributor of a transport vehicle manufacturer. Features of this agreement provide the company with a protection from competition. Apart from this, our company continuously searches for new opportunities in the market and formulate its strategy to cope up with any unexpected shifts in the business environment.

Apart from this, the company has a body building unit that is engaged in constructing bodies of different types of vehicles. This unit has provided the company with self-dependency to some extent. IFAD Autos Limited has also established its brand name in commercial vehicles market with its range of quality products and enviable customer services.

Market risks refer to the risk of adverse market conditions affecting the sales and profitability of the company. Such as, shortage in raw material supplies, inefficient labor supplies, fall in product demand, etc. which signifies the adverse external and internal business environment. Those types of risks may impede the success of the business.

Management Perception

Our management is well aware about those sorts of risks. It already employed a research work to identify the nature and extent of these types of risks and take the presumptive measures to confront those risks. We have a supplies procurement department to handle procurement, a research department to continuously develop and diversify product specifications and have a system of employee training and skills adjustments

Technology risk stems from the contemporary changes in the technology which make the existing technology obsolete or reduces its cost efficiency compared to that of the competitors. New entrant may come forward with a more sophisticated technology which can give a threat to the cost efficiency of the company.

Management Perception

The key to secure market share in trading of commercial vehicles is by satisfying the needs of the customers. IAL utilizes its Market Research Team that is continuously working for in-depth understanding of the customer needs and preferences and accordingly arranging its product range

Potential or Existing Government Regulation Risk: The Company operates under the Companies Act, 1994; Securities Related Ordinance, Act, Rules and Regulations; Income Tax Ordinance 1984; Value Added Tax (VAT) Act, 1991; and contemporary notifications made under those laws. Any unexpected changes of the policies made by the regulator authorities may adversely affect the business of the Company

Management Perception

Economy of Bangladesh has been developing over the decades because of business-friendly rules and regulations adopted by the various regulatory bodies of the country. Our fiscal policies also give various incentives to the business enterprises so that it can grow and mature. All these features are proved to be conducive to growing of business houses

2.11. Risk related to potential changes in global and national policies

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to changes in policy in the international market might hamper the production and profitability. Furthermore, the performance of the company may also be hampered due to unavoidable circumstances both in Bangladesh and abroad such as political turmoil. Since the risk involved with the potential changes in global or national policies is a macro factor, it is beyond the capability of IAL to control.

Management Perception

The management of IAL is always concerned about the prevailing and upcoming future changes in the global or national policy and shall respond appropriately and timely to safeguard its interest. The strong brand equity of the company in the local market and deep and profound knowledge of the sponsors will always endeavor to withstand the unexpected changes or any such potential threats. Nevertheless, political stability and a congenial business environment is definitely the best situation in which IAL will achieve its maximum potential. Political turmoil and the disturbance are bad for the economy as a whole and also for the company.

3. Features of the Coupon Bearing Bond

Finalization of all terms & conditions of this instrument (stipulated in the table below) are subject to approval from concerned regulatory authorities and may need to change as per regulatory instruction.

Name of the Instrument	IFAD Autos Ltd Secured Coupon Bearing Bond
Type of Instrument	Secured, Floating Rate Coupon Bearing Bond
Issuer	IFAD Autos Limited
Total Size of the Issue	BDT 3.0 billion
Mode of Issuance	Private Issue
Face Value	BDT 10,000,000 (Ten Million)
No. of bonds to be issued	300 (Three Hundred)
Minimum Subscription Size	1 (One) Bond
Issue Price	100% at Par
Maturity	5 years (60 months) from date of issue
Call or put option	This bond has neither call nor put option.
Prepayment, Call, Refunding, Conversion or Exchange Option	This bond has no prepayment, call, refunding, conversion or exchange options.
Early Redemption/Late Redemption	<p>Early Redemption: On any Redemption Date, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, together with any accrued but unpaid coupon, subject to the consent of the appropriate authorities.</p> <p>There is no Late Redemption Option.</p>
Tax Features	All tax will be paid or deducted as per the prevailing laws of Bangladesh.
Investors	<p>The following class of investors are eligible to participate in the offer:</p> <ul style="list-style-type: none"> • Banks, Financial Institutions, and Insurance Companies • Mutual Funds and Collective Investment Schemes • Private and Public Companies • High Net Worth Individuals • Societies authorized to invest in bonds • Trusts authorized to invest in bonds • Any others not mentioned in the list but is eligible to subscribe as per regulations by Bangladesh Bank and Bangladesh Securities and Exchange Commission
Purpose	<ul style="list-style-type: none"> • 75% of the fund will be utilized for investment in IFAD Multi Products Ltd. • 25% to be utilized for working capital of IFAD Autos Ltd.
Credit Rating of the Issue	AA ₃
Mandated Lead Arranger	Shanta Equity Limited
Trustee	EC Securities Limited
Credit Rating Agency	Credit Rating Agency of Bangladesh Ltd. (CRAB)
Legal Counsel to Lenders	Faroq & Associates
Listing	Unlisted
Transferability	Freely Transferable subject to the terms and conditions of Bond documents
Coupon Rate	<p>The Coupon Rate (Floating) will be determined as the aggregate of:</p> <ul style="list-style-type: none"> • <u>Base Rate</u>: Most recent rate of 5-year BGTB as published by Debt Management Department of Bangladesh Bank on the quotation day; plus <ul style="list-style-type: none"> ○ <u>Margin</u>: 2.50 % p.a.

	The Coupon Rate shall be determined at the start of each Coupon Period on the Quotation Day.																																				
Coupon Floor and Ceiling Rate	<ul style="list-style-type: none"> • <u>Coupon Floor Rate: 6.00% p.a.</u> • <u>Coupon Ceiling Rate: None</u> 																																				
Risk Premium and Rating Trigger	In case of downgrade of credit rating of the issuer below BBB (long-term) or ST-3 (short-term), the Issuer shall provide additional risk premium of 0.50% upon the semi-annual coupon rate for the investors																																				
Quotation Day	Five (05) days before the first day of the Coupon Period for which the Coupon Rate is to be determined.																																				
Coupon Payment Frequency	Coupon will be payable semiannually on the Coupon Payment Dates at the end of each Coupon Period.																																				
Coupon Period	Each period of six (6) months commencing on an Coupon Payment Date, except (i) for the first coupon period in respect of the Issue Amount, when it means the period commencing on each Issue Date and ending on the day immediately before the next following Coupon Payment Date, and (ii) for the last interest period in respect of the Issue Amount, when it means the period commencing on the last Coupon Payment Date before the Maturity Date and ending on the Maturity Date																																				
Principal Moratorium	2 years (24 months) from Issue Date																																				
Principal Redemption	Full amount of principal will be redeemed through equal semi-annual installments after the end of the principal moratorium period (2 years)																																				
Principal Redemption Schedule	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 2px;">Issue Size (BDT)</th> <th colspan="2" style="text-align: center; padding: 2px;">3,000,000,000</th> </tr> <tr> <th style="text-align: center; padding: 2px;">Period from Issuance (Months)</th> <th style="text-align: center; padding: 2px;">Repayment (BDT)</th> <th style="text-align: center; padding: 2px;">Balance (BDT)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 2px;">6</td> <td style="text-align: center; padding: 2px;"></td> <td style="text-align: center; padding: 2px;">3,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">12</td> <td style="text-align: center; padding: 2px;"></td> <td style="text-align: center; padding: 2px;">3,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">18</td> <td style="text-align: center; padding: 2px;"></td> <td style="text-align: center; padding: 2px;">3,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">24</td> <td style="text-align: center; padding: 2px;"></td> <td style="text-align: center; padding: 2px;">3,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">30</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">2,500,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">36</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">2,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">42</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">1,500,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">48</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">1,000,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">54</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">500,000,000</td> </tr> <tr> <td style="text-align: center; padding: 2px;">60</td> <td style="text-align: center; padding: 2px;">500,000,000</td> <td style="text-align: center; padding: 2px;">-</td> </tr> </tbody> </table>	Issue Size (BDT)	3,000,000,000		Period from Issuance (Months)	Repayment (BDT)	Balance (BDT)	6		3,000,000,000	12		3,000,000,000	18		3,000,000,000	24		3,000,000,000	30	500,000,000	2,500,000,000	36	500,000,000	2,000,000,000	42	500,000,000	1,500,000,000	48	500,000,000	1,000,000,000	54	500,000,000	500,000,000	60	500,000,000	-
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	Note: Coupon Payments will be paid semiannually from month 6 based on the coupon calculation formula as mentioned in the "Coupon Rate" section																																				
Security Package	<ul style="list-style-type: none"> • Registered first-ranking mortgage/hypothecation over Plant, Properties and Equipment located on 28.5693 Acres at IAL's Dhamrai Project valued at BDT 3.028 billion. • Personal Guarantee of all Sponsor Directors of IFAD Autos Limited • Corporate Guarantee of IFAD Multi Products Limited 																																				
Credit enhancement	There is no further credit enhancement agreement other than those listed under the "Security Package" section.																																				
Enforcement of charges over securities	Any time after the Issuer has failed under its obligation under Condition 10.2(c) of the Trust Deed, the Trustee may itself or being instructed by on instructions of Bondholders whose Issue Amount of Bonds represent in the aggregate 2/3rds or more of the Outstanding principal amount of all Bonds may, without further notice to Issuer, take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the Governing Law from time to time ("Enforcement Proceedings") including instructing the Security Agent to enforce the Security which shall be held by the Security Agent.																																				

Business Day Convention/Effect of Holidays	When a Coupon Payment Date is not a Business Day, then such Coupon Payment Date shall be automatically changed to the next Business Day
Event of Default	It shall be an Event of Default if the Issuer fails to pay when due any principal of or coupon on the Bonds and such failure continues for five (5) days, or fails to comply with any of its obligations under the conditions laid out under the Trust Deed or Subscription Agreements, or any other condition as set out section 10 of the Trust Deed.
Arbitration	In the Event of any dispute or difference between the Parties arising out of or in connection with any Transaction Document, the matter will be referred to Arbitration in accordance with the provisions of the Arbitration Act, 2001. The place of Arbitration shall be in Dhaka. The decision of the Arbitrator shall be final and binding on the parties.
Governing Law	This conduct shall be governed by and interpreted in accordance with the laws of Bangladesh and shall be subject to the exclusive jurisdiction of the courts of Bangladesh.

Table 1 - Features of the Coupon Bearing Bond

4. Details of Utilization of Proceeds

IFAD Autos Limited (IAL) has decided to raise BDT 3,000 million through secured coupon bearing bond subject to approval from Bangladesh Securities and Exchange Commission. Proceeds from the bond will be utilized for investment and to meet working capital requirement. A tentative breakdown of the use of proceeds is the following:

SL. No.	Particulars	Notes	BDT Million
01	Investment in IFAD Multi Products Limited	A	2,250
02	Working Capital of IFAD Autos Limited	B	750
Total			3,000

Note: A	
Investment in IFAD Multi Products Limited:	BDT Million
Repayment of short-term loans (01A)	1,125
BMRE (01B)	675
Working Capital (01C)	450
Total	2,250

01A: Repayment of short-term loans of IFAD Multi Products Limited					
SI No.	Bank Name	Types of account	Amount (BDT M)	Interest rate	Maturity Date
01	Bank Asia Limited	OD	121.50	9%	18/11/2023
02	One Bank Limited	OD	90.00	9%	31/05/2023
03	Trust Bank Limited	OD	306.97	9%	06/03/2023
04	Al-Arafa Bank Limited	STL	400.00	9%	25/08/2023
05	Uttara Bank Limited	OD	106.53	9%	30/09/2023
06	Eastern Bank Limited	STL	100.00	9%	10/03/2023
Total			1,125.00		

01B: BMRE of IFAD Multi Products Limited				
SI No.	Particulars	Area/Plant	Decimals/SFT	Amount (BDT M)
01	Land & Land Development	Boro Rangamatia, Zirabo, Ashulia, Savar, Dhaka.	85	85.00
02	Factory Building & Sheds	Godown	20,000	120.00
		Chips Plant	15,000	
		Biscuit Plant	20,000	
		Bakery Plant	12,000	
03	Plant & Machinery	Biscuit and Cookies Plant		427.50
		Cake Plant		
		Chips Plant		
		Bakery Plant		
04	Electric Equipment	Diesel Generator		12.50
05	Motor Vehicles			30.00
Total				675.00

01C: Working Capital of IFAD Multi Products Limited				
SL	Items	Amount	IAL	Own
01	Palm Oil	211.69	50.00	161.69
02	Wheat	533.28	100.00	433.28
03	Packing Material	528.86	100.00	428.86
04	Mustard Oil	134.58	50.00	84.58
05	Flour	332.49	100.00	232.49
06	Sugar	128.80	50.00	78.80
07	Seasoning	86.08		86.08
08	Dalda	18.73		18.73
09	Egg	15.58		15.58
10	Others	140.94		140.94
Total		2,131.03	450.00	1,681.03

Note: B				
Working Capital Investment Of IFAD Autos Limited				
Sl. No.	Name of Items	Amount (BDT M)		
	Assembling Unit:			
01	Battery			
	Fuel Oil – Diesel			
	Fuel Oil – Lubricants			
	Spare Parts & others			
	Sub Total	250.00		
	Body Fabrication:			
02	AC Bus			
	Non-AC Bus			
	Sub Total	500.00		
	Total	750.00		

Table 2 - Details of Utilization of Proceeds

The company has decided to invest BDT 2,250 million in one of its sister concerns namely IFAD Multi Products Limited (IMPL). Previously, IFAD Autos invested BDT 800 million in IFAD Multi Products Limited. Price Sensitive Information was duly disseminated in this regard to both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on August 19, 2021.

IFAD Multi Products Limited was incorporated in 2002. It has become recognized as one of the largest consumer food producers of Bangladesh. It produces and markets a wide variety of fast-moving consumer food products. As on December 31, 2021, the paid-up capital of the company is BDT 1,614 million. As of 31 March 2022, IAL owns 49.57% shares of IFAD Multi Products Limited. IMPL's revenue stood at BDT 4,321 million and NPAT stood at BDT 60.5 million as of 2020-2021 financial year.

This company witnessed revenue growth of 5.3% in FY21 and profit growth of 4% despite the effects of the COVID-19 pandemic.

With the fresh investment, IMPL will be able to expand its production capacity and introduce new products to the market. Since fast moving consumer goods sector is growing rapidly in Bangladesh with the expansion of the middle class, IAL will gain handsome returns on its investment in IMPL.

As a result of its investment in IMPL, the shareholders of IAL will benefit from business diversification, since the automobile and FMCG sectors are uncorrelated. IAL will be better able to withstand any future business disruption (such as the COVID-19 pandemic) and the dividend paying ability of IAL to its shareholders will be enhanced.

It should be noted that an exemption has been granted vide BSEC Notification No. BSEC/CMRRC/2009-193/42/Admin/136 dated 12 September 2022, and published in the Bangladesh Gazette on 8 October 2022, that allows IFAD Autos Ltd. to invest in ordinary shares of IMPL at face value with prior approval of BSEC.

5. Description of Collateral Security and Type of Charges to be created against the Issue

SL No.	Particulars	Amount in BDT
01	Land & Land Development = 28.5693 Acres	2,056,989,600
02	Assembly Building (1 Storied)	206,082,000
	Ground Floor = 100,940 sft	
	Mezzanine Floor = 6,265 sft	
	Shower & Break Test = 2795 sft	
	CKD Store Building (1 Storied, Steel)	
	Ground Floor = 26,000 sft	
03	Body Building Unit (1 Storied, Steel)	104,400,000
	Ground Floor = 54,160 sft	
	Mezzanine Floor = 4,840 sft	
	Open Floor = 20,000 sft	
04	Cabin Manufacturing Unit(1 Storied, Steel)	96,000,000
	Ground Floor = 56,960 sft	
	Mezzanine Floor = 3,040 sft	
05	Admin/Office Building (4 Storied)	44,310,000
	Ground Floor = 6,130 sft	
	1st Floor = 5,945 sft	
	2nd Floor = 4,045 sft	
	3rd Floor = 4,327 sft	
	4th Floor = 1,708 sft	
06	Dormitory & Dining Building (4 Storied & 2 Storied)	67,686,000
	1st Floor = 12,809 sft	
	2nd Floor = 9,009 sft	
	3rd Floor = 6,192 sft	
	4th Floor = 5,833 sft	
07	Power House & Sub-Station Building (2 Storied)	9,480,000
	Ground Floor = 3,237 sft	
	1st Floor = 1,503 sft	
08	Security Building (1 Storied)	12,906,000
	Ground Floor = 6,453 sft	
09	Anser Shed Building (1 Storied)	4,944,000
	Ground Floor = 3,090 sft	
10	Machinery & Equipment:	73,618,623
	Assembling Unit	
11	Machinery & Equipment:	78,612,915
	Body Building Unit	
12	Machinery & Equipment:	47,453,579
	Cabin Manufacturing Unit	
13	Electric Equipment and Installation	65,317,177
	Sub Station	
14	Boundary Wall etc.	108,000,000
15	Roads	28,000,000
16	Yard Carpeting	25,000,000
Total		3,028,799,894

Table 3 - Description of Collateral Security

5.1. Declaration regarding mortgage over Fixed Assets to be offered as collateral security for the proposed IFAD Autos Ltd Secured Coupon Bearing Bond of BDT 3 billion

Regarding the mortgage/hypothecation over Plant, Properties and Equipment located on 28.5693 Acres at IFAD Autos Ltd.'s Dhamrai project valued at BDT 3.028 billion, we hereby declare that the aforementioned property has not been pledged to any party and there are no charges over it to date. If consent for issuance of the bond is granted, then we intend to provide a first-ranking mortgage/hypothecation over all of the mentioned property to the trustee of the bond.

We would also like to mention that the Plant, Properties and Equipment located on 28.5693 Acres at IFAD Autos Ltd.'s Dhamrai project which are to be offered as collateral security for the bond has been valued at BDT 3.028 billion as on 28 April, 2022 by M.Z. Islam & Co. Chartered Accountants. The valuation has been performed in order to evaluate the current market price of the properties in the interests of full disclosure, so that potential investors of the bond can more accurately analyze the risk characteristics of a potential investment in the bond.

However, since we have valued the Plant, Properties and Equipment at IFAD Autos Ltd.'s Dhamrai plant only and not all of the Plant, Properties and Equipment of the Company as a whole, we can not include the revalued assets in our balance sheet as per BSEC's Notification regarding revaluation of assets dated 18 August, 2013 and Clause 36 of IAS 16: Property, Plant & Equipment which states that

"If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued."

Due to this reason, we have not included the valuation of the proposed collateral assets in our balance sheet as on 30 June, 2022.

In addition, the book value of the proposed collateral assets as on 30 June, 2022 is presented below:

SL No.	Name of Assets	Description of Assets	Book value of Assets as on 30th June, 2022	Estimated Price of Assets as per Assessment Report
01	Land	2856.93 Decimal of land at Dhamrai	644,881,943	2,056,989,600
02	Building	Building, Factory Shed & Etc.	643,467,583	706,808,000
03	Machineries	Plant & Machineries	260,054,971	265,002,294
Total			1,548,404,497	3,028,799,894

Sd/-

Tanveer Ahmed
Managing Director
IFAD Autos Limited

6. Rights and Obligation of the Issuer

So long as any Bond is outstanding, the Issuer will:

6.1. Compliance with Transaction Documents

Comply with, perform and observe all those provisions of the Transaction Documents which are expressed to be binding on it (including make all payments due under the Transaction Documents as and when they are due and payable). Unless otherwise notified by the Trustee in writing, all amounts payable by the Issuer under this Trust Deed or any other Transaction Document to a Bondholder or, as the case may be, the Trustee shall be made for value on the due date in BDT by electronic transfer to the designated account of that Bondholder communicated in writing to the Issuer or in case of the Trustee, in an account communicated in writing to the Issuer by the Trustee;

6.2. Compliance with Applicable Law

Comply with, perform and observe all those provisions of the Applicable Laws including, but not limited to Debt Securities Rules;

6.3. Books of Account

Keep proper books of account and, so far as permitted by Applicable Law, allow the Trustee and anyone appointed by it, access to its books of account at all reasonable times during normal business hours;

6.4. Notice of Events of Default

Notify the Trustee in writing immediately becoming aware or being notified of the occurrence of any Potential Event of Default or Event of Default without waiting for the Trustee to take any further action, and provide to the Trustee a notice setting forth the details of the Event of Default or Potential Event of Default, and the action which the Issuer proposes to take with respect thereto;

6.5. Information

6.5.1. So far as permitted by Applicable Law, give to the Trustee such information as it requires to perform its functions and/or exercise its rights, powers and discretion as Trustee under this Trust Deed;

6.5.2. The Issuer shall supply to the Trustee for the benefit of the Bondholders, within 120 days after the end of each financial year its audited balance sheet a Compliance Certificate in the form set out in Schedule 3 of the Trust Deed;

6.5.3. The Issuer shall provide to the Trustee (a) within 10 days of any request by the Trustee and (b) at the time of the dispatch to the Bondholders of its accounts pursuant to this Trust Deed, the Compliance Certificate, signed by two Authorized Signatories of the Issuer certifying that up to a specified date not earlier than seven days prior to the date of such certificate (the "Certification Date") the Issuer has complied with its obligations under the Bonds and the Trust Deed (or, if such is not the case, giving details of the circumstances of such non-compliance) and that as at such date there did not exist nor had there existed at any time prior thereto since the Certified Date in respect of the previous such certificate (or, in the case of the first such certificate, since the Issue Date) any Event of Default or a potential Event of Default or other matter which would affect the Issuer's ability

to perform its obligations under the Bonds and the Trust Deed or (if such is not the case) specifying the same.

6.6. Notices and Circulars to Shareholders and Creditors

Deliver concurrently to the Trustee copies of any notices, circulars and other communications provided to the shareholders or creditors of the Issuer to the extent that such notice, circular or other communication is not publicly available.

6.7. Reporting Requirements

Send to the Trustee its financial statements and all such other information it is required to provide to the Bondholders pursuant to the Conditions (including, for the avoidance of doubt, any reporting requirements incorporated by reference therein);

6.8. Notices to Bondholders

Prior to the giving of any notice, send to the Trustee at least ten (10) days (or such shorter period as may be agreed by the Trustee) prior to the date of publication, a copy of the form of each notice to be given to Bondholders and, once given, two copies of each such notice, such notice to be in a form approved by the Trustee;

6.9. Notification of non-payment

Notifies the Trustee forthwith in the event that it does not, on or before the due date for payment of any sum in respect of the Bonds, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;

6.10. Further Acts

So far as permitted by applicable law, do such further things as may be necessary in the opinion of the Trustee to give effect to this Trust Deed;

6.11. Notice of Late Payment

Forthwith upon request by the Trustee give or procure to be given notice to the Bondholders of any unconditional payment to the Trustee of any sum due in respect of the Bonds made after the due date for such payment;

6.12. Legal Opinions

Prior to making any modification or amendment or supplement to this Trust Deed, procure the delivery of (a) legal opinion(s), addressed to the Trustee, dated the date of such modification or amendment or supplement, as the case may be, and in a form acceptable to the Trustee from legal advisers acceptable to the Trustee.

6.13. Negative Pledge

6.13.1. Other than any Security Interest arising in the ordinary course of business, the Issuer shall not without the prior approval of the Trustee create any new liability senior to the Bondholders;

6.13.2. Other than (i) any sale, lease, transfer or other disposal made in the ordinary course of business of the Issuer and (ii) any loans, advances or financial accommodation granted by the Issuer to its customer in the course of its business, the Issuer shall not without the prior approval of holders of at least two-thirds of the Bondholders, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset exceeding BDT 500,000,000;

- 6.13.3. Other than Financial Indebtedness incurred in the ordinary course of business or under the Transaction Documents, the Issuer shall not (and the Issuer shall ensure that no other member of the Group shall) incur, create or permit to subsist or have outstanding any Financial Indebtedness or enter into any agreement or arrangement whereby it is entitled to incur, create or permit to subsist any Financial Indebtedness;
- 6.13.4. The Issuer shall procure that no substantial change is made to the general nature of the business of the Issuer; and
- 6.13.5. The Issuer shall not enter into any transaction, agreement or arrangement with any of its Affiliates other than on arm's length basis;

6.14. Authorization and Consents

Obtain, comply with and do all that is necessary to maintain in full force and effect any consent, approval, authorization, exemption, filing, license, order, recording or registration

- 6.14.1. to enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Transaction Documents,
- 6.14.2. to ensure that those obligations are legally binding and enforceable and
- 6.14.3. to make the Bonds, the Trust Deed and the Transaction Documents admissible in evidence in Bangladesh.

7. Rights and Obligation to the Trustee

7.1. Duties and Powers of the Trustee

The Trustee has the following duties and powers in connection with the Trust:

- 7.1.1. to act on behalf and for the exclusive interest of the Bondholders;
- 7.1.2. to ensure compliance of the issuer as per the requirements of Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021;
- 7.1.3. to monitor timely payment of all dues of the issuer to the bondholders in terms of the IM or other terms and conditions of the issue of securities under Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021;
- 7.1.4. to ensure creation of charges by the issuer over collateral securities and obtaining other securities or guarantees in favor of the trustee;
- 7.1.5. to enforce its rights, over the credit enhancement or collateral securities and other securities or guarantees when it is necessary to do;
- 7.1.6. call the bondholders' meeting and enforce the decisions within such time of any default or any act of the issuer which may affect the interest of the investors as specified in the deed of trust and in the IM;
- 7.1.7. delay in payment of any dues by the issuer, which is not approved by the trustee shall be treated as final default, in such a case the trustee shall enforce its rights over the credit enhancement or collateral securities and other securities or guarantees of the issuer observing due legal process and thereafter the trustee shall dispose-off the same to pay the proceeds proportionately to the investors after deduction of costs related thereto;
- 7.1.8. in case the delay is approved by the trustee for a certain period upon any reasonable ground, the trustee shall ensure repayment of the dues within the approved delay period along with interest for the delay period at a rate of 2% (two percent) per annum above the usual rate of return of the debt instrument;
- 7.1.9. the trustee shall submit an annual compliance report to the Commission regarding the activities of the issuer including repayment of dues to the investors;
- 7.1.10. the trustee shall take adequate steps for redress of grievances of the investors within one month of the date of receipt of the complaints and shall keep the Commission informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;
- 7.1.11. the trustee shall be liable to sue or to be sued on behalf of the investors: Provided that if any loss incurred due to negligence of trustee in case of litigation or recovery process, the trustee shall bear the loss;
- 7.1.12. the trustee may, if required, inspect or call for books of accounts, records, registers of the issuers and the trust property to the extent necessary for discharging its obligation.

7.2. Covenant to repay and redeem (in cash)

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with and subject to the terms and conditions of the Bonds in this Trust Deed or any provision of this Trust Deed, unconditionally pay or procure to be paid to or to the order of the Trustee in Taka in freely transferable

funds for value the relevant due date for payment the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date; and further shall (subject to any terms and conditions of the Bonds) 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 Trust Deed, or any of them outstanding from time to time as set out in the Trust Deed provided that:

- 7.2.1. if any payment in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the third Business Day after notice by the Trustee to the Bondholders in accordance with the Trust Deed that the full amount has been received by the Bondholder or the Trustee under the Trust Deed; and
- 7.2.2. in any case where payment due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, payment shall accrue in accordance with Clause 7.2 of the Trust Deed.

7.3. Terms of Appointment

7.3.1. Reliance on information

- 7.3.1.1. 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 and shall not be responsible for any Liability occasioned by so acting;
- 7.3.1.2. Resolution or direction of Bondholders: If there was some defect in the constitution of the meeting or if the resolution or direction made by the meeting of the bondholders is not valid or binding for some defect, the Trustee will not be held responsible provided it has acted in good faith;
- 7.3.1.3. Bondholders as a class: In connection with the exercise by it of any of its trusts, powers, authorities and discretions, the Trustee shall have regard to the general interests of the Bondholders as a class;
- 7.3.1.4. No obligation to monitor: The Trustee shall not be under any obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations;
- 7.3.1.5. Bonds held by the Issuer: In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer), that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates;
- 7.3.1.6. Events of Default: The Trustee shall not be bound to give notice to any person of the execution of this Trust Deed or to take any steps to ascertain whether any Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be

entitled to assume that no such Default or Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and the Bond Documents and no event has happened as a consequence of which any of the Bonds may become repayable;

7.3.1.7. Right to deduct or withhold for taxes: Notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, but without prejudice to Taxation clause, 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 other amounts for its own account) 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 any other amounts for its own account) or otherwise, then the Trustee shall be entitled to make such proper deduction or the withholding to the extent required by any applicable law or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax (as required by any applicable law) which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax (as required by any applicable law) from any funds that may from time to time be held by the Trustee upon the trusts of this Trust Deed;

7.3.1.8. No responsibility to investigate: The Trustee shall not have any responsibility for or have any duty to investigate except under any applicable laws or regulations:

7.3.1.8.1. the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any Bond Document;

7.3.1.8.2. any recitals, statements, warranties, representations or covenants of any party to any Bond Document;

7.3.1.8.3. its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or

7.3.1.8.4. the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents;

7.3.1.9. 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;

7.3.1.10. No responsibility for loss: The Trustee shall not in any circumstances, except under any applicable laws or regulations:

7.3.1.10.1. be liable to account to any Bondholder or any other person for anything except sums actually received by the Trustee which have not been distributed or paid to the persons entitled or at the time of payment believed by the Trustee to be entitled thereto, or

7.3.1.10.2. be liable to any Bondholder or any other person for any costs, charges, losses, damages, liabilities or expenses arising from or connected with any act, default, omission or misconduct of the Trustee, any Appointee or their respective officers, employees or agents in relation to the Bond Documents except to the extent that they shall have been finally judicially determined to have been caused by the Trustee's own gross negligence, willful default or fraud.

7.3.1.11. 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, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above. However, the Trustee shall use commercially reasonable efforts consistent with accepted practice in its industry to resume performance as soon as practicable under the circumstances.

7.3.1.12. 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 Rules.

7.3.1.13. 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 but in any event will be subject to any gross negligence, willful default or fraud of which the Trustee or its officers, directors or employees may be guilty in relation to their duties under this Trust Deed. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

7.4. Trustee's exercise of powers and its discretion in exercise of powers and fulfilment of duties

7.4.1. 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 any Bond Document or contained in the Bonds is capable of remedy

and/or materially prejudicial to the interests of the Bond holders and if the Trustee certifies that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders provided however that the Trustee may not exercise any powers conferred upon it by this Clause 7.4.1 unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to the determination which shall be made;

7.4.2. Determination of questions: the Trustee as between itself and the Bondholders shall have full power to determine all the questions and doubts arising in relation to any of the provisions of this Trust Deed which in the opinion of the Trustee relates to matters and are bond specific matters ("Bond Specific Matters") 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 provided however that the Trustee may not exercise any powers conferred upon it by this Clause unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to the determination which shall be made;

7.4.3. 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 discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from 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 provided however that the Trustee may not exercise any discretion conferred upon it by this Clause unless the Trustee having given not less than 10 Business Days' notice of such exercise of discretion to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by Majority Bondholders instructing the Trustee as to how such discretion shall be exercised;

7.4.4. 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;

- 7.4.5. 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 Certificate to the persons entitled to it;
- 7.4.6. Delegation: the Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of this Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub - delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee and the Trustee shall not be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate;
- 7.4.7. Agents: Subject to the provisions of the Trust Act 1882, the Trustee may, in the conduct of the trusts of this Trust Deed, with the prior consent in writing of the Issuer, 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, as the case may (including the receipt and payment of money) and, provided that the Trustee shall have exercised reasonable care in the selection and appointment of any such agent(s), the Trustee shall not be responsible for any Liabilities 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;
- 7.4.8. Custodians and nominees: the Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian this Trust Deed or any document relating to the trust created hereunder and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee, the Trustee shall not 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; and
- 7.4.9. 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 any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information. The Trustee shall forward to the Bondholders

any non-confidential information made available to the Trustee by the Issuer in connection with this Trust Deed.

7.5. Financial matters

- 7.5.1. 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 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, 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;
- 7.5.2. 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 assured to it; and
- 7.5.3. Trustee may enter into financial transactions with the Issuer: No Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way be precluded from making any contracts or entering into any transactions in the ordinary course of business ("Other Business") with the Issuer, or any person or body corporate directly or indirectly associated with the Issuer, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any person or body corporate directly or indirectly associated with the Issuer, and the Trustee and any such director or officer shall not be accountable to the Bondholders or the Issuer or any person or body corporate directly or indirectly associated with the Issuer, for any, fees, commissions, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit, provided it does not affect Bondholders' interest in any way and also provided that the Trustee is not in any way involved in any breach of trust. The Trustee and its affiliates shall not be obliged to disclose to any Bondholder the existence or details of any such contract or transaction (actual or proposed) or any such Other Business or any information or documentation relating to or received pursuant thereto (including, without limitation, any and all non-public information). Pursuant to such contracts or transactions (actual or proposed) or any such Other Business, the Trustee or its affiliates may be or come to be in possession of material information not known to the Bondholders and the Trustee and its affiliates shall not have any liability with respect to any non-disclosure of, or possession of, such information.

7.6. Trustee liable for gross negligence

None of the provisions of this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required by it as trustee, having regard

to the provisions of this Trust Deed conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, willful default or fraud of which it may be guilty in relation to its duties under this Trust Deed.

7.7. Exercise of Discretion

7.7.1. 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 Majority Bondholders.

7.7.2. The Trustee will not 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.

7.8. Events of Default

The Events of Default for the purposes of the Bonds and the Trustee's rights, duties and obligations following such an Event of Default shall be as provided for in Clause 10 of the Trust Deed.

7.9. Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorization, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Clause 9.14 and/or any undertakings given in addition thereto or in substitution therefore pursuant to the Trust Deed.

8. Rights and Obligations of the Issue Manager, Underwriter, or any other Contractual Parties

As the mode of placement is private placement, no issue manager/underwriter is applicable.

9. Rights and Obligations of the Investors/Bondholders

- 9.1. Each of the Bondholders are required to enter into a Subscription Agreement with the Issuer and be bound by the terms and conditions of that agreement
- 9.2. Each of the Bondholders has the right to demand information relating to the issuance of bond and/or information relating to the Issuer, as set forth in this Trust Deed, from the Issuer
- 9.3. Each of the bondholders has the right to receive payment of coupon and principal payments of the bond on the respective coupon and principal redemption dates in accordance with the Trust Deed.
- 9.4. Each of the bondholders has the right to receive any other payment including late payment fee, if applicable, whenever such payment becomes due and payable by the issuer in accordance with the procedures set forth in Trust Deed.
- 9.5. Each of the bondholders has the right to attend meetings of the bondholders and vote therein in accordance with the provisions of the Trust Deed.
- 9.6. Each of the bondholders will be entitled to protect and enforce its individual rights independently without the need for other Bondholder(s) to be joined as additional party in such proceedings for such purpose

10. Description of the Issuer

IFAD Autos limited is one of the leading automobile distributors in Bangladesh with strong growth in commercial vehicle market. IFAD Autos Limited was incorporated in Bangladesh on February 17, 1988 as a Private Limited Company and was subsequently converted into a public Limited Company on 30 September, 2011 with the Registrar of Joint Stock Companies and Firms (RJSC & F) in Bangladesh under the Companies Act, 1994. The Company underwent an Initial Public Offer (IPO) in 2014 and Right Issues (RI) in 2017 to mark its significant expansion in operations. The company was listed with Dhaka Stock Exchange Limited (DSE) on 18 January, 2015 and Chittagong Stock Exchange Limited (CSE) on 17 January, 2015 and traded as an "A" category in both Exchange.

IFAD Autos Limited mainly imports and sells light, medium and heavy truck chassis, different types of bus chassis such as AC buses, deluxe buses, tractors and special vehicles like dump truck, water tankers, prime movers etc. The company is the sole distributor of the reputed Indian automobile manufacturer –Ashok Leyland since 1994. Ashok Leyland is the second largest commercial vehicle manufacturer in India as well as the fourth Largest bus manufacturer globally. The company imports different models of complete Ashok Leyland's vehicle as well as imports CKD & spares and assembles locally to promote in Bangladesh.

IFAD Autos Limited is also sole and authorized distributor of ESCORTS Limited. IFAD Autos importing and marketing of different models of Farmtrac Brand like agricultural tractors, special construction equipment along with tractors and spares parts. IFAD Limited had signed a Joint venture agreement with Gulf Oil Bangladesh Limited. At Present IFAD Autos Limited hold 49% of equity shares of Gulf Oil Bangladesh Limited. The Gulf Oil Bangladesh Limited is Engaged in importing and selling its renowned brands of Lubricant, grease and car care products in Bangladesh. IFAD Autos customers group comprises both private and public sectors. IFAD has an integrated network for marketing its trade products. It appoints dealers for different districts for promoting the market of its imported vehicles. Presently, he has sales outlet at Khulna, Rajshahi, Chittagong divisions which covers the districts viz. Jessore, Faridpur, Mymensingh, Rangpur, Comilla, Sylhet etc. Dhaka and its adjoining areas are covered by its head office.

