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**INFORMATION MEMORANDUM****ISSUER****MK FOOTWEAR PLC**

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<b>Issue Name</b>	: MK Footwear Non-Convertible Bond
<b>Type of Security</b>	: Non-Convertible, Fully Redeemable & Unsecured Bond
<b>Issue Ammount</b>	: BDT 550,000,000.00
<b>Face Value of each Bond</b>	: BDT 1,000,000.00
<b>Number of securities</b>	: 550
<b>Tenor or maturity</b>	: Up to 8 with up to 2 years moratorium
<b>Coupon Rate</b>	: Coupon Rate: SMART+ 2% Margin, Ceiling: 11.50% p.a., Floor: 9.0% p.a.

**CREDIT RATING STATUS**


MK Footwear PLC	Short Term	Long Term
Rating of the Issuer	ST-3	A-
Outlook	Stable	
Expiry Date	November 20, 2024	
Bond Issue Rating	A-(Indicative)	
Expiry Date	November 19, 2024	
Rating Agency	Credit Rating Information & Services Limited (CRISL)	

"If you have any query about this document, you may consult the issuer or originator, issue manager and the trustee"

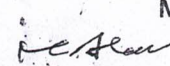
Date of issuance of Information Memorandum: \*\*\*



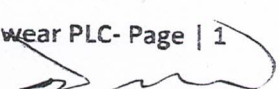
Shibly Amran  
Chief Executive Officer  
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Mohammed Tahidul Islam  
Company Secretary  
MK Footwear Ltd



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## Arranger's Disclaimer

**MK Footwear PLC** ("MKFPLC" or "the Issuer") has authorized Alpha Capital Management Ltd. (the "Lead Arranger") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "Transaction") and the proposed bond to be issued in the Transaction (the "Bond").

**"Alpha Capital Management Ltd."** ("ACML", The Lead Arranger) means Alpha Capital Management Ltd. and any group, subsidiary, associate or affiliate of Alpha Capital Management Ltd and their respective directors, representatives or employees and/or any persons connected with them.

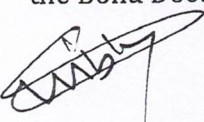
Nothing in this Information Memorandum constitutes an offer of securities for sale of any jurisdiction where such offer or placement would be in violation of any law, rule or regulation.


The issuer has prepared this information memorandum and issuer is solely responsible for its contents. The issuer will comply with all rules, laws and regulations and has obtained all regulatory, Governmental and corporate approvals for the issuance of the bond and will be collected in due course at time, if any such thing is pending. All the information contained in this information memorandum has been provided by the Issuer or has been collected from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or shall be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly declaim, 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 there form. By accepting this Information Memorandum, you agree that Arranger will not have any such liability.

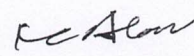
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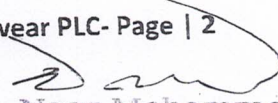
## Issuer's Disclaimer

All rights and obligations of the issuer listed herein have been paraphrased and /or summarized from the Bond Documents and are subject to the terms and conditions contained in such Bond Documents.

  
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Company Secretary  
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MD. MAHABUB ALAM  
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**Community Bank**

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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## SECTION-02

## RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

In the normal course of business operations, MK Footwear PLC would subject to macroeconomic risks (external factors), sectoral risks (risk of a typical nature for similar footwear companies), and company-specific risks (internal factors). The majority of these risks can be mitigated effectively. Before making any investment decision, Investors should take the risk factors into consideration. Such major risk factors are described in brief as under:

**(a) Interest rate risks**

Interest rate risk arises from swinging interest rates in the market. An increase in the interest rate in the market may impact the value of fixed income debt securities.

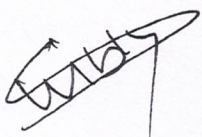
The more a company has floating rate debt, the greater is the risk associated with a rise in interest rates. Products or services whose prices depend on interest rates may also expose a company to interest rate risk. Interest rate movement also impacts the return on and value of investment in debt securities or FDR. Monetary policy stance, company specific factors (I.e., changes in the credit rating), and external shocks (I.e., exchange rate movement) are the primary sources of effective finance cost fluctuation.

**Management Perception**

*The coupon rate on this bond is SMART+ 2% Margin and floating between 9.0% p.a. to 11.50% p.a. A fixed margin of 2% per annum will be added to mentioned reference rate. The Coupon rate can never go beyond 9.0%p.a. This feature will protect the investors from the adverse movement in interest rate. On other hand, efficient financial strategies and options will help the company to reduce the exposure of its finance cost to adverse movement in interest rate.*

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

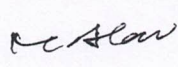
Foreign Exchange risk arises when an institution holds assets or liabilities in foreign currencies and impacts the earnings and capital of institution due to the fluctuations in the exchange rates. Institution cannot predict what the exchange rate will be in the next period, it can move in either upward or downward direction regardless of what the estimates and predictions were. This uncertain movement poses a threat to the earnings and capital of any institute, if such a movement is in undesired and unanticipated direction.



