

City Bank Capital Introducing the Debut Beximco Green-Sukuk Al Istisna'a



BEXIMCO LIMITED

GREEN SUKUK AL ISTISNA'A

Tk. 30 billion • 5 year term • Base rate 9%

Participative & Convertible



NOTICE & DISCLAIMER



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 INVESTING IN THE BEXIMCO LTD GREEN SUKUK AL ISTISNA'A.

DISCLAIMER

THIS REPORT CONTAINS STATEMENTS, THAT CONTAIN “FORWARD LOOKING STATEMENTS” INCLUDING, BUT WITHOUT LIMITATION, STATEMENTS RELATING TO THE IMPLEMENTATION OF STRATEGIC INITIATIVES, AND OTHER STATEMENTS RELATING TO BANGLADESH EXPORT IMPORT COMPANY LIMITED’S (BEXIMCO OR THE “ORIGINATOR”) AS WELL AS THAT OF TEESTA SOLAR LIMITED’S (“TSL”) AND KOROTOA SOLAR LIMITED’S (“KSL”) FUTURE BUSINESS DEVELOPMENTS AND ECONOMIC PERFORMANCE. WHILE THESE FORWARD LOOKING STATEMENTS INDICATE BEXIMCO’S, TSL’S AND KSL’S ASSESSMENT AND FUTURE EXPECTATIONS CONCERNING THE DEVELOPMENT OF BUSINESS, A NUMBER OF RISKS, UNCERTAINTIES AND OTHER UNKNOWN FACTORS COULD CAUSE ACTUAL DEVELOPMENTS AND RESULTS TO DIFFER MATERIALLY FROM THE ORIGINATOR’S, TSL’S, KSL’S EXPECTATIONS. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO, GENERAL MARKET, MACRO-ECONOMIC, GOVERNMENTAL AND REGULATORY TRENDS, MOVEMENTS IN CURRENCY EXCHANGE AND INTEREST/PROFIT RATES, COMPETITIVE PRESSURES, TECHNOLOGICAL DEVELOPMENTS, CHANGES IN THE FINANCIAL CONDITIONS OF THIRD PARTIES DEALING WITH BEXIMCO, TSL OR KSL, LEGISLATIVE DEVELOPMENTS AND OTHER KEY FACTORS THAT COULD AFFECT BUSINESS AND FINANCIAL PERFORMANCE. BEXIMCO, TSL AND KSL UNDERTAKE NO OBLIGATION TO PUBLICLY REVISE ANY FORWARD LOOKING STATEMENTS TO REFLECT FUTURE / LIKELY EVENTS OR CIRCUMSTANCES.

What is Investment Sukuk?

Investment Sukuk is a Shari'ah compliant Security which consists of Undivided shares and Equal Ownership of Sukukholders over the Sukuk Assets, Usufructs and Services.

- ☐ Guided by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari'ah Standards.
- ☐ Multiple types of Sukuk structured to cater the need of investors.
- ☐ Sukuk Al Istisna'a is a form of Sukuk through which a project is financed through deferred delivery of underlying assets and/or projects.
- ☐ Ensures remote bankruptcy to secure the interest of the Sukukholders.