IFAD Autos Limited sells vehicle through the medium-term credit facilities to the clients along cash sells. The company borrows the fund from financial institutions to meet import payments and also provided credit facilities to the clients. Before providing credit facility for vehicle to any client, the risk management team assesses the credit worthiness of the client. The client can make the body from IFAD Autos Limited or from outside at their own cost. The vehicle is then registered under the ownership of financial institutions and IFAD Autos Limited. After full repayment of the installments, the company handovers the title of ownership of the vehicles to its customers. Lease or rental model allows individual drivers to purchase commercial vehicles generated from the purchased vehicle.

Since 1985, IFAD Autos Limited has played a crucial role in building the transport industry of Bangladesh and now define the standards of this industry. Mission of IFAD Autos Limited is "To be the No. 1 company in our industry through our commitments to employees, customer and stakeholders" and Vision is "Exceed customer's expectations through our passion, continuous innovation and development."

10.1. Capital Structure

IFAD Autos Limited (IAL), the Issuer of the Coupon Bearing Bonds, is a public limited company and similarly to other private companies its capital structure comprises shareholder's equity and other liabilities. As of June 30, 2022, IAL's total equity and liability stood at BDT 38,992,448,465.

Particulars	As on 30th June, 2022
Equity attributable to the Shareholders	10,459,386,565
Ordinary Share Capital	2,529,504,120
Share Premium	990,799,620
Revaluation Surplus	1,031,114,431
Retained Earnings	5,907,968,394
Liabilities:	
Non-Current Liabilities	13,400,967,550
Deferred Tax Liability	175,873,794
Security Deposits (Dealer)	12,510,000
Long Term Loans	648,609,659
Leasehold Obligations	12,563,974,097
Current Liabilities	15,132,094,350
Current Portion of Long-Term Loans	207,985,841
Current Portion of Leasehold Obligations	5,886,260,024
Loan from Directors	95,000,000
Accounts & Others Payable	3,014,071,476
Unclaimed Dividend Account	2,776,433
Unallocated IPO and Rights Shares Subscription	252,000
Advance Against Sales	2,878,000
Short Term Bank Loans and Credits	5,137,796,733
Provision for Income Tax	702,495,446
Provision for Expenses	82,578,397
Total Liabilities:	28,533,061,900
Total Equity and Liabilities:	38,992,448,465

Table 4 - Capital Structure of Issuer

Particulars	As on 30 June 2022
Sponsors/Directors	54.87%
Institutions	27.35%
Foreign	0.08%
General Public	17.70%
Total	100%

Table 5 - Shareholding Pattern of Issuer

10.2. Business

IFAD Autos Ltd carries out the business of dealings in vehicles with different sectors of Bangladesh. The Company imports different models of complete Ashok Leyland's Indian Vehicles as well as imports CKD & Spares from Ashok Leyland and assemble and building body locally to promote in Bangladesh. The company also deals in Farm track brand agro-machineries and the related spares imported from Escorts Limited and markets the same in Bangladesh.

IFAD Autos Limited sells vehicles through the medium-term credit facility to the clients in addition to cash sales. The company borrows fund form financial institutions to meet its import payment and also provide credit facility for vehicle to any client. The risk management team assesses the credit worthiness of the client. In case of credit sales, the client has to pay minimum 40%-50% of vehicle price as down payment. The client either can make the body from IFAD Autos or from outside at their own cost. The vehicles are then registered under the ownership of the financial institutions and IFAD Autos Limited. After full payment of the installment, the company transfer the title of ownership of the vehicles to its customers. Maximum term of credit facility is 24-60 months which is repayable on monthly installments. Lease or rental model allows individual drivers to purchase commercial vehicles on easy credit terms. The customers are generally able to pay monthly rent or installment from the revenue generated from the purchased vehicle.

10.3. Products & Services

The product list of IAL is given below:

Heavy and Medium Vehicles – Truck

1616IL/2 Covered Van
TS- 1616IL/1
TS- 1616IL/2
TS-1613-H
TAURUS 2518 Strong
PRIME MOVER 3518 Cargo
PRIME MOVER U- 4019IL
PRIME MOVER 4923TT

Bus

12M FE
12M AIR SUSPENSION
SUNSHINE SCHOOL BUS
B-1616 (52 SEAT)
LYNX DIESEL (38 SEAT)
ARTICULATED BUS
DOUBLE DECKER BUS (TITAN)

Special Application vehicle

ECOMET- 1012 Dump Truck
TS-1616 IL Dump Truck
Taurus 2518 IL Dump Truck
U-2518 Dump Truck
CAPTAIN 2518 Dump Truck
Taurus 2518 BULK CARRIER
U-3718 BULK CARRIER
TAURUS-2518 RMC
REFRIGERATED VAN
MILK TANKER
WATER TANKER

Light Commercial Vehicles

Dost Strong
Dost Plus
Partner (1.5 Ton)
Partner (3 Ton)
DOST EXPRESS Human Hauler

Tractors

FT 6037
FT 6037+
FT 6050
FT 6050 Champion
FT 6055
FT 6055 Champion



1616IL/2 Covered Van



Cargo 2518 RMC



Captain 2518il Tipper



Cargo 2518il



U 3118il



Dost Plus



Ecomet 1214il Tanker



Cargo 3518il



U 4019il



Cargo 1613H



Eagle 180HP



12M Prime



Double Decker



12M FE



Tractor



Captain 4923



Cargo 2518 RMC



Captain 2518II Tipper



Cargo 2518II



U 3118II



U 3123



Ecomet 1214II Tanker



Cargo 3518II



U 4019II



B-1616 Super



LYNX



12M FE



Double Decker



Eagle 180HP



Tractor

10.4. Description of encumbered and unencumbered assets with value thereof

Below is the list of encumbered and unencumbered assets with value thereof:

Particulars	Encumbered Asset	Unencumbered Asset	Total Amount
Land and Land Developments	541,137,511	2,058,335,679	2,599,473,190
Buildings & Civil Construction		1,072,188,065	1,072,188,065
Buildings - IFAD Tower		473,590,779	473,590,779
Flat	11,423,960	36,058,960	47,482,920
Tools & Equipment		27,182,789	27,182,789
Plant & Machineries		255,514,886	255,514,886
Furniture & Fixtures		29,701,672	29,701,672
Office Equipment		59,830,739	59,830,739
Electric Equipment & Installation		129,835,371	129,835,371
Motor Vehicles		218,573,539	218,573,539
Motor Vehicles (Right of Use)		138,270,980	138,270,980
Total As on 30 June, 2022	552,561,471	4,499,083,458	5,051,644,929
Construction WIP			
Buildings & Civil Construction		5,468,031	5,468,031
Total As on 30 June, 2022		5,468,031	5,468,031

Table 6 - Encumbered and Unencumbered Assets

10.5. Profile of the Board of Directors

IAL's Board of Directors consists of highly reputable businessmen and professionals. The current Board of Directors comprises:



Iftekhar Ahmed Tipu

Chairman

Mr. Iftekhar Ahmed Tipu is the Chairman of IFAD Autos Ltd and a successful entrepreneur whose contribution has shaped the transport sector of Bangladesh. He started his business in 1985 by supplying the first ever Double Decker Buses from Ashok Leyland of India, to the government of Bangladesh through IFAD Enterprises Ltd. and since then he had supplied the same - four more times to the Bangladesh Road Transport Corporation under the Indian line of state credit.

In the early years, Mr. Tipu had been involved with supplying to various government projects - ranging from gas pipelines to various power projects and made his mark on contributing to building our young nation.

In 1994 IFAD Autos Limited took up the sole distributorship from Ashok Leyland in Bangladesh and ever since the company flourished under his leadership to cater to the country's transportation needs. At the time, he also is the local representative of brand name of Indian tyres Apollo. Throughout the years his ambition and vision had materialized in the form of establishing one of the largest consumer food producing companies to cater to the population of Bangladesh and beyond.

IFAD today is a name not only known in the automobile industry, it is today a synonym of trust be it consumer product, chemical product, information technology and few more. All these were possible due to his innovative ideas, tireless efforts, perseverance, and dedication with self-confidence which contributed to his successful achievements. Now the name "IFAD" inspires trust. Under his dynamic leadership, IFAD is set to continue its progress globally.

Amassing four decades of experience as a business personality, he had authored 5 books and had founded "The Daily "Nabaraj" a nationally circulated newspaper of which he is also editor in chief. He served as president of BAAMA, maintains membership in FBCCI and all other major clubs in Bangladesh. In 2018 Asia One Magazine accorded him with the "World's Greatest Leaders" Award in Dubai and also awarded IFAD Autos Ltd. the title of "World's Greatest Brand". Mr. Iftekhar Ahmed Tipu - a visionary leader, a charismatic conversationalist, a philanthropic character and a wonderful father.



Tanveer Ahmed

Managing Director

Mr. Tanveer Ahmed is the Managing Director of IFAD Autos Limited and eldest son of the Chairman of IFAD Autos Limited. After completing his education from New Jersey Institute of Technology, U.S.A., he has started work in IFAD Autos Limited in 2001. In the following year, he had established the sole dealership of ELGI Equipment of India to supply Industrial Grade Air Compressors in

Bangladesh. He is also the Chairman of Gulf Oil (BD) Limited. It was under Mr. Tanveer's direction that IFAD took the true form of a Conglomerate in Bangladesh by expanding into the Consumer Foods Sector as IFAD Multi Products Ltd in 2003. His commitment towards quality, the company achieved President's SME Award. Going above and beyond in ensuring food safety, he ensured the company had adopted the BRC (British Retail Consortium) standard and SEDEX compliance. Mr. Tanveer had spearheaded campaigns that changed the game of Corporate Social Responsibility in Bangladesh. Namely "IFAD Go Green" & "Gomi Zero Bicycle Marathons" and "IFAD Big Bangla Marathon Run". He stood in support to many more such endurance activities to raise environmental and tourism awareness.

**Nilufar Ahmed**

Director

Mrs. Nilufar Ahmed was born in Faridpur District, Bangladesh. Her father's name is Mir Muzibur Rahman and mother's name is Mrs. Fatema Rahman. She is wife of Mr. Iftekhar Ahmed Tipu. She did her M.A in the year 1983 from the University of Dhaka. From 1987 she has been actively playing a vital role in IFAD Group.

She is director of IFAD Group, IFAD Autos Ltd, IFAD Information and Technology Ltd., IFAD Auto Services Ltd. IFAD Enterprises Ltd., IFAD Agro Complex Ltd., IFAD Multi Products Ltd., IFAD Beverage Ltd and the Managing Director of IFAD Automobiles Ltd. She is also significant shareholder of IFAD Motors Ltd. and IFAD Salt and Chemical Ltd. Other than business, she is also engaged in many social affairs and she is a permanent member of Dhaka Ladies Club. In her personal life, she is a person of pleasant personality and loving mother of three sons.

**Taskeen Ahmed**

Director

Mr. Taskeen Ahmed is the Director of IFAD Autos Limited and the second son to the Chairman of IFAD Autos Limited and Director of Gulf Oil (BD) Limited. He has completed Bachelor's degree from Rutgers University in New Jersey, USA. He also pursued his MBA at North South University, Bangladesh. Having finished his academic career, he joined the company at a comparatively early age. But from him, age was won over by the attributes of his in-born leadership quality, exposure to reputed academic environment, family grooming and pragmatic outlook that was remarkable from his very childhood. The company's Board of Directors along with the corporate rank and file found his presence in a unique equation. He demonstrated an appreciable skill in helping the company's ascendancy to more corporate efficacy and elevation to newer heights.

The family legacy and his own inherent qualities gave him a great sense of value and direction. Since 1999 he started work in IFAD Autos Limited, which solely represents the Ashok Leyland brand and over the last decade turnover of the company had increased ten-fold under his leadership. He had also served as the President of India Bangladesh Chamber of Commerce and Industry (IBCCI). He is actively engaged with a number of social and philanthropic organizations of national stature, without forgetting his root of origin.

**Tashfeen Ahmed**

Director

Mr. Tashfeen Ahmed is the Director of IFAD Autos Limited and the youngest son of the Chairman of IFAD Autos Limited. He has a Bachelor's Degree in Finance from University of Maryland and earned his MBA from American University, Washington DC in U.S.A.

In 2012 he commenced working for IFAD group by spearheading all branding activities of the group and establishing an in-house agency for design and content development. In 2016 he had led IFAD's venture into the IT industry following the establishment of IFAD Information & Technology Limited, developing a range of specialized software such as "iTracker" (GPS based vehicle management service) and cargo sharing app for commercial trucks.

He manages the operations of IFAD Enterprises Ltd - the sole distributor of ELGI Equipment of India to supply Industrial Grade Air Compressors in Bangladesh. Mr. Tashfeen also leads the Tractor division of IFAD Autos Limited representing the Farmtrac Brand of Escort's Agri Machinery Ltd. from India.

Md. Humayun Kabir

Independent Director



Mr. Md. Humayun Kabir was Ex-Joint Secretary, Ministry of Industries, Bangladesh Secretariat, Dhaka. He has been a Chief Executive Officer of Agro-based ISC June 2019-July 2020. He is an active member of the Dhaka Bar Association, practicing civil & criminal matters. Mr. Md. Humayun Kabir obtained his graduation in Social Science from the University of Chittagong, a Masters' in English from the University of Dhaka, a Masters' in Business Administration (HRM) from Stamford University, Dhaka and LLB from the National University of Bangladesh. He worked as a Director HR of Daffodil International University. He coordinated enormous government and non-government activities such as education, legal problems, land matters, relief, and rehabilitation responses. He had led various development programmes/projects across multiple stakeholders (viz. public representatives, engineers, health professionals, foreign donors, disaster management, etc.). In the journey of his career, Mr. Md. H. Kabir participated in various trainings and extensively travelled across the globe.

**Mr. Md. Anwar Hossain, M.com, FCA**

Independent Director

Mr. Md. Anwar Hossain completed his Master of Commerce from the University of Dhaka in 1990. He is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) and a member of the Dhaka Taxes Bar Association. At present, he is also a Managing Partner of S.M. Zakaria & Co. (Chartered Accountants) and has 23 years of professional experience at Dada group of Industries Limited, Sunman Group, BRB Cable Industries Limited, Amanat Shah Group, Alana International Limited, and Micro Electronics Limited. Mr. Md. Anwar has a vast

working knowledge in IFRS (International Financial Reporting Standards), Income Tax Ordinance 1984, Companies Act 1994, Bank Companies Act 1991, Financial Institutions Act 1993, Securities and Exchange Ordinance Act, and Business Laws and commendable experiences in internal control systems at different environments, record keeping, property management system, travel policy, procurement, outsourcing activities, and compliance.

10.6. Description of Assets and Liabilities

10.6.1. Description of Assets

As of 30 June, 2022, total assets of IAL stood at BDT 37,959,642,423. The details breakdown of total asset is given below:

Assets:	As on 30 June 2022
Non-Current Assets:	5,675,947,658
Property, Plant and Equipment	4,521,377,154
Capital WIP	5,468,031
Investment in Joint Venture	281,986,588
Investment in Associate	849,926,847
Security Deposit	17,189,038
Current Assets:	33,316,500,807
Inventories	2,178,201,785
Accounts & Others Receivable	26,342,316,216
Investment in Shares	220,265,551
Advances, Deposits and Prepayments	1,924,463,196
Short Term Investment	709,539,767
Cash & Cash Equivalents	1,941,714,292
Total Assets:	38,992,448,465

Table 7 - Description of Assets of Issuer

10.6.2. Description of Liabilities

Liabilities:	As on 30 June 2022
Non Current Liabilities	13,400,967,550
Deferred Tax Liability	175,873,794
Security Deposits (Dealer)	12,510,000
Long Term Loans	648,609,659
Leasehold Obligations	12,563,974,097
Current Liabilities	15,132,094,350
Current Portion of Long Term Loans	207,985,841
Current Portion of Leasehold Obligations	5,886,260,024
Loan from Directors	95,000,000
Accounts & Others Payable	3,014,071,476
Unclaimed Dividend Account	2,776,433
Unallocated IPO and Rights Shares Subscription	252,000
Advance Against Sales	2,878,000
Short Term Bank Loans and Credits	5,137,796,733

Provision for Income Tax	702,495,446
Provision for Expenses	82,578,397
Total Liabilities:	28,533,061,900
Total Equity and Liabilities:	38,992,448,465

Table 8 - Description of Liabilities of Issuer

10.7. Description of Previously Issued Debt or Equity Securities

Description of previously issued debt and equity security are as follows:

Debt Securities Issued By IAL	<p>IFAD Autos Limited has taken various credit facilities i.e. Term loan, Lease loans, Demand Loan, Short term loan including Overdraft to meet its working capitals and import as a part of the ordinary course of business. For such facilities, IAL has provided hypothecation charge over floating assets of the company, FDR and personal & corporate guarantees as per company policy.</p> <p>There are no currently outstanding debt securities issued by IFAD Autos Limited.</p>
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Table 9 - Description of Previously Issued Debt Securities

Equity Securities Issued By IAL	Particulars	Amount in BDT
	Authorized Share Capital	3,000,000,000
	Issued, Subscribed and Paid-up Capital	2,529,504,120

Table 10 - Description of Previously Issued Equity Securities

11. Auditors' Report along with Audited Financial Statements of Issue



Ahmed Zaker & Co.
CHARTERED ACCOUNTANTS

Private & Confidential

Independent Auditors' Report and Financial Statements



of
IFAD Autos Limited

IFAD Tower, Plot-07(New),
Tejgaon Industrial Area, Dhaka-1208.

For the year ended 30 June 2022



Auditor:

Ahmed Zaker & Co.
Chartered Accountants

An Independent Member Firm of Geneva Group International (GGI)
Green City Edge (Level - 10), 89, Kakrail, Dhaka-1000, Bangladesh.
Tel: 88-2-8300504-8, Fax: 88-2-8300509
E-mail: azcbangladesh@ahmed-zaker.com Web: www.ahmed-zaker.com

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**Ahmed Zaker & Co.**
CHARTERED ACCOUNTANTS**HEAD OFFICE :**

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Independent Auditors' Report**To the shareholders of IFAD Autos Limited
Report on the Audit of the Financial Statements.****Opinion**

We have audited the financial statements of **IFAD Autos Limited** which comprise the Statement of Financial Position as at 30 June 2022, and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) where practicable, International Accounting Standards (IASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

1. A sum of TK 26,342,316,216 is appearing in the statement of financial position as "Accounts and Other Receivables." There are total about 21,000 parties from whom the amount is receivable. Ageing of Individual balances and balance Confirmations were not available (Ref: Note 10). Collection of the full amount may be difficult & adequate provision for doubtful debt has not been made.
2. Following bank balances are appearing in the statement of financial position. We received balance confirmation is respect of some balances and in respect of other balances, we didn't receive any balance confirmation. However, the Company has informed us that these balance confirmation certificates are in process.

Particulars	Taka
STD A/C	391,549,557
CD A/C	417,711,268
Long Term Loan	(648,609,659)
Leasehold Obligation	(12,563,974,097)
FDR	1,798,398,338

3. Inventory valuing TK 2,178,201,785 is appearing in the statement of financial position (Ref: Note 9). In case of valuation of Inventory obsolete and damaged items shall be considered as well as all item records need to be kept updated.
4. As referred to in Note #39, Interest received from customers on credit sale amounting to BDT. 1,759,604,544 has been netted off against interest expenses amounting to BDT. 2,009,686,997. Interest income and expenses are not shown in the financial statements separately.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2022. These matters were addressed in the context of the audit of the financial statements as a whole and in forming the auditors' opinion thereon and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements, the results of our audit procedures, including the procedures performed to address the matters below.

Key Audit Matters	How our audit addressed the key audit matters
Revenue Revenue is the most financially significant item in the statement of profit and loss and other comprehensive income. The company has reported revenue of BDT 9,489,462,852 for the year ended 30 June 2022. Revenue is measured at the fair value of the consideration received, or receivable excluding Vat, discounts commission, rebates and other sales taxes where applicable. IFAD Autos Limited sales different types of Truck, Bus and Farm Tractor with warranty service obligation. See Note- 33.00 to the financial statements. The company has taken full contract price as revenue and no warranty provision has been made to the	Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue recognition policy as disclosed in Note- 2.15 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. Our audit procedures on implementation of IFRS 15 - Revenue from contracts with Customers, we verified management's conclusion from assessing different types of contracts and the accuracy of the accounting





Key Audit Matters	How our audit addressed the key audit matters
financial statements because the full amount is reimbursed by the principal.	<p>policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>Obtained an understanding of the various revenue streams and nature of sales contracts entered into by the Company.</p> <p>Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. Testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including approved buyer form, customer personal documents, guarantor documents, customer investigation form, bank statement and also, we confirmed selected customers' receivable balances at the statement of financial position date, selected on a sample basis by considering the amount outstanding with those customers.</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to identification of performance obligations and determining timing of revenue recognition. • Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard. • We specifically put emphasis on those transactions occurring before or after the statement of financial position date to



Key Audit Matters	How our audit addressed the key audit matters
	<p>obtain sufficient evidence over the accuracy of cut-off.</p> <ul style="list-style-type: none"> Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
Valuation of Inventory	<p>The Company had inventory of BDT 2,178,201,785 at 30 June 2022 held in its warehouses and across multiple production lines.</p> <p>Inventories consisting of finished goods and spare parts to be valued at lower of cost and net realizable value. Cost for stock of finished vehicles comprises expenditures incurred in the normal course of business in bringing such inventories to present condition and includes, whether applicable, appropriate overheads based on normal level of activity.</p> <p>The company determines cost of inventories using weighted average method. Where necessary, allowance should be provided for damaged, obsolete and slow-moving items to adjust the carrying amounts of inventories to the lower of cost and net realizable value.</p> <p>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. See note no 9.00 to the financial statements</p> <p>As part of our audit testing against closing inventories, we performed the following audit procedures in response to the assessed risk of material misstatements:</p> <ul style="list-style-type: none"> Evaluating the design and implementation of key inventory controls operated across the company, including those at a sample of, factory production house, warehouse; Evaluating internal controls to monitor or keep track of inventory movement; Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; Reassessing reasonableness and adequacy of provision required to write down the cost of inventories recognized to net realizable value against slow moving, obsolete and damaged items to test both accuracy and valuation of reported amount. Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 02 and other relevant IFRSs.
Property, Plant and Equipment	<p>Property, plant and equipment (PPE) was recognized at carrying value aggregating to BDT 4,521,377,154 representing over 11.59% of total</p> <ul style="list-style-type: none"> Our audit procedures performed during the audit to address the risks identified consist of the following:





Key Audit Matters	How our audit addressed the key audit matters
<p>assets of the company as on 30 June 2022.</p> <p>Since PPE comprised a significant portion of the company's total assets, it also involves management judgment to determine estimated useful lives to charge depreciation. Besides, PPE is also subject to impairment when any possible indicators exist warranting their impairment review. See note no 4.00 to the financial statements</p>	<ul style="list-style-type: none"> • Obtaining and documenting detailed understanding regarding procurement process of PPE and identified relevant control points and their implementation. • Reviewing recognition, measurement and valuation basis of PPE in compliance with requirement of IAS 16: Property, plant and equipment. • Performing test of details against sampled population with supporting evidence as maintained by the company to test the accuracy, valuation of capitalized amount and ownership of the assets. <p>Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 16 and other relevant IFRS</p>
<p>Accounts & Other Receivable</p> <p>In the financial statements the company reported Accounts receivable BDT 26,342,316,216 as per Note # 10.00 representing over 67.55% of total assets of the company as on 30 June 2022 is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectability of any amount so recognized and company has made lump sum provision for expected credit loss against account receivables.</p>	<p>Reviewing recognition, measurement and valuation basis in compliance with requirement of IAS 32: Account Receivables.</p> <p>Performing test of details sampled population with supporting evidence as maintained by the company to test the accuracy, valuation aging of Accounts Receivables.</p> <p>Assessing the appropriateness and presentation of disclosures notes to the financial statements with the requirement of IAS 39 and other relevant IFRSs 09.</p> <p>Sending Balance Confirmations requests to selected parties.</p> <p>Verifying subsequent realization against the outstanding balance.</p>



Key Audit Matters	How our audit addressed the key audit matters
Bank Loan and Lease Obligation	
In the financial statements the company reported Long Term Loan BDT 648,609,659 Leasehold Obligations BDT, 12,563,974,097 Short Term Loan of BDT 5,137,796,733 Long Term Loan (Current portion) BDT, 207,985,841 Current Portion of Leasehold Obligations BDT, 5,886,260,024 at the reporting date. This element was considered as key audit matter because this external form of credit facilities availed by the company require fulfillment of several terms and conditions as mentioned in loan sanction letter issued by lending bank. Hire Purchase agreements under loans are treated as lease obligation as reported.	Our substantive audit procedures adopted during the audit includes the following test or details. Inspecting relevant board minutes in support of bank loans sanctioned and reported during the year in the financial statements. Testing the existence of outstanding balances with confirmation letter issued against the said loans by the company. Recalculating and testing accuracy and completeness of finance costs recognized during the year with loan statements provided by banks.
See note no 21.00, 22.00, 23.00, 24.00 and 30.00 to the financial statements.	Assessing the adequacy and appropriateness of disclosures made by the company for the loans availed in accordance with IAS 32, 39 and other relevant IFRSs 09. Assessing the recognition, measurements, and adequacy of disclosure as per IFRSs 16.
Investment in Associate	
In the financial statements the company reported Investment in Associate BDT 849,926,847 as per Note #7.00 representing over 2.17% of total assets of the company as on 30 June 2022 is initially recognized at cost using the equity method in the financial statements. Where IFAD Multi Products Ltd. Is an associate company of IFAD Group whose share was purchased in BDT 800,000,000 at cost price of the share in equity and BDT 49,926,847 was the	Our substantive audit procedures adopted during the audit includes the following test or details. Assessing the adequacy and appropriateness of disclosures made by the company for the Investment in Joint Venture and Associates availed in accordance with IAS 28(10) and other relevant. We have drawn this conclusion regarding this issue after Checking and investigating the relevant documents relates to such investment including unaudited financial statements





Key Audit Matters	How our audit addressed the key audit matters
<p>acquisition from the share at 40.83% charged in Statement of Profit & Loss and Other Comprehensive Income.</p> <p>This element was considered as key audit matter because this form has been kept as Unrecognized Profit which appears as the Inherent risk to assess the Profit in fair value realization.</p>	<p>signed by management of associate company; “IFAD Multi Products Ltd.”</p>

Other Information

Management is responsible for the other information. The other information comprises all the information in the annual report other than the financial statements and our auditor's 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.

Other Matter as per Para 8, ISA 706

The external audit on the financial year ended June 30, 2021 was conducted by M/S Mahfel Huq & Co. Chartered Accountants with an emphasis of matter as stated below:

With reference to Note 2.6 to the financial statements which describes the non-recognition of leases in compliance with para 5 (a) and B34 of IFRS 16: Leases. Furthermore, we also draw attention to Note 2.20 to the financial statements which describes the payment in the ratio of 80:10:10 among Workers Profit Participation Fund (WPPF), Welfare Fund and Bangladesh Worker's Welfare Foundation Fund. The company has distributed the whole amount of contribution to Workers Profit Participation Fund. The same issue prevails in the current year ended 30 June 2022 under audit.





Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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. The companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company. 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 exercised professional judgment and maintained professional skepticism throughout the audit.

We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded 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.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial statements. We are solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts and records as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income of the Company dealt with by the report are in agreement with the books of account and returns;

Date: 03 November 2022

Location: Dhaka

DVS: 2211030478 AS 641320



Ahmed Zaker & Co.
Chartered Accountants

Z A Mridha, FCA
(Partner)
Enroll No.: 0478

IFAD Autos Limited
Statement of Financial Position
as at June 30, 2022

Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
Assets:			
Non-Current Assets:			
Property, Plant and Equipment	4.00	5,675,947,658	4,451,763,861
Capital WIP	5.00	4,521,377,154	4,183,589,829
Investment in Joint Venture	6.00	5,468,031	34,602,630
Investment in Associate	7.00	281,986,588	233,571,402
Sundry Deposit	8.00	849,926,847	-
		17,189,038	-
Current Assets:			
Inventories	9.00	33,316,500,807	32,640,940,900
Accounts & Others Receivable	10.00	2,178,201,785	1,537,946,755
Investment in Shares	11.00	26,342,316,216	26,260,005,707
Advances, Deposits and Prepayments	12.00	220,265,551	184,708,618
Short Term Investment	13.00	1,924,463,196	1,766,328,361
Cash & Cash Equivalents	14.00	709,539,767	663,131,183
		1,941,714,292	2,228,820,276
Total Assets:		38,992,448,465	37,092,704,761
Shareholders' Equity & Liabilities:			
Equity attributable to the Shareholders			
Ordinary Share Capital	15.00	10,459,386,565	10,323,201,688
Share Premium	16.00	2,529,504,120	2,529,504,120
Revaluation Surplus	17.00	990,799,620	990,799,620
Retained Earnings	18.00	1,031,114,431	1,032,580,284
		5,907,968,394	5,770,317,664
Liabilities:			
Non Current Liabilities			
Deferred Tax Liability	19.00	13,400,967,550	13,005,257,095
Security Deposits	20.00	175,873,794	171,752,743
Long Term Loans	21.00	12,510,000	12,110,000
Leasehold Obligations	22.00	648,609,659	547,285,861
		12,563,974,097	12,274,108,491
Current Liabilities			
Current Portion of Long Term Loans	23.00	15,132,094,350	13,764,245,978
Current Portion of Leasehold Obligations	24.00	207,985,841	208,867,460
Loan from Directors	25.00	5,886,260,024	5,912,335,153
Accounts & Others Payable	26.00	95,000,000	350,000,000
Unclaimed Dividend Account	27.00	3,014,071,476	1,405,620,555
Unallocated IPO and Rights Shares Subscription	28.00	2,776,433	4,077,965
Advance Against Sales	29.00	252,000	2,268,096
Short Term Bank Loans and Credits	30.00	2,878,000	1,616,000
Provision for Income Tax	31.00	5,137,796,733	4,922,418,246
Provision for Expenses	32.00	702,495,446	856,002,148
		82,578,397	101,040,355
Total Liabilities:		28,533,061,900	26,769,503,073
Total Equity and Liabilities:		38,992,448,465	37,092,704,761
Net assets Value Per Share (NAVPS)	41.00	41.35	40.81

Annexed notes form an integral part of these financial statements

Place : Dhaka

Dated: October 27, 2022

DVS# 2211030478 AS 641320

Chairman

Ahmed Zaker & Co.
 Chartered Accountants

Z A Mridha, FCA
 (Partner)
 Enroll No.: 0478



IFAD Autos Limited
Statements of Profit or Loss and Other Comprehensive Income
for the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Sales Revenue	33.00	9,489,462,852	8,663,013,144
Less: Cost of Sales	34.00	7,822,534,711	7,086,490,845
Gross Profit		1,666,928,141	1,576,522,299
Less: Administrative Expenses	35.00	321,406,211	320,583,214
Less: Selling and Distribution Expenses	36.00	270,932,285	233,828,933
Operating Profit		1,074,589,645	1,022,110,152
Foreign Currency Exchange gain/(loss)	37.00	(247,048,871)	(506,346)
Add: Other Income	38.00	45,213,728	129,939,204
Less: Financial Expenses	39.00	268,570,386	323,201,118
Add: Share of net profit of Joint Ventures	6.00	48,415,185	35,602,928
Add: Share of net profit of Associate	7.00	49,926,847	-
Profit before WPPF and Income Tax		702,526,148	863,944,820
Less: Workers Profit Participation Fund		33,453,626	41,140,230
Profit before Income Tax		669,072,522	822,804,590
Less: Income Tax Expenses	40.00	255,067,763	271,621,383
Current Tax Expenses		250,521,141	240,324,336
Deferred Tax Expenses/(Income)		4,546,622	31,297,047
Profit after Income Tax for the year		414,004,759	551,183,207
Total Comprehensive Income for the year		414,004,759	551,183,207
Basic Earnings per Share (EPS)	42.00	1.64	2.18

Annexed notes form an integral part of these financial statements

Company Secretary

CFO

Managing Director

Director

Chairman

Place : Dhaka
Dated: October 27, 2022

DVS: 2211030478 AS 641320

Ahmed Zaker & Co.
Chartered Accountants
Z A Mridha, FCA
(Partner)
Enroll No.: 0478

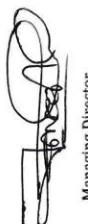
IFAD Autos Limited
Statement of Changes in Equity
for the year ended June 30, 2022

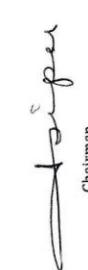
Particulars	Amount in Taka				
	Ordinary Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
Balance as on July 01, 2021	2,529,504,120	990,799,620	1,032,580,284	5,770,317,664	10,323,201,688
Cash Dividend				(278,245,453)	(278,245,453)
Transfer of Revaluation Surplus to Retained Earnings for additional depreciation on revaluation	-	-	(1,891,424)	1,891,424	-
Deferred Tax Income/(Expenses) on Revaluation Surplus during the year	-	-	425,571	-	425,571
Profit after Income Tax for the year	-	-	-	414,004,759	414,004,759
Balance as on June 30, 2022	2,529,504,120	990,799,620	1,032,114,131	5,907,968,394	10,459,386,565

IFAD Autos Limited
Statement of Changes in Equity
for the year ended June 30, 2021

Particulars	Amount in Taka				
	Ordinary Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
Balance as on July 01, 2020	2,479,905,000	990,799,620	1,041,847,395	5,341,112,056	9,853,665,071
Stock Dividend	49,598,120	-	-	(49,598,120)	-
Cash Dividend	-	-	-	(83,090,043)	(83,090,043)
Transfer of Revaluation Surplus to Retained Earnings for additional depreciation on revaluation	-	-	(1,990,972)	1,990,972	-
Deferred Tax Income/(Expenses) on Revaluation Surplus during the year	-	-	1,443,353	-	1,443,353
Transfer of Revaluation Surplus to Retained Earnings for sale of Land	-	-	(8,719,592)	8,719,592	-
Profit after Income Tax for the year	-	-	-	551,183,207	551,183,207
Balance as on June 30, 2021	2,529,504,120	990,799,620	1,032,580,284	5,770,317,664	10,323,201,688


Company Secretary

CFO

Managing Director

Director

Chairman

Place : Dhaka
Dated: October 27, 2022



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IFAD Autos Limited
Statement of Cash Flows
for the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Cash Flow from Operating Activities:			
Cash Receipts from Customers and Others		9,498,570,145	6,971,804,097
Cash Payment to Suppliers and Employees	43.00	(7,945,086,805)	(6,254,842,066)
Cash Generated from Operations		1,553,483,340	716,962,031
Financial Expenses		(268,570,386)	(323,201,118)
Income Tax Paid during the year		(334,910,113)	(283,686,466)
Net Cash Provided by Operating Activities: (A)	44.00	950,002,841	110,074,447
Cash Flow from Investing Activities:			
Payment for Property, Plant and Equipment		(403,381,458)	(476,388,180)
Sale of Property, Plant and Equipment		8,000,000	34,255,543
Capital WIP		69,238,768	(50,124,113)
Investment in Shares		(78,109,789)	(61,746,359)
Investment in Associate		(800,000,000)	-
Security Deposit to BEZA		(17,189,038)	-
Short Term Investment (Payment)/Enchantment-Net		(46,408,584)	251,297,694
Dividend Income		3,327,743	2,586,919
Net Cash Used to Investing Activities: (B)		(1,264,522,358)	(300,118,496)
Cash Flow from Financing Activities:			
Long Term Bank Loan (Paid)/Received-Net		100,442,179	(130,559,441)
Leasehold Obligation (Paid)/Received -Net		248,155,949	2,052,168,462
Loan from Directors (Paid)/Received		(255,000,000)	350,000,000
Dividend Paid		(279,546,985)	(82,539,288)
Unallocated IPO and Rights Shares Subscription		(2,016,096)	-
Short Term Bank Loan (Paid)/Received-Net		215,378,487	(856,720,701)
Net Cash Provided by Financing Activities: (C)		27,413,534	1,332,349,032
Net Cash Inflow/(Outflow) (A+B+C)		(287,105,984)	1,142,304,983
Cash & Cash Equivalents at the beginning of the year		2,228,820,276	1,086,515,293
Cash & Cash Equivalents at the end of the year		1,941,714,292	2,228,820,276
Net Operating Cash Flow per Share (NOCFPS)	45.00	3.76	0.44

The annexed notes form an integral part of these Financial Statements.

Company Secretary

CFO

Managing Director

Director

Chairman

Place : Dhaka
Dated: October 27, 2022



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**IFAD AUTOS LIMITED
Notes to the Financial Statements
for the year ended June 30, 2022**

1.00 Background and Introduction

1.01 Formation and Legal Status:

IFAD Autos Limited (hereinafter referred to as "The Company") was incorporated on February 17, 1988, vide Registration No. C-17301 (101) of 1988 as a Private Limited Company in Bangladesh under the Companies Act, 1913. The Company was converted into a Public Limited Company on March 30, 2011. The Company floated its share to the public through IPO in March 2014 and the Company listed in Dhaka Stock Exchange on January 18, 2015 & Chittagong Stock Exchange on January 17, 2015. The registered office is Saha Belishor, Dhamrai, Dhaka and principal place of business of the company is located at Plot-7 (new), Tejgaon industrial Area, Dhaka-1208, Bangladesh.