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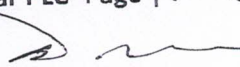


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MD. MAHABUB ALAM  
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Managing Director  
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**Management Perception**

The bond is denominated in Bangladeshi Taka. So, there is no exchange risk for local investors as investors will receive the interest and principal back in Bangladeshi Taka. The company has no long-term loan denominated in foreign currency which wipes out the risk of translation loss. On the other hand, export of Footwear products will help to reduce the exposure to forex risk at raw material import stage to some extent. The industrywide ability to pass-through increased raw material sourcing cost also minimizes the risk to some extent.

**(c) Non-repayment risks**

The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. This is the risk of default on a debt that may arise because of default by the borrower to pay the loan. Analysis of credit worthiness (credit history, capacity to repay, leverage level, capital, the loan's conditions, and associated collateral) and future prospects can provide appropriate idea about the potential non-repayment risk.

**Management Perception-**

The growth story, growth prospects, loan repayment history, leverage level, and governance rating are the evidence of the high credit worthiness of the company. These factors along with the resilience of the company over the last 3 years of global crisis indicate that the company has willingness to repay its debt obligation regularly.

**(d) Prepayment, call, or refunding risks**

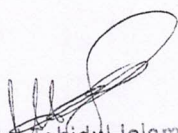
Prepayment risk is the risk that the actual cash flows will be different from the timing set in the loan agreements due to borrower's willingness to repay the principal early given the contemporary interest rate level or future interest rate movement expectation. The exercise options can also expose to the prepayment risk.

**Management Perception-**

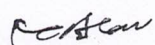
Since there is no provision for early repayment of the principal amount of the Bond, the bondholders will not be exposed to prepayment or call risks associated with the investment. However, the bondholders may require early redemption. MKFPLC is already aware of the situation and can take necessary steps to fulfill the bond tenor for securing the projected cash flow.



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Chief Executive Officer

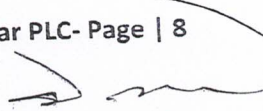


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**(e) Security risks**

Here, security means collateral or guarantee, which minimizes the risk for lenders by ensuring that the borrower keeps up with their financial obligation. The security risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. This bond is not secured by any collateral or guarantee.

**Management Perception**

*There is no security risk as no collateral or guarantee is offered.*

**(f) Liquidity risks**

Liquidity risks for bondholders can be considered from two aspects. Firstly, this risk can come from a company's inability to meet short-term and long-term obligations due to unavailability of cash. Another source of liquidity risk is the restriction to sell the Bond to others before the redemption date. In both of the cases, liquidity risk can pose great threat to the investment prospect of a bond.

**Management Perception -**

*In the past, MKFPLC has been able manage its liquidity risk by keeping both quick ratio and current ratio stable. The Company manages its liquidity/cash buffer efficiently and with a long-term focus, and does not envisage emergence of any significant liquidity risk in the near-term. Furthermore, the Company proactively assesses the need for funds to meet its obligations and ensures the availability of cash or collateral to full those needs. To mitigate the other aspect of liquidity risk of the bondholders, MKFPLC has structured the Bond with transferability option. The bondholders can transfer the bond at any time after the completion of subscription subject to certain restrictions.*

**(g) Management risks**

Management risk associated with the risk of financial, ethical, reputational or other loss due to the inefficient or ineffective decision made by management, whether willingly or unwillingly. Key person risk and conflict of interest between different stakeholders are also potential source of management risk.

**Management Perception-**

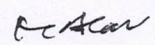
*Management policy helps the company to keep the risk of conflict of interest at low level. History of success of directors in different local industries and the excellence of the top management in the Footwear indicate efficiency of the management. The company successfully manage this risk by creating a bridge between the interest of top management with other stakeholders.*



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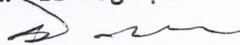


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Managing Director  
MK FOOTWEAR PLC



**(h) Operational risks;**

Operational risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations. Due to the operational risk organization's people and processes may incur errors and contribute to ineffective operations.

**Management Perception:**

*By evaluating operational risk, MKFPLC is always aware about practical remedial steps, which should be emphasized to eliminate exposures and ensure successful responses. We are also aware about monetary loss, competitive disadvantage, employee- or customer-related problems, and business failure related to operational risk.*

**(i) Business risks**

Business risk is related to the strategic factors, operational factors, compliance factors, and reputation factors that may adversely impact the turnover and profitability or even may cause a company to go bankrupt. Common sources of business risk are changes in the consumer behaviour, overall economic downturn, disruptive innovation, reputational issues, and changes in the regulations.

**Management Perception-**

*The growth story and the evidence of innovation says a lot about the strategic and operational strength of the company. The management is open to innovation and very aware about its reputation and compliance requirements. The investment in R&D, awareness about strategic shift, and maintenance of good relation with the regulators reduces exposure to such risk.*

**(j) Industry Risks**

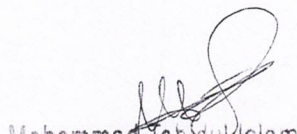
Industry risk is the possibility that a specific industry will not perform to the level or at par. When problems plague one industry, they affect the individual organization of that particular industry. They may also cross over into other industries. Industry risk also refers to the risk of the increased competition from foreign and domestic sources leading to lower revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and result of operation.