TYPES OF SUKUK ISSUED IN BANGLADESH



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CORPORATE SUKUK



CORPORATE SUKUK

Bangladesh Securities and Exchange Commission
(Investment Sukuk) Rules, 2019

GOVERNMENT SUKUK



GOVERNMENT SUKUK

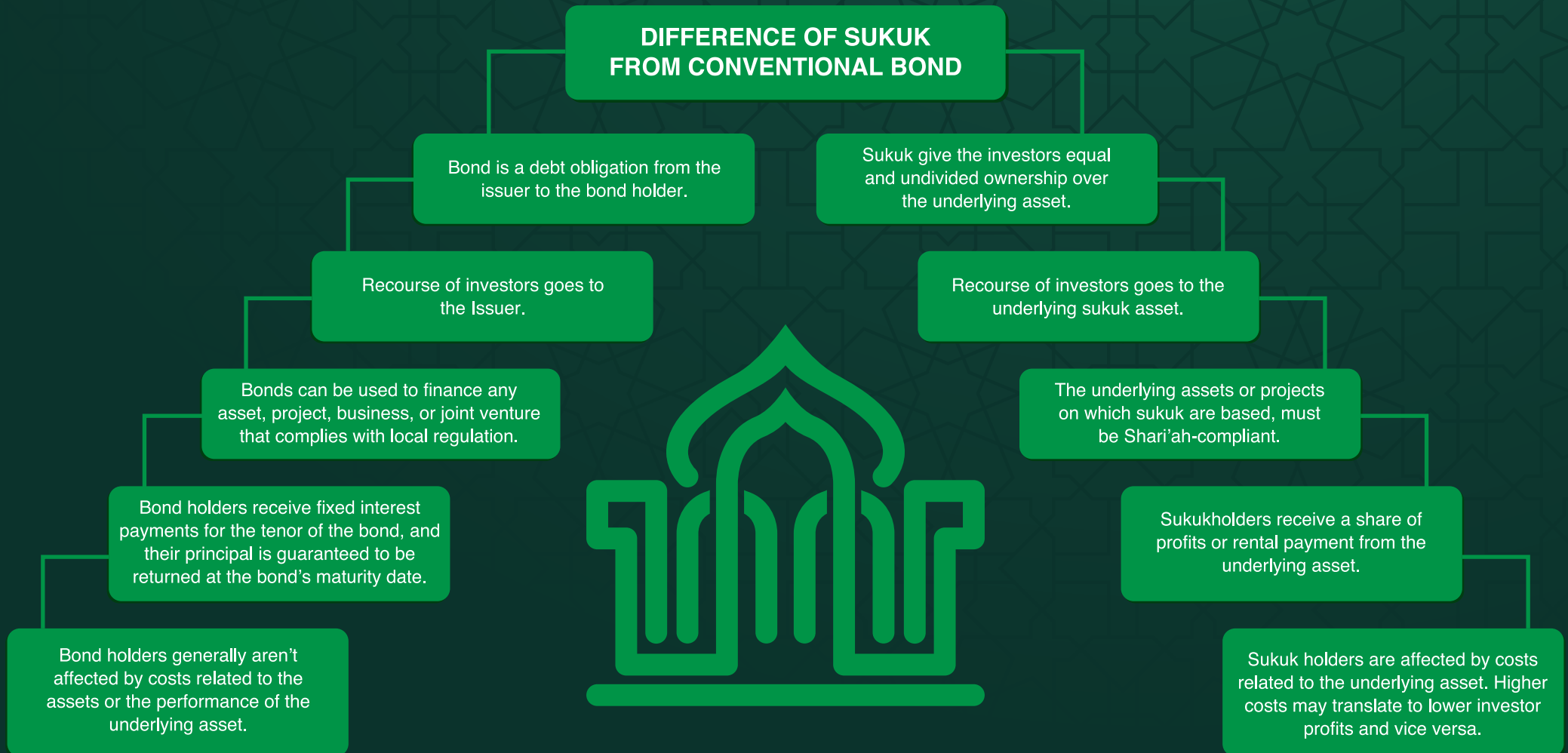
Notification on Sukuk Guideline issued by Finance
Division of Ministry of Finance on 08 October 2020

HOW IS IT ISLAMIC?



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DIFFERENCE OF SUKUK FROM CONVENTIONAL BOND

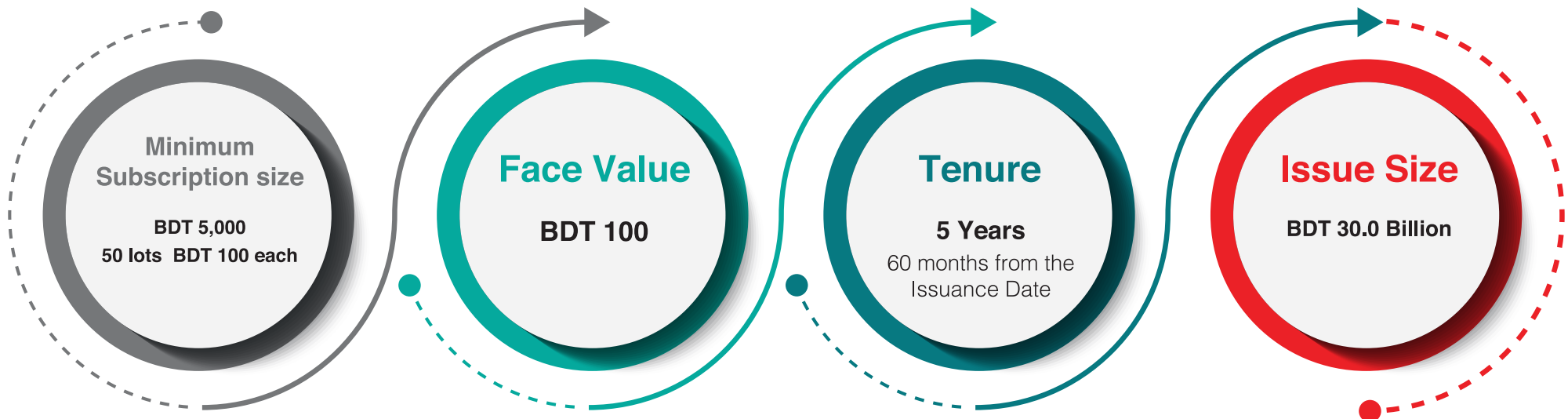


BEXIMCO GREEN SUKUK AL ISTISNA'A

First-ever Corporate Asset-backed Green Sukuk In Bangladesh



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Beximco Green Sukuk Al Istisna'a will be listed on the Stock Exchanges of Bangladesh

BEXIMCO GREEN SUKUK AL ISTISNA'A



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PRIVATE OFFER

General Investors & Existing Shareholders of Beximco Limited:

Open Date of Subscription: 25th July, 2021

Close Date of Subscription: 26th August, 2021

Record Date for Existing Shareholders: 19th July, 2021

Issuance Date: 31st August, 2021

BDT 22.50 Billion

Opening Date of Subscription: 16th August, 2021

Closing Date of Subscription : 23rd August, 2021

Issuance Date: 31st August, 2021

BDT 7.50 Billion

PUBLIC OFFER

FEATURES OF THE SUKUK



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Asset-Backed

True Sale of Assets of the Projects to the SPV

- TSL Solar Machineries
- KSL Solar Machineries, and
- Textile Machineries purchased & intended to be purchased to finance and refinance (non-interest bearing) for the Expansion Project.