1.02 Nature of Business:

The Company carries out the business of dealings in vehicles with different sectors of Bangladesh. The Company imports different models of complete Ashok Leyland's Indian Vehicles as well as imports CKD & Spares from Ashok Leyland and assemble, body building & cabin manufacturing locally to promote in Bangladesh. The company also deals in Farmtrac brand agro machineries and the related spares imported from Escorts Limited and market the same in Bangladesh.

2.00 Summary of Significant Accounting Policies and Disclosures

2.01 Basis of Accounting:

These Financial Statements prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994 and the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) as applicable to this Company. The Board of Directors is responsible for preparing and presenting the financial statements including adequate disclosures, which approved and authorized for issue of this financial statements.

2.02 Statement on Compliance with local Laws and Regulations:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, The Securities and Exchange Rules, 1987, The Securities and Exchange Ordinance, 1969, The Income Tax Ordinance, 1984, The Income Tax Rules, 1984, The Value Added Tax and Suplimentary Duty Act, 2012 and The Value Added Tax and Suplimentary Duty Rules, 2016.

2.03 Statement on Compliance of International Accounting Standards and International Financial Reporting Standards:

The financial statements have been prepared in accordance with the requirements of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as applicable in Bangladesh.

The following IASs/IFRSs is applicable to the financial statements for the year under review:

Name of the accounting standards	Ref. No.	Status of Application
Presentation of Financial Statements	IAS 1	Applied
Inventories	IAS 2	Applied
Statement of Cash Flows	IAS 7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	Applied
Events after the Reporting year	IAS 10	Applied
Income Taxes	IAS 12	Applied
Property, Plant and Equipment	IAS 16	Applied
Employee Benefits	IAS 19	Applied
The Effect of Change in Foreign Exchange Rates	IAS 21	Applied
Borrowing Costs	IAS 23	Applied
Related Party Disclosures	IAS 24	Applied
Investments in Associates and Joint Ventures	IAS 28	Applied
Financial Instruments: Presentation	IAS 32	Applied
Earnings per Share	IAS 33	Applied
Interim Financial Reporting	IAS 34	Applied
Impairment of Assets	IAS 36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS 37	Applied
First Time Adoption of International Financial Reporting Standards	IFRS 1	Applied
Non-current Assets Held for sale and Discontinued Operations	IFRS 5	Applied
Financial Instruments: Disclosure	IFRS 7	Applied
Operating Segments	IFRS 8	Applied
Financial Instruments	IFRS 9	Applied
Disclosure of Interests in Other Entities	IFRS 12	Applied
Fair Value Measurement	IFRS 13	Applied
Revenue from Contracts with Customers	IFRS 15	Applied
Leases	IFRS 16	

Standards that are yet to be effective or applied

There is no other standard that is not yet effective or applied and has a material impact on the Company .



2.04 Structure Contents and Presentation of Financial Statements:

The Financial Statements are presented in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements" A complete set of financial statements comprise:

- i) Statement of Financial Position as at June 30, 2022.
- ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2022.
- iii) Statement of Changes in Equity for the year ended June 30, 2022.
- iv) Statement of Cash Flows for the year ended June 30, 2022.
- v) Notes, comprising a summary of significant accounting policies and other explanatory information.

2.05 Comparative Information:

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year figure has been re-arranged whenever considered necessary to ensure comparability with the current year presentation as per IAS-8 : "Accounting Policies, Changes in Accounting Estimates and Errors"

2.06 Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

However, where a supplier has a substantive right of substitution throughout the period of use, a customer does not have a right to use an identified asset. A supplier's right of substitution is only considered substantive if the supplier has both the practical ability to substitute alternative assets throughout the period of use and they would economically benefit from substitution.

Lease term

The non-cancellable period for which a lessee has the right to use an underlying asset, plus:

- a) periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and
- b) periods covered by a termination option if the lessee is reasonably certain not to exercise that option

Accounting by lessees

Upon lease commencement a lessee recognizes a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee.

After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

- i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or
- ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in Leasehold obligations

Due to the short term nature of rental deeds as per para 5 (a) A lessee may elect not to apply the requirements as per paragraph 22-49 to: a) short-term leases. And also, as per B34 "A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

Accounting by lessors

Lessors shall classify each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

2.07 Risk and uncertainty for use of estimates (Provisions):

The Preparation of Financial Statements in conformity with International Accounting Standards/IFRS requires recognition and measurement of principal the use of management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the Financial Statements. Due to inherent uncertainty involved in making estimates, actual reported results could differ from those estimates.

In accordance with the guidelines in IAS-37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

- When the company has a present obligation 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
- When a reliable estimate can be made of the amount of the obligation.



2.08 Accruals & Deferrals:

Deferrals and accruals have been made as per the guidance in IAS-1 "Presentation of Financial Statements". In order to meet their objectives, Financial Statements, except for the Statement of Cash Flows and related information, are prepared on accrual basis of accounting. Under the basis the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the period to which they relate.

2.09 Going Concern:

As per IAS-1 a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the Company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason the Directors continue to adopt the going concern assumption while the financial statements are prepared.

2.10 Investment in Associates and Joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investment in associates and joint ventures is accounted for using the equity method from the date on which it becomes an associate or a joint venture.

On acquisition, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as below:

- i) goodwill is included in the carrying amount of the investment and
- ii) any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the year in which the investment is acquired.

The statement of profit or loss reflects the company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2.11 Financial Instruments:

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

Initial Measurement

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement of financial assets

Financial assets are classified in the following measurement categories:

- a) Fair value through profit or loss (FVPL);
- b) Fair value through other comprehensive income (FVOCI); or
- c) Amortized cost.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified in the following measurement categories:

- a) Fair value through profit or loss (FVPL);
- b) Amortized cost.

Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

2.12 Cash and Cash Equivalents and Statement of Cash Flows:

Cash and cash equivalents comprise cash in hand, FDR and in current account that are readily convertible to known amount of cash and are not subject to significant risk of change in value.

The Statement of cash flows is prepared using the Direct Method as stipulated in International Accounting Standards IAS-7 "Statement of cash flows".

2.13 Related Party Disclosures:

The Company in normal course of business carried out a number of transactions with directors/entities that fall within the definition of related party contained in International Accounting Standard IAS 24: Related Party Disclosures. The disclosures relating to related parties have been shown in note # 48.

2.14 Events after the Reporting year:

In compliance with the requirements of IAS 10: Adjusting Events after the reporting year, "Post Balance Events" that provide additional information about the company's position at the balance date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.



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2.15 Revenue Recognition:

Under IFRS-15, The entity should recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 is a 5-steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

IFAD Autos Ltd. mainly sells Truck, Bus and Farm Tractor and recognizes revenue at a point in time when the company satisfies a performance obligation by transferring a promised goods or service to customer upon delivery to customer and customer obtains control of the products which renders the ability of customer to direct the use of , and obtain substantially all of the remaining benefits, from assets.

Warranty:

As customer does not have the option to purchase a warranty separately, no revenue has been allocated there against. The cost of warranty is reimbursable from supplier of company. Therefore , no provision has been made for warranty expenses and any expense paid on behalf of principal against warranty is recognized as receivable in the book and to comply with the new IFRS-15. Previous year comparative amounts have been re-arranged where necessary.

2.16 Property, Plant and Equipment:

2.16.01 Recognition and Measurement:

Property, Plant and Equipment (including assets acquired under finance lease) are capitalized at cost of acquisition and subsequently stated at cost /revalued amount less depreciation in compliance with the requirements of IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties non-refundable taxes and un-allocated expenditures etc. The land and land developments and building have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method". The Company has adopted "Revaluation Model" for stating property, plant & equipment.

2.16.02 Subsequent Expenditure:

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other cost is recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

2.16.03 Disposal of Property, Plant and Equipment:

On disposal of Property, Plant and Equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

2.16.04 Depreciation of Property, Plant and Equipment:

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the year of their expected useful lives, in accordance with the provisions of IAS-16 "Property, Plant and Equipment". Depreciation is provided on all fixed assets except Land & Land development from the date when the related assets are available for use over the years appropriate to the estimated useful lives of the different types of assets at the following rates on reducing balance basis:

Particular of Assets	Rate of Depreciation
Land & Land Developments	0%
Buildings & Civil Construction	5%
IFAD Tower	2%
Flat	2%
Tools & Equipment	10%
Plant & Machinery	10%
Furniture & Fixtures	10%
Office Equipment	10%
Electric Equipment	10%
Motor Vehicles	10%

The fair value of the property, plant and equipment on 30.06.2022 is not materially differing with the carrying amount except the revaluation made as follows:

Revaluation of Property, Plant and Equipment

The Company made revaluation of its land and land developments and buildings on June 30, 2016 to reflect fair value of the property in terms of the prevailing market price of the properties. Details of revaluation are shown below :-



Particulars of the Assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land and Land developments	Mahfel Huq & Co.	Chartered Accountants	June 30,2016	711,701,943	1,841,566,386	1,129,864,443
Buildings & Civil Construction	Mahfel Huq & Co.	Chartered Accountants	June 30,2016	393,225,600	442,113,434	48,887,834
Flat	Mahfel Huq & Co.	Chartered Accountants	June 30,2016	22,733,680	22,733,680	-
Total				1,127,661,223	2,306,413,500	1,178,752,277

2.17 Inventories:

Inventories are valued at the lower of cost and net realizable value as per IAS-2 Initial costs of inventories consist of purchase price cost of conversion import duties and other non-refundable taxes and other costs incurred in bringing the inventories to their present location and condition Subsequent cost of inventory is assigned by using FIFO (First In First Out) cost formula. Net realizable value is based on estimated selling price less estimated cost for completion and selling expenses.

2.18 Income Tax:

Income Tax expense comprises current tax and deferred tax as per IAS-12.

Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date.

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.

2.19 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items, that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary Items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

2.20 Employee Benefits

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

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

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

The company's employee benefits include the following.

Provident Fund (PF):

The company has established a recognized contributory provident fund scheme. The fund is wholly administered by a Board of Trustees. No part of the fund included in the assets of the company.

Workers Profit Participation Fund (WPPF):

During 2014-2015, the Company has introduced Worker Profit Participation Fund for its employees in accordance with provisions of Bangladesh Labour Act 2006 Sec-232(1). The management has disbursed the total profit participation amount to WPPF fund, and then the fund has distributed the 10% contribution to Welfare Fund and the 10% of Worker's Welfare Foundation Fund respectively of that whole amount.

2.21 Earnings Per Share:

The Company calculates its earnings per share in accordance with International Accounting Standard "Earnings Per Share" which has been reported on the face of statement of Profit or Loss and other Comprehensive Income.



Basic Earnings per Share

The Company presents its basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company outstanding during the year.

As the company issued Rights Shares so required adjustments have been made to the weighted average number of shares to reflect theoretical ex-right share price as per IAS-33 "Earnings per Share".

2.22 Borrowing Costs:

The borrowing costs were capitalized unless active development of related assets were interrupted or cease when the active development were cease the borrowing cost directly transferred to the expenses as per IAS-23 "Borrowing Costs".

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization and previous years comparative amounts have been re-arranged where necessary.

2.23 Operating Segments

An operating segment is a component of an entity

- (a) that engages in business activities from which it may earn revenues and incur expenses
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- (C) for which discrete financial information is available

An entity shall report separately information about an operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue
- (b) The absolute amount of its reported profit or loss
- (C) Its assets are 10 percent or more of the combined assets of all operating segments

Detail disclosed in Annexure-G.

2.24 Statements of Changes in Equity:

Statement of changes in equity is prepared in accordance with IAS-1 "Presentation of Financial Statements". This statement reflects information about the increase or decrease in net assets or wealth.

2.25 Capital Work-in-progress:

Property, plant and equipment under construction/acquisition is accounted for as capital work-in-progress until construction/acquisition is complete and measured at cost.

2.26 Net Asset Value per share (NAVPS):

Net Asset Value per share (NAVPS) has been calculated by dividing net asset value reported in the statement of financial position by the number of ordinary shares in issue.

3.00 General:

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

3.01 Reporting period:

The Financial year of the company covers 12 months from July 01, 2021 to June 30, 2022.

3.02 Financial & Reporting Currency:

These Financial Statements are prepared and presented in Bangladeshi Taka which is the functional and reporting currency of the company.

3.03 Date of Authorization:

These Financial Statements have been authorized for issue by the Board of Directors on October 27, 2022.



4.00 Property, Plant and Equipment : Tk. 4,521,377,154

This is made up as follows:

Particulars

Cost:

Opening Balance
Addition during the year

Less: Disposal of Property, Plant and Equipment

Closing Balance

Accumulated Depreciation on Cost:

Opening Balance
Add: Charged during the year

Less: Adjusted during the year

Closing Balance

Revaluation:

Opening Balance

Addition during the year

Less: Disposal of Property, Plant and Equipment

Closing Balance

Accumulated Depreciation on Revaluation:

Opening Balance

Add: Charged during the year

Less: Adjusted during the year

Closing Balance

Written Down Value as at June 30, 2022

Right-of-Use Assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Motor Vehicles

AHMED ZAKER & CO. CHARTERED ACCOUNTANTS	
Amount in Taka	June 30, 2022 June 30, 2021

3,514,660,257	2,697,198,099
452,049,919	838,652,566
3,966,710,176	3,535,850,665
18,400,000	21,190,408
3,948,310,176	3,514,660,257

418,117,271	342,938,688
98,611,469	81,002,793
516,728,740	423,941,481
4,640,299	5,824,210
512,088,441	418,117,271

1,103,334,753	1,112,054,345
-	8,719,592
1,103,334,753	1,103,334,753

16,287,910	14,296,938
1,891,424	1,990,972
18,179,334	16,287,910
18,179,334	16,287,910
4,521,377,154	4,183,589,829

115,473,380 67,813,746

The details Schedule of Property, Plant & Equipment are shown in attached Annexure- A.

5.00 Capital WIP : Tk. 5,468,031

This is made up as follows:

Particulars

Buildings & Civil Construction-Assembling Unit
Buildings & Civil Construction-Cabin Manufacturing Unit
Electric Equipment & Installation-Sub Station
Plant & Machinery-Cabin Manufacturing Unit

5,468,031	67,038,661
-	136,571,474
34,602,630	34,602,630
-	59,172,178
40,070,661	297,384,943
34,602,630	262,782,313
-	67,038,661
34,602,630	136,571,474
-	59,172,178
5,468,031	34,602,630

6.00 Investment in Joint Venture: Tk. 281,986,588

This is made up as follows:

Particulars

Gulf Oil Bangladesh Limited
Opening Balance
Share of net profit of Joint Venture
Total

233,571,402	197,968,474
48,415,185	35,602,928
281,986,588	233,571,402

Gulf Oil Bangladesh Ltd was established back in September 2003 and now is considered as one of the leading lubricant brand in the market. IFAD Autos Ltd acquired 49% interest in Gulf Oil Bangladesh Ltd on November 01, 2018 through a joint venture agreement. IFAD Autos Ltd was issued 2,381,400 no of shares of BDT 50 each against total acquisition cost of BDT 119,070,000. The investment is accounted for using the equity method in the financial statements.

Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the financial statements are set out below:

Non current asset

Cash and cash equivalent
Other Current assets

193,039,657	131,218,258
102,806,720	146,408,915
493,589,695	298,726,108
596,396,415	445,135,023

Non-current Financial liabilities (excluding trade payable)

Other non-current liabilities

Non-current Liabilities

Current Financial liabilities (excluding trade payable)

Other current liabilities

Current Liabilities

Equity

Company's share in equity (49%)

Goodwill

Total

(127,079,992)	(76,266,062)
(86,873,249)	(23,410,889)
(213,953,241)	(99,676,951)
575,482,831	476,676,330
281,986,587	233,571,402
281,986,588	233,571,402



Reconciliation to carrying amounts

Cost of acquisition
 *Share of net profit (on acquisition)
 Share of net profit (post acquisition)
 Share of net profit of joint ventures
Total
 Net assets on acquisition(before capital injunction)
 New capital injunction
 Net assets on acquisition
 Company's share in equity (49%)
 Cost of acquisition
***Share of net profit (on acquisition)**

AHMED ZAKER & CO.
CHARTERED ACCOUNTANTS

Amount in Taka	
June 30, 2022	June 30, 2021
119,070,000	119,070,000
33,402,621	33,402,621
129,513,966	81,098,781
162,916,587	114,501,402
281,986,588	233,571,402
168,128,614	168,128,614
143,040,000	143,040,000
311,168,614	311,168,614
152,472,621	152,472,621
119,070,000	119,070,000
33,402,621	33,402,621

2021-2022		2020-2021	
1,187,552,574		969,710,980	
(876,067,514)		(690,609,298)	
87,271		16,000	
(62,826,793)		(71,533,305)	
(98,655,860)		(80,315,962)	
5,171,528		300,000	
(10,289,753)		(1,365,043)	
(7,248,573)		(15,033,502)	
137,722,880		111,169,870	
(38,916,379)		(38,510,833)	
98,806,501		72,659,037	
48,415,185		35,602,928	

7.00 Investment in Associate: Tk. 849,926,847

This is made up as follows:

Particulars

IFAD Multi Products Limited
 Cost of acquisition
 Share of net profit of Associate
Total:

800,000,000	-
49,926,847	-
849,926,847	-

IFAD Multiproducts Limited was incorporated on 5 May 2002 as a private limited company domiciled in Bangladesh. It is engaged in manufacturing and marketing of branded Fast Moving Consumer Goods under the brand name IFAD Multi Products in Bangladesh. IFAD Autos Ltd was issued 80,000,000 no of shares of BDT 10 each against total acquisition cost of BDT 800,000,000 on 23 December 2021. As a result IFAD Autos Ltd has 40.83% interest in IFAD Multiproducts Limited as of reporting date 30 June 2022 resulting it as Investment in Associates. The investment is accounted for using the equity method in the financial statements.

Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the financial statements are set out below:

Non current asset

Cash and cash equivalent
 Other Current assets
Current asset
 Non-current Financial liabilities (excluding trade payable)
 Other non-current liabilities
Non-current liabilities

2,773,963,495	
78,616,388	
4,666,082,478	
4,744,698,866	-
(1,087,955,084)	-
(1,087,955,084)	-
(3,907,157,949)	
(442,078,480)	
(4,349,236,429)	-
2,081,470,848	-
849,926,847	
849,926,847	-

Reconciliation to carrying amounts

Cost of acquisition

*Share of net profit (on acquisition)
 Share of net profit (post acquisition)
 Share of profit of associates
Total
 Net assets on acquisition(before capital injunction)
 New capital injunction
 Net assets on acquisition
 Company's share in equity (49.57%)
 Cost of acquisition
***Share of net profit (on acquisition)**

800,000,000	
42,040,034	
7,886,813	
49,926,847	
849,926,847	-
898,688,792	
800,000,000	
1,698,688,792	
842,040,034	
800,000,000	
42,040,034	-



A AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

Amount in Taka	
June 30, 2022	June 30, 2021

8.00 Sundry Deposit: Tk. 17,189,038

This is made up as follows:

Particulars

Security Deposit to BEZA
Less: Refund Security Money & Advance Rent

Total:

IFAD Autos Limited paid to the Bangladesh Economic Zones Authority (BEZA) a sum of BDT 5,15,67,114.00/- equivalent to USD 6,07,029.00 only as Security Deposit which is equivalent to two years annual Lease Rent for the demised land for lease of 30 (thirty) acres Land as rental basis for 50 (fifty) years at the Bangabandhu Sheikh Mujib Shilpa Nagar, Mirsarai. BEZA already refunded Security Deposit against 20 (Twenty) Acres Land. Agreement for remaining lease land will be finalize shortly.

9.00 Inventories: Tk. 2,178,201,785

This is made up as follows:

Particulars

Imported vehicles
Assembling Vehicles
Body Building Unit
Total:

51,567,114	-
34,378,076	-
17,189,038	-

9.01 Inventories (Imported Vehicles): Tk.826,111,622

This is made up as follows:

Particulars

Imported Vehicles June 30, 2022 : 577 Nos (June 30, 2021: 723 Nos)
Total:

826,111,622	968,657,277
826,111,622	968,657,277

9.02 Inventories (Assembling Vehicles): Tk.1,287,452,863

This is made up as follows:

Particulars

Finished Vehicles June 30, 2022 : 89 Nos (June 30, 2021 : 111 Nos)
Work-in-Process June 30, 2022 : 10 Nos (June 30, 2021: 63 Nos)
Raw Materials June 30, 2022 : 692 Nos (June 30, 2021: 182 Nos)
Total:

157,196,455	175,756,379
13,747,374	99,394,975
1,116,509,034	283,515,324
1,287,452,863	558,666,678

9.03 Inventories (Body Building Unit): Tk.64,637,300

This is made up as follows:

Particulars

Finished Vehicles
Raw Materials
Work-in-Process
Total:

5,108,846	-
49,758,600	4,974,100
9,769,854	5,648,700
64,637,300	10,622,800

10.00 Accounts & Others Receivable: Tk. 26,342,316,216

This is made up as follows:

Particulars

Accounts Receivable
Others Receivable

Total:

Allowance for Expected Credit Loss (ECL)

Total:

Particulars

Dues within Six months
Dues over six months

Total:

26,325,115,361	26,239,636,250
30,363,413	33,489,275

26,355,478,774	26,273,125,525
13,162,558	13,119,818

26,342,316,216	26,260,005,707
-----------------------	-----------------------

3,412,103,673	3,127,905,524
22,943,375,101	23,145,220,001

26,355,478,774	26,273,125,525
-----------------------	-----------------------

Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

i) Accounts Receivable considered as good in respect of which the company is fully secured

26,342,316,216

ii) Accounts Receivable considered as good in respect of which the company holds no security other than the debtor's personal security/PDC.

26,260,005,707

iii) Accounts Receivable considered doubtful or bad

13,162,558

13,119,818

iv) Accounts Receivable due by any director or other officer of the company

-

-

v) Accounts Receivable due by Common management

-

-

vi) The maximum amount of receivable due by any director or other officer of the company

-

-

All accounts receivable are considered as good and collectible based on historical experience with customer and pattern and behavior of collection process of the company. However, a general provision for expected credit loss has been made @.05% for receivables that might be impaired but unidentified.



A AHMED ZAKER & CO.
CHARTERED ACCOUNTANTS

Amount in Taka	
June 30, 2022	June 30, 2021

11.00 Investment in Shares: Tk. 220,265,551

This is made up as follows:

Particulars

Marketable Securities: Cost Value
Unrealized Gain/(Loss) on Investment on Marketable Securities
Marketable Securities: Market Value

289,156,601	193,535,187
(68,891,050)	(8,826,569)
220,265,551	184,708,618

Equity instruments are held for trading and measured at fair value through profit or loss (FVTPL).
The Details are shown in attached Annexure-B.

12.00 Advances, Deposits & Prepayments: Tk.1,924,463,196

This is made up as follows:

Particulars

Advance Income Tax
Advance against Salary
Advance against Construction WIP
Advance against L/C for Import
Advance against Property, Plant & Equipment
Other Advances
Advance against House Rent
VAT Current Account
Other Security Deposit
Total:

Note: 12.01

Note: 12.02

853,157,995	922,275,725
3,283,199	5,867,604
7,213,601	81,920,400
317,140,911	190,520,104
70,705,031	84,770,862
42,959,679	7,681,601
24,251,231	22,696,273
512,892,134	373,233,041
92,859,415	77,362,751
1,924,463,196	1,766,328,361

Particulars

Less than six months
More than six months
Total:

984,182,667	779,063,565
940,280,529	987,264,796
1,924,463,196	1,766,328,361

Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

- i) Advances, Deposits & Prepayment considered good in respect of which the company is fully secured
- ii) Advances, Deposits & Prepayments considered good in respect of which the company holds no security other than the debtor's personal security
- iii) Advances, Deposits & Prepayments considered doubtful or bad
- iv) Advances, Deposits & Prepayments due by any director or other officer of the company
- v) Advances, Deposits & Prepayments due by Common management
- vi) The maximum amount of Advances, Deposits & Prepayments due by any director or other officer of the company.

1,924,463,196 1,766,328,361

12.01 Advance Income Tax: TK. 853,157,995

This is made up as follows:

Particulars

Advance Income Tax-2011-12
Advance Income Tax-2013-14
Advance Income Tax-2014-15
Advance Income Tax-2018-19
Advance Income Tax-2019-20
Advance Income Tax-2020-21
Advance Income Tax-2021-22
Total:

Note: 12.01A

325,872	325,872
622,869	622,869
10,091,326	10,091,326
68,752	404,096,595
223,950,181	223,950,181
285,188,882	283,188,882
332,910,113	-
853,157,995	922,275,725

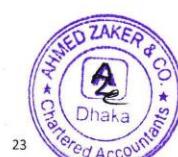
12.01A Advance Income Tax (2021-22): Tk. 332,910,113

This is made up as follows:

Particulars

Advance Income Tax on Import Vehicle
Advance Income Tax on Import CKD, Cabin & Spare parts on Assembling Plant
Advance Income Tax on Car
Advance Income Tax on Trade License
TDS on FDR Interest
TDS on STD Interest
TDS on CD Interest
TDS on Sales of Vehicles-Import Vehicle
TDS on Sales of Vehicles-Import CKD, Cabin & Spare parts on Assembling Plant
TDS on Income from Rent
TDS on Dividend Income
Total:

114,659,462	168,210,299
200,368,694	99,344,131
4,030,500	2,316,500
18,000	-
7,741,055	9,308,360
558,395	1,164,528
61,510	335,692
3,212,365	964,966
1,211,527	657,404
389,856	369,618
658,749	517,384
332,910,113	283,188,882



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12.02 Security Deposits: Tk. 92,859,415

This is made up as follows:

Particulars

Lease Deposit
Earnest Money
Others Security Deposit
Total:

AHMED ZAKER & CO. CHARTERED ACCOUNTANTS	
Amount in Taka	
June 30, 2022	June 30, 2021
82,262,978	66,628,450
3,655,930	3,800,194
6,940,507	6,934,107
92,859,415	77,362,751

13.00 Short Term Investment: Tk. 709,539,767

This is made up as follows:

Particulars

Investment in FDR (More than 3 Months Maturity)
Total:

Annexure-E	709,539,767	663,131,183
	709,539,767	663,131,183

14.00 Cash & Cash Equivalents: Tk. 1,941,714,292

This is made up as follows:

Particulars

Cash in Hand
Cash at Bank
Total:

Note: 14.01	33,699,596	26,087,303
	1,908,014,696	2,202,732,973
	1,941,714,292	2,228,820,276

14.01 Cash at Bank: Tk. 1,908,014,696

This is made up as follows:

Particulars

CD Accounts
STD Accounts
FDR
Balance with Brokerage House
Total:

Annexure-C	417,711,268	236,324,817
Annexure-D	391,549,557	1,014,270,274
Annexure-E	1,088,858,571	936,187,440
	9,895,300	15,950,442
	1,908,014,696	2,202,732,973

15.00 Ordinary Share Capital: Tk. 2,529,504,120

This is made up as follows:

Authorized Share Capital

300,000,000 Ordinary Shares of Tk. 10 each

3,000,000,000	3,000,000,000
3,000,000,000	3,000,000,000

Issued, Subscribed & Paid- up Capital

Opening Balance
Stock Dividend
Issue of Rights Shares

2,529,504,120	2,479,906,000
-	49,598,120
2,529,504,120	2,529,504,120

The aforesaid share capital is subscribed as under:

Name	No. of Shares	Holding (%)	Amount (Tk.)	Amount (Tk.)
Sponsors/Directors	138,781,695	54.87%	1,387,816,950	1,387,816,950
Institutions	70,527,426	27.88%	705,274,260	643,382,480
Foreign	196,361	0.08%	1,963,610	20,883,370
General Public	43,444,930	17.18%	434,449,300	477,421,320
Total:	252,950,412	100%	2,529,504,120	2,529,504,120

History of share capital

Allotment	Date of Allotment	Number of Shares Issued			Cumulative paid-up Capital	Amount of Cumulative paid-up Capital (Tk.)
		Consideration in Cash	Bonus Share	Total		
Subscription	2/17/1988	10,000		10,000	10,000	100,000
Bonus Issue	4/20/2003		990,000	990,000	1,000,000	10,000,000
Fresh Issue	10/31/2010	9,000,000		9,000,000	10,000,000	100,000,000
Bonus Issue	2/16/2011		20,000,000	20,000,000	30,000,000	300,000,000
Fresh Issue	2/16/2011	20,000,000		20,000,000	50,000,000	500,000,000
Bonus Issue	3/11/2013		12,500,000	12,500,000	62,500,000	625,000,000
Bonus Issue	10/28/2013		31,250,000	31,250,000	93,750,000	937,500,000
IPO Issue	12/24/2014	21,250,000		21,250,000	115,000,000	1,150,000,000
Bonus Issue	1/4/2016		34,500,000	34,500,000	149,500,000	1,495,000,000
Bonus Issue	1/12/2017		5,980,000	5,980,000	155,480,000	1,554,800,000
Rights Shares Issue	1/3/2018	62,192,000		62,192,000	217,672,000	2,176,720,000
Bonus Issue	1/4/2018		7,774,000	7,774,000	225,446,000	2,254,460,000
Bonus Issue	1/14/2019		22,544,600	22,544,600	247,990,600	2,479,906,000
Bonus Issue	1/7/2021		4,959,812	4,959,812	252,950,412	2,529,504,120
Total		112,452,000	140,498,412	252,950,412	252,950,412	2,529,504,120



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Amount in Taka	
June 30, 2022	June 30, 2021

Classification of shares by holding:

Class by number of shares	30.06.2022			30.06.2021		
	No of Shareholder	No. of Share	Holding (%)	No of Shareholder	No. of Share	Holding (%)
0-500	5,621	1,282,238	0.51%	5,784	1,297,323	0.51%
501-5000	5,411	10,122,451	4.00%	5,749	10,968,741	4.34%
5001-10000	889	6,632,305	2.62%	1,008	7,500,900	2.97%
10001-20000	538	7,632,822	3.02%	585	8,342,138	3.30%
20001-30000	162	4,049,775	1.60%	202	5,011,857	1.98%
30001-40000	69	2,414,430	0.95%	83	2,937,155	1.16%
40001-50000	60	2,792,506	1.10%	67	3,129,436	1.24%
50001-100000	106	7,729,912	3.06%	115	8,530,268	3.37%
100001-1000000	116	61,315,553	24.24%	131	56,254,174	22.24%
Above 10000000	6	148,978,420	58.90%	6	148,978,420	58.90%
Total	12,978	252,950,412	100%	13,730	252,950,412	100%

16.00 Share Premium: Tk. 990,799,620

This is made up as follows:

Particulars

Opening Balance	990,799,620	990,799,620
Add: Received during the year	-	-
Less: Adjusted Share Issue Expenses	-	-
Closing Balance	990,799,620	990,799,620

17.00 Revaluation Surplus: Tk. 1,031,114,431

This is made up as follows:

Particulars

Opening Balance	1,032,580,284	1,041,847,395
Less: Transfer of Revaluation Surplus to Retained Earnings for additional depreciation on revaluation	1,891,424	1,990,972
Add/(Less): Deferred Tax Income/(Expenses) on revaluation surplus during the year	425,571	1,443,453
Less: Transfer of Revaluation Surplus to Retained Earnings for sale of Land	-	8,719,592
Closing Balance:	1,031,114,431	1,032,580,284

18.00 Retained Earnings: Tk. 5,907,968,394

This is made up as follows:

Particulars

Opening Balance	5,770,317,664	5,341,112,056
Less: Stock dividend	-	49,598,120
Less: Cash dividend	278,245,453	83,090,043
Add: Transfer of Revaluation Surplus to Retained Earnings for additional depreciation on revaluation	1,891,424	1,990,972
Add: Transfer of Revaluation Surplus to Retained Earnings for sale of Land	-	8,719,592
Add: Profit after Income Tax during the year	414,004,759	551,183,207
Closing Balance:	5,907,968,394	5,770,317,664

19.00 Deferred Tax Liability: Tk. 175,873,794

This is made up as follows:

Particulars

Particulars	Carrying Amount Asset/(Liability)	Tax Base	Temporary Difference / Unused Tax loss	Rate of Tax	Deferred Tax (Assets) / Liabilities	Deferred Tax (Assets) / Liabilities
Property, Plant & Equipment-Cost	3,436,221,736	2,979,328,605	456,893,131	22.50%	102,800,954	112,937,259
Investment in Joint Venture	281,986,588	119,070,000	162,916,588	20%, 15%	30,913,186	21,230,149
Investment in Associate	849,926,847	800,000,000	49,926,847	20%, 15%	7,883,368	-
Expected Credit Loss	(13,162,558)	-	(13,162,558)	22.50%	(2,961,576)	(2,951,959)
Unrealized Gain/(Loss) on Investment on Marketable Securities	(68,891,050)	-	(68,891,050)	10%	(6,889,105)	(882,657)
Carry Forward of unused Tax loss on Marketable Securities	(59,276,040)	-	(59,276,040)	10%	(5,927,604)	(9,060,191)
Sub Total	4,426,805,523	-	528,406,918		125,819,223	121,272,601



Amount in Taka						
			June 30, 2022		June 30, 2021	
Property, Plant & Equipment Revaluation:						
Land & Land Development	1,049,218,369	-	1,049,218,369	4%	41,968,735	41,968,735
Building & Civil Construction	35,937,050	-	35,937,050	22.50%	8,085,836	8,511,407
Sub Total	1,085,155,419	-	1,085,155,419		50,054,571	50,480,142
Total Deferred Tax (Assets)/Liabilities					175,873,794	171,752,743
Deferred Tax (Income)/Expenses recognized in Statement of Profit or Loss:						
Closing Deferred Tax Liability					125,819,223	121,272,601
Less: Opening Deferred Tax Liability					121,272,601	89,975,554
Deferred Tax (Income)/Expenses					4,546,622	31,297,047
Deferred Tax (Income)/Expenses recognized in Revaluation Surplus:						
Closing Deferred Tax Liability					50,054,571	50,480,142
Less: Opening Deferred Tax Liability					50,480,142	52,272,379
Add: Deferred Tax Liability transfer to provision for income tax for sale of land					-	348,784
Deferred Tax (Income)/Expenses					(425,571)	(1,443,453)
20.00 Security Deposits : Tk. 12,510,000						
This is made up as follows:						
Particulars						
Arpa Traders			50,000		50,000	
Khan Motors			50,000		50,000	
Land Mark Auto Mobile			100,000		100,000	
M.R Enterprise			200,000		200,000	
R.M Motors			50,000		50,000	
Bengal Motors			100,000		100,000	
Tutul Motors			20,000		20,000	
Alam Transport			80,000		80,000	
Eastern Paribahan			930,000		930,000	
Elaahi Motors			200,000		100,000	
Lamia Motors			300,000		-	
Islam Enterprise			70,000		70,000	
Khan Motors			250,000		250,000	
M Roshni Motors			5,000		5,000	
M.R Enterprise			6,170,000		6,170,000	
M.S Traders			420,000		420,000	
Makshud Enterprise			110,000		110,000	
Mohastan Motors			1,465,000		1,465,000	
N.H Enterprise			340,000		340,000	
Narail Trading Agency			10,000		10,000	
Nova Motors			100,000		100,000	
Orion Motors			535,000		535,000	
Others			15,000		15,000	
SS Motors			495,000		495,000	
Sangram Motors			180,000		180,000	
Tutul Motors			265,000		265,000	
Total:			12,510,000		12,110,000	
21.00 Long Term Loans: Tk. 648,609,659						
This is made up as follows:						
Particulars						
IDLC Finance Limited			-		33,113,337	
Union Capital Ltd.			-		268,264	
Bank Asia Ltd.			1,324,156		-	
IPDC			92,913,008		125,569,789	
Meridian Finance & Investment Ltd			24,835,790		54,100,812	
Shahjalal Islami Bank Ltd			333,397,860		359,993,166	
Social Islamic Bank Ltd.			67,074,232		138,598,114	
Prime Bank Ltd.			115,270,854		-	
Brac Bank Ltd.			23,153,034		44,509,839	
National Finance Ltd			198,626,566		-	
Less: Current Portion of Long term loans transferred to current liability			856,595,500		756,153,321	
Total:			207,985,841		208,867,460	
Payment Schedule of Leasehold Obligations			648,609,659		547,285,861	
Particulars						
Within one year			207,985,841		208,867,460	
More than one year & less than five year			648,609,659		547,285,861	
More than five year			-		-	
Total:			856,595,500		756,153,321	
Summary of Term Loan has provided below:						
Nature			Term Loan			
Tenure			4-5 year			
Repayment Clause			48-60 Monthly equal installment			
Interest Rate			9% - 15% P.a.			
Security			PG and registered mortgage of land & building			



Amount in Taka	
June 30, 2022	June 30, 2021

22.00 Leasehold Obligations: Tk. 12,563,974,097

This is made up as follows:

Particulars

Bank Name	Types of A/C	Branch	Account No.	30.06.2022	30.06.2021
Al Arafah Islami Bank Ltd.	Lease	Mouchak	Various	1,353,388,717	1,430,667,678
Bank Asia Ltd.	Lease	Corporate Br.	Various	1,098,291,512	928,789,827
Brac Bank Ltd.	Lease	Head Office	Various	1,157,058,486	1,239,202,388
City Bank Ltd.	Lease	Kawranbazar	Various	728,400,936	695,534,963
Commercial Bank of Ceylon	Lease	Motijheel Br.	Various	290,253,820	383,183,875
Dhaka Bank Ltd.	Lease	Moghbazar	Various	777,963,740	759,651,723
Dutch Bangla Bank Ltd.	Lease	Kawran Bazar	Various	436,666,353	358,527,283
Eastern Bank Ltd.	Lease	Sonargaon Road	Various	817,989,116	968,677,886
EXIM Bank	Lease	Panthapath	Various	-	8,385,217
IDLC Finance Ltd.	Lease	Dilkusha	Various	192,238,496	11,423,071
ILF Service Ltd.	Lease	Rajuk Avenue	Various	-	457,810,536
Jamuna Bank Ltd.	Lease	Sonargaon Road	Various	457,275,528	-
LankaBangla Finance Ltd.	Lease	Banani	Various	437,290,781	1,005,084,432
Mercantile Bank Ltd.	Lease	Satmasjid Road	Various	835,050,574	249,608,776
Midland Bank Ltd.	Lease	Gulshan	Various	298,654,670	367,364,765
Modhumoti Bank Ltd.	Lease	Motijheel	Various	372,169,549	545,368,984
Mutual Trust bank Ltd.	Lease	Corporate Head Office	Various	684,606,718	-
National Finance Ltd.	Lease	Progoti Soroni	Various	-	249,261,316
NCC Bank Ltd.	Lease	Dilkusha	Various	465,458,719	407,476,911
NRB Commercial Bank Ltd.	Lease	Principal	Various	490,905,610	455,932,851
One Bank Ltd.	Lease	Moghbazar	Various	798,949,846	775,221,092
Premier Bank Ltd.	Lease	Elephant Road.	Various	564,473,844	569,700,354
Prime Bank Ltd.	Lease	Kawran Bazar	Various	959,510,401	853,809,671
Pubali Bank Ltd.	Lease	Lab. Road	Various	1,205,202,648	1,249,131,476
Shahjalal Islami Bank Ltd.	Lease	Kawran Bazar	Various	1,057,015,936	1,154,112,060
Social Islamic Bank Ltd.	Lease	Panthapath	Various	897,301,557	842,678,453
SBAC Bank Ltd.	Lease	Principal	Various	222,193,839	148,048,442
Standard Bank Ltd.	Lease	Panthapath	Various	496,303,646	502,597,660
State Bank of India	Lease	Motijheel	Various	315,661,469	361,080,289
Trust Bank Ltd.	Lease	Kawranbazar	Various	671,809,550	658,274,639
United Commercial Bank Ltd.	Lease	Foreign Exchange	Various	107,411,991	145,134,727
Uttara Bank Ltd.	Lease	Corporate Br.	Various	260,736,069	404,702,299
Less: Current portion of Leasehold obligation transferred to Current Liability				18,450,234,121	18,186,443,644
Note: 24.00				5,886,260,024	5,912,335,153
				12,563,974,097	12,274,108,491

Payment Schedule of Leasehold Obligations

Particulars

Within one year
More than one year & less than five year
More than five year

Total:

5,886,260,024	5,912,335,153
12,563,974,097	12,274,108,491
18,450,234,121	18,186,443,644

Summary of Leasehold Obligation has provided below:

Nature	Leasehold Obligation
Tenure	1-5 year
Repayment Clause	12-60 monthly equal installments
Interest Rate	8%-11% p.a.