**Management Perception**

*MK Footwear PLC is aware of the continuing market situation of its raw materials. The management of MK Footwear PLC believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.*

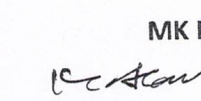


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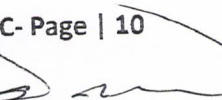


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MK Footwear PLC- Page | 10



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**(k) Market and Technology-related Risks****Market risks**

Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.

**Management perception**

*MK Footwear PLC always gives values to its customers' satisfaction and changes in tastes and fashion. Hence, the company has been dedicated to delivering any changes in customers' demand and new fashion trend as well.*

**Technology-related risks**

Changes in technologies may hamper the cost efficiency of the Company.

**Management perception**

*MK Footwear PLC applies the latest technology in the manufacturing process in the production. MK Footwear PLC is very concerned using high performance and sophisticated equipment. Not only sophistication but also strength is one of our priorities. In case of new technologies, we have mastered adaptation techniques without hampering the cost efficiency of the company.*

**(l) risks related to potential or existing government regulations**

The Company operates under Company's Act 1994 and other related regulation, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

**Management perception**

*Since, Government regulations are mostly investment-friendly regarding export-oriented sector. However, 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. The industry has experienced robust growth during the last decade which is likely to sustain in the near future. Therefore, it is highly unlikely that the government will initiate any economic measure having adverse effect on the growth of the industry.*

**(m) risk related to potential changes in global or national policies**

Risk related to potential changes in global or national policies determine the political instability and the associated deterioration of law-and-order stand in the way of timely implementation of the projects. Changes in existing global or national policies can have either positive or negative impacts for the Institutions. The performance of the institute will be hindered to unavoidable circumstance both in Bangladesh and worldwide like political turmoil.



MK

**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 communication have increased drastically. All these macroeconomic features indicate larger economic activities in the country. Our management perceives that this economic trend will continue in the foreseeable future which will see good business profitability in the days to come.



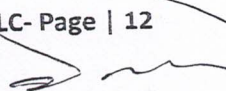
Shibly Amjan  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Rohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohan  
Managing Director  
MK FOOTWEAR



MK

**SECTION-03**  
**DETAILED DESCRIPTION AND INFORMATION**


**01. Particulars of the issuer:**

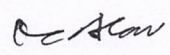
- (a) Name : MK Footwear PLC
- (b) Legal status : Public Limited Company
- (c) Details of contact information : **F. M. Hasan Mahfuz Russell**  
Director & Chief Executive Officer  
Mobile: 01731012411  
Telephone: +880-02-9836386  
Fax: +880-02-9836386  
E-mail: mahfuz.fmh@gmail.com  
**Address:** Nayonpur Bazar, Chalkpara, Medical more,  
Mawna - Dulivita Rd, Mawna Union 1740, Gazipur.
- (d) Date of incorporation : November 12, 2015
- (e) Date of commencement of business : July 02, 2020
- (f) Authorized capital : BDT 1,000,000,000
- (g) Paid-up capital : BDT 478,472,000
- (h) Total equity : BDT 780,196,356
- (i) Total liabilities : BDT 1,471,094,112
- (j) Total financial obligations : BDT 1,272,010,678
- (k) Total assets : BDT 2,251,290,468
- (l) Total tangible assets : BDT 2,251,209,618
- (m) Net worth : BDT 780,196,356
- (n) Listing : Small Capital Platform of DSE on June 20, 2023 and  
subsequently CSE on June 22, 2023

**02. Particulars of the issuer manager:**

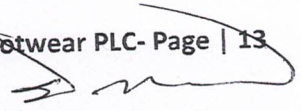
N/A

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Mohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 13

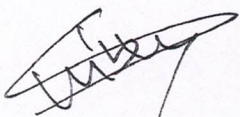
  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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**03. Particulars of the issue:**

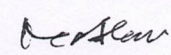
- a) Name of the issue : MK Footwear Non-Convertible Bond
- b) Type of instruments to be issued : Non-Convertible, Fully Redeemable & Unsecured Bond
- c) Purpose of the issue : To meet the requirement of buyer Compliance and working capital requirement.
- d) Number of securities and total size of the issue to be offered : **Number of Securities: 550**  
**total size of the issue to be offered: BDT 550,000,000.00**
- e) Face value and issue price of securities mentioning discount or premium thereof : Face Value: BDT 1,000,000.00  
issue price of securities mentioning discount or premium thereof: BDT 550,000,000.00
- f) Coupon rate or rate of profit or discount rate and yield to maturity (YTM) : Reference Rate+ Margin  
Reference Rate: Six Months Moving Average Rate of Treasury Bill (SMART)  
Reference Rate shall be fixed 5 working days prior to the commencement of each Coupon Payment Period.  
Margin: 2%
- g) Tenor or maturity : Up to 08 years with 2 years moratorium
- h) Details of conversion/exchange option features : Non-Convertible
- i) Mode of redemption or conversion/exchange : Semi-annually
- j) Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof : The issuer has the right to redeem (call) the Bond earlier than maturity @ 0.25 % premium. However, there is no put option (sold it back to the issuer) to this issue for investors.
- k) Rate of return : Due to floating coupon rate and convertibility feature of the bond, the rate of return cannot calculate with certainty.
- l) Applicable tax rate : Taxable as per the law of the country
- m) Default protection mechanism (details of credit enhancement arrangement/agreement) : Not applicable (This bond is unsecured in nature. No credit enhancement is applicable).