Convertible

At Option of the Sukukholders to convert 100% into ordinary shares of Beximco

- 20% per annum, at a multiple of 5%, i.e 5%, 10%, 15% & 20%
- single year's un-exercised Conversion Option can be carried forward to the subsequent years till Maturity
- The conversion rate: 25% less than the weighted average market price of ordinary shares of Beximco in Dhaka Stock Exchange ("DSE") of twenty (20) trading days prior to the Record Date for Conversion.

Half-Yearly Periodic Payment

9% Base Rate + Profit Margin Rate*

- 10% of the difference between Base Rate and annual dividend rate declared in the Annual General Meeting of the preceding year of Beximco.

Transferable/Tradable

Platforms of the stock exchanges in Bangladesh

- Tradable in the platforms of the stock exchanges in Bangladesh.

Redeemable

One Bullet Payment.

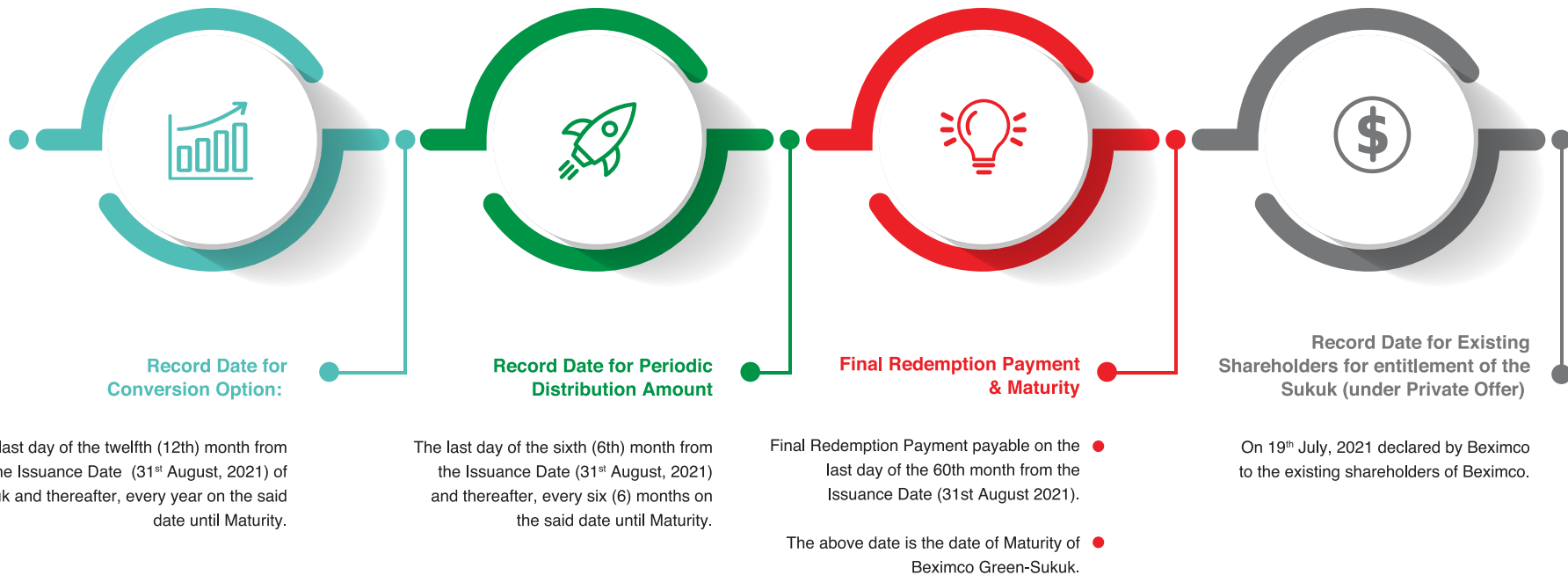
- Outstanding Balance after exercise of option for conversion