23.00 Current Portion of Long Term Loans: Tk. 207,985,841

This is made up as follows:

Particulars

Union Capital Ltd.
IDLC Finance Limited
Bank Asia Ltd.
IPDC
Meridian Finance & Investment Ltd
Shahjalal Islami Bank Ltd
Social Islamic Bank Ltd.
Prime Bank Ltd.
Brac Bank Ltd.
National Finance Ltd

Current Portion of Long Term Loans

-	33,113,337
-	268,264
319,108	-
23,354,845	24,293,791
19,491,682	25,037,926
42,358,713	41,281,206
57,057,316	66,194,315
19,663,941	-
15,573,849	18,678,621
30,166,387	-
207,985,841	208,867,460

Current Portion of Long Term Loans is shown as current liabilities as per requirement of IAS-1, "Presentation of Financial Statements".



Amount in Taka	
June 30, 2022	June 30, 2021

24.00 Current Portion of Leasehold Obligations : Tk. 5,886,260,024

This is made up as follows:

Particulars

Al Arafah Islami Bank Ltd.	600,129,632	556,169,987
Bank Asia Ltd.	363,305,476	335,822,010
Brac Bank Ltd.	315,992,506	336,445,915
City Bank Ltd.	226,515,675	182,481,743
Commercial Bank of Ceylon	93,962,593	103,111,095
Dhaka Bank Ltd.	225,676,574	205,960,014
Dutch Bangla Bank Ltd.	126,429,985	111,923,731
Estern Bank Ltd.	271,799,442	291,509,361
Export Import Bank of Bangladesh Ltd.	-	4,147,006
IDLC Finance Ltd.	51,217,895	11,423,071
International Leasing & Financial Service Ltd.	-	148,066,968
Jamuna Bank Ltd.	163,950,026	-
LankaBangla Finance Ltd.	101,659,827	280,706,497
Mercantile Bank Ltd.	246,412,191	72,372,546
Midland Bank Ltd.	99,080,631	107,179,490
Modhumoti Bank Ltd.	113,164,459	113,589,189
Mutual Trust bank Ltd.	174,673,230	-
National Finance Ltd.	-	142,329,284
National Credit & Commerce Bank Ltd.	124,332,632	93,914,390
NRB Commercial Bank Ltd.	155,031,561	129,245,464
One Bank Ltd.	221,692,168	281,089,308
Premier Bank Ltd.	152,111,035	178,546,131
Prime Bank Ltd.	374,761,804	376,241,438
Pubali Bank Ltd.	354,085,350	433,830,325
Shahjalal Islami Bank Ltd.	307,493,275	357,536,757
Social Islamic Bank Ltd.	314,842,909	297,732,917
South Bangla Agricultuer and Commerce Bank Ltd.	69,068,245	54,290,869
Standard Bank Ltd.	152,306,835	156,545,304
State Bank of India	128,564,983	135,371,052
Trust Bank Ltd.	202,186,465	206,704,812
United Commercial Bank Ltd.	45,777,494	48,197,718
Uttara Bank Ltd.	110,035,126	159,850,761
Current portion of Leasehold obligation	5,886,260,024	5,912,335,153

Current portion of Leasehold Obligation is shown as current liabilities as per requirements of IAS-1, "Presentation of Financial Statements".

25.00 Loan from Directors: Tk. 95,000,000

This is made up as follows:

Particulars

Mr. Iftekhar Ahmed Tipu	95,000,000	350,000,000
Total:	95,000,000	350,000,000

The above non-interest bearing short term loan has been taken from Mr. Iftekhar Ahmed Tipu, Chairman of the company.

26.00 Accounts & Others Payable: Tk. 3,014,071,476

This is made up as follows:

Particulars

Payable for goods	2,945,660,161	1,362,201,096
Others Payable	68,411,315	43,419,459
Total:	3,014,071,476	1,405,620,555

27.00 Unclaimed Dividend Account: Tk. 2,776,433

This is made up as follows:

Particulars

Opening Balance	4,077,965	3,527,210
Add: Cash Dividend	278,245,453	83,090,043
Less: Dividend Paid*	279,546,985	82,539,288
Total:	2,776,433	4,077,965



Amount in Taka	
June 30, 2022	June 30, 2021

Summary of Unpaid/Unclaimed Dividend Account

Financial Year	Number of Security Holders (Members)	Net Payable Amount
2018-2019	774	754,344
2019-2020	749	546,007
2020-2021	1051	1,476,082
Total Unpaid/Unclaimed Dividend Account		2,776,433

The unclaimed dividend amount represents for which dividend warrant issued to respective shareholders but not yet presented it to our bank account.

For the "FY:2014-15, FY:2015-16 and FY:2016-17's Unpaid/unclaimed dividend amount Tk. 16,46,925 transferred on 29 August 2021, Tk.1,006,373.82 for the FY'2017-2018 was transferred on 14.02.2022 to Capital Market Stabilization Fund (CMSF) as per Bangladesh Securities and Exchange Commission's (BSEC's) Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, letter no. SEC/SRMIC/165-2020/part-1/182 dated July 19, 2021 and the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 respectively.

28.00 Unallocated IPO and Rights Shares Subscription: Tk.252,000

This is made up as follows:

Particulars

Refundable fund of IPO subscribers	252,000	2,208,000
Refundable fund of Rights Shares subscribers	-	60,096
Total:	252,000	2,268,096

This represent the amount payable against uncollected IPO and Rights Shares subscription for initial public offering liability as follows:

Bank Name	Account Types	Currency	Account No.	30.06.2022	30.06.2021
BRAC Bank	SND	BDT	1501202256548001	-	1,956,000
BRAC Bank	FC	USD	1501202256548002	228,000	228,000
BRAC Bank	FC	EURO	1501202256548004	24,000	24,000
			Total	252,000	2,208,000
BRAC Bank	SND	BDT	1501202256548005	-	60,096
				252,000	2,268,096

Total:

*Uncollected IPO Tk. 1,956,000 and Rights Shares subscription Tk. 60,096 were transferred to Capital Market Stabilization Fund (CMSF) as per Bangladesh Securities and Exchange Commission's (BSEC's) Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, letter no. SEC/SRMIC/165-2020/part-1/182 dated July 19, 2021 and the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 on August 29, 2021 respectively.

29.00 Advance Against Sales: Tk. 2,878,000

This is made up as follows:

Particulars

Advance against sale of vehicles	2,878,000	1,616,000
Total:	2,878,000	1,616,000

30.00 Short Term Bank Loans and Credits: Tk. 5,137,796,733

This is made up as follows:

Particulars

Short term bank loans and credits	Annexure-F	5,137,796,733	4,922,418,246
Total:		5,137,796,733	4,922,418,246

31.00 Provision for Income Tax: Tk.702,495,446

This is made up as follows:

Particulars

Opening balance	856,002,148	615,329,028
Provision made for the year	202,926,160	240,324,336
Add: Adjustment (Over)/Less Provision of Previous Year	47,594,981	-
Less: Adjustment during the year	404,027,843	-
Add: Reversal of Deferred Tax for sale of land	-	348,784
Total:	702,495,446	856,002,148

32.00 Provision for Expenses: Tk. 82,578,397

This is made up as follows:

Particulars

Salary & Allowances	28,484,208	38,180,062
Remuneration	-	3,956,934
Audit Fees (Statutory and Rights Issue Proceeds Utilization)	415,000	380,000
Wages	4,861,692	3,499,221
Security Service Charge	2,381,231	1,757,235
Telephone, Mobile & Internet Bills	682,644	612,791
Electricity Bill	2,006,697	1,679,576
Office Rent & Others	270,806	122,446
Provision for Value Added Tax	6,751,779	6,751,779
Provision for PF	300,555	-
Provision for WPPF	33,453,626	41,140,230
Others	2,970,159	2,960,081
Total:	82,578,397	101,040,355

32.01 Provision for WPPF: Tk. 33,453,626

This is made up as follows:

Particulars

Opening Balance	41,140,230	25,241,749
Addition during the year	33,453,626	41,140,230
Payment made during the year	74,593,856	66,381,979
Closing balance:	41,140,230	25,241,749
	33,453,626	41,140 230



29



AHMED ZAKER & CO. CHARted ACCOUNTANTS	
Amount In Taka	
2021-2022	2020-2021

33.00 Sales Revenue: Tk. 9,489,462,852

This is made up as follows:

Particulars

Sales of Vehicles (Imported Vehicles)	Note: 33.01	3,781,841,960	5,318,698,081
Sales of Vehicles (Assembling Vehicles)	Note: 33.02	5,169,899,332	3,069,179,783
Sales of Body Building Unit	Note: 33.03	537,721,560	275,135,280
Total:		9,489,462,852	8,663,013,144

33.01 Sales Revenue (Imported Vehicles): Tk. 3,781,841,960

This is made up as follows:

Particulars

Sales of Vehicles June 30, 2022: 2,194 Nos (June 30, 2021: 3,209 Nos)	4,172,771,909	5,857,544,531
Less: VAT	390,929,949	538,846,451
Total:	3,781,841,960	5,318,698,081

33.02 Sales Revenue (Assembling Vehicles): Tk. 5,169,899,332

This is made up as follows:

Particulars

Sales of Vehicles June 30, 2022: 2,564 Nos (June 30, 2021: 1,575 Nos)	5,761,715,679	3,529,556,751
Less: VAT	591,816,347	460,376,968
Total:	5,169,899,332	3,069,179,783

33.03 Sales Revenue (Body Building Unit): Tk. 537,721,560

This is made up as follows:

Particulars

Sales of Body Building Unit	564,607,638	288,892,044
Less: VAT	26,886,078	13,756,764
Total:	537,721,560	275,135,280

34.00 Cost of Sales: Tk. 7,822,534,711

This is made up as follows:

Particulars

Cost of Imported Vehicles	2,916,678,240	4,115,250,259
Raw Materials	5,249,696,159	2,440,917,866
Bank Charge for PAD	809,000	5,175
Canteen Subsidies	7,336,790	5,641,460
Car Maintenance	2,027,766	1,864,436
Carrying & Handling	369,333	369,333
Carriage Inward	7,925,108	7,089,355
Depreciation	58,737,219	44,349,025
Documentation & Service Charges	5,324,159	2,173,162
Electricity Expenses	10,059,159	5,462,144
Entertainment	652,869	325,637
Factory Maintenance	1,780,458	2,110,849
Gas Charge	1,064,881	673,343
Insurance	1,893,678	2,061,498
Photocopy & Stationary	292,400	169,192
Quality Control Expenses	3,963,869	5,077,319
Repair & Maintenance	569,905	506,368
Salaries & Allowances	15,505,145	11,038,000
Security Service Charge	19,655,296	18,191,847
Rent	-	15,319,574
Servicing Charge	86,474,098	77,662,279
Travelling & Conveyance	298,306	40,040
Telephone, Mobile & Internet Expenses	103,974	166,652
Uniform Expenses	347,800	110,162
Vehicle Mobile Set & VTS	9,557,157	12,401,479
Wages	59,800,679	41,615,359
Spare Parts & Tools	2,235,627	4,296,403
Add: Opening Raw Materials	8,462,789,741	6,814,888,216
Less: Closing Raw Materials	288,489,424	485,417,035
	1,166,267,634	288,489,424
Add: Opening Work-in-Process	7,585,011,531	7,011,815,827
Less: Closing Work-in-Process	105,043,675	11,612,990
	23,517,228	105,043,675
Add: Opening Finished Goods	7,666,537,978	6,918,385,142
Less: Closing Finished Goods	1,144,413,656	1,312,519,359
Total:	988,416,923	1,144,413,656
	7,822,534,711	7,086,490,845



AHMED ZAKER & CO. CHARTERED ACCOUNTANTS	
Amount in Taka	
2021-2022	2020-2021

34.01 Cost of Sales (Imported Vehicles): Tk. 3,202,162,091

This is made up as follows:

Particulars

Cost of Imported Vehicles
Bank Charge for PAD
Carriage Inward
Documentation & Service Charges
Electricity Expenses
Insurance Expense
Quality Control Expenses
Security Service Charge
Rent
Servicing Charge
Uniform Expenses
Vehicle Mobile Set & VTS
Wages
Spare Parts & Tools

2,916,678,240	4,115,250,259
809,000	5,175
7,925,108	7,089,355
5,324,159	2,173,162
1,389,083	569,263
1,078,097	423,747
3,069,235	4,922,218
14,181,296	12,651,973
-	15,319,574
86,474,098	77,662,279
-	1,250
9,557,157	12,401,479
11,936,169	10,350,891
1,194,794	1,022,607
3,059,616,436	4,259,843,232
968,657,277	1,073,522,577
826,111,622	968,657,277
3,202,162,091	4,364,708,532

Add: Opening Finished Goods

Less: Closing Finished Goods

Total:

34.02 Cost of Sales (Assembling Vehicles): Tk. 4,191,057,651

This is made up as follows:

Particulars

Raw Materials
Car Maintenance
Canteen Subsidies
Carving & Handling
Depreciation
Electricity Expenses
Entertainment
Factory Maintenance
Gas Charge
Insurance Expense
Photocopy & Stationary
Quality Control Expenses
Repair & Maintenance
Salaries & Allowances
Security Service Charge
Travelling & Conveyance
Telephone, Mobile & Internet Expenses
Uniform Expenses
Wages
Spare Parts & Tools

4,801,935,730	2,239,136,366
1,992,286	1,780,166
7,336,790	5,641,460
-	369,333
44,381,805	31,686,807
6,215,924	3,997,086
652,869	325,637
1,780,458	2,110,849
807,411	572,293
815,581	1,637,751
292,400	169,192
894,634	155,101
569,905	506,368
10,297,145	7,238,000
5,474,000	5,539,874
298,306	40,040
103,974	166,652
347,800	108,912
34,605,985	25,417,968
1,040,833	3,273,796
4,919,843,836	2,329,873,651
283,515,324	485,193,235
1,116,509,034	283,515,324
4,086,850,126	2,531,551,562
99,394,975	9,840,390
13,747,374	99,394,975
4,172,497,727	2,441,996,977
175,756,379	238,996,782
157,196,455	175,756,379
4,191,057,651	2,505,237,380

Add: Opening Raw Materials

Less: Closing Raw Materials

Add: Opening Work-in-Process

Less: Closing Work-in-Process

Add: Opening Finished Goods

Less: Closing Finished Goods

Total:

34.03 Cost of Sales (Body Building Unit): Tk. 429,314,970

This is made up as follows:

Particulars

Raw Materials
Car Maintenance
Depreciation
Electricity Expenses
Gas Charge
Salaries & Allowances
Wages

447,760,429	201,781,500
35,480	84,270
14,355,414	12,662,218
2,454,152	895,795
257,470	101,050
5,208,000	3,800,000
13,258,525	5,846,500
483,329,470	225,171,333
4,974,100	223,800
49,758,600	4,974,100
438,544,970	220,421,033
5,648,700	1,772,600
9,769,854	5,648,700
434,423,816	216,544,933
5,108,846	
429,314,970	216,544,933

Add: Opening Raw Materials

Less: Closing Raw Materials

Add: Opening Work-in-Process

Less: Closing Work-in-Process

Add: Opening Finished Goods

Less: Closing Finished Goods

Total:



A Ahmed Zaker & Co. CHARTERED ACCOUNTANTS	
Amount in Taka	
2021-2022	2020-2021

35.00 Administrative Expenses: Tk. 321,406,211

This is made up as follows:

Particulars

Directors' Remuneration
Salaries & Allowances
Audit Fees (Statutory and Rights Issue Proceeds Utilization)
Conveyance
CSR Expenses
Depreciation
AGM Expenses
Electricity Expenses
Entertainment
Gas Charge
Office Maintenance
Stationary & Photocopy
Postage Expenses
Provident Fund Expense
Consultancy, Legal, Professional Fees & Others
Rent, Rates & Taxes
Stamp Expenses
Telephone, Mobile & Internet Expenses
Tours & Travelling Expenses
Vehicle Registration & Insurance
Total:

10,800,000	43,200,000
173,421,320	154,309,236
865,000	530,000
2,095,744	2,082,194
250,000	321,000
41,765,674	38,644,740
375,882	470,643
5,806,046	6,158,401
2,679,452	2,825,148
136,490	165,395
24,665,146	24,483,040
2,326,274	1,894,150
1,022,620	948,287
11,192,107	6,084,932
7,655,107	5,555,326
15,281,348	13,555,647
1,411,997	2,177,454
9,329,104	10,476,926
5,355,295	3,323,802
4,971,605	3,376,893
321,406,211	320,583,214

* Rent represents monthly repayments which are not under non-cancellable agreement.

36.00 Selling and Distribution Expenses: Tk. 270,932,285

This is made up as follows:

Particulars

Advertisement & Publicity
Dealers' Commission
Entertainment
Expected Credit Loss
Marketing Expenses
Rent
Recovery Expenses
Travelling Expenses
Salaries & Allowances
Total:

2,809,619	5,345,515
4,497,097	6,231,499
3,453,532	3,414,990
42,740	913,269
48,580,823	46,872,009
15,971,443	-
18,262,884	17,974,702
11,073,278	10,782,129
166,240,869	142,294,820
270,932,285	233,828,933

Expected Credit Loss:

Closing Allowance for Expected Credit Loss	13,162,558	13,119,818
Less: Opening Allowance for Expected Credit Loss	13,119,818	12,206,549
Expected Credit Loss during the year	42,740	913,269

37.00 Foreign Currency Exchange gain/(loss): Tk. -247,048,871

This is made up as follows:

Particulars

Realized Foreign Currency Exchange gain/(loss)
Unrealized Foreign Currency Exchange gain/(loss)
Total:

(80,731,895)	(506,346)
(166,316,976)	-
(247,048,871)	(506,346)

Unrealized Foreign Currency Exchange gain/(loss) calculted by using the BC selling rate of Bangladesh Bank as at June 30, 2022 e.i. 93.50/\$1.

38.00 Other Income: Tk. 45,213,728

This is made up as follows:

Particulars

Income from Interest
Gain/(Loss) on Sale of Property, Plant & Equipment
Forfeiture amount of Provident Fund
Gain/(Loss) on Investment on Marketable Securities
Income from Office Rent
Dividend Income
Total:

Note: 38.01

81,782,760	102,831,185
(5,759,701)	10,169,753
222,638	720,158
(42,552,856)	6,205,827
8,193,144	7,425,362
3,327,743	2,586,919
45,213,728	129,939,204



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**A Ahmed Zaker & Co.
CHARTERED ACCOUNTANTS**

Amount in Taka	
2021-2022	2020-2021

38.01 Income from Interest: Tk. 81,782,760

This is made up as follows:

Particulars

Interest on Fixed Deposit
Interest on STD
Interest on CD
Total:

75,539,936	87,749,663
5,624,453	11,737,267
618,371	3,344,255
81,782,760	102,831,185

38.02 Gain/(Loss) on Investment on Marketable Securities: Tk. -42,552,856

This is made up as follows:

Particulars

Realized Gain/(Loss) on Investment on Marketable Securities
Fair value change of Investment on marketable securities
Total:

17,511,626	(20,920,404)
(60,064,482)	27,126,231
(42,552,856)	6,205,827

39.00 Financial Expense: Tk. 268,570,386

This is made up as follows:

Particulars

Bank charge & Commission
Interest on loans and credits
Total:

18,487,933	9,950,278
250,082,453	31,250,840
268,570,386	323,201,118

Financial expenses include finance cost and interest received from customers on credit sale which is netted off against relevant interest expenses.

40.00 Income Tax Expenses: Tk. 255,067,763

This is made up as follows:

Particulars

Current tax
Deferred tax
Total:

250,521,141	240,324,336
4,546,622	31,297,047
255,067,763	271,621,383

40.01 Current tax: Tk. 250,521,141

This is made up as follows:

Particulars

Income tax on business income
Income tax on other income
Provision for the year
Add: Current Tax of Previous year
Total:

Note: 40.01A	182,564,615	215,518,274
Note: 40.01B	20,361,545	24,806,062
	202,926,160	240,324,336
	47,594,981	
	250,521,141	240,324,336

40.01A Income Tax on Business Income: Tk. 182,564,615

This is made up as follows:

Particulars

Income before tax during the year
Less: Share of net profit of Joint Ventures
Less: Share of net profit of Associate
Less: Other Income
Add: Expected Credit Loss
Add: Accounting depreciation
Less: Tax depreciation
Taxable Income on Imported Vehicles
Taxable Income on Assembling Vehicles & Body Building Unit
Taxable Income
Tax Rate
i) Current Tax payable on Imported Vehicles*
ii) Current Tax payable on Assembling Vehicles & Body Building Unit
Current Tax payable (i+ii)
iii) Tax deducted at sources u/s 82C Imported Vehicles*
Current Tax payable (ii+iii)

669,072,522	822,804,590
48,415,185	35,602,928
49,926,847	
45,213,728	129,939,204
42,740	913,269
100,502,893	82,993,765
125,335,641	227,592,314
213,203,253	307,608,252
287,523,501	205,968,926
500,726,754	536,986,052
22.50%	22.50%
47,970,732	69,211,857
64,692,788	46,343,008
112,663,520	120,821,862
117,871,827	169,175,265
182,564,615	215,518,274

*Higher of Tax deducted at source and tax calculated on regular basis @22.50% is considered on imported vehicles income.

40.01B Income Tax on Other Income : Tk. 20,361,545

This is made up as follows:

Particulars

Income from Interest
Income from Office Rent
Dividend Income

18,401,121	23,137,017
1,294,875	1,151,661
665,549	517,384
20,361,545	24,806,062



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AHMED ZAKER & CO. CHARtered ACCOUNTANTS	
Amount in Taka	
2021-2022	2020-2021

41.00 Net assets Value Per Share (NAVPS): Tk. 41.35

This is made up as follows:

Particulars

Net asset value	10,459,386,565	10,323,201,688
Number of Ordinary Shares	252,950,412	252,950,412
Net assets Value Per Share (NAVPS)	41.35	40.81

42.00 Earnings Per Share (EPS): Tk. 1.64

This is made up as follows:

Particulars

Net profit/(loss) after tax as per statement of comprehensive income	414,004,759	551,183,207
Earnings attributable to Ordinary Shares:		
Number of Ordinary Shares	252,950,412	252,950,412
Basic and Diluted Earnings Per Share	1.64	2.18

43.00 Cash Payment to Suppliers and Employees : Tk. - 7,945,086,805

This is made up as follows:

Particulars

Cost of sales	(7,822,534,711)	(7,086,490,845)
Administrative Expenses	(321,406,211)	(320,583,214)
Distribution Expenses	(270,932,285)	(233,828,933)
Expected Credit Loss during the year (non cash exp.)	42,740	913,269
Depreciation charged during the year (non cash exp.)	100,502,893	82,993,765
(Increase)/ Decrease in inventories	(640,255,030)	271,602,629
(Increase)/ Decrease in advances, deposits and prepayments	(300,390,667)	(210,774,055)
Increase/ (Decrease) in trade and other payables	1,608,450,921	1,315,097,988
Increase/ (Decrease) in Security Deposits (Dealer)	40,000	-
Unrealized Foreign Currency Exchange gain/(loss)	(166,316,976)	(48,920)
Realized Foreign Currency Exchange gain/(loss)	(80,731,895)	(457,426)
Increase/ (Decrease) in accrued expenses	(51,915,584)	(73,266,324)
Total:	(7,945,086,805)	(6,254,842,066)

44.00 Operating Cash Flows: Tk. 950,002,841

This is made up as follows:

Particulars

Profit before Income Tax	669,072,522	822,804,590
Depreciation	100,502,893	82,993,765
Expected Credit Loss	42,740	913,269
Share of net profit of joint ventures	(48,415,185)	(35,602,928)
Share of net profit of Associate	(49,926,847)	-
Dividend Income	(3,327,743)	(2,586,919)
Gain/(Loss) on Investment on Marketable Securities	42,552,856	(6,205,827)
Loss on Sale of Property, Plant & Equipment	5,759,701	(10,169,753)
Unrealized Foreign Currency Exchange gain/(loss)	(166,316,976)	-
Income Tax Paid	(334,910,113)	(283,686,466)
Changes in Working Capital:	215,033,848	568,459,731
(Increase)/ Decrease in Accounts and Others Receivable	(82,353,249)	(1,802,771,752)
Increase/ (Decrease) in advance against sales	1,262,000	586,000
(Increase)/ Decrease in inventories	(640,255,030)	271,602,629
(Increase)/ Decrease in advances, deposits and prepayments	(300,390,667)	(210,774,055)
Increase/ (Decrease) in trade and other payables	1,774,767,897	1,315,097,988
Increase/ (Decrease) in Security Deposits (Dealer)	40,000	-
Increase/ (Decrease) in accrued expenses	(18,461,958)	(32,126,094)
Total:	950,002,841	110,074,447

45.00 Net operating cash flow Per Share (NOCFPS): Tk. 3.76

This is made up as follows:

Particulars

Cash Flow from Operating Activities	950,002,841	110,074,447
Number of Ordinary Shares	252,950,412	252,950,412
Net operating cash flow Per Share (NOCFPS)	3.76	0.44



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46.00 Additional disclosure

- (a) Sales increased by 9.54% is due to increase in demand of commercial vehicles during the year.
- (b) The major reason for decrease in EPS by 24.89% is due to increase of foreign currency exchange loss compared to corresponding previous year.
- (c) The major reason for deviation in NOCFPS is due to net effect of increase of cash receipts from customers over net effect of increase of payment to supplier against import of CBU/CKD raw material compared to the corresponding previous year which details are given below:

Particulars	Amount in Taka		Percentage
	2021-2022	2020-2021	
Cash Flow from Operating Activities:			
Cash Receipts from Customers and Others	9,498,570,145	6,971,804,097	36.24%
Cash Payment to Suppliers and Employees	(7,945,086,805)	(6,254,842,066)	27.02%
Cash Generated from Operations	1,553,483,340	716,962,031	9.22%
Financial Expenses	(268,570,386)	(323,201,118)	-16.90%
Income Tax Paid during the year	(334,910,113)	(283,686,466)	18.06%
Net Cash Used to Operating Activities:	950,002,841	110,074,447	8.07%

47.00 Disclosure as per requirement of schedule XI , Part -II of Companies Act, 1994
47.01 Commission , Brokerage or Discount against sales:

- (a) There was no brokerage or discount against sales during the year.
- (b) During the year Tk. 4,497,097 has been paid as dealer's commission.

48.00 Related party disclosures

The company has entered into transaction with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". The company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties. Total transactions of the significant related parties as at June 30, 2022 are as follows :

(a) Transaction with related company

- i) Balance with related party.
- ii) Transfer with related party.

Name of the Party	Nature of Relationship	Nature of Transaction	Opening Balance	Transaction during the year -Net	Closing Balance
IFAD Auto Services Ltd.	Common Management	Trading	(5,218,108)	4,452,249	(765,859)
IFAD Information & Technology Ltd.	Common Management	Trading	(1,379,652)	(718,663)	(660,989)
IFAD Motors Ltd.	Common Management	Trading	(420,238)	2,476,022	(2,896,260)
Gulf Oil Bangladesh Limited	Joint Venture	Trading	(9,157,434)	1,404,040	(10,561,474)
Mr. Iftekhar Ahmed Tipu	Chairman	Loan	(350,000,000)	255,000,000	(95,000,000)
IFAD Multi Products Ltd.	Common Management	Investment in Associate	-	(800,000,000)	800,000,000

(b) Key Management Personnel:

Particulars	2021-2022	2020-2021
(a) managerial remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager	38,271,078	53,409,347
(b) expenses reimbursed to Managing Agent	Nil	Nil
(c) commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d) commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e) the money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.	Nil	Nil
(f) any other perquisite or benefits in cash or in kind stating approximate money value where practicable.	Nil	Nil
(g) other allowances and commission including guarantee commission	Nil	Nil
(h) pensions etc.	Nil	Nil
(i) pensions	Nil	Nil
(ii) gratuities	Nil	Nil
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	730,968	285,410
(iv) compensation for loss or office	Nil	Nil
(iv) consideration in connection with retirement from office	Nil	Nil

(c) key management personnel compensation in total and for each of the following categories:

Particulars:

- (a) Short - term employee benefits;
- (b) Post - employment benefits;
- (c) Other long-term benefits
- (d) Termination benefits; and
- (e) Share -based payment.

49.00 Events after the Reporting year:
49.01 Declaration of Dividend

The Board of Directors has recommend to declare 5% Cash and 5% Stock Dividend for all shareholders of the company subject to approval of the shareholders in the forth coming Annual General Meeting.



50.00 Risk Exposure:

An investment in equity shares involves a high degree of risk. The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investment by the investors. All the investors should carefully consider all of the information in these financial statements, including the risk factors, both external and internal, and management perception there about enumerated hereunder before making an investment decision. If any of following risks actually occurs, their business, result of operations and financial condition could suffer, the trading price of their equity shares decline, and investors may lose all or part of their investment.

The company exposure to following risks described in the subsequent paragraph:

Financial Risk

- i. Credit Risks;
- ii. Market Risks; and
- iii. Liquidity risks.

Non-Financial Risk

- i. Operational Risks;
- ii. Industry and technology-related Risks;
- iii. Distribution risks;
- iv. Potential or existing government regulations Risks;
- v. Potential changes in global or national policies;
- vi. History of Non-operation.

50.01 Credit Risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company has allowed to debtors with the terms & conditions and the exposure to credit risk is monitored on an ongoing basis to ensure collection within stipulated time. Debtors are categorized according to their risk profile-i.e. frequency of payment, legal status, financial condition etc. Accounts and other receivable consist of Accounts Receivables and Other Receivable. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Amount in Taka	
	June 30, 2022	June 30, 2021
Accounts Receivable (a):		
Other Receivables (Note: 10)	26,311,952,803	26,226,516,432
Total	26,342,316,216	26,260,005,707
(a) Accounts Receivable: (Note: 10)		
Accounts Receivable	26,325,115,361	26,239,636,250
Provision for Bad & Doubtful debts	13,162,558	13,119,818
Total	26,311,952,803	26,226,516,432

50.02 Market Risks:

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company to increase their customer base.

Management perception

Market for imported commercial vehicles in Bangladesh is growing at an exponential rate with growth of urbanization and incremental income level of consumers along with their preference to convenience. In spite of high growth of this market, there is scarcity of investment in this sector which creates a demand-supply enabling the Company to penetrate and capture the leading position with its unique branding and positioning strategy taking opportunity of this fast growing market.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Currency risk:

If exchange rate increases against local currency import costs increase resulting in decrease in profit margin.

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company experiences currency risks on purchase of raw material, spare parts, accessories and capital items. Most of company's foreign currency purchases are denominated in USD.

Management perception

The products of the company are sold against local currency and payments for raw materials are made mostly in foreign currency. The exchange rate of the country traditionally witnessed upward trends. If foreign exchange rate rises, it will affect the whole market of the commercial vehicles. The sales price of the commodities is adjusted for exchange fluctuation accordingly. Since, IAL has a good brand image in the market; exchange fluctuation will not affect its sales. Therefore, volatility of exchange rate will have little impact on profitability of the Company.

ii. Interest risk:

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that the Company faces due to unfavorable movements in the interest rates. Volatility in money market & increased demand for loans /investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rise in interest rates however mostly affect companies having floating rate loans.

Management perception

IFAD Autos Limited maintains a reasonable debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation will not adversely affect the Company's performance as such interest is recoverable from the customer. The project was started with the Company's own funds and the capacity was also expanded with own funds. Additionally, the management of the Company emphasizes on equity base financing to reduce the dependency on borrowing. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the Company.



50.03 Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

50.04 Operational Risks:

Operational risks refer to the possibility of plant shut down due to disruption in supply of gas, technological failure, natural calamities, human errors and other unforeseen events. Such incidences may lead to non operation, large overhauling costs and financial losses.

The core business operation of IFAD Autos Limited is directly related to assembling and maintaining the products. Country wide severe power shortage is compelling IFAD Autos Limited to utilize captive power which builds up cost. Also port congestion and inland immobility due to political instability poses a great operational risk to IFAD Autos Limited.

Management perception

Bangladesh Government is meeting this challenge by opening the energy generation to private sector; and also making massive investment, which is expected to ensure availability of energy for uninterrupted operation. IFAD Autos Limited perceives that allocation of its resources properly with contingency approaches can reduce this risk factor to great extent.

50.05 Industry risks and technology-related risks:

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation. Auto industry in Bangladesh is a flourishing sector with vast local demand for its different product lines.

Management perception

IFAD Autos Limited has established its brand name in commercial vehicles market with its quality products, range of products and customer services. However, to develop an infrastructure, both public and private sector participation is required. This is the focal point of IAL's future expansion plans that would reduce industry risk.

Technology-related Risks

Technology always plays a vital role for the existence of any industrial concern, ensuring better services to the customers and minimizing the cost in various aspects. The assembling facilities of the Company are based on currently available technology. Any invention of new and more cost involving technology may cause technological obsolescence and negative operational efficiency. Any serious defects in the plant and machinery may affect production and profitability calling for additional investment for replacement.

Management perception

The key to securing market share in trading of commercial vehicles is by satisfying the needs of the customers. IFAD Autos Limited utilizes its Market Research Team that is continuously working for in-depth understanding of the customer needs and preferences and accordingly, arranging its product range.

50.06 Distribution Risk:

For any company, the most crucial wing is the distribution channel. Wide distribution network and monitoring over the network is essential to make its product available to the consumer at right time and price.

Management perception

IFAD Autos Limited offers a wide range of commercial vehicles in local market. Its distribution strategy comprises of distributors for local markets and distribution network of dealers and outlets for domestic market. IFAD Autos Limited plans to eliminate distribution risk implications by smartly planning its distribution network with great flexibility.

50.07 Potential or existing government regulations risks:

The Company operates under Companies Act, 1994; Income-tax Ordinance, 1984; Income Tax Rules, 1984; The Value Added Tax and Suplimentary Act, 2012 and The Value Added Tax and Suplimentary Rules, 2016. Any abrupt changes of the policies made by the regulatory authorities may affect its activities.