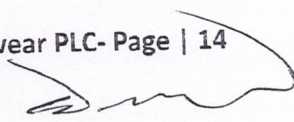
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammad  
Managing Director  
MK FOOTWEAR PLC



- redemption reserve, sinking fund etc.), if any
- n) Type of collateral securities being offered, if any : The Bonds are unsecured in nature and so there will be no enforceable charge created over the securities. However, the director's shares will be pledged to the trustee for the sum of disbursement received in the following manner calculation to determine the number of shares against disbursement is as follow:  
Collateral Value per share = (Six Months weighted average market value of MK Footwear PLC's share - 30% discount on the weighted average value).
- o) Status of securities holders in case of priority of payment : Subordinated to all secured lenders but before payment of all equity holders.
- p) Period within which securities to be issued : As per the consent of Bangladesh Securities and Exchange Commission
- q) Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange) : Non-Listed (Private Placement)


#### 04. Particulars of the trustee:


- (a) Name of the trustee : Community Bank Investment Limited
- (b) Paid-up capital of the trustee : BDT 250,000,000
- (c) Net worth of the trustee : BDT 243,141,368
- (d) Name of the issue(s) where performing as trustee : Star Adhesives Limited

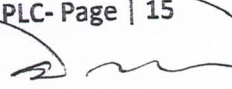
#### 05. Particulars of the credit rating company:

- (a) Name of credit rating company : Credit Rating Information & Services Limited (CRISL)
- (b) Credit rating status of the issuer or originator : Long Term- A -  
Short Term- ST-3  
Status- Stable
- (c) Credit rating status of the issue : Long Term- A - (Indicative)  
Status- Stable

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tahmidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammad  
Managing Director  
MK FOOTWEAR



- (d) Date and validity of rating along with surveillance rating for the issuer or originator and for the issue : Date of Rating (Issuer): November 21, 2023  
Validity of Rating (Issuer): November 20, 2024  
Date of Rating (Issue): November 20, 2023  
Validity of Rating (Issue): November 19, 2023
- (e) Latest default rate of the credit rating company : 0.00%
- (f) Average time to default of the rated category : 0.0
- (g) Rating trigger : If the credit rating of the Issue falls below the minimum investment grade i.e., "BBB" in the long term or "ST-3" in the short term, then the Issuer shall pay an additional fee on top of the stipulated Coupon Rate as a Risk Premium as mentioned in the below table:

Issue Rating	Risk Premium to be Added
BB	0.25%
B	0.50%
C	0.75%
D	1.00%

**06. Particulars of originators, if any:**

N/A


**07. Particulars of other contractual parties:**

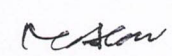

N/A

**08. Following documents has been attached with the application:**

- (a) Certified copy of memorandum and articles of association or such certified legal documents, as the case may be;
- (b) Certified copy of certificate of incorporation or registration and certificate of commencement of business, where applicable;
- (c) certified copy of particulars of directors or trustees or particulars of owners, as the case may be;

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammed Monirul Islam  
Company Secretary  
MK Footwear Ltd

MK Footwear PLC- Page | 16  
  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC  
  
Noor Moham  
Managing Dire  
MK FOOTWEAR

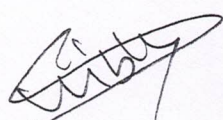


MK

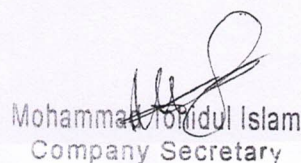
- (d) certified copy of return of allotment of shares and annual summary of share capital, where applicable;
- (e) latest original auditors' report with the related audited financial statements of the issuer or originator;
- (f) purpose of issuance of securities and plan to use of proceeds thereof;
- (g) resolution of the board of directors or governing body or board of trustees or concerned authority deciding to issue securities (Bond, Debenture or ISBS or Sukuk or ABS or any debt securities);
- (h) copy of disclosures of price sensitive information, in case the issuer or originator is a listed company;
- (i) banker's certificate, or bank statement showing deposit of an amount equivalent to the owners' stake in the issuer or originator; or auditor's certificate in this regard attested by the Managing Director or Chief Executive Officer;
- (j) description of business of the issuer or originator;
- (k) latest credit rating report of the issue;
- (l) latest credit rating report of the issuer or originator, in case of public issue;
- (m) draft information memorandum (IM) prepared as per Schedule 'B';
- (n) draft deed of trust prepared as per schedule 'C';
- (o) declaration relating to covenants for rating trigger, if any and adoption of specific enforceable actions thereof;
- (p) copy of registration certificate of the trustee by the Commission to act as trustee to the issue of debt securities or ISBS or Sukuk or ABS, as applicable;
- (q) due diligence certificate of the trustee as per Schedule 'D';
- (r) repayment or payment schedule of the debt securities or ISBS or Sukuk or ABS;
- (s) undertaking of issuer or originator or guarantor(s) and its directors for obtaining CIB report from Bangladesh Bank,