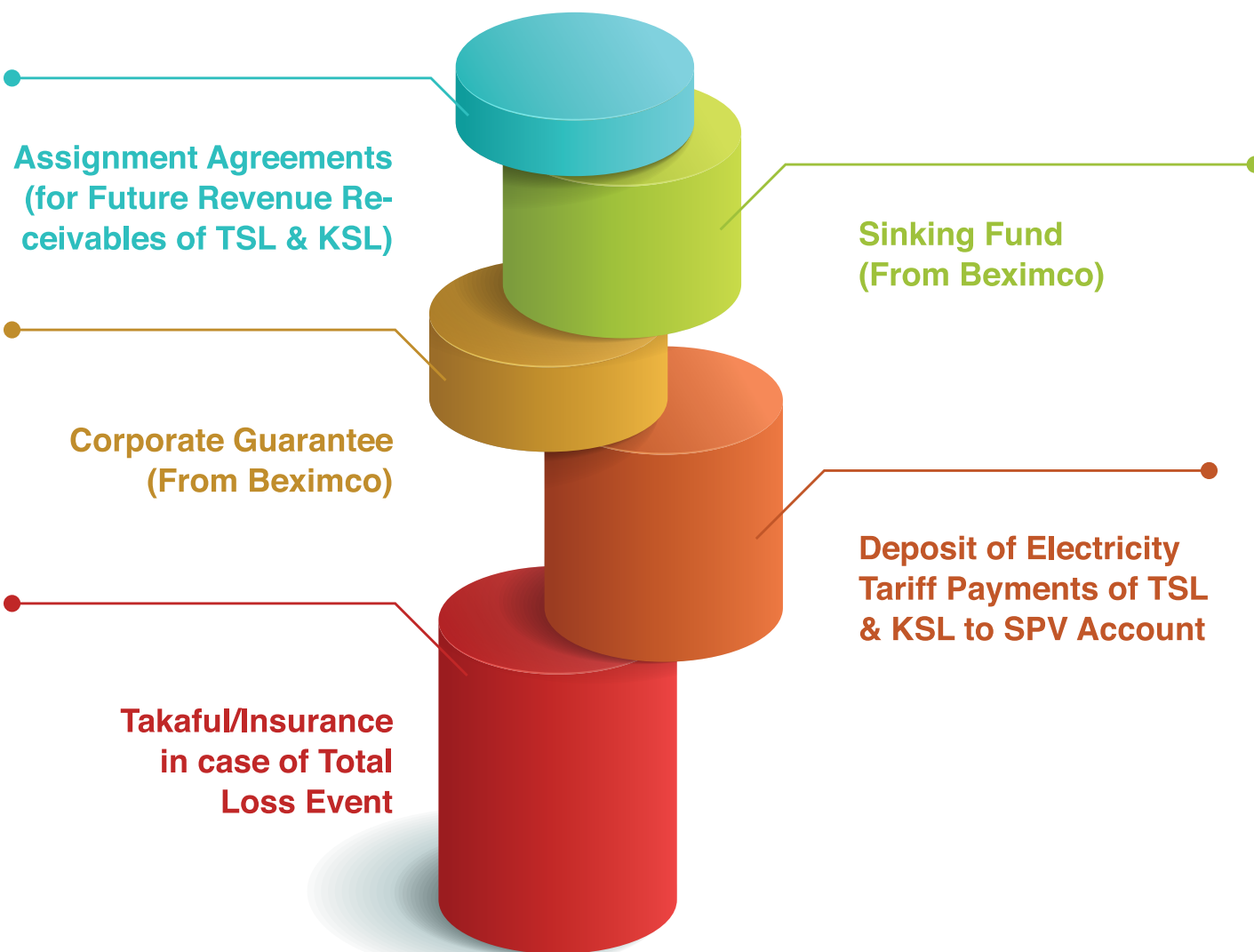
RECORD DATES & MATURITY



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ADDITIONAL SECURITY



KEY TRANSACTION DOCUMENTS



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CREDIT RATING STATUS

Rated by Emerging Credit Rating Limited

Beximco Green-Sukuk Rating:

Credit Rating	Current
Long-term	A
Publishing Date	28 April 2021
Validity Date	27 April 2022

Originator Rating:

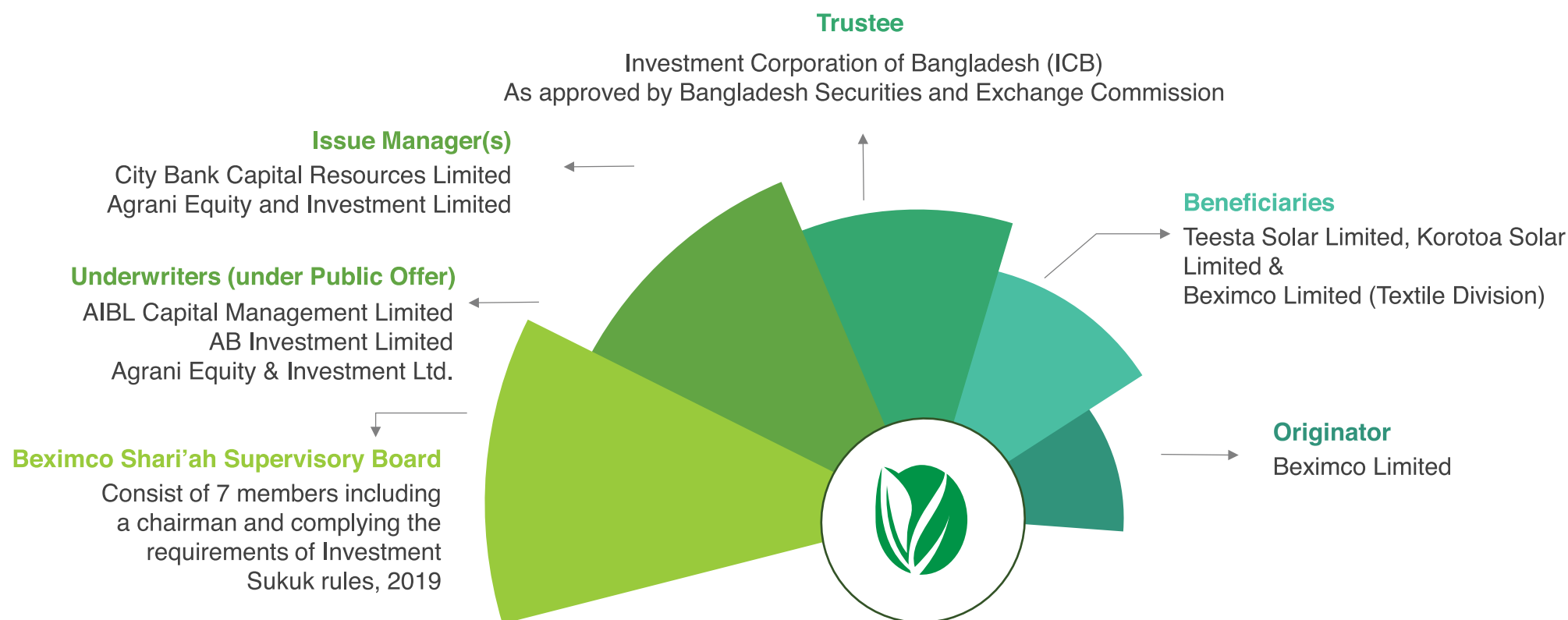
Credit Rating	Current
Long-term	A
Short-term	ST-2
Publishing Date	27 April 2021
Validity Date	26 April 2022