Management perception

Unless any policy change that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected significantly. Auto industry in Bangladesh is a flourishing sector with considerable local demand for different product lines. Therefore, it is highly unlikely that the Government will initiate any fiscal measure that may have adverse effect on the growth of the industry.

50.08 Potential changes in global or national policies:

The performance of the company may be affected by the political and economical instability, both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Management perception

The Company can prosper in a situation of political stability and a congenial business environment. Political turmoil and disturbance are bad for the economy and so also for this sector. The Company is always aware of all types of turmoil's and if the smooth supply of material is hampered or faces any kind of disruptions, it will supply it in future and try to keep its operations smooth.

50.09 History of non-operation, if any:

History of non operation indicates weak operational management of the Company. Non operation leads to negative cash flow, incurring of losses and bankruptcy in worst case scenario.

Management perception

The Company is in business since 1988. There is no history of non operation in business of the Company till now. The Company has an independent body which is operated by its Memorandum & Articles of Association and other applicable laws and regulations of the country. The financial strength of the Company is very satisfactory. The Directors of the Board are well reputed and experienced and the operation of the company is guided by a good team of professionals. The chance of non-operation of the business of the Company is negligible.

51.00 Contingent Liabilities

The company has contingent liability of Bank Guarantee for an amount of BDT 58,230,330.



Ahmed Zaker & Co.
 CHARTERED ACCOUNTANTS

Annexure-A

Amount in Taka

IFAD Autos Limited
 Schedule of Property, Plant & Equipment
 as at June 30, 2022

(a) Property, Plant and Equipment

Sl No.	Assets	Cost Value		Dep. Rate (%)	Balance as at 7/1/2021	Balance as at 6/30/2022	Additions during the year	Disposal during the year	Dep. Rate (%)	Balance as at 7/1/2021	Accumulated Depreciation	Charged during the year	Adjusted during the year	Balance as at 6/30/2022	Written Down	
		Balance as at 7/1/2021	Additions during the year													
1	Land and Land Developments	1,406,304,309	143,950,512	-	1,550,254,821	-	1,018,071,681	5%	178,599,330	35,593,364	-	-	-	214,192,693	-	
2	Buildings & Civil Construction	936,770,844	81,300,837	-	473,590,779	2%	47,359,040	2%	14,387,476	8,752,442	-	-	-	23,139,918	803,878,988	
3	IFAD Tower	438,538,339	35,052,440	-	47,482,920	2%	47,482,920	2%	3,507,374	879,511	-	-	-	4,386,885	450,450,861	
4	Flat	47,482,920	-	-	27,182,789	10%	27,182,789	10%	12,900,174	1,401,349	-	-	-	14,301,523	43,096,035	
5	Tools & Equipment	26,760,168	422,621	-	255,514,886	10%	255,514,886	10%	42,145,133	17,529,504	-	-	-	12,881,266	195,840,249	
6	Plant & Machineries	231,538,303	23,976,583	-	26,402,922	10%	26,402,922	10%	3,298,750	11,055,778	1,684,928	-	-	12,740,706	16,960,966	
7	Furniture & Fixtures	51,542,182	8,288,557	-	59,830,739	10%	59,830,739	10%	19,830,799	3,505,566	-	-	-	23,336,366	36,494,373	
8	Office Equipment	65,401,704	64,433,667	-	129,835,371	10%	129,835,371	10%	13,777,201	11,515,967	-	-	-	25,293,368	104,542,203	
9	Electric Equipment & Installation	195,717,587	22,855,952	-	218,573,539	10%	218,573,539	10%	101,526,772	10,698,174	-	-	-	112,224,945	106,348,594	
10	Motor Vehicles	88,200,980	68,470,000	-	138,270,980	10%	138,270,980	10%	20,387,234	7,050,665	4,640,299	-	-	22,797,600	115,473,380	
11	Motor Vehicles (Right of Use)	Sub Total (As at 30 June 2022)	3,514,660,257	452,049,919	18,400,000	3,948,310,176	418,117,271	98,611,469	4,640,299	4,640,299	512,088,440	3,436,221,736	-	-	-	-

(b) Revalued Property, Plant and Equipment

Sl No.	Assets	Cost Value		Dep. Rate (%)	Balance as at 7/1/2021	Balance as at 6/30/2022	Additions during the year	Disposal during the year	Dep. Rate (%)	Balance as at 7/1/2021	Accumulated Depreciation	Charged during the year	Adjusted during the year	Balance as at 6/30/2022	Written Down
		Balance as at 7/1/2021	Additions during the year												
1	Land and Land Developments	1,049,218,369	-	-	1,049,218,369	-	54,116,384	5%	16,287,910	1,891,424	-	-	-	18,179,334	1,049,218,369
2	Buildings & Civil Construction	54,116,384	-	-	1,103,334,753	-	1,103,334,753	5%	16,287,910	1,891,424	-	-	-	18,179,334	35,937,050
Sub Total (As at 30 June 2022)	1,103,334,753	4,617,995,010	452,049,919	18,400,000	5,051,644,929	434,405,161	100,502,893	4,640,299	4,640,299	530,267,774	4,521,377,155	-	-	-	-

Depreciation Allocation:

Particulars	Amount
Cost of Sales : Assembling Unit	44,381,805
Cost of Sales : Body Building Unit	14,355,444
Administrative Expenses	41,765,675
Total	100,502,893



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IFAD Autos Limited
Schedule of Property, Plant & Equipment
as at June 30, 2021

IFAD Autos Limited
Schedule of Property, Plant & Equipment

(a) Property, Plant and Equipment (Written Down Value)									
Sl No.	Assets	Cost Value		Disposal during the year		Balance as at 6/30/2021		Dep. Rate (%)	
		Balance as at 7/1/2020	Additions during the year			Balance as at 7/1/2020		Charged during the year	Accumulated Depreciation during the year
1	Land and Land Developments	1,033,073,572	377,511,145	4,280,408	-	1,406,304,309	-	-	-
2	Buildings & Civil Construction	677,514,257	259,756,387	-	-	936,770,944	5%	148,398,125	30,210,905
3	Buildings- I-FAD Tower	64,235,075	64,235,075	-	-	438,538,339	2%	6,158,228	8,229,248
4	Flat	47,482,020	-	-	-	47,482,920	2%	2,609,914	897,460
5	Tools & Equipment	24,740,314	20,198,854	-	-	26,760,168	10%	11,450,505	1,449,670
6	Plant & Machineryes	170,448,416	61,089,887	-	-	231,538,303	10%	27,756,199	13,388,934
7	Furniture & Fixtures	23,914,587	2,488,055	-	-	26,402,922	10%	9,497,341	1,558,337
8	Office Equipment	47,942,562	3,634,620	35,000	-	51,571,182	10%	16,757,445	3,264,895
9	Electric Equipment & Installation	31,737,441	30,028,263	-	-	65,401,704	10%	9,122,354	6,454,848
10	Motor Vehicles	196,293,497	14,949,090	15,525,000	-	195,717,587	10%	96,938,791	5,323,626
11	Motor Vehicles (Right of Use)	70,111,000	19,439,980	1,350,000	-	88,200,980	10%	14,441,687	6,436,790
Sub Total (As at 30 June 2021)		838,652,566	21,190,408	3,514,660,257		81,002,793		342,938,688	418,117,270
Written Down Value as at 6/30/2021									1,406,304,309

(b) Revalued Property, Plant and Equipment (Revaluation)

Sl No.	Assets	Current Value			Balance as at 7/1/2020	Additions during the year	Disposal during the year	Balance as at 6/30/2021	dep. (%)	Rate (%)	7/1/2020	Charged during the year	Adjusted during the year	Balance as at 6/30/2021	Value as at 6/30/2021
		Land	Buildings & Civil Construction	Lessors held for lease											
1	Land and Land Developments	1,057,937,961	-	-	1,049,213,369	-	-	1,049,213,369	-	-	-	-	-	16,287,910	10,492,128,369
2	Buildings & Civil Construction	54,116,384	-	-	54,116,384	5%	-	54,116,384	5%	5%	14,296,938	1,990,972	-	-	16,287,910
	Sub Total (As at 30 June 2021)	1,112,052,345	82,819,592	1,103,534,753	14,296,938	1,990,972	-	14,296,938	1,990,972	-	82,993,765	5,824,210	434,405,181	41,183,889,829	1,087,046,843

Total (As at 30 June)

Depreciation Allocation:		Amount
Particulars		
Cost of Sales : Assembling Unit		31,668.807
Cost of Sales : Body Building Unit		12,662.218
Cost of Sales : Cabin Manufacturing Unit		-
Administrative Expenses		38,644.740
Total		82,993.765

**IFAD Autos Limited
Schedule of Investment in Shares
as at June 30, 2022**

Annexure-B

Investment In quoted Ordinary Shares:

SL.NO	Name of Company	No. of Share Held	Face value Per Share	Cost Holding	Average Cost	Quoted Rate Per Share as on 30.06.2022	Total Market Value of Shares as on 30.06.2022	Unrealized Gain/(Loss)
Unicap Investments Limited								
1	LHBL	57,000	10	4,445,795	78.00	68.40	3,898,800	(546,995)
2	CONTININS	89,000	10	4,953,802	55.66	36.30	3,230,700	(1,723,102)
3	MJLBD	26,773	10	2,348,613	87.72	91.70	2,455,084	106,471
4	PRIMEBANK	70,000	10	1,591,702	22.74	20.20	1,414,000	(177,702)
5	SANDHANINS	30,000	10	1,249,620	41.65	28.90	867,000	(382,620)
6	SQURPHARMA	12,279	10	2,641,676	215.14	216.70	2,660,859	19,183
7	UPGCDCL	27,000	10	7,635,119	282.78	248.60	6,712,200	(922,919)
8	MEGHNAINS		20	200	10.00	49.30	986	786
Total				24,866,528			21,239,629	(3,626,898)
Prime Bank Investment Limited								
1	BRACBANK	80,000	10	3,398,592	42	42	3,320,000	(78,592)
2	BXPHARMA	65,000	10	9,495,012	146.08	154.60	10,049,000	553,989
3	MALEKSPIN	75,000	10	2,125,230	28.34	29.00	2,175,000	49,770
5	SAIFPOWER	100,000	10	2,559,180	25.59	32.50	3,250,000	690,820
6	SOUTHEASTBANK	4,000	10	61,901	15.48	14.30	57,200	(4,701)
7	UTTARABANK	57,000	10	1,181,770	20.73	23.20	1,322,400	140,630
Total				18,821,684			20,173,600	1,351,916
Md.Fakhrul Islam Securities Limited								
Total								
City Brokerage Limited								
1	Beximco LTD.	300,000	10	46,937,428	156.46	129.80	38,940,000	(7,997,428)
2	Beximco Pharma	243,820	10	59,618,990	244.52	154.60	37,694,572	(21,924,418)
3	Confidence Cement	144,342	10	22,899,318	158.65	103.40	14,924,963	(7,974,355)
4	Orion Pharma Ltd.	35,000	10	3,650,920	104.31	88.00	3,080,000	(570,920)
Total				133,106,656			94,639,535	(38,467,121)
Monarch Holdings Ltd.								
1	Fortune	365,000	10	45,534,918	124.75	93.30	34,054,500	(11,480,418)
2	Genexil	31,196	10	4,304,302	137.98	76.00	2,370,896	(1,933,406)
Total				49,839,220			36,425,396	(13,413,824)
Sonali Securities Ltd.								
1	Fortune	377,500	10	46,145,902	122.24	93.30	35,220,750	(10,925,152)
Total				46,145,902			35,220,750	(10,925,152)
Grand Total								
289,156,601								
220,265,551								
(68,891,050)								



IFAD Autos Ltd.
Statement of CD Accounts
as at June 30, 2022

Annexure-C

S/L	Name of The Bank	Branch	Account No.	30.06.2022	30.06.2021
1	AB Bank Ltd.	Kalampur Branch	4041-758229-000	1,299,618	250,000
2	Al Arafah Islami Bank Ltd.	Mouchak Branch	0241020011664	949,739	2,256,379
3	Bank Asia Ltd.	Corporate Branch	00233004553	19,853,701	22,193,965
4	Bank Asia Ltd.	Khulna Branch	025533001975	531	-
5	Bkash Account	Head Office Branch	01704113599	18,990,231	10,986,680
6	Brac Bank Ltd.	Head Office Branch	1506200374314001	230	230
7	Brac Bank Ltd.	Head Office Branch	1520201854420001	(102,000)	1,750,623
8	Brac Bank Ltd.	Head Office Branch	1501202256548001	603,658	2,561,019
9	Brac Bank Ltd.	Head Office Branch	1501202256548002	228,000	228,000
10	Brac Bank Ltd.	Head Office Branch	1501202256548003	-	-
11	Brac Bank Ltd.	Head Office Branch	1501202256548004	24,000	24,000
12	Brac Bank Ltd.	Head Office Branch	1501202256548005	73,876,920	73,474,201
13	The City Bank Ltd	Kawran Bazar Branch	1101065556001	2,489,354	16,093
14	Commercial Bank of Ceylon	Motijheel Branch	1802008897	340,457	97,168
15	Dhaka Bank Ltd	Shahjahanpur Branch	0217100007402	107,679,508	4,450,886
16	Dutch-Bangla Bank Ltd.	Kawran Bazar Branch	1071100008237	2,935,540	45,310,865
17	Eastern Bank Ltd.	Sonargaon Road Branch	1051070006284	10,064,991	1,321,106
18	Eastern Bank Ltd.	Sonargaon Road Branch	1051290071337	71,500	-
19	Eastern Bank Ltd.	Bogra Branch	3311060141490	54,991	222
20	Exim Bank Ltd	Panthapath Branch	00211100001676	6,055	6,975
21	HSBC Bank Ltd.	Gulshan Branch	007022403067	58,844,260	
22	Islami Bank Bangladesh Ltd.	Head Office Branch	20502130100114302	19,481,033	15,497,205
23	Islami Bank Bangladesh Ltd.	Elephant Road Branch	20502150100132708	4,289,152	2,595,188
24	Jamuna Bank Ltd.	Sonargaon Road Branch	0002-0210003957	1,179,433	25,910
25	Meghna Bank Ltd	Sonargaon Road Branch	1118-11100000079	93,265	1,997,185
26	Mercantile Bank Ltd	Satmasjid Road Branch	012311100001220	589,577	858,086
27	Mercantile Bank Ltd	Jashsore Branch	114611123563351	0	552
28	Mutual Trust Bank Ltd.	Mymensingh Branch	0054-0210001000	1,485,557	1,143,370
29	Mutual Trust Bank Ltd.	MITS Dhaka Centre Branch	0046-0210010563	3,570,549	314,253
30	Modhumoti Bank Ltd.	Motijheel Branch	110111100000046	226,058	154,704
31	Midland Bank Ltd.	Agrabad Branch	0003-1050007433	559	749
32	Midland Bank Ltd.	Gulshan Branch	0011-1050000501	119,625	246,227
33	Nagad	Dhaka Branch	01704113599	25,128,810	-
34	National Bank Ltd.	Kawran Bazar Branch	1048000657381	48,034	4,124
35	NCC Bank Ltd.	Dilkusha Branch	0028-0210006285	318,761	1,427,006
36	NRB Commercial Bank Ltd.	Principal Branch	01013300000118	402,162	49,087
37	One Bank Ltd.	Moghbazar Branch	0500460960002	5,243,139	1,362,506
38	One Bank Ltd.	Moghbazar Branch	0501020000884	3,564,667	2,113,728
39	The Premier Bank Ltd.	Elephant Road Branch	011411100004949	1,266,021	461,427
40	Prime Bank Ltd.	Mohakali Branch	11011080009999	3,361,658	2,593,400
41	Prima Bank Ltd.	Kawran Bazar Branch	11311050026266	17,007,920	787,517
42	Pubali Bank Ltd.	Laboratory Road Branch	1345901024619	1,384,208	3,070,909
43	Pubali Bank Ltd.	Nayapaltan Branch	2438901040151	18,412,787	14,160,646
44	Rocket Account	Progoti Shoroni	100000002395/155	-	-
45	State Bank of India	Gulshan Branch	05420404420201	24,305	24,995
46	State Bank of India	Motijheel Branch	05160292720001	13,336	4,219,441
47	Shajalal Islami Bank Ltd.	Kawran Bazar Branch	400711100000022	126,731	1,762,332
48	Social Islami Bank Ltd	Panthapath Branch	0151330012142	1,301,729	5,895,574
49	Social Islami Bank Ltd	Dhamrai SME/Krishi Branch	0611330005483	-	-
50	Sonali Bank Ltd.	Sonargaon Road Branch	4434001005417	7,431,761	5,551,303
51	South Bangla Agriculture & Commerce Bank Ltd.	Principal Branch	0002111002690	1,190,109	109,759
52	Standard Bank Ltd.	Panthapath Branch	01733100033	753,708	3,431,777
53	Standard Bank Ltd.	Panthapath Branch	01733001709	792,540	1,415,571
54	Trust Bank Ltd.	Kawran Bazar Branch	0030-0210004578	77,247	108,934
55	United Commercial Bank Ltd.	Foreign Exchange Branch	072110100000628	583,294	-
56	Uttara Bank Ltd.	Corporate Office Branch	154512200211414	32,248	12,938
Total				417,711,268	236,324,817



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IFAD Autos Ltd.

Statement of STD Accounts

as at June 30, 2022

Annexure-D

S/L	Name of The Bank	Branch	Account No.	30.06.2022	30.06.2021
1	Al Arafah Islami Bank Ltd.	Mouchak Branch	0241220000412	4,097,535	227,097
2	Al Arafah Islami Bank Ltd.	Mouchak Branch	0241220000912	593,447	646,189
3	Bank Asia Ltd.	Corporate Branch	002360000590	91,797,629	269,579,053
4	The City Bank Ltd.	Kawran Bazar Branch	3101065556001	1,033,072	670,996
5	Commercial Bank of Ceylon	Motijheel Branch	1802012062	8,746	5,533
6	Dutch-Bangla Bank Ltd.	Kawran Bazar Branch	1071200002966	2,243,117	1,070,029
7	Dhaka Bank Ltd	Shahjahanpur Branch	0217150000000527	15,696	5,728,252
8	Eastern Bank Ltd.	Sonargaon Road Branch	1051280071348	7,206,477	5,930
9	Exim Bank Ltd.	Panthapath Branch	00213100153351	4,382	5,665
10	IFIC Bank Ltd.	Dhamondi Branch	1006-12885-041	15,687	2,279
11	Jamuna Bank Ltd.	Sonargaon Road Branch	0002-0320000340	19,958	65,101
12	Mercantile Bank Ltd.	Satmasjid Road Branch	012313100000172	3,854,938	3,058,445
13	Midland Bank Ltd.	Gulshan Branch	00111090000589	2,730,913	626,821
14	Mutual Trust Bank Ltd.	Mymensingh Branch	0054-0320000106	177,071,802	353,619,675
15	Mutual Trust Bank Ltd.	MITS Dhaka Centre Branch	460320001454	2,561,989	1,638,397
16	Modhumoti Bank Ltd.	Motijheel Branch	1101-13500000012	32,467	29,890
17	NCC Bank Ltd.	Dilkusha Branch	0028-0325000797	28,724	398,555
18	NRB Commercial Bank Ltd.	Principal Branch	010136000000027	3,827,004	2,078,727
19	One Bank Ltd.	Moghbazar Branch	0505460960004	330,811	12,301
20	The Premier Bank Ltd	Elephant Road Branch	011413100000262	838,858	1,450,207
21	Pubali Bank Ltd.	Laboratory Road Branch	1345102001557	14,290,598	9,725,660
22	Prime Bank Ltd.	Kawran Bazar Branch	11331080026768	1,305,016	194,496
23	Prime Bank Ltd.	Gulshan Branch	2118314027767	1,535,622	-
24	Shahjalal Islami Bank Ltd.	Kawran Bazar Branch	400713100000596	48,738	110,604,887
25	Sonali Bank Ltd.	Sonargaon Road Branch	4434004000065	73,040,265	250,806,598
26	Social Islami Bank Ltd.	Panthapath Branch	0151360001176	876,785	474,293
27	Standard Bank Ltd.	Panthapath Branch	01736000204	9,124	32,786
28	State Bank of India	Gulshan Branch	05160292720201	129,699	791,377
29	South Bangla Agriculture & Commerce Bank Ltd.	Principal Branch	0002130000450	9,005	35,464
30	Trust Bank Ltd.	Kawran Bazar Branch	0030-0320000319	57,329	205,915
31	United Commercial Bank Ltd.	Foreign Exchange Branch	072130100000223	1,556,630	4,957
32	Uttara Bank Ltd.	Corporate Office Branch	154514100041161	377,495	474,701
	Total			391,549,557	1,014,270,274



**IFAD Autos Ltd.
Statement of FDR Accounts**

as at June 30, 2022

Annexure-E

S/L	Name of The Bank	Branch	Account No.	30.06.2022	30.06.2021
1	Al Arafah Islami Bank Ltd.	Mouchak Branch	Various	124,185,862	131,697,722
2	Bank Asia Ltd.	Corporate Branch	Various	144,129,127	118,365,597
3	BIFC	Dilkusha Branch	Various	3,534,462	3,534,400
4	The City Bank Ltd.	Gulshan Avenue Branch	Various	78,181,025	76,183,104
5	Eastern Bank Ltd.	Kakrail Branch	Various	119,343,502	115,196,430
6	IDLC	Dilkusha Branch	Various	11,920,951	1,798,505
7	IPDC Finance Ltd.	Gulshan Branch	Various	23,990,237	22,753,963
8	Jamuna Bank Ltd.	Sonargaon Road Branch	Various	50,352,573	44,035,580
9	Lanka Bangla Finance Ltd.	Banani Branch	Various	50,000,000	-
10	Mercantile Bank Ltd.	Satmasjid Road Branch	Various	188,354,312	180,635,869
11	Modhumoti Bank Ltd.	Motijheel Branch	Various	10,342,000	10,000,000
12	National Finance Ltd.	Progoti Soroni Branch	Various	78,423,738	72,939,497
13	NCC Bank Ltd.	Dilkusha Branch	Various	40,112,300	34,419,295
14	NRB Commercial Bank Ltd.	Principal Branch	Various	42,076,827	37,687,953
15	One Bank Ltd.	Moghbazar Branch	Various	187,375,491	180,510,268
16	The Premier Bank Ltd.	Elephant Road Branch	Various	254,695,383	228,534,051
17	Pubali Bank Ltd.	Laboratory Branch	Various	14,731,904	12,119,546
18	Shahjalal Islami Bank Ltd.	Kawranbazar Branch	Various	8,013,064	6,015,928
19	Social Islami Bank Ltd.	Panthapath Branch	Various	114,413,887	99,064,410
20	South Bangla Agriculture & Commerce Bank Ltd.	Principal Branch	Various	26,043,920	24,760,992
21	Standard Bank Ltd.	Panthapath Branch	Various	143,995,198	122,224,744
22	Trust Bank Ltd.	Kawranbazar Branch	Various	61,494,483	55,078,025
23	Uttara Bank Ltd.	Corporate Branch	Various	22,688,091	21,762,744
Total				1,798,398,338	1,599,318,623

Investment in FDR (More than 3 Months Maturity)	709,539,767
Investment in FDR (3 Months Maturity)	1,088,858,571
Total	1,798,398,338



**Information Memorandum
Coupon Bearing Bond of BDT 3,000 million**

IFAD Autos Limited
Statement of Short Term Loan & Credits
as at June 30, 2022

Sl No.	Bank Name	Types of A/C	Branch	Account No.	Annexure-F	
					30.06.2022	30.06.2021
1	Al Arafah Islami Bank Ltd.	Al Arafah Islami Bank Ltd.	LTR	Mouchak Branch	Various	86,643,759
2	Bank Asia Ltd.	Bank Asia Ltd.	LTR	Corporate Branch	Various	26,853,003
3	Brac Bank Ltd.	Brac Bank Ltd.	LTR	Head Office Branch	Various	1,831,659
4	City Bank Ltd.	City Bank Ltd.	LTR	Kawranbazar Branch	Various	45,129,210
5	Dhaka Bank Ltd.	Dhaka Bank Ltd.	LTR	Shahjahanpur Branch	Various	21,125,640
6	Dutch Bangla Bank Ltd.	Dutch Bangla Bank Ltd.	LTR	Kawran Bazar Branch	Various	-
7	Eastern Bank Ltd.	Eastern Bank Ltd.	LTR	Head Office Branch	Various	7,769,809
8	Jamuna Bank Ltd.	Jamuna Bank Ltd.	LTR	Sonargaon Road Branch	Various	22,641,350
9	Midland Bank Ltd.	Midland Bank Ltd.	LTR	Gulshan Branch	Various	56,849,204
10	Modhumoti Bank Ltd.	Modhumoti Bank Ltd.	LTR	Motijheel Branch	Various	19,943,143
11	Mutual Trust Bank Ltd.	Mutual Trust Bank Ltd.	LTR	MITS Dhaka Centre	Various	26,678,150
12	NCC Bank Ltd.	NCC Bank Ltd.	LTR	Dilkusha Branch	Various	39,941,350
13	NRB Commercial Bank Ltd.	NRB Commercial Bank Ltd.	LTR	Principal Branch	Various	58,814,021
14	Premier Bank Ltd.	Premier Bank Ltd.	LTR	Elephant Road Branch	Various	139,123,605
15	Prime Bank Ltd.	Prime Bank Ltd.	LTR	Kawran Bazar Branch	Various	115,834,369
16	Pubali Bank Ltd.	Pubali Bank Ltd.	LTR	Laboratory Road Branch	Various	7,085,876
17	SBAC Bank Ltd.	SBAC Bank Ltd.	LTR	Principal Branch	Various	34,580,453
18	Shahjalal Islami Bank Ltd.	Shahjalal Islami Bank Ltd.	LTR	Kawran Bazar Branch	Various	195,497,501
19	Social Islami Bank Ltd.	Social Islami Bank Ltd.	LTR	Panthapath Branch	Various	46,552,996
20	Standard Bank Ltd.	Standard Bank Ltd.	LTR	Panthapath Branch	Various	188,485,537
21	State Bank of India		LTR	Motijheel Branch	Various	-
22	Trust Bank Ltd.	Trust Bank Ltd.	LTR	Kawran Bazar Branch	Various	19,167,300
23	UCBL	UCBL	LTR	Foreign Exchange Branch	Various	29,332,244
24	Bank Asia Ltd.	Bank Asia Ltd.	SOD	Corporate Branch	Various	148,781,311
25	Brac Bank Ltd.	Brac Bank Ltd.	SOD	Head Office Branch	Various	55,286,298
26	City Bank Ltd.	City Bank Ltd.	SOD	Kawranbazar Branch	Various	49,598,060
27	Dhaka Bank Ltd.	Dhaka Bank Ltd.	SOD	Shahjahanpur Branch	Various	69,352,621
28	Dutch Bangla Bank Ltd.	Dutch Bangla Bank Ltd.	SOD	Kawran Bazar Branch	Various	80,596,057
29	Eastern Bank Ltd.	Eastern Bank Ltd.	SOD	Head Office Branch	Various	38,798,767
30	Jamuna Bank Ltd.	Jamuna Bank Ltd.	SOD	Sonargaon Road Branch	Various	33,943,966
31	Mercantile Bank Ltd.	Mercantile Bank Ltd.	SOD	Satmasjid Road Branch	Various	85,004,323
32	Midland Bank Ltd.	Midland Bank Ltd.	SOD	Head Office Branch	Various	29,258,334
33	Modhumoti Bank Ltd.	Modhumoti Bank Ltd.	SOD	Motijheel Branch	Various	12,233,374
34	Mutual Trust Bank Ltd.	Mutual Trust Bank Ltd.	SOD	MITS Dhaka Centre	Various	49,746,125
35	NCC Bank Ltd.	NCC Bank Ltd.	SOD	Dilkusha Branch	Various	5,112,830
36	NRB Commercial Bank Ltd.	NRB Commercial Bank Ltd.	SOD	Principal Branch	Various	15,484,529
37	One Bank Ltd.	One Bank Ltd.	SOD	Moghbazar Branch	Various	55,639,919
38	Premier Bank Ltd.	Premier Bank Ltd.	SOD	Elephant Road Branch	Various	76,802,790
39	Prime Bank Ltd.	Prime Bank Ltd.	SOD	Kawran Bazar Branch	Various	38,857,800
40	Pubali Bank Ltd.	Pubali Bank Ltd.	SOD	Laboratory Road Branch	Various	208,658,815
41	SBAC Bank Ltd.	SBAC Bank Ltd.	SOD	Principal Branch	Various	8,620,195
42	Social Islami Bank Ltd.	Social Islami Bank Ltd.	SOD	Panthapath Branch	Various	69,823,966
43	Standard Bank Ltd.	Standard Bank Ltd.	SOD	Panthapath Branch	Various	6,403,891
44	State Bank of India	State Bank of India	SOD	Motijheel Branch	Various	45,793,909
45	Trust Bank Ltd.	Trust Bank Ltd.	SOD	Kawran Bazar Branch	Various	110,436,656
46	UCBL	UCBL	SOD	Foreign Exchange Branch	Various	14,292,644
47	Al Arafah Islami Bank Ltd.	Al Arafah Islami Bank Ltd.	OD-STIMULAS	Mouchak Branch	Various	-
48	Bank Asia Ltd.	Bank Asia Ltd.	OD-STIMULAS	Corporate Branch	Various	-
49	Brac Bank Ltd.	Brac Bank Ltd.	OD-STIMULAS	Head Office Branch	Various	52,374,588
50	Commercial Bank of Ceylon	Commercial Bank of Ceylon	OD-STIMULAS	Motijheel Branch	Various	93,000,000
51	Modhumoti Bank Ltd.	Modhumoti Bank Ltd.	OD-STIMULAS	Motijheel Branch	Various	55,893,750
52	Dhaka Bank Ltd.	Dhaka Bank Ltd.	OD-STIMULAS	Shahjahanpur Branch	Various	(354,258)
53	Eastern Bank Ltd.	Eastern Bank Ltd.	OD-STIMULAS	Principal Branch	Various	69,314,584
54	IDLC	IDLC	OD-STIMULAS	Gulshan Branch	Various	(1,527,101)
55	Midland Bank Ltd.	Midland Bank Ltd.	OD-STIMULAS	Gulshan Branch	Various	60,225,000
56	Mutual Trust Bank Limited		OD-STIMULAS	MITS Dhaka Centre	Various	40,455,000
57	NCC Bank Ltd.	NCC Bank Ltd.	OD-STIMULAS	Dilkusha Branch	Various	25,156,250
58	NRB Commercial Bank Ltd.	NRB Commercial Bank Ltd.	OD-STIMULAS	Principal Branch	Various	25,284,480
59	One Bank Ltd.	One Bank Ltd.	OD-STIMULAS	Moghbazar Branch	Various	-
60	Premier Bank Ltd.	Premier Bank Ltd.	OD-STIMULAS	Elephant Road Branch	Various	30,336,207
61	Prime Bank Ltd.	Prime Bank Ltd.	OD-STIMULAS	Kawran Bazar Branch	Various	80,040,674
62	Shahjalal Islami Bank Ltd.	Shahjalal Islami Bank Ltd.	OD-STIMULAS	Kawran Bazar Branch	Various	-
63	Social Islami Bank Ltd.	Social Islami Bank Ltd.	OD-STIMULAS	Panthapath Branch	Various	50,568,891
64	Trust Bank Ltd.	Trust Bank Ltd.	OD-STIMULAS	Kawran Bazar Branch	Various	(558,000)
65	Uttara Bank Ltd.	Uttara Bank Ltd.	OD-STIMULAS	Corporate Branch	Various	23,841,782
66	Al Arafah Islami Bank	Al Arafah Islami Bank	STL	Mouchak Branch	Various	15,074,101
67	Brac Bank Ltd.	Brac Bank Ltd.	STL	Head Office Branch	Various	99,982,010
68	City Bank Ltd.	City Bank Ltd.	STL	Kawranbazar Branch	Various	252,235,500
69	Dhaka Bank Ltd.	Dhaka Bank Ltd.	STL	Shahjahanpur Branch	Various	180,991,033
70	IDLC	IDLC	STL	Gulshan Branch	Various	316,643,878
71	IPDC FINANCE LTD.	IPDC FINANCE LTD.	STL	Head Office Branch	Various	285,508,587
72	Jamuna Bank Ltd.	Jamuna Bank Ltd.	STL	Sonargaon Road Branch	Various	253,144,539
73	Lankan Alliance Finance Ltd.	Lankan Alliance Finance Ltd.	STL	MITS Dhaka Centre	Various	149,306,780
74	Mutual Trust Bank Ltd.	Mutual Trust Bank Ltd.	STL	Moghbazar Branch	Various	-
75	One Bank Ltd.	One Bank Ltd.	STL	Motijheel Branch	Various	66,529,344
76	Prime Bank Ltd.	Prime Bank Ltd.	STL	Kawran Bazar Branch	Various	96,252,095
77	Pubali Bank Ltd.	Pubali Bank Ltd.	STL	Laboratory Road Branch	Various	399,499,019
78	Uttara Bank Ltd.	Uttara Bank Ltd.	STL	Motijheel Branch	Various	196,579,646
79	UNICAP Investment Ltd.	UNICAP Investment Ltd.	Margin Loan	Head Office Branch	1494	201,233,001
80	UNICAP Securities Ltd.	UNICAP Securities Ltd.	Margin Loan	Head Office Branch	1506	5,137,796,733
81	Prime Bank Investment Ltd.	Prime Bank Investment Ltd.	Margin Loan	Head Office Branch	3366	4,922,418,246
82	City Brokerage Limited	City Brokerage Limited	Margin Loan	Head Office Branch	C034	13,685
83	Sonali Securities Limited	Sonali Securities Limited	Margin Loan	Head Office Branch	C10022	47,452,420
Total:					5,267	-



Information about business segments:

Particulars	Amount in Taka			
	Imported Vehicles	Assembling Vehicles	Body Building Unit	Total
Revenue:				
External sales	3,781,841,960	5,169,899,332	537,721,560	9,489,462,852
Inter segment sales	-	-	-	-
Total revenue	3,781,841,960	5,169,899,332	537,721,560	9,489,462,852
Less: Cost of Sales	3,202,162,091	4,191,057,651	429,314,970	7,822,534,712
Gross Profit	579,679,869	978,841,681	108,406,590	1,666,928,140
Unallocated expenses:				
Less: Administrative expenses	-	-	321,406,211	
Less: Distribution expenses	-	-	270,932,285	
Foreign Currency Exchange gain/(loss)	-	-	(247,048,871)	
Add: Share of net profit of joint ventures	-	-	48,415,185	
Add: Share of net profit of Associate	-	-	49,926,847	
Add: Other income	-	-	45,213,778	
Segment result				971,096,533
Unallocated expenses:				
Less: Financial expenses	-	-	268,570,386	
Less: Workers profit participation fund	-	-	33,453,626	
Less: Income tax expenses	-	-	255,067,763	
Profit for the year				414,004,758
Other information:				
Segment assets G/(a)				
	2,544,201,596	1,720,681,352	256,494,207	4,521,377,155



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Segment assets	Imported Vehicles		Assembling Vehicles		Body Building		Total
	Acquisition of Property, plant & Equipment less Accumulated Depreciation	Written down value as on June 30, 2022	Acquisition of Property, plant & Equipment less Accumulated Depreciation	Written down value as on June 30, 2022	Acquisition of Property, plant & Equipment less Accumulated Depreciation	Depreciation	
Land and Land Developments	1,629,218,782	1,629,218,782	970,254,408	970,254,408	6,207,126	174,814,665	2,599,473,190
Buildings & Civil Construction	124,493,949	6143,768	118,350,181	571,785,085	181,021,791	-	839,816,037
IFAD Tower	459,203,303	8,752,442	450,450,861	-	-	-	450,450,861
Flat	43,975,546	879,511	43,096,035	-	-	-	43,096,035
Tools & Equipment	14,282,615	1,401,349	12,881,266	-	-	-	12,881,266
Plant & Machineries	-	-	123,541,924	9,381,217	114,160,707	81,679,542	195,840,249
Furniture & Fixtures	17,812,240	1,603,508	16,208,732	833,654	752,234	-	16,960,966
Office Equipment	38,636,218	3,384,828	35,241,390	1,373,721	120,738	-	36,494,374
Electric Equipment & Installation	38,442,968,59	3,805,761	34,637,207,78	77,615,201	7,710,206	69,904,995,46	104,542,203
Motor Vehicles	219,913,876	15,796,734	204,117,141	19,656,937	1,952,105	17,704,832	221,821,974
Total	2,585,969,497	41,767,901	2,544,201,596	1,765,060,930	44,379,578	270,849,620	14,355,413
							4,521,377,155

The basis of measurement about reported segment:

1. Sales : Number of Vehicle sales
2. Assets : Using class of fixed assets.



12. Comparative Financial Statements of the Issuer & Subsidiary

12.1. Comparative Balance Sheet of IFAD Autos Limited

Particulars	30-Jun-22 (BDT)	30-Jun-21 (BDT)	30-Jun-20 (BDT)
Assets			
Non-current Assets	5,675,947,658	4,451,763,861	3,982,464,005
Property, Plant and Equipment	4,521,377,154	4,183,589,829	3,452,016,818
Capital WIP	5,468,031	34,602,630	276,478,713
Investment in Joint Venture	281,986,588	233,571,402	197,968,474
Investment in Shares	-	-	56,000,000
Investment in Associate	849,926,847	-	-
Sundry Deposit	17,189,038	-	-
Current Assets	33,316,500,807	32,640,940,900	29,651,774,643
Inventories	2,178,201,785	1,537,946,755	1,809,549,384
Accounts & Other Receivables	26,342,316,216	26,260,005,707	24,458,147,224
Investment in Shares	220,265,551	184,708,618	60,756,432
Advance, Deposits and Prepayments	1,924,463,196	1,766,328,361	1,322,377,433
Short Term Investments	709,539,767	663,131,183	914,428,877
Cash & Cash Equivalents	1,941,714,292	2,228,820,276	1,086,515,293
Total Assets	38,992,448,465	37,092,704,761	33,634,238,648
Shareholders' Equity	10,459,386,565	10,323,201,688	9,853,665,071
Ordinary Share Capital	2,529,504,120	2,529,504,120	2,479,906,000
Share Premium	990,799,620	990,799,620	990,799,620
Revaluation Surplus	1,031,114,431	1,032,580,284	1,041,847,395
Retained Earnings	5,907,968,394	5,770,317,664	5,341,112,056
Unrealized Gain/(Loss)			
Liabilities			
Non-current Liabilities	13,400,967,550	13,005,257,095	10,990,333,790
Deferred tax liability	175,873,794	171,752,743	142,247,933
Security Deposits	12,510,000	12,110,000	12,110,000
Long term loans	648,609,659	547,285,861	647,679,562
Leasehold obligations	12,563,974,097	12,274,108,491	10,188,296,295
Current liabilities	15,132,094,350	13,764,245,978	12,790,240,787
Current portion of long term debt	207,985,841	208,867,460	239,034,200
Current portion of leasehold obligations	5,886,260,024	5,912,335,153	5,926,224,290
Loan from directors	95,000,000	350,000,000	-
Accounts & Other Payables	3,014,071,476	1,405,620,555	90,522,567
Unclaimed Dividend	2,776,433	4,077,965	3,527,210
Unallocated IPO and Rights share Subscription	252,000	2,268,096	2,268,096
Advance against Sales	2,878,000	1,616,000	1,030,000
Short Term Bank Loans and Credits	5,137,796,733	4,922,418,246	5,779,138,947
Provision for Income Tax	702,495,446	856,002,148	615,329,028
Provision for Expenses	82,578,397	101,040,355	133,166,449
Total Liabilities	28,533,061,900	26,769,503,073	23,780,574,577

Table 11 - Comparative Balance Sheet

12.2. Comparative Income Statement of IFAD Autos Limited

Particulars	2021-22 (BDT)	2020-21 (BDT)	2019-20 (BDT)
Sales Revenue	9,489,462,852	8,663,013,144	7,772,856,850
Cost of Sales	7,822,534,711	7,086,490,845	6,437,141,604
Gross Profit	1,666,928,141	1,576,522,299	1,335,715,246
Administrative Expenses	321,406,211	320,583,214	296,988,110
Selling and Distribution Expenses	270,932,285	233,828,933	215,560,174
Operating Profit	1,074,589,645	1,022,110,152	823,166,962
Other Income	(201,835,143)	129,432,858	78,184,410
Financial Expenses	268,570,386	323,201,118	399,702,644
Share of Net Profit of Associate	49,926,847		
Share of Net Profit of Joint Ventures	48,415,185	35,602,928	28,427,998
Profit before WPPF and Tax	702,526,148	863,944,820	530,076,726
Worker's Profit Participation Fund	33,453,626	41,140,230	25,241,749
Profit before Tax	669,072,522	822,804,590	504,834,977
Income Tax Expense	255,067,763	271,621,383	274,927,640
Current Tax Expense	250,521,141	240,324,336	247,930,085
Deferred Tax Expense	4,546,622	31,297,047	26,997,555
Net Profit after Tax	414,004,759	551,183,207	229,907,337

Table 12 - Comparative Income Statement

12.3. Comparative Cash Flow Statement of IFAD Autos Limited

Particulars	2021-22 (BDT)	2020-21 (BDT)	2019-20 (BDT)
<i>Cash Flow from Operating Activities:</i>			
Cash Receipts from Customers and others	9,498,570,145	6,971,804,097	5,108,563,135
Cash Payment to Suppliers and Employees	(7,945,086,805)	(6,254,842,066)	(6,430,502,696)
Cash Generated from Operations	1,553,483,340	716,962,031	(1,321,939,561)
Financial Expenses	(268,570,386)	(323,201,118)	(358,132,663)
Income Tax Paid During the year	(334,910,113)	(283,686,466)	(223,950,181)
Net Cash used in Operating Activities (A)	950,002,841	110,074,447	(1,904,022,405)
<i>Cash flow from Investing Activities:</i>			
Payment for Property, Plant and Equipment	(403,381,458)	(476,388,180)	(324,302,693)
Sale of Property, Plant and Equipment	8,000,000	34,255,543	373,000
Capital WIP	69,238,768	(50,124,113)	(130,790,027)
Investment in Associate	(800,000,000)		
Security Deposit to BEZA	(17,189,038)		
Investment in Shares	(78,109,789)	(61,746,359)	(15,197,149)
Short Term Investment (Payment)/Encashment	(46,408,584)	251,297,694	(71,994,021)
Dividend Income	3,327,743	2,586,919	1,574,534
Realized Gain/(Loss) on Investment in Shares			
Net Cash Used in Investing Activities (B)	(1,264,522,358)	(300,118,496)	(540,336,356)
<i>Cash flow from Financing Activities:</i>			
Long Term Bank Loan (Paid)/Received	100,442,179	(130,559,441)	(1,280,792)
Leasehold Obligation (Paid)/Received	248,155,949	2,052,168,462	2,136,096,156
Unallocated IPO and Rights Share Subscription	(2,016,096)	-	(6,000)
Dividend Paid	(279,546,985)	(82,539,288)	(91,578,005)
Loan from Directors	(255,000,000)	350,000,000	-
Short Term Bank Loan (Paid)/Received	215,378,487	(856,720,701)	92,565,853
Net Cash flow from Financing Activities (C)	27,413,534	1,332,349,032	2,135,797,212
Net Cash Inflow/(Outflow) (A+B+C)	(287,105,983)	1,142,304,983	(308,561,549)
Cash & Cash Equivalents at beginning of year	2,228,820,276	1,086,515,293	1,395,076,842
Cash & Cash Equivalents at end of year	1,941,714,293	2,228,820,276	1,086,515,293

Table 13 - Comparative Cash Flow Statement

12.4. Comparative Balance Sheet of IFAD Multi Products Limited

Particulars	30-Jun-21 (BDT)	30-Jun-20 (BDT)	30-Jun-19 (BDT)
Assets			
Non-Current Assets	2,462,451,116	2,533,490,622	2,524,241,289
Property, Plant and Equipment	2,452,370,445	2,059,408,319	1,533,813,466
Intangible Assets	10,080,671	11,331,503	19,298,623
Construction Work In Progress (CWIP)	-	462,750,800	971,129,200
Current Assets	4,085,507,083	3,668,245,849	3,376,572,618
Inventories	2,152,799,028	1,466,959,057	1,183,950,741
Investment in Shares	132,984,831	152,232,325	168,716,744
Advances, Deposits and Prepayments	1,020,373,837	1,145,376,154	791,623,429
Accounts Receivable	666,751,518	840,357,168	1,203,449,370
Cash & Cash Equivalents	112,597,869	63,321,145	28,832,334
Total Assets	6,547,958,199	6,201,736,471	5,900,813,907
Shareholders' Equity	861,577,296	333,959,823	352,128,906
Ordinary Share Capital	407,000,000	20,000,000	20,000,000
Retained Earnings	439,543,614	379,016,758	320,841,725
Fair Value Gain/(Loss)	15,033,682	(65,056,935)	11,287,181
Liabilities			
Non-current Liabilities	1,038,413,481	404,450,337	522,482,947
Long Term Loans	1,034,812,916	398,184,691	503,783,829
Leasehold Obligations	3,600,565	6,265,646	18,699,118
Current Liabilities	4,647,967,422	5,463,326,311	5,026,202,054
Current Portion of Long Term Loans	316,824,633	354,280,486	230,466,203
Current Portion of Leasehold Obligations	2,065,618	12,433,472	47,126,696
Loan from Directors	155,640,000	55,100,000	55,100,000
Accounts & Others Payable	482,443,061	737,591,064	731,496,427
Provision for Income Tax	165,404,609	125,795,543	97,724,184
Accrued Expenses	15,179,529	19,775,408	17,121,565
Short Term Loans and Credits	3,488,896,305	4,155,758,441	3,833,514,336
Advance against Sales	21,513,667	2,591,897	13,652,644
Total Liabilities	5,686,380,903	5,867,776,648	5,548,685,001
Total Liabilities and Shareholders' Equity	6,547,958,199	6,201,736,471	5,900,813,907

However, any subscriber can check the detailed audited financial statements of IFAD Multi Products Limited upon request from the Issuer.

12.5. Comparative Income Statement of IFAD Multi Products Limited

Particulars	2020-21 (BDT)	2019-20 (BDT)	2018-19 (BDT)
Sales Revenue	4,321,814,276	4,103,649,154	2,980,453,076
Cost of Sales	(3,627,500,174)	(3,439,775,053)	(2,499,656,497)
Gross Profit	694,314,102	663,874,102	480,796,579
General and Administrative Expenses	(46,617,851)	(46,435,919)	(39,707,184)
Selling and Distribution Expenses	(179,132,429)	(206,263,047)	(151,489,332)
Operating Profit	468,563,822	411,175,136	289,600,064
Financial Expenses	(348,872,751)	(335,768,664)	(353,093,241)
Net Profit from Operations	119,691,071	75,406,472	(63,493,177)
Other Income/(Loss)	(19,555,149)	10,839,920	344,009,791
Profit before Income Tax	100,135,922	86,246,393	280,516,615
Income Tax Expense	(39,609,067)	(28,071,359)	(36,608,348)
Net Profit after Tax	60,526,855	58,175,034	243,908,267
Total Comprehensive Income	60,526,855	58,175,034	243,908,267

13. Ratio analysis of the Issuer and Subsidiary

13.1. Ratio Analysis of IFAD Autos Limited

Particulars	2021-22	2020-21	2019-20
I. Liquidity Ratios:			
(i) Current Ratio	2.20	2.37	2.32
(ii) Quick Ratio	2.06	2.26	2.18
II. Operating Efficiency Ratios:			
(i) Accounts Receivable Turnover Ratio	0.36	0.34	0.34
(ii) Inventory Turnover Ratio	4.21	4.23	2.66
(iii) Total Asset Turnover Ratio	0.24	0.23	0.23
III. Profitability Ratios:			
(i) Gross Profit Margin	0.18	0.18	0.17
(ii) Operating Profit Margin	0.11	0.12	0.11
(iii) Net Profit Margin	0.04	0.06	0.03
(iv) Return on Assets	0.01	0.02	0.01
(v) Return on Equity	0.04	0.05	0.02
IV. Solvency Ratios:			
(i) Debt to Total Asset Ratio	0.63	0.64	0.68
(ii) Debt to Total Equity Ratio	2.34	2.31	2.31
(iii) Times interest earned Ratio	3.62	3.67	2.33
(iv) Debt Service Coverage Ratio	1.64	1.25	0.91
(v) Total Debt to Total Tangible Asset Ratio	0.63	0.64	0.68
(vi) Net Operating Cash Flow to Net Income Ratio	2.29	0.20	-8.28
V. Per-share Ratios:			
(i) Earnings per Share (EPS)	1.64	2.18	0.91
(ii) Net Asset Value (NAV) per Share	41.35	40.81	38.95

Table 14 - Ratio Analysis of the Issuer

13.2. Ratio Analysis of IFAD Multi Products Limited

Particulars	2020-21	2019-20	2018-19
I. Liquidity Ratios:			
(i) Current Ratio	0.88	0.67	0.67
(ii) Quick Ratio	0.42	0.40	0.44
II. Operating Efficiency Ratios:			
(i) Accounts Receivable Turnover Ratio	30.31	25.57	17.67
(ii) Inventory Turnover Ratio	2.00	2.60	2.11
(iii) Total Asset Turnover Ratio	0.68	0.68	1.01
III. Profitability Ratios:			
(i) Gross Profit Margin	16.07%	16.18%	16.13%
(ii) Operating Profit Margin	10.84%	10.02%	9.72%
(iii) Net Profit Margin	1.40%	1.42%	8.18%
(iv) Return on Assets	0.95%	0.96%	8.27%
(v) Return on Equity	10.13%	16.96%	138.53%
IV. Solvency Ratios:			
(i) Debt to Total Asset Ratio	0.87	0.95	0.94
(ii) Debt to Total Equity Ratio	6.60	17.57	15.76
(iii) Times interest earned Ratio	1.34	1.22	0.82
(iv) Debt Service Coverage Ratio	0.34	0.53	0.36
(v) Total Debt to Total Tangible Asset Ratio	0.76	0.80	0.79

14. Rating Summary of the Issuer and Issue

14.1. Rating Summary

Particular	Rating	Remark
IFAD Autos Limited	AA ₂ (Long Term), ST-2 (Short Term)	Entity
Outlook	Stable	
BDT 3 Bn Bond Issue	AA ₃	Issue
Date of Rating (Entity)	21 March, 2022	
Validity of Rating (Entity)	15 March, 2023	
Date of Rating (Issue)	08 June, 2022	
Validity of Rating (Issue)	07 December 2022	
Credit Rating Agency	Credit Rating Agency of Bangladesh(CRAB)	

Table 15 - Rating Summary of the Issuer and Issue

14.2. Rating Rationale

CRAB has assigned AA₃ (Double A Three) rating to the proposed Secured Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Limited. The rating reflects the issuer's standalone credit profile as well as features of the instrument. The final rating will be based on a host of factors which includes clearance from regulatory authority (BSEC), deal structure and documentation.

It is to be noted here that CRAB has assigned AA₂ (Double A Two) entity rating to IFAD Autos Limited (the Issuer) with a Short-Term rating of ST-2. The rating outlook is stable reflecting the outlook on the Issuer's credit rating.

Per the Term Sheet, the bond is secured, floating rate coupon bearing bond. This security arrangement is the registered first-ranking mortgage/hypothecation over Plant, Properties and Equipment located at IAL's Dhamrai Project valued at BDT 3,028.8 million as per latest valuation report.

Rating Strengths:

- Fundamental strength of the Issuer on its revenue generation capacity and the demand outlook of automobile industry.
- Decades of operational track record, vast experience of promoters and expertise of management in related business supports the Company to capture substantial market share.
- Strategic relationship with Ashok Leyland Limited, established market position with strong brand name, and wide distribution network which lends comfort to financiers on its business sustenance and future growth.
- Purpose of finance – to be used to invest in associated concern and to meet working capital requirement of IFAD Autos Ltd

Rating Challenges:

- There is volatility in financial parameters via earnings, profitability and coverage factors.
- Commercial vehicle trading market is highly competitive, aggressive sales strategy may create working capital intensity in the form of high receivables and stressed cash flow.
- Leverage position of IAL is high as the Company depends on credit sales mostly. Any deterioration in credit collection may hamper its credit worthiness.
- Any significant impact in business and operations may lead to impact on debt coverage profile.

15. Latest Default Matrix and Transition Statistics of ECAI

15.1. Default Matrix

CREDIT RATING AGENCY OF BANGLADESH LIMITED 

16/06/2022

Chief Executive Officer
Shanta Equities Ltd.
The Glass House (Level – 13),
SE(B)-2, 38 Gulshan -1,
Dhaka-1212

Subject: CRAB Ratings' Default Study -2021

Dear Sir,

We are providing CRAB's rating default study 2021 as your organization is working as the issue manager of our client Ifad Autos Ltd.

CRAB RATINGS' DEFAULT STUDY-2021

Rating Category	1-Year Default Rate	3-Year Cumulative Default Rate (CDR)
AAA	0.00%	0.00%
AA	0.00%	0.00%
A	0.00%	0.00%
BBB	0.00%	0.00%
BB	0.00%	0.00%
B	0.00%	0.00%
CCC	0.00%	0.00%


Ehsanul Kabir
Senior Vice President &
Head of Rating

Navana-DH Tower, Level-15, Plot-06, Panthapath, Tejgaon, Dhaka-1215; E-mail :info@crab.com.bd, Web: www.crab.com.bd, www.crabrating.com
■ + 88-02-55013678, 55013679, 55013681, 55013682, 55013683 (Fax) 55013684

15.2. Transition Statistics

CREDIT RATING AGENCY OF BANGLADESH LIMITED



Date: June 08, 2022

CRAB RATINGS' TRANSITION MATRIX (2020 to 2021)

Previous Rating	Rating after 1 year						
	AAA	AA	A	BBB	BB	B	CCC
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0.00%	94.03%	5.97%	0.00%	0.00%	0.00%	0.00%
A	0.00%	2.63%	95.39%	1.97%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	4.42%	93.54%	2.02%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	19.44%	80.56%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Each row corresponds to a previous rating.

Each column corresponds to a rating after 1 year.

M. Zubair Wafa
Managing Director

16. Description of Trustee

EC Securities Limited (ECLS) has been appointed as Trustee to the Bond. ECSL is a financial intermediary, has been operating as the investment arm of East Coast Group (ECG)- one of the fastest growing business conglomerates in Bangladesh. Having more than 30 years of experience in diversified business interests including Trading, Power Generation, Downstream Petroleum, Shipping, Renewable Energy, Plastics & Ceramics Manufacturing, Real Estate, Wood Treatment, Corporate Finance, Banking, Insurance, Tea Production, Logistics and Distribution.

EC Securities Limited (ECSL) was incorporated in June 04, 1997 and engaged in capital market since its inception. Besides maintaining a potential portfolio of its own, the company, as a full fledged Merchant Banker, is also experienced in managing public issues, trusteeship management, underwriting, rendering Registrar to the Issue service, corporate advisory services like placement, preparation of financial statements, securities laws, relevant compliance matters etc.

EC Securities Limited acted as arranger to the issue of non-convertible securities like public issue of Prime Bank Limited, redeemable debenture of Delta BRAC Housing Finance Corporation Limited etc. They were one of the Managers to the Issue of Western Marine Shipyard Limited. EC Securities Limited has a strategic portfolio policy to invest in the equity and debentures of renowned and multinational companies. At present EC Securities is holding equity shares of Mobil Jamuna Fuels Limited, MJL Bangladesh Limited, Union Capital Limited, Central Depository Bangladesh Ltd and some other listed companies. Currently they are acting as the trustee of the issue of Perpetual Bond of NCC Bank Ltd., Issuance of Zero Coupon Bond by Confidence Batteries Limited, Issuance of Zero- Coupon Bonds (ZCB) of IDLC Finance Limited, Issuance of Subordinated Bond-IV of Jamuna Bank Limited etc.

ECSL is managed by a strong team of professionals having significant experiences in capital market functions. Moreover, ECSL has been maintaining a very good rapport with the regulatory authorities; it helps ECSL to manage public issues smoothly and timely. ECSL believes in building strong and enduring business relationship assuring quality service to its clients.

17. Modus Operandi of the Issue

17.1. Application Procedure

Upon receiving the Consent Letter, the Information Memorandum shall be published by the Issuer on its official website, within the timeframes specified in the Consent Letter; provided further that a notice regarding the publication of Information Memorandum in the website mentioning web-addresses shall be circulated in at least one Bangla and one English language national daily newspaper. The approved Information Memorandum shall be made available in the website of the Issuer until the final date for subscription of the Bonds.

Following publication of Information Memorandum and subject to fulfilment of the conditions precedent set out in the Subscription Agreement, the Issuer may request Bondholders to subscribe to the Bonds in accordance with the terms of the Subscription Agreement.

17.2. Allotment

Confirmation of subscription in respect of each bond tranche along with bank statement(s) shall be submitted to BSEC within 10 days of the date of issuance of respective Bond.

17.3. Refund

Being a privately placed bond, subscriptions shall only be collected for the unsubscribed portion of the bond issue. Thus, there shall not arise any need for refund.

17.4. Transfer

The Bonds shall be freely transferable by the Bondholders, subject to such transfer being permitted by Applicable Law. Any such transfer shall come into effect under electronic settlement process by the Depository in the manner provided in Condition 4 of the Trust Deed.

17.5. Trading or listing with the stock exchange

The bonds will not be listed on any stock exchange for the lifetime of the bond.

17.6. Coupon payment

17.6.1. During each Coupon Period for the Bonds, the Bonds shall bear coupon at the Coupon Rate.

17.6.2. Interest shall accrue from day to day and be calculated on the basis of a 365-day year for the actual number of days in each Coupon Period.

17.6.3. The Issuer shall, on each Coupon Payment Date, pay interest on the Issue Amount Outstanding during the immediately preceding Coupon Period at the Coupon Rate by transferring such amount to the designated account of each Bondholder.

17.6.4. Trustee will notify the amount of the coupon payment to the Issuer within 21 (twenty one) days prior to any Coupon Payment Date.

17.7. Redemption

17.7.1. The Issue Amounts / principal of the Bonds to be redeemed equally on Redemption Dates.

17.7.2. Trustee will notify the amount of the redemption payment to the Issuer 21 (twenty one) days prior to any Redemption Date.

17.7.3. On any Redemption Date, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, together with any accrued but unpaid coupon, subject to the consent of the appropriate authorities.

17.8. Redemption or conversion or exchange

Outstanding principal of the bonds will be redeemed according to the Principal Redemption Schedule. There is no conversion or exchange option attached to the bonds.

18. Details of Fees Structure and Expense

Total expenses related to the bond issue over 5 years is as follows:

Particulars	Amount (BDT)
BSEC Application fee	10,000
BSEC Consent Fee	3,000,000
Trustee application fee	50,000
Trustee registration fee	100,000
Trust Deed Registration Fee	1,000,000
Legal Counsel fee	700,000
Trustee Fee to BSEC	250,000
Credit rating fee	800,000
Arrangement fee	30,000,000
Trustee, Registrar, Transfer Agent, Paying Agent and Security Agent	2,500,000
Total Cost for 5 years excluding VAT	38,410,000

Table 16 - Details of Fees and Expenses (excluding VAT)

Due Diligence Certificate of the Trustee

To
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 300 Secured Coupon Bearing Bonds of BDT 10,000,000 each of IFAD Autos Limited

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

1. We, while acting 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 that 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/-

Md. Khurshid Alam
Chief Executive Officer
EC Securities Limited

19. Credit Rating Report of the Issue



2022

CREDIT RATING REPORT
Coupon Bearing Bond (up to BDT 3,000 million) of
IFAD Autos Limited

Particular	Rating	Remark
Secured Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.	AA ₃	Proposed Bond Rating
IFAD Autos Limited	AA ₂	Issuer Long Term Rating
Outlook	Stable	

Date of Rating : 08 June 2022

Validity : The bond rating is valid up to 07 December 2022.

Rating based on : Draft Information Memorandum of Bond Issuance, Half-Yearly Audited Financial Statements of 31 December 2021 and Audited Annual Financial Statements up to 30 June 2021 of IFAD Autos Limited (Issuer), and other relevant quantitative & qualitative information up to the date of rating declaration.

Auditor: Ahmed Zaker & Co., Chartered Accountants (for HY2022)

Methodology: CRAB's Rating Methodology (www.crab.com.bd)

Analysts:

Mohammed Nazrul Islam Bhuiyan
nazrul@crab.com.bd

Mohd. Asifur Rahman
asif.rahaman@crabrating.com

Per the Term Sheet, the bond is secured, floating rate coupon bearing bond. This security arrangement is the registered first-ranking mortgage/hypothecation over Plant, Properties and Equipment located at IAL's Dhamrai Project valued at BDT 3,028.8 million as per latest valuation report.

■ ISSUER PROFILE

IFAD Autos Limited (hereinafter also referred to 'IAL' or 'IFAD Autos' or 'the Company' or 'the Issuer') is one of the leading automobile distributor in Bangladesh with strong growth in commercial vehicle market. IAL mainly imports and sells light, medium and heavy truck chassis, different types of bus chassis such as AC buses, deluxe buses, special vehicles like dump truck, water tankers, prime movers etc. IFAD Autos Limited is the sole distributor of Ashok Leyland India Limited since 1994. IAL imports different models of complete Ashok Leyland's vehicles as well as imports CKD & spares and assembles locally to promote in Bangladesh. The Company also is sole and authorized distributor of Escorts Limited for selling of Farmtrac brand agri machinery and spare parts. Presently, IFAD Autos Limited has no subsidiary but hold 49% of equity shares of Gulf Oil Bangladesh Limited.

■ RATIONALE

CRAB has assigned AA₃ (Double A Three) rating to the proposed Secured Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Limited. The rating reflects the issuer's standalone credit profile as well as features of the instrument. The final rating will be based on a host of factors which includes clearance from regulatory authority (BSEC), deal structure and documentation.

It is to be noted here that CRAB has assigned AA₂ (Double A Two) entity rating to IFAD Autos Limited (the Issuer) with a Short Term rating of ST-2. The rating outlook is stable reflecting the outlook on the Issuer's credit rating.

Rating Strengths:

- Fundamental strength of the Issuer on its revenue generation capacity and the demand outlook of automobile industry.
- Decades of operational track record, vast experience of promoters and expertise of management in related business supports the Company to capture substantial market share.
- Strategic relationship with Ashok Leyland Limited, established market position with strong brand name, and wide distribution network which lends comfort to financiers on its business sustenance and future growth.
- Purpose of finance - to be used to invest in associated concern and to meet working capital requirement of IFAD Autos Ltd.

Rating Challenges:

- There is volatility in financial parameters via earnings, profitability and coverage factors.
- Commercial vehicle trading market is highly competitive, aggressive sales strategy may create working capital intensity in the form of high receivables and stressed cash flow.
- Leverage position of IAL is high as the Company depends on credit sales mostly. Any deterioration in credit collection may hamper its credit worthiness.
- Any significant impact in business and operations may lead to impact on debt coverage profile.

CRAB | CRAB Ratings on Corporate Credit Digest | 08 June 2022

Attested

For IFAD AUTOS LIMITED

Managing Director

Managing Director
Credit Rating Agency
of Bangladesh Ltd.



Page 1 of 14



Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

IFAD Autos Limited already has invested BDT 800.00 million for acquiring 40% shares of the IFAD Multi Products Limited (IMPL), one of the sister concerns of IAL with a view to the diversification of its business. IAL additionally intends to invest BDT 2,250.0 million in its associate, IMPL. However, CRAB did not receive the details regarding the mode of investment in its associate and the utilization of proceeds in assets. Furthermore, absence of any financial projections limits the scope of assessment relating to servicing of bond-related debt. Going forward, the bond rating could be upgraded in the event of an upgrade of the Issuer rating and vice versa.

■ FEATURES OF THE COUPON BEARING BOND

Finalization of all terms & conditions of this instrument (stipulated in the table below) are subject to approval from concerned regulatory authorities and may need to change as per regulatory instruction.

Table 1: Features of the Instrument

Name of the Instrument	IFAD Autos Limited Secured Coupon Bearing Bond
Issue Type	Secured, Floating Rate Coupon Bearing Bonds
Issuer	IFAD Autos Limited
Total Size of the Issue	BDT 3,000 Million (3.0 Billion)
Mode of Issuance	Private Issue
Face Value	BDT 10,000,000 (Ten Million)
No. of bonds to be issued	300 (Three Hundred)
Minimum Subscription	01 (One)
Issue Price	100% at Par
Maturity	5 years (60 months) for the date of issue
Investors	The following class of investors are eligible to participate in the offer: <ul style="list-style-type: none"> • Banks, Financial Institutions, and Insurance Companies • Mutual Funds, Collective Investment Schemes and Special Purpose Vehicles • Private and Public Companies • High Net Worth Individuals • Societies authorized to invest in bonds • Trusts authorized to invest in bonds • Any others not mentioned in the list but is eligible to subscribe as per regulations by Bangladesh Bank <ul style="list-style-type: none"> • 75% of the fund will be utilized for investment in IFAD Multi Products Ltd. • 25% to be utilized for working capital of IFAD Autos Ltd.
Purpose	
Credit Rating of the Issue	AA3 (Double A Three)
Issue Manager	Shanta Equity Limited
Trustee	IIDFC Capital Limited
Credit Rating Agency	Credit Rating Agency of Bangladesh Limited (CRAB)
Legal Counsel to the Lenders	Farooq & Associated
Listing	Unlisted
Transferability	Freely Transferable subject to the terms and conditions of Bond documents
Coupon Rate	The Coupon Rate (Floating) will be determined as the aggregate of: <ul style="list-style-type: none"> • <u>Base Rate</u>: Most recent rate of 5-year BGTB as published by Debt Management Department of Bangladesh Bank on the quotation day; plus • Margin: 2.50 % p.a. The Coupon Rate shall be determined at the start of each Coupon Period on the Quotation Day.
Coupon Floor and Ceiling Rate	<ul style="list-style-type: none"> • <u>Coupon Floor Rate</u>: 6.00% p.a. • <u>Coupon Ceiling Rate</u>: 9.00% p.a.
Quotation Day	Five (05) days before the first day of the Coupon Period for which the Coupon Rate is to be determined.
Coupon Payment Frequency	Coupon will be payable semiannually on the Coupon Payment Dates at the end of each Coupon Period.





Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

Coupon Period	Each period of six (6) months commencing on an Coupon Payment Date, except (i) for the first coupon period in respect of the Issue Amount, when it means the period commencing on each Issue Date and ending on the day immediately before the next following Coupon Payment Date, and (ii) for the last interest period in respect of the Issue Amount, when it means the period commencing on the last Coupon Payment Date before the Maturity Date and ending on the Maturity Date.																																						
Principal Moratorium	2 years (24 months) from Issue Date																																						
Principal Redemption	Full amount of principal will be redeemed through equal semi-annual installments after the end of the principal moratorium period (2 years).																																						
Principal Redemption Schedule	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Issue Size (BDT)</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">3,000,000,000</th> </tr> <tr> <th style="text-align: center;">Period from Issuance (Month)</th> <th style="text-align: center;">Repayment (BDT)</th> <th style="text-align: center;">Balance (BDT)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">6</td><td style="text-align: center;">-</td><td style="text-align: center;">3,000,000,000</td></tr> <tr> <td style="text-align: center;">12</td><td style="text-align: center;">-</td><td style="text-align: center;">3,000,000,000</td></tr> <tr> <td style="text-align: center;">18</td><td style="text-align: center;">-</td><td style="text-align: center;">3,000,000,000</td></tr> <tr> <td style="text-align: center;">24</td><td style="text-align: center;">-</td><td style="text-align: center;">3,000,000,000</td></tr> <tr> <td style="text-align: center;">30</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">2,500,000,000</td></tr> <tr> <td style="text-align: center;">36</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">2,000,000,000</td></tr> <tr> <td style="text-align: center;">42</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">1,500,000,000</td></tr> <tr> <td style="text-align: center;">48</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">1,000,000,000</td></tr> <tr> <td style="text-align: center;">54</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">500,000,000</td></tr> <tr> <td style="text-align: center;">60</td><td style="text-align: center;">500,000,000</td><td style="text-align: center;">-</td></tr> </tbody> </table>			Issue Size (BDT)	3,000,000,000		Period from Issuance (Month)	Repayment (BDT)	Balance (BDT)	6	-	3,000,000,000	12	-	3,000,000,000	18	-	3,000,000,000	24	-	3,000,000,000	30	500,000,000	2,500,000,000	36	500,000,000	2,000,000,000	42	500,000,000	1,500,000,000	48	500,000,000	1,000,000,000	54	500,000,000	500,000,000	60	500,000,000	-
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54	500,000,000	500,000,000																																					
60	500,000,000	-																																					
	Note: Coupon Payments will be paid semiannually from month 6 based on the coupon calculation formula as mentioned in the "Coupon Rate" section																																						
Security Package	<ul style="list-style-type: none"> Registered first-ranking mortgage/hypothecation over Plant, Properties and Equipment located on 28.5693 Acres at IAL's Dhamrai Project valued at BDT 3,028 billion. Corporate Guarantee of IFAD Multi Products Ltd. Personal Guarantee of all Sponsor Directors. 																																						
Business Day Convention/ Effect of Holidays	When a Coupon Payment Date is not a Business Day, then such Coupon Payment Date shall be automatically changed to the next Business Day.																																						
Event of Default	It shall be an Event of Default if the Issuer fails to pay when due any principal or coupon on the Bonds and such failure continues for five (5) days or fails to comply with any of its obligations under the conditions laid out under the Trust Deed or Subscription Agreements, or any other condition as set out section 10 of the Trust Deed.																																						
Arbitration	In the Event of any dispute or difference between the Parties arising out of or in connection with any Transaction Document, the matter will be referred to Arbitration in accordance with the provisions of the Arbitration Act, 2001. The place of Arbitration shall be in Dhaka. The decision of the Arbitrator shall be final and binding on the parties.																																						
Governing Law	This conduct shall be governed by and interpreted in accordance with the laws of Bangladesh and shall be subject to the exclusive jurisdiction of the courts of Bangladesh.																																						





IFAD Autos Coupon Bearing Bond

■ TRANSACTION STRUCTURE

IFAD Autos Limited is going to issue a series of secured, floating rate coupon bearing bonds worth BDT 3,000.0 million having denomination of BDT 10.0 million each with 10 coupons. Coupons will be paid semi-annually at the rate of base rate plus 2.5% margin on outstanding principal, ranging 6.0% ~9.0%. Base rate will be determined as the most recent rate of 5-year BCTB as published by Debt Management Department of Bangladesh Bank on the quotation day. The principal of the Bonds will be redeemed through 6 equal semi-annual installments after the end of the moratorium period of 2 years. The final maturity of the Bonds will be at the end of fifth year of the Bonds from the Issue Date.

Table 2: Transaction and Redemption Structure of a Single Denomination (Amount in BDT)

Coupon No	Outstanding Amount of the Principal	Coupon Amount at 6.0%-9.0% p.a.	Expected Coupon at 7.5% p.a.	Redemption amount of Principal
1 st – 4 th	10,000,000	300,000~450,000	375,000	–
5 th	10,000,000	300,000~450,000	375,000	1,666,667
6 th	8,333,333	250,000~375,000	312,500	1,666,667
7 th	6,666,667	200,000~300,000	250,000	1,666,667
8 th	5,000,000	150,000~225,000	187,500	1,666,667
9 th	3,333,333	100,000~150,000	125,000	1,666,667
10 th	1,666,667	50,000~75,000	62,500	1,666,667

■ UTILIZATION OF PROCEEDS

Proceeds will be utilized for investment and to meet working capital requirement. A tentative breakdown of the use of proceeds is the following:

Table 3: Utilization of Proceeds (Amount in BDT)

Particulars	Amount	% of Total
Investment in IFAD Multi Product Ltd. (IMPL)	2,250,000,000	75.0%
Working Capital of IFAD Autos Ltd. (IAL)	750,000,000	25.0%
Total	3,000,000,000	100.0%

IAL intends to invest BDT 2,250.0 million in its associate, IMPL. However, CRAB did not receive the details regarding the mode of investment in its associate. Any significant impact in business and operations of IAL or its associates may lead to impact on debt coverage profile.

Table 4: Working Capital Requirement of IAL

Particulars	Pcs/Ltr	Rate (BDT)	Required Amount (BDT)	Source of Fund (BDT)	
				Coupon Bearing Bond	Own Source
Assembling Unit					
Battery	15,000	9,000	135,00,000		
Fuel Oil – Diesel	375,000	65	24,375,000	250,000,000	235,375,000
Fuel Oil – Lubricants	450,000	280	126,000,000		
Spare Parts & others			200,000,000		
Sub Total			485,375,000	250,000,000	235,375,000
Bus Body Fabrication					
AC Bus	400	2,850,000	1,140,000,000	500,000,000	1,480,000,000
Non AC Bus	800	1,050,000	840,000,000		
Sub Total			1,980,000,000	500,000,000	1,480,000,000
Total			2,465,375,000	750,000,000	1,715,375,000

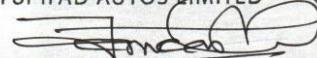
■ DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST THE ISSUE

Registered first-ranking mortgage/hypothecation over Plant, Properties and Equipment located on 28.5693 Acres at IAL's Dhamrai Project valued at BDT 3,028.8 million as per latest valuation report (28 April 2022).