#### Additional Documents:

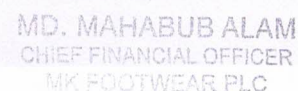
- (a) Previous 3 years Audited Financials
- (b) Forecasted Financial Statements for the Tenure of the Bond



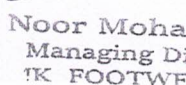
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Faridul Islam  
Company Secretary



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Moha  
Managing Director  
MK FOOTWEAR PLC



**SECTION-04**  
**DETAILS PLAN OF THE UTILIZATION OF PROCEEDS**

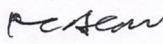
Mk Footwear PLC has decided raise to BDT 550,000,000.00 through the issuance of Non-Convertible Bonds in order to enhance the Company's production facilities. Proceeds from the bond will also be used to meet the requirement of buyer Compliance and working capital requirement in order to boost profitability.

**The estimated utilization of proceed will be as follows:**

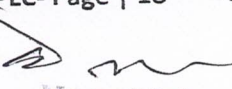
Sl. No.	Particulars	Amount (BDT)
1.	To meet the requirement of buyer Compliance	100,000,000
2.	To meet working capital requirement	430,000,000
3.	To meet Bond Issue expenses	20,000,000
	<b>Total</b>	<b>550,000,000</b>

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Fahidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 18


  
Noor Mohan  
Managing Director  
MK FOOTWEAR PLC




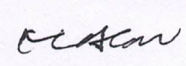
## SECTION-05 DETAIL FEATURES OF THE DEBT SECURITIES

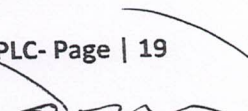
### (a) Basic features of the instrument;

- (a) Issuer : MK Footwear PLC
- (b) Name of the Issue : MK Footwear Non-Convertible Bond
- (c) Issue Type : Non-Convertible, Fully Redeemable & Unsecured Bond
- (d) Trustee : Community Bank Investment Limited
- (e) Fund Arranger : Alpha Capital Management Ltd.
- (f) Arrangement Basis : Best Efforts
- (g) Purpose : To meet the requirement of buyer Compliance and working capital requirement.
- (h) Investors : Banks, Corporate, Financial Institutions, Mutual Funds, Insurance Companies, and High net worth individuals (HNWI) and any other eligible investors.
- (i) Currency : BDT
- (j) Issue Amount : BDT 550,000,000.00
- (k) Face value per unit : BDT 1,000,000.00
- (l) Minimum : BDT 1,000,000.00  
Investment  
(Subscription)
- (m) Mode of Placement : Private Placement [Subjected to BSEC Approval]
- (n) Tenure : Up to 08 years with 2 years moratorium
- (o) Security : Unsecured
- (p) Coupon Rate : Reference Rate+ Margin  
Reference Rate: Six Months Moving Average Rate of Treasury Bill (SMART)  
Reference Rate shall be fixed 5 working days prior to the commencement of each Coupon Payment Period.  
Margin: 2%
- (q) Coupon Ceiling : 11.50% p.a.
- (r) Coupon Floor : 9.00% p.a.
- (s) Coupon Fixing Day : Coupon Fixing Day refers to the day on which the Coupon Rate for the Period will be fixed. This shall be five (05) working days prior to the commencement of each Coupon Payment Period.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammed Faridul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Moham  
Managing Dire  
MK FOOTWEAR



- (t) Payment Frequency : Coupon will be paid semi-annually, i.e., twice a year
- (u) Coupon payment : Coupon Payment shall be payable on half yearly basis from the Date of Issuance of Bond.

Coupon Payment Date shall be the last day of every six (06) month from the Date of Issuance of Bond.

Coupon Calculation:


(Number of Bonds held by a Bondholder on the respective date (x) Face Value of the Bond, i.e., BDT 1,000,000 each.) (x) Coupon Rate X 6/12

If any Coupon Payment Date falls on a holiday including a weekend or on a day that is not a Business Day or a day during continuation of a Force Majeure Event, then the subsequent trading day at the Dhaka Stock Exchange shall be the Coupon Payment Date.

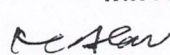
- (v) Governing Law : The laws of The People's Republic of Bangladesh
- (w) Documentation :
  - Bond Subscription Agreement
  - Trust Deed
  - Any other instruments(s) relating to such transaction
- (x) Tradability : Non-Tradable
- (y) Late Redemption : The Issuer shall pay a late payment penalty of 2% percent higher than the declared coupon rate which will be payable on the amount not paid on the due date till the date of actual payment.
- (z) Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof : The issuer has the right to redeem (call) the Bond earlier than maturity @ 0.25 % premium. However, there is no put option (sold it back to the issuer) to this issue for investors.
- (aa) Rating Trigger : If the credit rating of the Issue falls below the minimum investment grade i.e., "BBB" in the long term or "ST-3" in the short term, then the Issuer shall pay an additional fee on top of the stipulated Coupon Rate as a Risk Premium as mentioned in the below table:



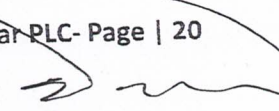
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammad  
Managing Director  
MK FOOTWEAR PLC



Issue Rating	Risk Premium to be Added
BB	0.25%
B	0.50%
C	0.75%
D	1.00%

- (bb) Tax Features : Taxable as per the law of the country.
- (cc) Regulatory Approval : Upon approval from the Bangladesh Securities and Exchange Commission (BSEC), the Company will issue the bonds as per the information memorandum. In no way, the Company shall issue any such bonds without taking approval from the BSEC.