Credit Rating Status of Sukuk is equivalent to S&P Standard "A"

RELATED PARTIES OF BEXIMCO GREEN-SUKUK



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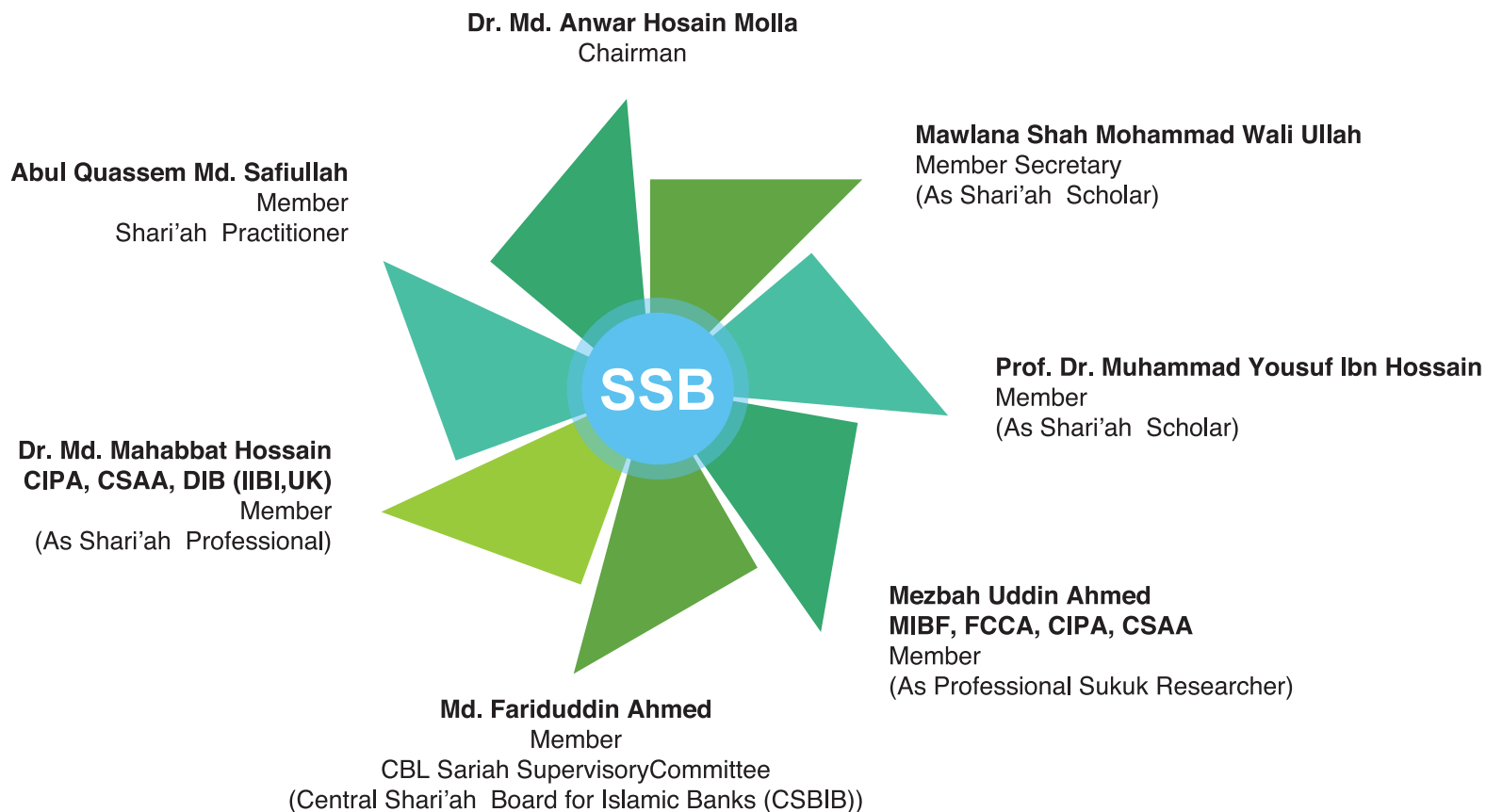


Beximco Green Sukuk Trust (SPV) is the issuer of Beximco Green Sukuk al Istisna'a