Attested

www.crab.com.bd; www.crabrating.com

For IFAD AUTOS LIMITED


 Managing Director

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Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

Table 5: Property, Plant & Equipment at Dhamrai Project

Particulars	Area	Market Value (BDT)
Land & Land Development	28.5693 Acres	2,056,989,600
Assembly Building (1 Storied)	110,000 sft	206,082,000
CKD Store Building (1 Storied, Steel)	26,000 sft	104,400,400
Body Building Unit (1 Storied, Steel)	59,000 sft	96,000,000
Cabin Manufacturing Unit (1 Storied, Steel)	60,000 sft	44,310,000
Admin/Office Building (4 Storied)	22,155 sft	67,686,000
Dormitory & Dining Building (4 Storied & 2 Storied)	33,843 sft	9,480,000
Power House & Sub-Station Building (2 Storied)	4,740 sft	12,906,000
Security Building (1 Storied)	6,453 sft	4,944,000
Anser Shed Building (1 Storied)	3,090 sft	73,618,623
Machinery & Equipment (Assembling Unit)		78,612,915
Machinery & Equipment (Body Building Unit)		47,453,579
Machinery & Equipment (Cabin Manufacturing Unit)		65,317,177
Electric Equipment and Installation (Sub Station)		108,000,000
Boundary all etc.		28,000,000
Roads		25,000,000
Yard Carpeting		
Total		3,028,799,894

■ BACKGROUND OF THE ISSUER

IFAD Autos Limited was incorporated in February 1988 as a Private Limited Company and subsequently converted into Public Limited Company in September 2011. IFAD Autos mainly imports and sells light, medium and heavy truck chassis, different types of bus chassis such as AC buses, Deluxe buses, special vehicles like dump truck, water tankers, prime movers etc. IFAD Autos Limited is the sole distributor of the reputed Indian automobile manufacturer - Ashok Leyland since 1994. IAL imports different models of complete *Ashok Leyland's* vehicles as well as CKD (Complete Knock Down) and spares and assembles locally to promote in Bangladesh. In 2017, the Company has established its assembling and body building unit to assemble and build the body of those imported vehicles coming in complete knock down form, i.e. only the parts come from India and IAL assembles and builds the body of those vehicles.

The Company is also sole and authorized distributor of Escorts Limited, India for selling of Farmtrac brand agriculture tractors, special construction equipment and spare parts. In 2018, IFAD Autos Limited has signed a joint venture agreement with Gulf Oil International Limited (UK) to subscribe 49% of its equity shares of Gulf Oil Bangladesh Limited. The Gulf Oil Bangladesh Limited is engaged in importing and selling of lubricant, greases and car care products in Bangladesh. The Company diversified its business through various ways. IFAD Autos has started to build body of the luxury buses to cater to the domestic market, invested BDT 800.00 million with for acquiring 40% shares of its sister concern, IFAD Multi Products Limited with a view to the diversification of its business.

■ SHAREHOLDING AND BOARD COMPOSITION OF THE ISSUER

IFAD Autos Limited has been listed with the Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) since 2015. The authorized capital of the Company is BDT 3,000.0 million divided into 300 million ordinary shares of BDT 10.0 each and paid up capital was BDT 2,529.5 million up to 31 December 2021.

Table 6

Shareholding Pattern of IFAD Autos Ltd.

Particular	31 December 2021			30 June 2021		
	No. of Shares	Value (Mil. BDT)	%	No. of Shares	Value (Mil. BDT)	%
Sponsors/Directors	138,781,695	1,387.8	54.87	138,781,695	1,387.8	54.87
Institutions	69,190,541	691.9	27.35	64,338,248	643.4	25.43
Foreign Investor	196,361	2.0	0.08	2,088,337	208.8	0.83
General Public	44,781,815	447.8	17.70	47,742,132	477.4	18.87
Total	252,950,412	2,529.5	100.0	252,950,412	2,529.5	100.0

Source: IAL

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CRAB | CRAB Ratings on Corporate Credit Digest 108 issue 2021

IFAD AUTOS LIMITED

Managing Director

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IFAD Autos Coupon Bearing Bond

The Board of Directors of IAL comprises 7 Directors including 2 Independent Directors. A total of 23 Board of Directors' meetings were held during the Financial Year 2020-2021. Chief Financial Officer (CFO), Company Secretary (CS), and Head of Internal Audit and Compliance (HIAC) were also present in all Board of Directors' meeting in FY2020-21.

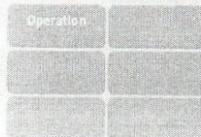
Table 7

Composition of Board

Name of Shareholders	Position held	No of Shares	% of holding
Mr. Iftekhar Ahmed Tipu	Sponsor Director and Chairman	64,545,925	25.52%
Mr. Tanveer Ahmed	Managing Director	18,558,861	7.34%
Mrs. Nilufar Ahmed	Sponsor Director	20,620,957	8.15%
Mr. Taskeen Ahmed	Director	18,558,861	7.34%
Mr. Tasfeen Ahmed	Director	16,497,091	6.52%
Mr. Md. Humayun Kabir	Independent Director	Nil	Nil
Mr. Md. Anwar Hossain, M Com, FCA	Independent Director	Nil	Nil
Total	-	138,781,695	54.87

Source: IAL

■ OPERATION, BUSINESS & FINANCIAL RISK PROFILE



IFAD Autos Limited is operating its business under a distributor agreement with Ashok Leyland Limited, India. IAL is importing, marketing and body-building of different models of Ashok Leyland's vehicles in Bangladesh. The Company's product portfolio includes AC Buses, Deluxe Buses, Goods Trucks, Dump Trucks and Prime Movers etc. Apart from this, the Company has a vehicle assembling and body building unit to assemble and built the body of those imported vehicles coming in complete knock down form, i.e. only the parts come from India. The raw materials for the body building (MS sheet, wood, and paint) are sourced locally. The Company also deals with Farmtrac brand agri machineries and related spares imported from Escort Limited, India and market the same in Bangladesh.

IFAD Autos Limited sells vehicle through the medium-term credit facilities to the clients along cash sells. The company borrows the fund from banks/financial institutions to meet import payments and also provided credit facilities to the clients. Before providing credit facility for vehicle to any client, the risk management team assesses the credit worthiness of the client. In case of credit sales, the client has to pay an amount as down payment. The client can make the body from IFAD Autos Limited or from outside at their own cost. The vehicle is then registered under the ownership of financial institutions and IFAD Autos Limited. After full repayment of the installments, the company handovers the title of ownership of the vehicles to its customers. Lease or rental model allows individual drivers to purchase commercial vehicles on easy credit terms.

IFAD Autos is one of the major market players in the domestic automobile market. Distribution channel and recovery network is one of the keys to success of IAL. The Company has both direct and indirect distribution channels. In the direct distribution channel, the Company uses its own sales force to reach the target customer and sell vehicles. It has different regional offices and distributors across the country.

The Company has marketing policy with government agencies and corporate clients, major portion of the buyers are individual clients, which minimizes its concentration risk. In 2017, IAL started its commercial operation of assembling plant for heavy-duty trucks with capacity assembling 10,000 units per year in three shifts. In FY2021, the Company assembled 1,575 unit truck and it is expected to be reached in full capacity in coming years. The Company is transforming its business model from Complete Building Unit (CBU) to semi-knock down model which may save import duty and increase the price competitiveness of its products. IAL also commenced its operation

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For IFAD AUTOS LIMITED

Managing Director

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Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

of truck body building unit to provide one-stop solutions to its customers. Approximately, 840 units can be built per year.

Table 3

Segment-Wise Contribution in Sales (Quantity in Pcs)

Product Category	HY2022*	--Year ended June 30--		
		FY2021	FY2020	FY2019
Truck	227	498	973	2,542
Bus	333	1,073	1,069	645
Mid-Size Carrier	441	1,366	716	495
Tractor (Farmtrac Brand)	160	272	195	236
Number of Imported Vehicle Sales	1,161	3,209	2,953	3,918
Assembling Vehicle Sales (Truck)	1,019	1,575	1,128	1,454
Total Number of Vehicle Sales	2,180	4,784	4,081	5,372
Body Building Unit Sales	410	493	237	103

Source: Management of IAL; * For the period ended 31 December 2021 (6 months)

IAL capitalizes the market base of Ashok Leyland Limited to boost its revenue through emphasizing on Truck sales during last couple of years. The Company prepares its business plan at the beginning of every year having details performance evaluation of previous year, area & product wise monthly details target plan, details commission & incentive plan, marketing plan and service policy to ensure continuous improvement of business performance.

Table 4

Composition of Revenue

(Mil. BDT)	HY2022*	--Year ended June 30--		
		FY2021	FY2020	FY2019
Revenue from Truck Sales	581.2	565.3	2,180.7	5,791.1
% of Total Revenue	14.1%	6.5%	28.1%	52.6%
Revenue from Bus Sales	691.3	1,881.4	2,194.5	1,287.1
% of Total Revenue	16.7%	21.7%	28.2%	11.7%
Revenue from Mid-Size Carrier Sales	491.5	2,394.7	749.0	528.1
% of Total Revenue	11.9%	27.6%	9.6%	4.8%
Revenue from Tractor Sales	176.1	477.3	200.1	216.5
% of Total Revenue	4.3%	5.5%	2.6%	2.0%
Revenue from Imported Vehicles	1,940.1	5,318.7	5,324.3	7,822.8
Revenue from Assembling Truck	2,014.3	3,069.2	2,356.4	3,162.4
% of Revenue from Assembling Unit	48.7%	35.4%	30.3%	28.7%
Revenue from Body Building Unit	178.5	275.1	92.2	32.1
% of Revenue from Body Building Unit	4.3%	3.2%	1.2%	0.3%
Total Revenue	4,132.9	8,663.0	7,772.9	11,017.4

Source: Management of IAL; * For the period ended 31 December 2021 (6 months)

Revenue from Truck (including imported and assembled), Bus and Mid-size Carrier sales contributed 42.0%, 21.7% and 27.6% of the revenue in FY2021 which was 58.4%, 28.2% and 9.6% of the revenue in FY2020 respectively. Revenue from Truck sales significantly decreased in FY2021 due to lower quantity of imported truck sales compared to that of previous year. However, revenue from assembling unit and body building unit increased in FY2021 compared to FY2020. Sales of Mid-size Carriers and Farmtrac brand agriculture tractors also increased in FY2021. As a result, total revenue of IAL increased by 11.5% in FY2021.

Commercial vehicle trading market is highly competitive as well as there remains positive demand outlook, aggressive sales strategy may create working capital intensity in the form of high receivables. From the receivable ageing schedule, it was

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For IFAD AUTOS LIMITED

Managing Director

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IFAD Autos Coupon Bearing Bond

found that 88.1% receivables deferred their payment for more than 180 days in FY2021 (FY2020: 91.2%) resulting business risk of the Company.

Table 5

Receivable Aging Schedule

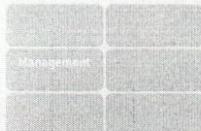
Year	0-180 Days	Over 180 Days	Total
FY2021	3,127.9	23,145.2	26,273.1
%	11.9%	88.1%	100.0%
FY2020	2,165.5	22,304.8	24,470.4
%	8.8%	91.2%	100.0%
FY2019	2,335.0	19,357.5	21,692.4
%	10.8%	89.2%	100.0%

Source: IAL

Due to the nature of selling, and competitive practice, its receivable position is very high and its aging schedule suggested that IAL has majority of its receivable for more than 6 months which resulted in very high collection period.

IFAD Autos has an integrated network for marketing its trade products. The customer group comprises both public and private sectors. The sales & marketing team of the Company is segregated in three different wings giving more focus on credit recovery. Each member of the team has a designated area to cover the recovery activities and prepare monthly report regarding installment collection & overdue collection for management evaluation and subsequent decision making. Managing Director of the Company directly supervises the recovery team.

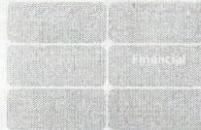
In 2018, IFAD Autos Limited has signed a joint venture agreement with Gulf Oil International Limited (UK), with a view to subscribe 49% of its equity shares of Gulf Oil Bangladesh Limited (GOBL). GOBL, a subsidiary of Gulf Oil International Limited (UK), engaged in importing and selling of lubricant, greases and car care products in Bangladesh. Besides own lubricant consumption requirement, IAL can sell the products of Gulf Oil Bangladesh Limited through its well established sales and service centers.



The management is headed by Mr. Iftekhar Ahmed Tipu, also the founder as well as Chairman of the Company. Mr. Tipu is a successful entrepreneur of several business organizations. The Chairman is supported by Mr. Tanveer Ahmed, Managing Director as well as others director of the Company. Besides, a group of senior professionals assist the top management.

IFAD Autos Limited has a structured organogram having separate divisions for Administration, Marketing, Finance, Accounts and Credit Recovery in the head office. Out of total 1,141 employees, credit recovery division possesses highest 320 employees followed by marketing division having 170 employees as of 31/12/2021.

IFAD Autos has an in-house management information system for smooth operation of the Company as well as for making strategic management decision. The MIS system of the Company is well developed and flow of information is good. Marketing, Finance & Accounts, and Recovery Team prepare structured report for the top management regarding sales, collection and overdue position.



IFAD Autos Limited reported BDT 8,663.0 million as sales revenue in FY2021 registering 11.5% revenue growth compared to BDT 7,772.9 million in FY2020 with higher quantity of mid-size carriers and tractors sales. On the other hand, cost of sales grew by 10.1% in FY2021 over the previous year. As a result, gross profit margin and EBITDA margin increased in FY2021. With lower operating expenses as well as decrease of financial and tax expenses and increase of other income helped the Company to report 6.4% net profit margin in FY2021 which was 3.0% in FY2020.

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For IFAD AUTOS LIMITED

Managing Director

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Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

Table 7

Particulars	FY2021		FY2020		FY2019	
	Amt.	%	Amt.	%	Amt.	%
Revenue	8,663.0	100.0	7,772.9	100.0	11,017.4	100
Cost of Sales	7,086.5	81.8	6,437.1	82.8	8,753.1	79.4
Administrative Expenses	320.6	3.7	295.9	3.8	319.7	2.9
Distributing Expenses	233.8	2.7	215.6	2.8	229.5	2.1
Financial Expenses	323.2	3.7	399.7	5.1	270.8	2.5
Net Profit after Tax	551.2	6.4	229.9	3.0	1,137.3	10.3

Source: IAL

IAL experienced slight improvement in working capital as cash conversion cycle decreased to 1,117 days in FY2021 from 1,183 days in FY2020 due to shorter inventory holding period and receivable collection period. Cash Flow from Operations (CFO) was positive at BDT 60.8 million which may comfort the Company's liquidity to some extent, however, dependence on external borrowing may still be high parallel to growth in operating activities. After adjusting cash dividend and capital expenditure in FY2021, the Company's Free Cash Flow (FCF) turned negative.

Total shareholders' equity of the Company reached BDT 9,290.6 million (excluding revaluation surplus of BDT 1,032.6 million) at the end of 30 June 2021. Total equity of IAL comprises BDT 2,529.5 million share capital, BDT 990.8 million share premium and BDT 5,770.3 million retained earnings revealing sound quality of equity base. Total Liabilities/Equity stood at 2.20x (FY2020: 1.25x), Borrowed fund to adjusted equity slightly decreased to 2.57x in FY2021 from 2.59x in FY2020. Borrowed fund was reported 19.4 times to EBITDA in FY2021 (FY2020: 23.3x) showing high leverage position of the Company. With decrease of financial expenses, EBIT to Financial Expenses ratios were increased to 3.5x in FY2021 from 2.3x in FY2020 indicating adequate coverage position to repay present financial obligation of the Company.

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For IFAD AUTOS LIMITED

Managing Director

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IFAD Autos Coupon Bearing Bond

APPENDIX - 2: KEY FINANCIAL INDICATORS OF IFAD AUTOS LTD.

Financial Indicators & Ratios		--Year ended June 30--				
		(Month)	(06)	(12)	(12)	(12)
	(Mil. BDT)	HY2022	FY2021	FY2020	FY2019	FY2018
Earnings, Profitability & Stability	Sales	4,132.9	8,663.0	7,772.9	11,017.4	15,004.6
	Sales Growth	n.a.	11.5%	-29.4%	-26.6%	46.5%
	CoGS as % of Sales	81.6%	81.8%	82.8%	79.4%	80.9%
	EBITDA	570.7	1,229.0	977.2	1,820.9	2,416.0
	EBITDA Margin	13.8%	14.2%	12.6%	16.5%	16.1%
	Operating Profit	492.5	1,022.1	823.2	1,715.0	2,319.0
	Operating Profit Margin	11.9%	11.8%	10.6%	15.6%	15.5%
	Net Profit after Tax	246.3	551.2	229.9	1,137.3	1,553.9
	Net Profit Margin	6.0%	6.4%	3.0%	10.3%	10.4%
	Return on Average Asset	n.a.	1.6%	0.7%	3.7%	6.1%
Liquidity	Return on Average Equity	n.a.	5.5%	2.3%	12.4%	21.2%
	Current Ratio (x)	2.3	2.4	2.3	2.2	2.1
	Quick Ratio (x)	2.2	2.3	2.2	1.9	2.0
	Inventory +AR to TA	73.3%	74.9%	78.1%	75.7%	73.1%
	Net Working Capital to TA	70.7%	72.9%	79.7%	75.1%	71.5%
	Inventory Turnover Ratio (x)	n.a.	4.2	2.7	3.9	9.4
	Average Inventory Processing Period (Days)	n.a.	87	138	94	39
	Receivable Turnover Ratio (x)	n.a.	0.3	0.3	0.5	0.9
	Average Receivable Collection Period (Days)	n.a.	1069	1084	687	427
	Payable Turnover Ratio (x)	n.a.	9.5	9.5	6.9	17.5
Leverage & Capital Structure	Average Payable Payment Period (Days)	n.a.	39	39	53	21
	Operating Cycle (Days)	n.a.	1156	1222	781	466
	Cash Conversion Cycle (Days)	n.a.	1117	1183	728	445
	Total Assets	37,959.6	37,092.7	33,634.2	32,654.4	28,980.6
	Equity Capital	10,291.5	10,323.2	9,853.7	9,715.6	8,624.2
	Adjusted Equity Capital	9,259.6	9,290.6	8,811.8	8,672.1	7,695.5
	Total Borrowed Fund	24,342.9	23,865.0	22,780.4	20,548.2	17,607.4
	Total Long Term Debt	13,483.1	12,821.4	10,836.0	9,378.8	7,963.3
	Financial Expenses	157.6	323.2	399.7	270.8	296.9
	Fund Flow from Operation (FFO)	291.2	634.2	302.6	1,196.3	1,606.9
Coverage	Cash Flow from Operation (CFO)	627.9	60.8	(1,969.0)	(2,610.2)	(2,343.1)
	Retained Cash Flow (RCF)	626.1	(21.7)	(2,060.5)	(2,792.9)	(2,464.7)
	Free Cash Flow (FCF)	459.4	(860.4)	(2,840.0)	(3,028.7)	(2,654.4)
	Borrowed Fund to Equity (x)	2.37	2.31	2.31	2.11	2.04
	Borrowed Fund to Adj. Equity (x)	2.63	2.57	2.59	2.37	2.29
	Borrowed Fund/EBITDA (x)	n.a.	19.4	23.3	11.3	7.3
	FFO/Borrowed Fund	1.2%	2.7%	1.3%	5.8%	9.1%
	CFO/Borrowed Fund	2.6%	0.3%	-8.6%	-12.7%	-13.3%
	RCF/Borrowed Fund	2.6%	-0.1%	-9.0%	-13.6%	-14.0%
	FCF/Borrowed Fund	1.9%	-3.6%	-12.5%	-14.7%	-15.1%
	EBIT to Financial Expenses (x)	3.3	3.5	2.3	6.5	8.0
	FCF to Financial Expenses (x)	2.9	-2.7	-7.1	-11.2	-8.9
	(EBITDA-CAPEX) to Financial Expenses (x)	2.6	1.2	0.5	5.9	7.5

Source: Figures are based on Audited Financial Statements

Note: Calculation Considerations-

- EBIT = Net Profit + Tax + Financial Expenses; Adjusted Equity is adjusted with Revaluation Reserve
- Borrowed Fund = Long Term Loan Outstanding + Current Portion of Long Term Loan + Short Term Loan
- Cash Flow from Operation is calculated as Net Profit after Tax plus Depreciation Expenses plus Net Changes in Working Capital (considering the net changes in all Current Assets and Current Liabilities excluding Cash & Cash Equivalents and Bank Loan Amounts).

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For IFAD AUTOS LIMITED

Managing Director

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Coupon Bearing Bond (up to BDT 3,000 million) of IFAD Autos Ltd.

CREDIT RATING SCALES AND DEFINITIONS – LONG TERM DEBT INSTRUMENTS

Rating	Definition
AAA Triple A	Debt instruments rated AAA have extremely strong capacity to meet financial commitments. These are judged to be of the highest quality, with minimal credit risk.
AA ₁ , AA ₂ , AA ₃ * Double A	Debt instruments rated AA have very strong capacity to meet financial commitments. These are judged to be of very high quality, subject to very low credit risk.
A ₁ , A ₂ , A ₃ Single A	Debt instruments rated A have strong capacity to meet financial commitments, but susceptible to the adverse effects of changes in circumstances and economic conditions. These are judged to be of high quality, subject to low credit risk.
BBB ₁ , BBB ₂ , BBB ₃ Triple B	Debt instruments rated BBB have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. They are subject to moderate credit risk. Such rated projects possess certain speculative characteristics.
BB ₁ , BB ₂ , BB ₃ Double B	Debt instruments rated BB have inadequate capacity to meet financial commitments. They have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. Such projects have speculative elements, and are subject to substantial credit risk.
B ₁ , B ₂ , B ₃ Single B	Debt instruments rated B have weak capacity to meet financial commitments. They have speculative elements and are subject to high credit risk.
CCC ₁ , CCC ₂ , CCC ₃ Triple C	Debt instruments rated CCC have very weak capacity to meet financial obligations. They have very weak standing and are subject to very high credit risk.
CC Double C	Debt instruments rated CC have extremely weak capacity to meet financial obligations. They are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Debt instruments rated C are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. They are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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For IFAD AUTOS LIMITED

Managing Director

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20. Credit Rating Report of the Issuer



CREDIT RATING REPORT (SURVEILLANCE) IFAD Autos Limited

Particular	Rating	Remark
IFAD Autos Limited	AA ₂	Entity
BDT 19,705.5 million aggregate long term outstanding	AA ₂ (Lr)	
BDT 7,361.0 million aggregate short term funded limits	ST-2	Vide Appendix-1
BDT 8,455.0 million aggregate short term non funded limits	ST-2	
Outlook	Stable	

Lr – Loan Rating, ST – Short Term
(Refer to Appendix-3 for rating history)

Date of Rating: 21 March, 2022

Validity: The rating is valid up to 15 March, 2023.

Rating based on: Audited Financial Statements up to 30 June 2021, Un-Audited Financial Statements of 30 June 2022 and bank liability position as on 31 December 2021 of IFAD Autos Limited, and other relevant quantitative & qualitative information up to the date of rating declaration.

Auditor: Mahfuz Huq & Co., Chartered Accountants

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

Analysts:

Mohammed Nazrul Islam Bhuiyan

nazrul@crab.com.bd

Mohd. Asifur Rahman

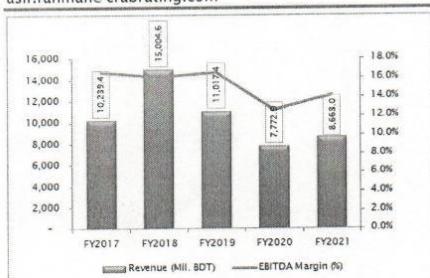
asif.rahman@crabrating.com

■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned AA₂ (Double A Two) to IFAD Autos Limited and assigned AA₂ (Lr) loan rating to BDT 19,705.5 million long term outstanding of the Company in the long term. CRAB has also assigned ST-2 rating to BDT 7,361.0 million aggregate short term fund based limit and BDT 8,455.0 million aggregate short term non fund based limit of the Company in the short term.

The assigned of rating favorably considers IAL's decades of operational track record, strategic relationship with Ashok Leyland Limited, established market position with strong brand name, and wide distribution network to facilitate its current business model. The rating also take into consideration the experience of the key promoters and top-level management in related business, revenue generation capacity and positive demand outlook of the transport industry. The rating however are constrained by the high leverage position, working capital intensity and negative cash flow position of the Company.

IFAD Autos Limited reported BDT 8,663.0 million as sales revenue in FY2021 registering 11.5% revenue growth compared to BDT 7,772.9 million in FY2020. Gross profit margin and EBITDA margin increased in FY2021 compared to last year due to decrease of cost of revenue. With lower operating expenses as well as decrease of financial and tax expenses and increase of other income, net profit margin of the Company increased to 6.4% in FY2020 from 3.0% in FY2020.



■ PROFILE

IFAD Autos Limited (hereinafter also referred to 'IAL' or 'IFAD Autos' or 'the Company') is one of the leading automobile distributor in Bangladesh with strong growth in commercial vehicle market. IAL mainly imports and sells light, medium and heavy truck chassis, different types of bus chassis such as AC buses, deluxe buses, special vehicles like dump truck, water tankers, prime movers etc. IFAD Autos Limited is the sole distributor of Ashok Leyland India Limited since 1994. IAL imports different models of complete Ashok Leyland's vehicles as well as imports CKD & spares and assembles locally to promote in Bangladesh. The Company also is also sole and authorized distributor of Escorts Limited for selling of Farmtrac brand agri machinery and spare parts. Presently, IFAD Autos Limited has no subsidiary but hold 49% of equity shares of Gulf Oil Bangladesh Limited.

2022

IFAD Autos Limited

Attested

For IFAD AUTOS LIMITED

Managing Director



IFAD Autos Ltd.

The Company had been maintaining adequate liquidity position over the years as reflected by current ratio and quick ratio. Commercial vehicle trading market is highly competitive as well as there remains positive demand outlook, aggressive sales strategy may create working capital intensity in the form of high receivables as well as inventory holding period. From the receivable ageing schedule, it was found that 88.1% receivables deferred their payment for more than 180 days in FY2021 resulting business risk of the company.

Total shareholders' equity of the Company reached BDT 9,290.6 million (excluding revaluation surplus of BDT 1,032.6 million) at the end of 30 June 2021. Total equity of IAL comprises BDT 2,529.5 million share capital, BDT 990.8 million share premium and BDT 5,770.3 million retained earnings revealing sound quality of equity base. Total Liabilities/Equity stood at 2.20x (FY2020: 1.25x), Borrowed fund to adjusted equity slightly decreased to 2.57x in FY2021 from 2.59x in FY2020. Borrowed fund was reported 19.4 times to EBITDA in FY2021 (FY2020: 23.3x) showing high leverage position of the Company. With decrease of financial expenses, EBIT to Financial Expenses ratios were increased to 3.5x in FY2021 from 2.3x in FY2020 indicating adequate coverage position to repay present financial obligation of the Company.

The assigned ratings also consider the growth potential relation to operating strategies, market position, degree of competition, sales diversification and business model. The assigned ratings also incorporate the management structure & practices, IT infrastructure & MIS system, experienced manpower, sales & marketing strategy and business monitoring system.

■ KEY RATING DRIVERS

MAJOR CHANGES IN THE SURVEILLANCE CREDIT RATING

- IFAD Autos Limited reported BDT 8,663.0 million as sales revenue in FY2021 registering 11.5% revenue growth compared to BDT 7,772.9 million in FY2020 with higher quantity of mid-size carriers and tractors sales.
- With lower cost of revenue as well as decrease of operational, financial and tax expenses and increase of other income helped the Company to report 6.4% net profit margin in FY2021 which was 3.0% in FY2020.
- IAL experienced slight improvement in working capital as cash conversion cycle decreased in FY2021 resulting from decreased average inventory holding period and average receivable collection period.
- Though leverage position slightly improved however still high. On the other hand coverage position of the Company improved in FY2021.
- IFAD Autos Limited reported sales revenue of BDT 4,132.9 million during the first six months of operation in FY2022 with lower profit margin due to higher CoGS as percentage of sales and operating expenses.

RATING POSITIVES

- + **Experience of Promoter and Management:** Experience of the key promoters and top-level management in related business supports the Company to capture substantial market share.
- + **Broad Dealer Base:** IFAD Autos has broad dealer base all over the country having around 120 dealers' network for catering retail customers. The Company has marketing policy with government agencies and corporate clients, major portion of the buyers are individual clients, which minimizes its concentration risk.
- + **Established Brand:** The Company has a long business relation with Ashok Leyland of India with presence in the country with its "Ashok Leyland" brand.
- + **Entry Barrier:** Although there is no legal entry barrier in the medium and heavy commercial vehicle business, the operation model of the business is difficult to replicate and time consuming. Moreover, due to the nature of business it requires huge amount of fund for fixed cost involvement.

RATING CHALLENGES

- **Working Capital Intensity:** Due to the nature of business, IAL needs more working capital. Moreover, due to receivable pile up there is stress on cash flow position. Therefore, the Company reported prolonged cash conversion cycle.
- **High Leverage:** Leverage position of IFAD Autos Limited is high as the Company depends on credit sales mostly. Any deterioration in credit collection may hamper its credit worthiness. As a safety cushion the title of the vehicles is occupied by the Company's own name until the installment are fully recovered.
- **Competitive Industry:** Overall competition in the market increased which may continue in the upcoming years.



IFAD Autos Ltd.

■ BACKGROUND

IFAD Autos Limited was incorporated in February 1988 as a Private Limited Company and commenced its operation in April 1988. The Company was converted into Public Limited Company in September 2011 and became listed in Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) in January 2015. IFAD Autos mainly imports and sells light, medium and heavy truck chassis, different types of bus chassis such as AC buses, Deluxe buses, special vehicles like dump truck, water tankers, prime movers etc. IFAD Autos Limited is the sole distributor of the reputed Indian automobile manufacturer – Ashok Leyland since 1994. IAL imports different models of complete *Ashok Leyland's* vehicles as well as CKD (Complete Knock Down) and spares and assembles locally to promote in Bangladesh. In 2017, the Company has established its assembling and body building unit to assemble and build the body of those imported vehicles coming in complete knock down form, i.e. only the parts come from India and IAL assembles and builds the body of those vehicles.

The Company is also sole and authorized distributor of Escorts Limited, India for selling of Farmtrac brand agriculture tractors, special construction equipment and spare parts. In 2018, IFAD Autos Limited has signed a joint venture agreement with Gulf Oil International Limited (UK) to subscribe 49% of its equity shares of Gulf Oil Bangladesh Limited. The Gulf Oil Bangladesh Limited is engaged in importing and selling of lubricant, greases and car care products in Bangladesh. IFAD Autos customers group comprises both private and public sectors. The Company has an integrated network for marketing its trade products. IAL appoints dealers for different districts for promoting the market of its imported vehicles.

The corporate office of the Company is situated at IFAD Tower, Plot-7 (New), Tejgaon I/A, Dhaka-1208 and assembling unit is located at Dhamrai, Dhaka. As of 31 December 2021, around 54.87% of shares of the Company are held by its sponsors/directors, 27.35% are held by institutional investors and 17.78% of shares are held by the foreign investors and general public.

Table 1

Company at a Glance

Particulars	Details
Name of the Company	: IFAD Autos Limited
Date of Incorporation	: 17 February 1988 as a Private Limited Company
Commencement of Operation	: 20 April 1988
Converted to Public Limited	: 30 September 2011
Listed in DSE & CSE	: January 2015`
Authorized Capital	: BDT 3,000.00 million (as on 31 December 2021)
Paid-up Capital	: BDT 2,529.50 million (As on 31 December 2021)
Chairman	: Mr. Iftekhar Ahmed Tipu
Managing Director	: Mr. Tanveer Ahmed
Industrial Group	: Automobile Industry
Nature of Business	: Importing, marketing and body-building of different types of vehicles
Distributorship	: Sole distributor of Ashok Leyland Limited and Escorts Limited of India
Products	: Different types of Trucks, Buses, Special Vehicle, Agri Machinery and Spare Parts
Types of Vehicles	: Trucks, AC Buses, Deluxe Buses, Water Tankers, Prime Movers, Tractors etc.
Registered Office	: Sahabeshor, Dhamrai, Dhaka
Corporate Office	: IFAD Tower, Plot-7 (New), Tejgaon Industrial Area, Dhaka-1208
Sales in FY2021	: BDT 8,663.01 million (FY2020: BDT 7,772.86 million)
Profit after Tax in FY2021	: BDT 551.18 million (FY2020: BDT 229.91 million)
Statutory Auditor	: MAHFEL HUQ & CO., Chartered Accountants
Compliance Auditor	: PODDER & ASSOCIATES, Cost and Management Accountants
Website	: https://www.ifadautos.com/

Source: IAL

■ GROUP PROFILE

IFAD Group started its journey with IFAD Enterprise in 1985. Mr. Iftekhar Ahmed Tipu is the founder of the Group. The group diversified its business in the field of automobile industry, fish farming and consumer packaged food sector. At present, the Group has been managing 08 active large and medium companies which have mostly common directors who are family members.



IFAD Autos Ltd.

IFAD Enterprise Limited (IEL) was established in 1985 with a view to carrying out the business of import and export of merchandise in different sectors of Bangladesh. For the past three decades IFAD Enterprises Limited has historically undertaken various operations both in private and public sector. Most recent and noteworthy has been the supply of Double Deckers, A/C buses and Vestibule (Articulated) Buses to BRTC. Since 2002, IFAD Enterprises Limited had also taken up the sole dealership of ELGI Equipment of India, for the Industrial Air Compressor.

Table 2

Synopsis of the IFAD Group

Name of the Company	Operation Year	Nature of Business	Relationship with IAL
IFAD Enterprise Ltd.	1986	Supplying & installing industrial air compressors	Common Management
IFAD Autos Ltd.	1988	Importing and marketing of commercial vehicles	-
IFAD Agro Complex Ltd.	2004	Fish Farming & Hatchery	Common Management
IFAD Multi Products Ltd.	2007	Manufacturing Fast Moving Consumer Foods	Common Management
IFAD Salt & Chemical Ltd.	2013	Manufacturing and marketing of Salt	Common Management
IFAD Motors Ltd.	2015	Importing and marketing of CNG driven vehicles	Common Management
IFAD Auto Services Ltd.	2016	Providing vehicle services and selling spare parts	Common Management
IFAD Inform. & Tech. Ltd.	2017	Providing GPS based vehicle tracking solution	Common Management

Source: Management of the Company

IFAD Agro Complex Limited (IACL) was incorporated as a private limited company in 2003 and started its operation in 2004. IFAD Agro Complex Limited is engaged in fish hatcheries and situated at Bhaluka of Mymensingh on around 400 acres of land. The project has the capacity to produce 5000 KGs of Renu (fish eggs) per season. It has also capacity of producing 10.0 million fingerlings as well as 1500 tons of fish culture per year.

IFAD Multi Products Limited (IMPL), one of the concerns of IFAD Group, was incorporated as a private limited company in 2002 and started its commercial operation in April 2007. IMPL has been producing atta, maida, suji, noodles, biscuits, chips, custard cake, bakery items as well as bottled drinking water under the brand name of 'IFAD'. The production facilities of the Company is located at Boro Rangamta, Ashulia, Savar, Dhaka on around 40 acres of land. IMPL achieved ISO certificate for ensuring quality management of food. IFAD Multi Products Limited reported revenue of BDT 4,321.8 million with net profit of BDT 60.5 million in FY2021.

IFAD Salt & Chemical Limited (ISCL) was incorporated as a private limited company in June 2000. Initially the company was named as 'Daina International (Pvt.) Limited'. The company was renamed as 'IFAD Salt & Chemical Limited' with effect from 15 June 2013. IFAD Salt & Chemical Limited engaged in manufacturing and marketing of branded Salt under the brand name of IFAD Salt. The factory of ISCL is located at Lakirchar, Ruhitpur, Keranigonj of Dhaka. IFAD Autos Limited is holdings 12.0% shares of IFAD Salt & Chemical Limited.

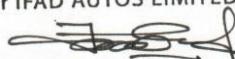
IFAD Motors Limited (IML) was incorporated as a private limited company in April 2003. Initially the company was named as 'Neela Automobiles Limited'. The company was renamed as 'IFAD Motors Limited' with effect from 13 December 2014. IFAD Motors Limited imports and sells different types of three wheelers such as Auto Rickshaw, Pickup Van, Delivery Van etc. IFAD Motors Limited is the sole distributor of Atul Auto Limited, India and TVS Motor Company Limited, India for selling three wheeler vehicles in Bangladesh. IFAD Motors Limited reported revenue of BDT 1,045.7 million with net profit of BDT 76.3 million in FY2021.

IFAD Information & Technology Limited (IITL) was incorporated in March 2015 as a private limited company and commenced its operation in September 2017. IITL obtained licensed from Bangladesh Telecommunication Regulatory Commission (BTRC) and providing GPS based vehicle tracking and monitoring solution - "iTracker". GPS tracking technology is best suited for fleet management. It is used by a company to monitor the route and progress of a delivery truck, and by parents to check on the location of their child, or even to monitor high-valued assets in transit. IITL's revenue in FY2021 stood at BDT 53.3 million and net profit was BDT 5.7 million.

IFAD Auto Services Limited (IASL) was incorporated as a private limited company in September 2016. IASL is engaged in providing different kinds of vehicle services and selling spare parts and lubricant for vehicles. The principal place of the business of the company is located at Fulhar (Madanpur Bus Stand), Madanpur, Narayagonj. The paid up capital of IASL was BDT 0.50 million against authorized capital of BDT 100.0 million at the end of June 2020. IFAD Auto Services Limited reported revenue of BDT 616.5 million netting of BDT 5.4 million as profit in FY2021.

Attested

For IFAD AUTOS LIMITED


 Managing Director

Managing Director



IFAD Autos Ltd.