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

Due to floating coupon rate and convertibility feature of the bond, the rate of return cannot calculate with certainty.

**c) Transferability/Liquidity:**

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

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

The issuer has the right to redeem (call) the Bond earlier than maturity @ 0.25 % premium. However, there is no put option (sold it back to the issuer) to this issue for investors.

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

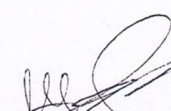
The Issuer shall within 30 (thirty) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly.

**f) Tax Features:**

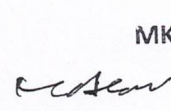
As applicable by the Govt. All payments made by the Issuer or under or in respect of or the Bonds will be subject to any present or future taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed by or on behalf of Bangladesh or any political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



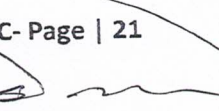
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tonidud Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Moham  
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MK FOOTWEAR

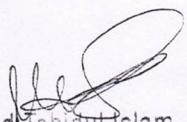


## (h) Costs related to the issue:

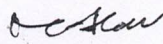
Particulars	Basis of Fees	Amount BDT
<b>Arranger to the Issue fees:</b>		<b>12,650,000</b>
Issue Arranger	2% of the Issue Size	11,000,000
VAT against Issue Management fee	15% of Arrangement fee	1,650,000
<b>BSEC Fees:</b>		<b>560,000</b>
Application Fee	Fixed	10,000
Consent Fee	0.10% on the offering amount	550,000
<b>Trustee Fees</b>		<b>4,750,000</b>
Trustee Fee	Fixed	4,000,000
VAT on Trustee Fees	15% of Trustee fee	600,000
Trustee Application Fee	Fixed	50,000
Trustee Registration Consent Fee	Fixed	100,000
<b>Legal Advisor Fee</b>		<b>920,000</b>
Legal Advisor Fee	Negotiable	800,000
VAT on Legal Advisor	15% of Legal Advisor fee	120,000
<b>Credit Rating Fee</b>		<b>920,000</b>
Credit Rating Fee of the Bond	Negotiable	800,000
VAT on Credit Rating Fee	15% of Credit Rating fee	120,000
<b>Misc. Fee</b>		<b>200,000</b>
<b>Total Estimated Cost</b>		<b>20,000,000</b>



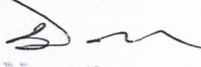
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Moham  
Managing Director  
MK FOOTWEAR



**(h) Repayment schedule**

Period	Installment Number	Installment	Interest	Principal	Balance
1 <sup>st</sup> Year	1		31,625,000		581,625,000
	2		33,443,438		615,068,438
2 <sup>nd</sup> Year	3		35,366,435		650,434,873
	4		37,400,005		687,834,878
3 <sup>rd</sup> Year	5	80,922,173	39,550,505	41,371,667	646,463,211
	6	80,922,173	37,171,635	43,750,538	602,712,673
4 <sup>th</sup> Year	7	80,922,173	34,655,979	46,266,194	556,446,479
	8	80,922,173	31,995,673	48,926,500	507,519,979
5 <sup>th</sup> Year	9	80,922,173	29,182,399	51,739,774	455,780,205
	10	80,922,173	26,207,362	54,714,811	401,065,394
6 <sup>th</sup> Year	11	80,922,173	23,061,260	57,860,912	343,204,482
	12	80,922,173	19,734,258	61,187,915	282,016,567
7 <sup>th</sup> Year	13	80,922,173	16,215,953	64,706,220	217,310,347
	14	80,922,173	12,495,345	68,426,828	148,883,519
8 <sup>th</sup> Year	15	80,922,173	8,560,802	72,361,370	76,522,149
	16	80,922,173	4,400,024	76,522,149	0

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

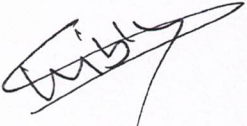
The issuer has the right to redeem (call) the Bond earlier than maturity @ 0.25 % premium. However, there is no put option (sold it back to the issuer) to this issue for investors.


**(j) Credit enhancement or guarantee, if any;**


Personal Guarantee by the Directors of the Company in case the Company fails to redeem the Bonds in due time.