BEXIMCO SHARI'AH SUPERVISORY BOARD



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MODE OF PLACEMENT



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PRIVATE PLACEMENT

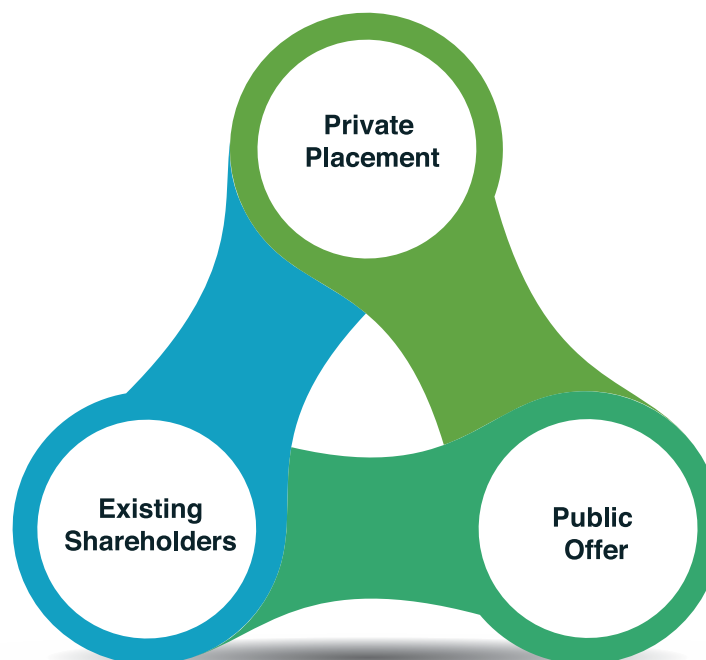


50% of the Sukuk Issuance
BDT 15.0 Billion

EXISTING SHAREHOLDERS



25% of the Sukuk Issuance
BDT 7.5 Billion



PUBLIC OFFER



25% of the Sukuk Issuance
BDT 7.5 Billion

PURPOSE OF THE ISSUANCE OF BEXIMCO GREEN SUKUK AL ISTISNA'A



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Teesta Solar Ltd

BDT 18.86 Billion

For construction of Teesta Project



Korotoa Solar Ltd.

BDT 3.08 Billion

For construction of Korotoa Project



Beximco Ltd.

BDT 8.06 Billion

To finance and refinance the expansion
of the Textile Division.

BEXIMCO TEXTILE DIVISION- CUTTING EDGE TECHNOLOGY GOING GREEN



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Beximco Textiles is one of the largest Green Industrial Parks in Bangladesh

Installation of Energy Efficient State-of-the-Art Technology, Machines and Equipment

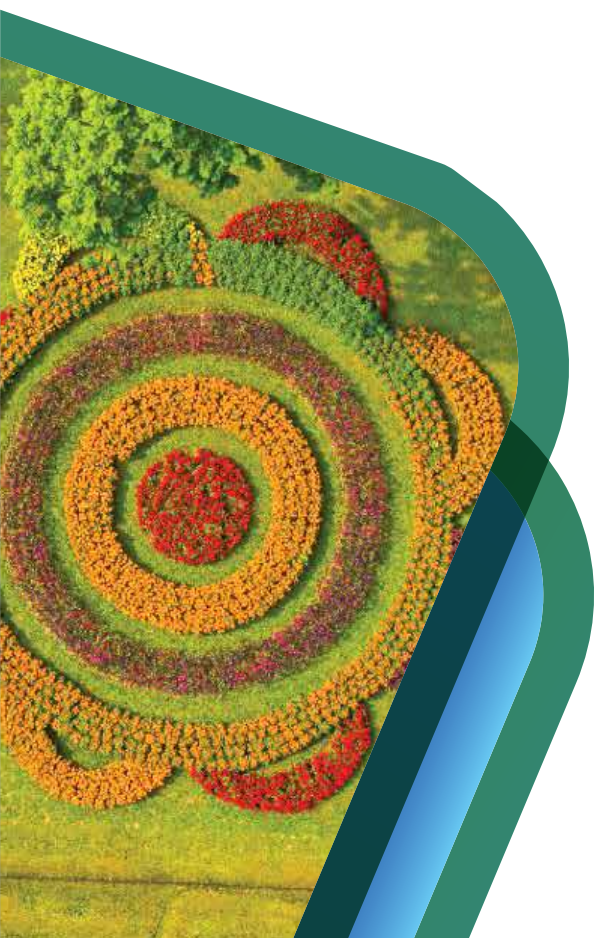
Heat Recovery Exhaust Gas Boiler and Recovery of Steam Condensate Water and Cooling Water

Installation of Energy efficient high-speed TSUDAKOMA looms
Installation of Low liquor ratio 1:3 Tonello and Yilmak Dyeing machine (30% less Water consumed)

Installation of LED Light, Maximum utilization of Day Light, 60% Energy Saving

Rainwater Harvesting (up to 87,337.6 M3 RWH annually), using Rainwater in production process