■ OPERATION, BUSINESS & FINANCIAL RISK PROFILE

Operation	

IFAD Autos Limited is operating its business under a distributor agreement with Ashok Leyland Limited, India. IAL is importing, marketing and body-building of different models of Ashok Leyland's vehicles in Bangladesh. The Company's product portfolio includes AC Buses, Deluxe Buses, Goods Trucks, Dump Trucks and Prime Movers etc. Apart from this, the Company has a vehicle assembling and body building unit to assemble and built the body of those imported vehicles coming in complete knock down form, i.e. only the parts come from India. The raw materials for the body building (MS sheet, wood, and paint) are sourced locally. The Company also deals with Farmtrac brand agri machineries and related spares imported from Escort Limited, India and market the same in Bangladesh.

IFAD Autos Limited sells vehicle through the medium-term credit facilities to the clients along cash sells. The company borrows the fund from financial institutions to meet import payments and also provided credit facilities to the clients. Before providing credit facility for vehicle to any client, the risk management team assesses the credit worthiness of the client. In case of credit sales, the client has to pay minimum 40% of vehicle price as down payment. The client can make the body from IFAD Autos Limited or from outside at their own cost. The vehicle is then registered under the ownership of financial institutions and IFAD Autos Limited. After full repayment of the installments, the company handovers the title of ownership of the vehicles to its customers. Lease or rental model allows individual drivers to purchase commercial vehicles on easy credit terms.

IFAD Autos is one of the major market players in the domestic automobile market. Distribution channel and recovery network is one of the keys to success of IAL. The Company has both direct and indirect distribution channels. In the direct distribution channel, the Company uses its own sales force to reach the target customer and sell vehicles. Its direct distribution channel comprises of 6 sales points, 20 mega service centers, 24 regional offices, and 24 distributors in different districts of the country. Its indirect channel consists of ~120 dealers in different corners of Bangladesh.

The Company has marketing policy with government agencies and corporate clients, major portion of the buyers are individual clients, which minimizes its concentration risk. In 2017, IAL started its commercial operation of assembling plant for heavy-duty trucks with capacity assembling 10,000 units per year in three shifts. In FY2021, the Company assembled 1,575 unit truck and it is expected to be reached in full capacity in coming years. The Company is transforming its business model from Complete Building Unit (CBU) to semi-knock down model which may save import duty and increase the price competitiveness of its products. IAL also commenced its operation of truck body building unit to provide one-stop solutions to its customers. Approximately, 840 units can be built per year.

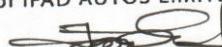
Table 3
Segment-Wise Contribution in Sales (Quantity in Pcs)

Product Category	HY2022*	--Year ended June 30--		
		FY2021	FY2020	FY2019
Truck	227	498	973	2,542
Bus	333	1,073	1,069	645
Mid-Size Carrier	441	1,366	716	495
Tractor (Farmtrac Brand)	160	272	195	236
Number of Imported Vehicle Sales	1,161	3,209	2,953	3,918
Assembling Vehicle Sales (Truck)	1,019	1,575	1,128	1,454
Total Number of Vehicle Sales	2,180	4,784	4,081	5,372
Body Building Unit Sales	410	493	237	103

Source: Management of IAL; * For the period ended 31 December 2021 (6 months)

Attested

For IFAD AUTOS LIMITED


 Managing Director

Managing Director



IFAD Autos Ltd.

IAL capitalizes the market base of Ashok Leyland Limited to boost its revenue through emphasizing on Truck sales during last couple of years. The Company prepares its business plan at the beginning of every year having details performance evaluation of previous year, area & product wise monthly details target plan, details commission & incentive plan, marketing plan and service policy to ensure continuous improvement of business performance.

**Table 4
Composition of Revenue**

(Mil. BDT)	HY2022*	--Year ended June 30--		
		FY2021	FY2020	FY2019
Revenue from Truck Sales	581.2	565.3	2,180.7	5,791.1
% of Total Revenue	14.1%	6.5%	28.1%	52.6%
Revenue from Bus Sales	691.3	1,881.4	2,194.5	1,287.1
% of Total Revenue	16.7%	21.7%	28.2%	11.7%
Revenue from Mid-Size Carrier Sales	491.5	2,394.7	749.0	528.1
% of Total Revenue	11.9%	27.6%	9.6%	4.8%
Revenue from Tractor Sales	176.1	477.3	200.1	216.5
% of Total Revenue	4.3%	5.5%	2.6%	2.0%
Revenue from Imported Vehicles	1,940.1	5,319.7	5,324.3	7,822.8
Revenue from Assembling Truck	2,014.3	3,069.2	2,356.4	3,162.4
% of Revenue from Assembling Unit	48.7%	35.4%	30.3%	28.7%
Revenue from Body Building Unit	178.5	275.1	92.2	32.1
% of Revenue from Body Building Unit	4.3%	3.2%	1.2%	0.3%
Total Revenue	4,132.9	8,663.0	7,772.9	11,017.4

Source: Management of IAL; * For the period ended 31 December 2021 (6 months)

Revenue from Truck (including imported and assembled), Bus and Mid-size Carrier sales contributed 42.0%, 21.7% and 27.6% of the revenue in FY2021 which was 58.4%, 28.2% and 9.6% of the revenue in FY2020 respectively. Revenue from Truck sales significantly decreased in FY2021 due to lower quantity of imported truck sales compared to that of previous year. However, revenue from assembling unit and body building unit increased in FY2021 compared to FY2020. Sales of Mid-size Carriers and Farmtrac brand agriculture tractors also increased in FY2021. As a result, total revenue of IAL increased by 11.5% in FY2021.

Commercial vehicle trading market is highly competitive as well as there remains positive demand outlook, aggressive sales strategy may create working capital intensity in the form of high receivables. From the receivable ageing schedule, it was found that 88.1% receivables deferred their payment for more than 180 days in FY2021 (FY2020: 91.2%) resulting business risk of the Company.

Table 5

Receivable Aging Schedule			
Year	0-180 Days	Over 180 Days	Total
FY2021	3,127.9	23,145.2	26,273.1
%	11.9%	88.1%	100.0%
FY2020	2,165.5	22,304.8	24,470.4
%	8.8%	91.2%	100.0%
FY2019	2,335.0	19,357.5	21,692.4
%	10.8%	89.2%	100.0%

Source: IAL

Due to the nature of selling, and competitive practice, its receivable position is very high and its aging schedule suggested that IAL has majority of its receivable for more than 6 months which resulted in very high collection period.



IFAD Autos Ltd.

IFAD Autos has an integrated network for marketing its trade products. The customer group comprises both public and private sectors. The sales & marketing team of the Company is segregated in three different wings giving more focus on credit recovery. Each member of the team has a designated area to cover the recovery activities and prepare monthly report regarding installment collection & overdue collection for management evaluation and subsequent decision making. Managing Director of the Company directly supervises the recovery team.

In 2018, IFAD Autos Limited has signed a joint venture agreement with Gulf Oil International Limited (UK), with a view to subscribe 49% of its equity shares of Gulf Oil Bangladesh Limited (GOBL). GOBL, a subsidiary of Gulf Oil International Limited (UK), engaged in importing and selling of lubricant, greases and car care products in Bangladesh. Besides own lubricant consumption requirement, IAL can sell the products of Gulf Oil Bangladesh Limited through its well established sales and service centers.

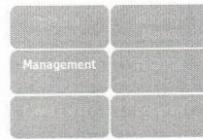
IAL implemented SAP software for flawless supply chain management in the assembling plant. ERP implementation is on process which will help the company to achieve overall operational efficiencies and accelerate recovery system.



Automotive industry in Bangladesh is largely dominated by importing reconditioned and new vehicles mostly from Asian countries like Japan, China, India and few from Europe and USA. Due to lack of domestic source of raw materials and backward linkage, vehicle manufacturing and assembling industries did not grow after independence of Bangladesh. However, different private endeavor grabs distributorship of different vehicle brands in Bangladesh in last 2-3 decades. Recently few entrepreneurs emerged with the collaboration foreign companies like Hino, Mitsubishi, Tata Motors, Ashok Leyland etc. to start assembling cars, trucks, pickups and buses. Sales of truck in the country increased significantly because of boom in garments and cement sector as well as easy financing. Most of the trucks are consumed by these two sectors in the form of covered van. Besides, CNG driven buses are also increasing. However, government tariff and tax structure also play important role to motivate the supply of vehicles in Bangladesh.

There are 14-16 large automobile marketers in Bangladesh, among them 5-6 have own assembling facilities. Among the major vehicle importers in Bangladesh- Nitol Motors Limited is the sole distributor of TATA who is capturing around 40% of market share, IFAD Autos Limited is the sole distributor of Ashok Leyland has secured second position by capturing around 35% market share, and Runner Motors Limited is the authorized distributor of Eicher Trucks has 10% market share under their belt. Besides, Energypac Power Generation Limited is the sole distributor of JAC, Uttara Motors Limited is the sole distributor of Isuzu, Swaraj, Mazda, Suzuki, FAW. Rangs Motors Limited is the sole distributor of Eicher Heavy Truck, Mitsubishi Fuso Truck, Mahindra.

Progoti Industries Ltd. and Aftab Automobiles Ltd., a concern of Navana Group, assemble vehicles in Bangladesh and most vehicles in the country are imported. IFAD Autos Limited has started to assemble Ashok Leyland's vehicle in Bangladesh while Chittagong based PHP group is set to assemble Malaysian Proton Cars locally. The beginning of assembling may save a lot of foreign currencies and cut the sale prices of the vehicles in Bangladesh.

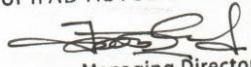


The management is headed by Mr. Iftekhar Ahmed Tipu, also the founder as well as Chairman of the Company. Mr. Tipu is a successful entrepreneur of several business organizations. The Chairman is supported by Mr. Tanveer Ahmed, Managing Director as well as others director of the Company. Besides, a group of senior professionals assist the top management. Most of the senior professionals have been working with IFAD Autos Limited for long. There was no major change in the management during the last one year.

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Attested
For IFAD AUTOS LIMITED



Managing Director



IFAD Autos Ltd.

The authorized capital of the Company is BDT 3,000.0 million divided into 300 million ordinary shares of BDT 10.0 each and paid up capital was BDT 2,529.5 million up to 31 December 2021.

Table 6

Shareholding Pattern of IFAD Autos Ltd.

Particular	31 December 2021			30 June 2021		
	No. of Shares (in '000')	Value (Mil. BDT)	%	No. of Shares (in '000')	Value (Mil. BDT)	%
Sponsors/Directors	138,781.7	1,387.8	54.87	138,781.7	1,387.8	54.87
Institutions	69,190.5	691.9	27.35	64,338.2	643.4	25.43
Foreign Investor	196.4	2.0	0.08	2,088.3	208.8	0.83
General Public	44,781.8	447.8	17.70	47,742.1	477.4	18.87
Total	252,950.4	2,529.5	100.0	252,950.4	2,529.5	100.0

Source: IAL

IFAD Autos Limited has a structured organogram having separate divisions for Administration, Marketing, Finance, Accounts and Credit Recovery in the head office. Out of total 1,141 employees, credit recovery division possesses highest 341 employees followed by marketing division having 181 employees as of 31 December 2021. Moreover, the Company has different management for its service centers.

IFAD Autos has an in-house management information system for smooth operation of the Company as well as for making strategic management decision. The MIS system of the Company is well developed and flow of information is good. Marketing, Finance & Accounts, and Recovery Team prepare structured report for the top management regarding sales, collection and overdue position.



IFAD Autos Limited reported BDT 8,663.0 million as sales revenue in FY2021 registering 11.5% revenue growth compared to BDT 7,772.9 million in FY2020 with higher quantity of mid-size carriers and tractors sales. On the other hand, cost of sales grew by 10.1% in FY2021 over the previous year. As a result, gross profit margin and EBITDA margin increased in FY2021. With lower operating expenses as well as decrease of financial and tax expenses and increase of other income helped the Company to report 6.4% net profit margin in FY2021 which was 3.0% in FY2020.

Table 7

Cost Component and Profitability as % of Revenue (Mil. BDT)

Particulars	FY2021		FY2020		FY2019	
	Amt.	%	Amt.	%	Amt.	%
Revenue	8,663.0	100.0	7,772.9	100.0	11,017.4	100
Cost of Sales	7,086.5	81.8	6,437.1	82.8	8,753.1	79.4
Administrative Expenses	320.6	3.7	295.9	3.8	319.7	2.9
Distributing Expenses	233.8	2.7	215.6	2.8	229.5	2.1
Financial Expenses	323.2	3.7	399.7	5.1	270.8	2.5
Net Profit after Tax	551.2	6.4	229.9	3.0	1,137.3	10.3

Source: IAL

IAL experienced slight improvement in working capital as cash conversion cycle decreased to 1,117 days in FY2021 from 1,183 days in FY2020 due to shorter inventory holding period and receivable collection period. Cash Flow from Operations (CFO) was positive at BDT 60.8 million which may comfort the Company's liquidity to some extent, however, dependence on external borrowing may still be high parallel to growth in operating activities. After adjusting cash dividend and capital expenditure in FY2021, the Company's Free Cash Flow (FCF) turned negative.

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For IFAD AUTOS LIMITED

Managing Director



IFAD Autos Ltd.

Total shareholders' equity of the Company reached BDT 9,290.6 million (excluding revaluation surplus of BDT 1,032.6 million) at the end of 30 June 2021. Total equity of IAL comprises BDT 2,529.5 million share capital, BDT 990.8 million share premium and BDT 5,770.3 million retained earnings revealing sound quality of equity base. Total Liabilities/Equity stood at 2.20x (FY2020: 1.25x), Borrowed fund to adjusted equity slightly decreased to 2.57x in FY2021 from 2.59x in FY2020. Borrowed fund was reported 19.4 times to EBITDA in FY2021 (FY2020: 23.3x) showing high leverage position of the Company. With decrease of financial expenses, EBIT to Financial Expenses ratios were increased to 3.5x in FY2021 from 2.3x in FY2020 indicating adequate coverage position to repay present financial obligation of the Company.



IFAD Autos Limited has banking relation with 29 Banks and 5 Financial Institutions having total short-term limit facilities of BDT 15,816.0 million and BDT 19,705.5 million long term outstanding as of 31 December 2021. As per information, the dealing of the Company is at satisfactory level considering timely payment and no default history with these Banks and Financial Institutions. Details bank liability position of the Company is given in **Appendix -1**.

■ RECENT INFORMATION

IFAD Autos Limited reported sales revenue of BDT 4,132.9 million during the first six months of operation in FY2022 with lower profit margin due to higher CoGS as percentage of sales and operating expenses. As a result, Earnings per share (EPS) decreased to BDT 0.97 in HY2022 from BDT 1.66 in HY2021.

Table 1

Performance of IAL in HY2022 (Mil. BDT)

Particulars	HY2022		HY2021		Growth (%)
	Amount	Percentage	Amount	Percentage	
Sales Revenue	4,132.90	100.0%	4,122.19	100.0%	0.3%
Gross Profit	759.48	18.4%	895.05	21.7%	-15.1%
Operating Expenses	267.01	6.5%	252.11	6.1%	5.9%
Financial Expenses	157.63	3.8%	155.19	3.8%	1.6%
Net Profit	246.31	6.0%	419.46	10.2%	-41.3%

Source: IAL

Stock Market Related Information as on 20/03/2022 (Trading Code: IFADAUTOS):

- Last Traded Price : BDT 46.90 (Day's Range: BDT 46.60 – BDT 47.50)
 - 52 Weeks' Moving Range : BDT 38.50 – BDT 68.40
 - Day's Volume (Nos.) : 122,498 (Day's Trade: 127 Nos.)
 - Dividend : 10% C (2021), 9% C & 2% B (2020)
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For IFAD AUTOS LIMITED


 Managing Director

Managing Director



IFAD Autos Ltd.

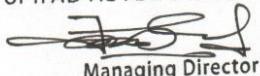
APPENDIX - 1: CREDIT FACILITIES OF IFAD AUTOS LTD. (CONTINUED TO NEXT PAGES)

Details of Credit Facilities of IFAD Autos Limited as of 31 December, 2021 (Mil. BDT)					
Loan Type	Name of Bank/ FI	Name of Facility	Limit	Outstanding	Limit Expiry
Long Term	Al-Arafah Islami Bank Ltd.	HPSM (Transport)	1,400.0	1,397.1	22/02/2022
Funded	Bank Asia Ltd.	Term Loan	1,300.0	1,097.5	18/11/2022
		Term Loan	(1.5)	1.5	18/11/2022
	BRAC Bank Ltd.	Term Loan-I	1,250.0	1,237.1	28/02/2023
		Term Loan-II	62.5	32.6	20/03/2022
	Commercial Bank of Ceylon	Term Loan	850.0	340.2	30/06/2020
	Dhaka Bank Ltd.	Term Loan (Transport)	850.0	796.5	31/12/2021
	Dutch-Bangla Bank Ltd.	Term Loan (Transport)	445.0	379.6	28/02/2022
	Eastern Bank Ltd.	Term Loan	1,038.4	924.1	31/03/2022
	IDLC Finance Ltd.	Lease Finance	300.0	34.7	06/06/2022
	IFIC Bank Ltd.	Term Loan	300.0	5.9	31/10/2022
	IPDC Finance Ltd.	Term Loan	150.0	111.0	19/07/2025
	Jamuna Bank Ltd.	Lease Finance	500.0	439.9	30/04/2022
	Lanka Bangla Finance Ltd.	Lease Finance	500.0	497.8	30/09/2026
	Mercantile Bank Ltd.	Lease Finance	1,000.0	921.0	31/12/2022
	Meridian Fin. & Invest. Ltd.	Term Finance	100.0	42.8	01/12/2022
	Modhumoti Bank Ltd.	Term Loan	360.0	370.7	31/03/2022
	Midland Bank Ltd.	Term Loan	300.0	278.2	30/09/2022
	Mutual Trust Bank Ltd.	Term Loan	800.0	589.3	28/02/2022
	National Finance Ltd.	Lease Finance	1,000.0	197.5	25/10/2022
	NCC Bank Ltd.	Lease Finance	600.0	459.5	30/09/2022
	NRB Commercial Bank Ltd.	Lease Finance	550.0	505.0	31/07/2022
	ONE Bank Ltd.	Lease Finance	900.0	796.5	31/05/2022
	Prime Bank Ltd.	Hire Purchase	1,300.0	879.2	31/07/2022
		Term Loan	200.0	75.6	31/07/2022
	Pubali Bank Ltd.	Term Loan	1,400.0	1,217.7	28/02/2023
	SBAC Bank Ltd.	Lease Finance	300.0	214.4	31/01/2022
	Shahjalal Islami Bank Ltd.	HPSM (Transport)	1,200.0	1,134.1	31/07/2022
		Term Loan	350.0	353.2	31/07/2022
	Social Islami Bank Ltd.	HPSM (Transport)	1,200.0	913.4	30/06/2022
		HPSM (Real Estate)	300.0	106.4	30/06/2022
	Standard Bank Ltd.	Lease Finance	600.0	544.6	31/12/2022
	State Bank of India	Term Loan	600.0	380.6	19/09/2021
	The City Bank Ltd.	Term Loan (TL)	1,000.0	706.2	31/01/2022
	The Premier Bank Ltd.	Lease Finance	800.0	539.8	30/11/2021
	Trust Bank Ltd.	Hire Purchase	1,000.0	710.4	31/08/2022
	United Commercial Bank Ltd.	Transport Loan	200.0	125.8	31/01/2023
	Uttara Bank Ltd.	Transport Loan	820.0	348.3	31/07/2022
	Total Long Term		25,825.9	19,705.5	
Short Term	Al-Arafah Islami Bank Ltd.	MPI-TR	450.0	144.5	22/02/2022
Funded.....		Bai-Muajjal (STL)	250.0	273.3	22/02/2022
	Bank Asia Ltd.	LTR	150.0	16.2	18/11/2022
		Demand Loan	100.0	58.4	18/11/2022
	BRAC Bank Ltd.	LATR (Inner of LC)	(760.0)	26.5	12/05/2021
		RL/STL (Inner of LC)	(370.0)	348.2	12/05/2021
		Stimulus Package	60.0	28.9	07/11/2022
	Commercial Bank of Ceylon	Stimulus Package	93.0	94.1	23/03/2022
	Dhaka Bank Ltd.	LTR	190.0	32.3	31/12/2021
		Time Loan	70.0	22.6	31/12/2021
		STL	150.0	154.3	31/12/2021

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For IFAD AUTOS LIMITED


 Managing Director

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IFAD Autos Ltd.

Details of Credit Facilities of IFAD Autos Limited as of 31 December, 2021 (Mil. BDT)					
Loan Type	Name of Bank/ FI	Name of Facility	Limit	Outstanding	Limit Expiry
Short Term Funded.....	Dutch-Bangla Bank Ltd.	LTR	(230.0)	46.9	28/02/2022
		Overdraft	(125.0)	72.6	28/02/2022
	Eastern Bank Ltd.	LTR	(475.0)	87.4	31/03/2022
		Time Loan STL	200.0	-	31/03/2022
		Overdraft (OD)	10.0	10.2	31/03/2022
		Stimulus OD	70.5	39.7	06/12/2022
	IPDC Finance Ltd.	STL	100.0	102.9	26/08/2022
	Jamuna Bank Ltd.	LTR	120.0	51.6	06/12/2022
		Time Loan	50.0	22.0	30/04/2022
		STL	50.0	49.5	30/04/2022
	Mercantile Bank Ltd.	LTR/Time Loan	350.0	48.2	31/12/2022
		SOD (General)	150.0	38.3	31/12/2022
	Modhumoti Bank Ltd.	LTR (Inner of LC)	(50.0)	11.8	31/03/2022
		OD (General)	40.0	3.1	31/03/2022
	Midland Bank Ltd.	LTR	95.0	18.6	30/09/2022
		Overdraft	50.0	20.6	30/09/2022
	Mutual Trust Bank Ltd.	LTR (Inner of LC)	(285.0)	58.0	28/02/2022
		Loan General	150.0	85.9	28/02/2022
		Time Loan	100.0	33.6	28/02/2022
		Overdraft	50.0	50.4	28/02/2022
		Stimulus Package	150.0	153.5	08/05/2022
	NCC Bank Ltd.	LTR (Inner of LC)	(120.0)	20.5	30/09/2022
		STL (Inner of LFS)	(50.0)	2.4	30/09/2022
	NRB Commercial Bank Ltd.	LTR	110.0	7.8	31/07/2022
		Overdraft	55.0	3.3	31/07/2022
		Stimulus Package	30.0	30.4	23/03/2022
	ONE Bank Ltd.	Time Loan	130.0	2.9	31/05/2022
		Time Loan (STL)	50.0	50.1	31/05/2022
	Prime Bank Ltd.	LTR (Inner of LC)	(380.0)	171.8	31/07/2022
		Time Loan-I	200.0	88.5	31/07/2022
		STL	450.0	351.2	31/07/2022
	Pubali Bank Ltd.	LATR	290.0	99.0	28/02/2023
		Overdraft (OD)	220.0	174.4	28/02/2023
		STL	200.0	195.1	28/02/2023
	SBAC Bank Ltd.	LTR	90.0	25.0	31/01/2022
		Time Loan	40.0	6.2	31/01/2022
	Shahjalal Islami Bank Ltd.	MPI-TR	(600.0)	129.7	31/07/2022
		Stimulus Package	(45.0)	47.1	16/11/2022
	Social Islami Bank Ltd.	Bai-Muazzal (TR)	150.0	71.5	30/06/2022
		Bai-Muajjal (Comm.)	120.0	119.3	30/06/2022
	Standard Bank Ltd.	LTR	237.5	21.3	31/12/2022
		SOD (General)	125.0	44.1	31/12/2022
	State Bank of India	LTR (Inner of LC)	(237.5)	12.5	19/09/2021
		Cash Credit	125.0	46.8	19/09/2021
	The City Bank Ltd.	LTR (Inner of TL)	(475.0)	24.9	31/01/2022
		RSTL-2 (Inner of TL)	(230.0)	44.5	31/01/2022
	The Premier Bank Ltd.	LTR	140.0	107.0	30/11/2021
		OD (General)	80.0	50.6	30/11/2021
	Trust Bank Ltd.	LTR (Inner of LC)	150.0	13.6	31/08/2022
		Time Loan	150.0	29.0	31/08/2022

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For IFAD AUTOS LIMITED

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Managing Director



IFAD Autos Ltd.

Details of Credit Facilities of IFAD Autos Limited as of 31 December, 2021 (Mil. BDT)					
Loan Type	Name of Bank/ FI	Name of Facility	Limit	Outstanding	Limit Expiry
Funded	United Commercial Bank Ltd.	LTR	95.0	-	31/01/2023
		Time Loan	50.0	-	31/01/2023
		Uttara Bank Ltd.	150.0	-	31/07/2022
		Overdraft	100.0	-	31/07/2022
		RSTL	500.0	323.7	31/07/2022
Total Short Term Funded			7,361.0	4,518.8	
Non Funded	Al-Arafah Islami Bank Ltd.	LC (Foreign)	400.0	47.9	22/02/2022
		LC (Sight/UPAS)	250.0	119.5	18/11/2022
	Bank Asia Ltd.	UPAS (Inner of LC)	(30.0)	27.0	18/11/2022
		BG	80.0	2.0	18/11/2022
		Letter of Credit	500.0	-	18/11/2022
	BRAC Bank Ltd.	LC (Foreign)	800.0	125.4	28/02/2023
		Acceptance (Inn. of LC)	(800.0)	24.3	28/02/2023
	Commercial Bank Of Ceylon	LC	200.0	-	30/06/2020
	Dhaka Bank Ltd.	LC	200.0	103.9	31/12/2021
	Dutch-Bangla Bank Ltd.	LC (Sight/UPAS)	250.0	30.3	28/02/2022
	Eastern Bank Ltd.	LC (Sight)	500.0	-	31/03/2022
		Usance LC (Inner of LC)	(500.0)	79.0	31/03/2022
		Acceptance (Inn. of LC)	(500.0)	123.6	31/03/2022
	Jamuna Bank Ltd.	LC (Sight/DP/UPAS)	150.0	17.7	30/04/2022
	Mercantile Bank Ltd.	LC (Sight/DP/UPAS)	450.0	55.7	31/12/2022
	Modhumoti Bank Ltd.	LC (Sight)	75.0	-	31/03/2022
	Mutual Trust Bank Ltd.	LC (Sight/DP/UPAS)	300.0	88.3	28/02/2022
	Midland Bank Ltd.	LC (Sight/UPAS)	100.0	5.0	30/09/2022
	NCC Bank Ltd.	LC (Sight/DP/UPAS)	220.0	115.0	30/09/2022
	NRB Commercial Bank Ltd.	LC (Sight)	130.0	54.0	31/07/2022
	ONE Bank Ltd.	LC (Sight)	350.0	-	31/05/2022
		Usance LC (Inner of LC)	(350.0)	106.9	31/05/2022
		Acceptance (Inn. of LC)	(350.0)	87.3	31/05/2022
	Prime Bank Ltd.	LC (Sight/DP/UPAS)	400.0	119.6	31/07/2022
	Pubali Bank Ltd.	LC (Sight/DP/UPAS)	500.0	115.2	28/02/2022
	SBAC Bank Ltd.	LC (Sight-Foreign)	100.0	50.9	31/01/2022
	Shahjalal Islami Bank Ltd.	LC (Sight/DP/UPAS)	600.0	79.9	31/07/2022
	Social Islami Bank Ltd.	LC (Sight/DP)	400.0	52.1	30/06/2022
	Standard Bank Ltd.	LC (Sight)	250.0	82.8	31/12/2022
	State Bank of India	LC (Sight/Usance)	250.0	-	19/09/2021
	The City Bank Ltd.	SLC/ULC/UPAS	(500.0)	93.6	31/01/2022
	The Premier Bank Ltd.	LC (Sight/DP/UPAS)	200.0	88.7	30/11/2021
		UPAS (Inner of LC)	(200.0)	13.9	30/11/2021
		BG (Revolving)	100.0	0.5	30/11/2021
	Trust Bank Ltd.	LC (Sight/DP/UPAS)	400.0	350.2	31/08/2022
	United Commercial Bank Ltd.	LC (Sight/PAD)	100.0	-	31/01/2023
	Uttara Bank Ltd.	LC (Sight/UPAS)	200.0	-	31/07/2022
Total Short Term Non Funded			8,455.0	2,260.2	

Source: Management of the Company and respective Banks

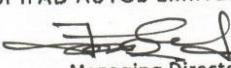
Note:

- Limits within brackets are sub-limits of other independent limits.
- Sanctions of Commercial Bank of Ceylon, State Bank of India and The Premier Bank Limited are under process of renewal.

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For IFAD AUTOS LIMITED

 Managing Director



IFAD Autos Ltd.

APPENDIX – 2: KEY FINANCIAL INDICATORS OF IFAD AUTOS LTD.

Financial Indicators & Ratios		--Year ended June 30--				
	(Mill. BDT)	2021	2020	2019	2018	2017
Earnings & Stability	Sales	8,663.0	7,772.9	11,017.4	15,004.6	10,239.4
	Sales Growth	11.5%	-29.4%	-26.6%	46.5%	47.7%
	CoGS as % of Sales	81.8%	82.8%	79.4%	80.9%	80.6%
	EBITDA	1,229.0	977.2	1,820.9	2,416.0	1,693.6
	EBITDA Growth	25.8%	-46.3%	-24.6%	42.7%	72.3%
	EBITDA Margin	14.2%	12.6%	16.5%	16.1%	16.5%
	Net Profit after Tax	551.2	229.9	1,137.3	1,553.9	1,047.8
	Gross Profit Margin	18.2%	17.2%	20.6%	19.1%	19.4%
	Operating Profit Margin	11.8%	10.6%	15.6%	15.5%	15.7%
	Net Profit Margin	6.4%	3.0%	10.3%	10.4%	10.2%
Profitability	Return on Average Asset	1.6%	0.7%	3.7%	6.1%	5.1%
	Return on Average Equity	5.5%	2.3%	12.4%	21.2%	19.0%
	Current Ratio (x)	2.4	2.3	2.2	2.1	2.1
	Quick Ratio (x)	2.3	2.2	1.9	2.0	1.9
	Inventory +AR to TA	74.9%	78.1%	75.7%	73.1%	74.1%
	Net Working Capital to TA	72.9%	79.7%	75.1%	71.5%	75.7%
	Inventory Turnover Ratio (x)	4.2	2.7	3.9	9.4	7.9
	Average Inventory Processing Period (Days)	87	138	94	39	47
	Receivable Turnover Ratio (x)	0.3	0.3	0.5	0.9	0.7
	Average Receivable Collection Period (Days)	1069	1084	687	427	503
Liquidity	Payable Turnover Ratio (x)	9.5	9.5	6.9	17.5	118.6
	Average Payable Payment Period (Days)	39	39	53	21	4
	Operating Cycle (Days)	1156	1222	781	466	550
	Cash Conversion Cycle (Days)	1117	1183	728	445	546
	Total Assets	37,092.7	33,634.2	32,654.4	28,980.6	22,175.1
	Equity Capital	10,323.2	9,853.7	9,715.6	8,624.2	6,002.5
	Adjusted Equity Capital	9,290.6	8,811.8	8,672.1	7,695.5	5,000.1
	Total Borrowed Fund	23,865.0	22,780.4	20,548.2	17,607.4	14,884.0
	Total Long Term Debt	12,821.4	10,836.0	9,378.8	7,963.3	6,539.8
	Fund Flow from Operation (FFO)	634.2	302.6	1,196.3	1,606.9	1,091.8
Leverage & Capital Structure	Cash Flow from Operation (CFO)	60.8	(1,969.0)	(2,610.2)	(2,343.1)	(1,205.1)
	Retained Cash Flow (RCF)	(21.7)	(2,060.5)	(2,792.9)	(2,464.7)	(1,277.4)
	Free Cash Flow (FCF)	(860.4)	(2,840.0)	(3,028.7)	(2,654.4)	(1,514.3)
	Borrowed Fund to Equity (x)	2.31	2.31	2.11	2.04	2.48
	Borrowed Fund to Adj. Equity (x)	2.57	2.59	2.37	2.29	2.98
	Borrowed Fund/EBITDA (x)	19.4	23.3	11.3	7.3	8.8
	FFO/Borrowed Fund	2.7%	1.3%	5.8%	9.1%	7.3%
	CFO/Borrowed Fund	0.3%	-8.6%	-12.7%	-13.3%	-8.1%
	RCF/Borrowed Fund	-0.1%	-9.0%	-13.6%	-14.0%	-8.6%
	FCF/Borrowed Fund	-3.6%	-12.5%	-14.7%	-15.1%	-10.2%
Coverage	Financial Expenses	323.2	399.7	270.8	296.9	234.2
	EBIT to Financial Expenses (x)	3.5	2.3	6.5	8.0	7.0
	FCF to Financial Expenses (x)	-2.7	-7.1	-11.2	-8.9	-6.5
	(EBITDA-CAPEX) to Financial Expenses (x)	1.2	0.5	5.9	7.5	6.2

Source: Figures are based on Audited Financial Statements; Audited by Mahfela Huq & Co., Chartered Accountants (unqualified)

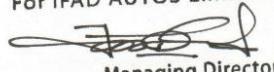
Note: Calculation Considerations–

- EBIT = Net Profit + Tax + Financial Expenses; Adjusted Equity is adjusted with Revaluation Reserve
- Borrowed Fund = Long Term Loan Outstanding + Current Portion of Long Term Loan + Short Term Loan
- Cash Flow from Operation is calculated as Net Profit after Tax plus Depreciation Expenses plus Net Changes in Working Capital (considering the net changes in all Current Assets and Current Liabilities excluding Cash & Cash Equivalents and Bank Loan Amounts).

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For IFAD AUTOS LIMITED


 Managing Director

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IFAD Autos Ltd.

APPENDIX – 3: RATING HISTORY OF IFAD AUTOS LTD.

Date of Rating: 15 March 2021

Particular	Rating
IFAD Autos Limited	AA ₂
BDT 18,203.4 million aggregate long term outstanding	AA ₂ (Lr)
BDT 8,078.8 million aggregate short term funded limits	ST-3
BDT 8,450.0 million aggregate short term non funded limits	ST-3
Outlook	Stable

Lr – Loan Rating, ST – Short Term

Rating based on: Audited Financial Statements up to 30 June 2020, bank liability position as on 30 December 2020, and other relevant quantitative & qualitative information up to the date of rating declaration.

Date of Rating: 12 March 2020

Particular	Rating
IFAD Autos Limited	AA ₂
BDT 16,197.1 million aggregate long-term outstanding	AA ₂ (Lr)
BDT 7,702.5 million aggregate short term funded limits	ST-3
BDT 8,600.0 million aggregate short term non-funded limits	ST-3
Outlook	Stable

Lr – Loan Rating, ST – Short Term

Rating based on: Half-Yearly Audited Financial Statements of 31 December 2019 and Annual Audited Financial Statements up to 30 June 2019, bank liability position as on 31 January 2020, and other relevant quantitative & qualitative information up to the date of rating declaration.

Date of Rating: 14 March 2019

Particular	Rating
IFAD Autos Limited	AA ₂
BDT 14,095.9 million aggregate long-term outstanding	AA ₂ (Lr)
BDT 8,348.5 million aggregate short term funded limits	ST-3
BDT 8,215.0 million aggregate short term non-funded limits	ST-3
Outlook	Stable

Lr – Loan Rating, ST – Short Term

Rating based on: Audited financial statements up to 30 June 2018, bank liability position as on 31 December 2018, and other relevant quantitative & qualitative information up to the date of rating declaration.

Date of Rating: 26 April 2018

Particular	Rating
IFAD Autos Limited	AA ₃
BDT 12,708.6 million aggregate long-term outstanding	AA ₃ (Lr)
BDT 7,295.0 million aggregate short term funded limits	ST-3
BDT 7,115.0 million aggregate short term non-funded limits	ST-3
Outlook	Stable

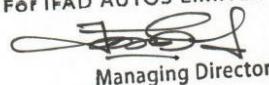
Lr – Loan Rating, ST – Short Term

Rating based on: Audited financial statements up to 30 June 2017, bank liability position as on 28 February 2018, and other relevant quantitative & qualitative information up to the date of rating declaration.

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For IFAD AUTOS LIMITED


 Managing Director

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IFAD Autos Ltd.

CRAB RATING SCALES AND DEFINITIONS -Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA₁, AA₂, AA₃* Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A₁, A₂, A₃ Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB₁, BBB₂, BBB₃ Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB₁, BB₂, BB₃ Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B₁, B₂, B₃ Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC₁, CCC₂, CCC₃ Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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For IFAD AUTOS LIMITED

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Managing Director



IFAD Autos Ltd.

LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS
(All loans/facilities with original maturity exceeding one year)

RATINGS	DEFINITION
AAA (Lr) (Triple A) Highest Safety	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
AA (Lr)* (Double A) High Safety	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
A (Lr) Adequate Safety	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
BBB (Lr) (Triple B) Moderate Safety	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
BB (Lr) (Double B) Inadequate Safety	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
B (Lr) High Risk	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
CCC (Lr) Very High Risk	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue.
CC (Lr) Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) Near to Default	Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
D (Lr) Default	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

**Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS
(All loans/facilities with original maturity within one year)

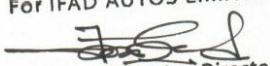
RATINGS	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

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