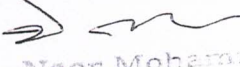
**(k) Enforcement of charges over securities;**

No charges will create over the Securities. Details presented in the trust deed.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Mehdiul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammad  
Managing Director  
MK FOOTWEAR




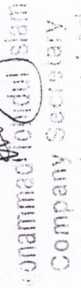
MK

Forecasted Financial Statement after issuance of the above-mentioned Debt Security in 2023 of MK Footwear PLC is expected to be as follows:

### MK FOOTWEAR PLC Forecasted Statement of Financial Position

Particulars	BDT in Million									
	30-Jun-2024	30-Jun-2025	30-Jun-2026	30-Jun-2027	30-Jun-2028	30-Jun-2029	30-Jun-2030	30-Jun-2031	30-Jun-2032	30-Jun-2032
<b>Assets</b>										
<b>Non-Current Assets:</b>										
Property, Plant and Equipment	1,133.18	1,140.09	1,055.38	978.24	907.94	843.84	785.33	731.91		683.08
Intangible Assets	0.06	0.04	0.03	0.02	0.01	0.01	0.01	0.00		0.00
Investment	183.37	183.37	183.37	183.37	183.37	183.37	183.37	183.37		183.37
Right-of-use (ROU) assets	11.64	8.69	5.74	2.78	0.00	0.00	0.00	0.00		0.00
Non-Current Security Deposits	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20		1.20
<b>Total Non-Current Assets</b>	<b>1,329.44</b>	<b>1,333.38</b>	<b>1,245.71</b>	<b>1,165.60</b>	<b>1,092.52</b>	<b>1,028.41</b>	<b>969.90</b>	<b>916.47</b>		<b>867.65</b>
<b>Current Assets:</b>										
Inventories	548.62	878.04	1,192.53	1,333.03	1,435.00	1,535.28	1,599.71	1,612.95		1,624.47
Accounts & Other Receivables	141.72	238.31	283.02	317.31	343.10	367.49	385.12	392.21		397.73
Advance Income Tax	23.66	28.66	36.08	41.22	45.00	48.32	50.63	51.30		51.38
Cash & Cash Equivalent	99.75	241.52	97.36	42.29	64.22	127.62	222.65	447.98		700.82
<b>Total Current Assets</b>	<b>813.75</b>	<b>1,386.52</b>	<b>1,608.99</b>	<b>1,733.85</b>	<b>1,887.32</b>	<b>2,078.70</b>	<b>2,258.12</b>	<b>2,504.45</b>		<b>2,774.40</b>
<b>Total Assets</b>	<b>2,143.19</b>	<b>2,719.90</b>	<b>2,854.70</b>	<b>2,899.45</b>	<b>2,979.84</b>	<b>3,107.11</b>	<b>3,228.02</b>	<b>3,420.92</b>		<b>3,642.04</b>

  
Shibly Amilan  
Chief Executive Officer  
Community Bank Investment Limited

  
Noor Mohammed  
Managing Director



MK

**Equity and Liabilities**

<b>Shareholders' Equity:</b>													
Share Capital	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47	478.47
Fair value Gain/(Loss)	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51	149.51
Retained Earnings	192.72	299.53	511.88	759.83	1,070.91	1,442.92	1,848.10	2,244.79	2,615.67	3,043.64	3,476.08	3,872.76	4,243.64
<b>Total</b>	<b>820.70</b>	<b>1,139.86</b>	<b>1,387.81</b>	<b>1,698.89</b>	<b>2,070.90</b>	<b>2,476.08</b>	<b>2,872.76</b>	<b>3,243.64</b>	<b>3,615.67</b>	<b>4,043.64</b>	<b>4,476.08</b>	<b>4,872.76</b>	<b>5,243.64</b>

**Non-Current Liabilities:**

Long Term Loan-Non Current Portion	743.97	714.30	574.83	422.31	255.27	72.46	-	-	-	-	-	-	-
Non-Convertible Bond-Non Current Portion	-	615.07	687.83	507.52	401.07	282.02	148.88	0.00	-	-	-	-	-
Lease liability (non-current portion)	5.16	3.57	1.80	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liabilities/(Assets)	15.79	27.32	28.74	27.01	25.54	24.24	23.15	22.56	22.33	22.33	22.56	22.33	22.33
<b>Total Non-Current Liabilities</b>	<b>764.92</b>	<b>1,360.26</b>	<b>1,293.20</b>	<b>956.84</b>	<b>681.88</b>	<b>378.72</b>	<b>172.03</b>	<b>22.56</b>	<b>22.33</b>	<b>22.33</b>	<b>22.56</b>	<b>22.33</b>	<b>22.33</b>