100,000 Trees Plantation within and surrounding areas of Green Industrial Park



PROJECTED FINANCIAL PERFORMANCE OF BEXIMCO FOR UPCOMING YEARS



IF THERE IS FULL CONVERSION

PARTICULARS	FORECAST				
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
REVENUE (in BDT mn)	63,021.40	7499.62	8189.57	8948.53	9784.73
Profit After Tax (PAT) (in BDT mn)	748.87	1502	1749.86	2020.58	2437.49
Debt/Equity Ratio	48:52	37:63	25:75	14:86	7:93
Debt Service Coverage Ratio (DSCR)	1.41	2.14	2.62	5.29	9.43
Total Asset (in BDT mn)	175,991.60	176,475.50	184,289.50	197,378.70	207,197.90
Number of Shares after conversion (mn)	878.3	956.5	999	1037	1071.2
Net Asset Value (NAV)/per Share (in BDT)	75.41	84.8	960.3	1092.4	125.83
EPS (assumption conversion price at 12PE)	8.53	15.7	17.52	19.48	22.75

IF THERE IS NO CONVERSION :

PARTICULARS	FORECAST				
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
REVENUE (in BDT mn)	63,021.40	74,996.20	81,895.70	89,485.30	97,847.30
Profit After Tax (PAT) (in BDT mn)	7488.7	14,490.00	16,404.80	18,583.40	22,233.40
Debt/Equity Ratio	52:48	45:55	36:64	29:71	24:76
Debt Service Coverage Ratio (DSCR)	1.33	1.92	2.2	3.6	2.13
Total Asset (in BDT mn)	175,991.60	176,475.50	184,289.50	197,378.70	207,197.90
Net Asset Value (NAV)/per Share (in BDT)	81.24	94.73	110.41	128.57	150.88
EPS	8.53	16.5	18.64	21.16	25.31

Disclaimer of Projections: The financial projections provided herein above are estimates only based on assumptions concerning anticipated results of operations. There may be changes in the debt and capital structure as well as business conditions and circumstances. These assumptions may or may not prove to be correct, and there can be no assurance that any projected results are attainable or will be realized."



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TWO SOLAR PROJECTS- JEWEL IN THE CROWN

Teesta Solar Limited

- ☐ The largest individual 200 MW Solar PV Plant in Gaibandha, Bangladesh
- ☐ Tariff rate USD 0.15 per KWh
- ☐ Payment Backed by GOB (Ministry of Energy, Power and Mineral Resources)

Korotoa Solar Limited

- ☐ A 30 MW Solar PV plant in Panchagarh, Bangladesh
- ☐ Tariff rate USD 0.139 per KWh
- ☐ Payment Backed by GOB (Ministry of Energy, Power and Mineral Resources)

PROJECT DETAILS OF TSL



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Total Project Cost

Particulars	mIn USD	mIn BDT
Land	26.62	2,262.7
Solar Plant EPC	187.06	15,900.1
Embankment Road & Land Development	54.84	4,661.4
Transmission Line	5.24	445.4
Switchyard	6.06	515.1
GIS Bay	1.52	129.2
Insurance Payment	1.00	85.0
Consultancy & Other Charges	1.24	105.15
Pre-operating Expenses	10.93	928.80
TOTAL	294.50	25,032.8

Source of Financing the Project

Particulars	USD (MIn)	BDT(MIn)	% of Total
Sukuk Fund	36.11	18,774.63	75%
Equity Financing	73.63	6,258.2	25%

Projected Financials of TSL

Figures in BDT mn

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenue	4,909.9	4,885.3	4,860.8	4,836.3	4,811.7	4,787.2	4,762.6	4,738.0	4,713.5	4,713.5
Profit After Tax	3,803.8	3,765.4	3,727.1	3,687.3	3,591.1	3,559.4	3,527.5	3,495.3	3,463.0	3,454.9

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PROJECT DETAILS OF KSL



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Total Project Cost

Particulars	mIn USD	mIn BDT
Land	5.35	454.75
Solar Plant EPC	31.59	2,685.15
Embankment Road & Land Development	6.84	581.40
Transmission Line	1.48	125.80
Switchyard	1.03	87.55
GIS Bay	0.40	34.00
Insurance Payment	0.25	21.25
Consultancy & Other Charges	0.31	26.70
Pre-operating Expenses	0.89	75.57
TOTAL	48.14	4,092.16

Source of Financing the Project

Particulars	USD (MIn)	BDT(MIn)	% of Total
Sukuk Fund	36.11	3,096.10	75%
Equity Financing	12.04	1,022.98	25%

Projected Financials of KSL

Figures in BDT mn

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenue	729	726	722	718	715	711	708	704	702	700
Profit After Tax	545	541	536	532	527	523	518	514	511	505

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INVESTMENT POSITIVES



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IF THERE IS NO CONVERSION

PROFIT MARGIN CALCULATION			
Year	1 st	2 nd	3 rd
Base rate (A)	9.00%	9.00%	9.00%
Dividend Rate (assumption)	20.00%	25.00%	30.00%
Difference (between Dividend and Base Rate)	11.00%	16.00%	21.00%
Profit Margin (10% of Difference) (B)	1.10 %	1.60 %	2.10%
Total (A+B)	10.10%	10.60%	11.10%

IF THERE IS FULL CONVERSION

PROFIT MARGIN CALCULATION			
Year	1 st	2 nd	3 rd
Base rate	9.00%	9.00%	9.00%
Dividend Rate (assumption)	20.00%	25.00%	30.00%
Difference (between Dividend and Base Rate)	11.00%	16.00%	21.00%
Profit Margin (10% of Difference)	1.10 %	1.60 %	2.10%
Total (Base rate + Profit Margin)	10.10%	10.60%	11.10%
Profit Earning from unconverted Sukuk (A)	10.10%	8.48%	6.66%
Price gain through share conversion* (B)	6.67%	6.67%	6.67%
Dividend from converted shares (due next year) (C)	0	0.52%	1.20%
Fair value gain from converted shares (assuming 20%) (D)	4.00%	8.00%	12.00%
Total (A+B+C+D)	20.77%	23.67%	26.53%

**If at the end of every year, Sukukholder decides to convert 20% of Sukuk into Ordinary Shares, the value of the number of Shares converted at 25% discount of conversion price will give a yield of 6.67% per annum*

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TAX ON INVESTMENT ON SUKUK



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TAX RATE FOR LOCAL INVESTOR For Listed Sukuk

Types of Investors	Tax Rate	
	Profit	Capital Gain
Institutions	TDS- 5%, Final tax based on corporate tax rate of specific organization (22.5%, 30%, 37.5% or 45%)	10%
Individual	TDS- 5%, Final tax based on taxable income of individual (5% to 25%)	Tax Exempted
Individuals/Institutions (more than 10% of shareholding of a company)	Depending on Respective Tax Bracket	5%
TAX RATE FOR FOREIGN INVESTORS For Listed Sukuk		
Institutions	20%	10%
Individual	25%	10%
Individuals/Institutions (more than 10% of shareholding of a company)	25%	5%

Tax exempted in capital gain from investment in listed securities in Bangladesh, if tax is exempted in non-resident's own country.

PERFORMANCE OF BEXIMCO LIMITED IN DSE



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Return Calculation of Beximco Limited

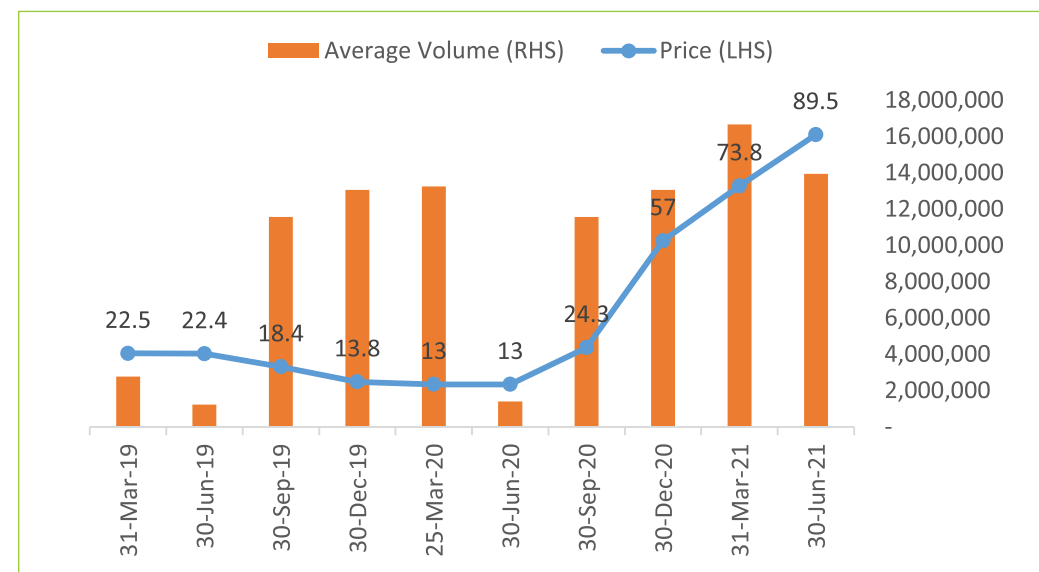
Amount in BDT

Year	YTD*	2020	2019
Price at year end	89.5	57	13.8
Year High	97.8	57.0	26.4
Year Low	61.7	11.6	13.7
Average Price	83.3	20.0	20.5
Price Return	57.0%	313%	-41%
DSEX Return	16.0%	21%	-17%
EPS, Audited**	5.72	0.53	1.67
PE, (X)	15.6	107.5	8.3

*YTD based on price of 30th June, 2021

**YTD Annulized EPS based on March, 2021

Price Analysis of Beximco Limited



SUMMARY OF BEXIMCO GREEN-SUKUK



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- 1** Half Yearly Periodic Distribution Rate: 9% Base Rate higher than the Risk Free Rate of 3.92% (5 years T-bond Standard Tenor & Yield)
- 2** Additional Profit Margin Rate on top of Base Rate makes the investment more attractive.
- 3** Listing and Conversion Option ensures liquidity to Investors
- 4** 25% discount during conversion may provide additional capital gain for investment
- 5** Credit Enhancement- Sinking Fund (from Beximco), Deposit of BPDB Tariff Payments (From TSL & KSL), Assignment Agreements (for Future Revenue Receivables TSL & KSL), Takaful/Insurance, and Corporate Guarantee (From Beximco)



THANK YOU

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<http://www.cbcr1.com>
www.bexgreensukuk.com

Contact Us
info@cbcr1.com
info@bexgreensukuk.com