**Current Liabilities:**

Trade and Other Payables	78.08	158.77	180.11	201.45	216.46	231.47	240.15	240.15	240.15	240.15	240.15	240.15	240.15
Term Loan-Current Maturity	27.11	29.67	139.47	152.51	167.04	182.81	72.46	-	-	-	-	-	-
Long Term Loan-IDCP	36.88	27.66	18.44	9.22	-	-	-	-	-	-	-	-	-
Non-Convertible Bond-Current Portion	-	-	-	95.19	106.45	119.05	133.13	148.88	148.88	148.88	148.88	148.88	148.88
Lease liability (current portion)	4.45	3.96	3.41	2.65	-	-	-	-	-	-	-	-	-
Short Term Loan	367.86	147.15	-	-	-	-	-	-	-	-	-	-	-
Liabilities for Expenses	14.38	26.54	29.23	32.17	35.28	38.69	42.34	46.23	50.51	50.51	50.51	50.51	50.51
Provision for WPPF	5.14	9.74	14.89	19.21	22.82	26.28	28.17	27.72	26.27	26.27	26.27	26.27	26.27
Provision for Tax	23.66	28.66	36.08	42.39	51.01	59.19	63.65	62.62	59.14	59.14	62.62	59.14	59.14
<b>Total Current Liabilities</b>	<b>557.57</b>	<b>432.14</b>	<b>421.64</b>	<b>554.80</b>	<b>599.06</b>	<b>657.49</b>	<b>579.90</b>	<b>525.60</b>	<b>376.07</b>	<b>376.07</b>	<b>525.60</b>	<b>376.07</b>	<b>376.07</b>
<b>Total Equity and Liabilities</b>	<b>2,143.19</b>	<b>2,719.90</b>	<b>2,854.70</b>	<b>2,899.45</b>	<b>2,979.84</b>	<b>3,107.11</b>	<b>3,228.02</b>	<b>3,420.92</b>	<b>3,642.04</b>	<b>3,642.04</b>	<b>3,420.92</b>	<b>3,642.04</b>	<b>3,642.04</b>

**Net Asset Value Per Share**

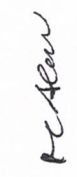
	17.15	19.38	23.82	29.01	35.51	43.28	51.75	60.04	67.79	67.79	60.04	67.79	67.79
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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tehidul Islam  
Company Secretary  
MK Footwear Ltd.



Moor Mohammed  
Managing Director  
MK FOOTWEAR PLC







## MK FOOTWEAR PLC Forecasted Profit and Loss Account

Particulars	BDT in Million									
	30-Jun-2024	30-Jun-2025	30-Jun-2026	30-Jun-2027	30-Jun-2028	30-Jun-2029	30-Jun-2030	30-Jun-2031	30-Jun-2032	30-Jun-2032
Sales	1,188.17	2,010.57	2,411.96	2,726.67	2,954.74	3,166.30	3,303.09	3,328.94	3,333.42	3,333.42
Cost of sales	(1,033.27)	(1,734.43)	(2,053.94)	(2,297.36)	(2,482.45)	(2,658.58)	(2,789.85)	(2,849.71)	(2,900.08)	(2,900.08)
<b>Gross Profit</b>	<b>154.91</b>	<b>276.14</b>	<b>358.02</b>	<b>429.31</b>	<b>472.29</b>	<b>507.72</b>	<b>513.25</b>	<b>479.23</b>	<b>433.34</b>	<b>433.34</b>
<b>Operating Expenses:</b>	<b>(21.92)</b>	<b>(45.40)</b>	<b>(46.69)</b>	<b>(48.19)</b>	<b>(52.31)</b>	<b>(53.36)</b>	<b>(55.54)</b>	<b>(61.58)</b>	<b>(64.29)</b>	<b>(64.29)</b>
Administrative Expenses	(13.65)	(36.30)	(36.68)	(37.18)	(40.20)	(40.04)	(40.89)	(45.46)	(46.55)	(46.55)
Distribution Expenses	(8.27)	(9.10)	(10.01)	(11.01)	(12.11)	(13.32)	(14.66)	(16.12)	(17.73)	(17.73)
<b>Operating Profit/ (Loss)</b>	<b>132.99</b>	<b>230.74</b>	<b>311.33</b>	<b>381.12</b>	<b>419.97</b>	<b>454.36</b>	<b>457.70</b>	<b>417.65</b>	<b>369.06</b>	<b>369.06</b>
Non-Operating Income-Cash Incentive	72.36	122.44	146.89	166.05	179.94	192.83	201.16	202.73	203.01	203.01
<b>Profit/(Loss) before interest &amp; Tax</b>	<b>205.35</b>	<b>353.18</b>	<b>458.22</b>	<b>547.17</b>	<b>599.92</b>	<b>647.19</b>	<b>658.86</b>	<b>620.38</b>	<b>572.06</b>	<b>572.06</b>
Financial Expenses	(97.39)	(148.59)	(145.63)	(143.66)	(120.78)	(95.32)	(67.25)	(38.26)	(20.30)	(20.30)
<b>Profit/(Loss) before WPPF &amp; Tax</b>	<b>107.96</b>	<b>204.59</b>	<b>312.59</b>	<b>403.51</b>	<b>479.14</b>	<b>551.87</b>	<b>591.61</b>	<b>582.12</b>	<b>551.77</b>	<b>551.77</b>
Workers' Profit Participation Fund (WPPF)	(5.14)	(9.74)	(14.89)	(19.21)	(22.82)	(26.28)	(28.17)	(27.72)	(26.27)	(26.27)
<b>Profit/(Loss) before Tax</b>	<b>102.82</b>	<b>194.85</b>	<b>297.70</b>	<b>384.30</b>	<b>456.32</b>	<b>525.59</b>	<b>563.44</b>	<b>554.40</b>	<b>525.49</b>	<b>525.49</b>
<b>Income Tax Expenses:</b>	<b>(14.47)</b>	<b>(40.19)</b>	<b>(37.50)</b>	<b>(40.65)</b>	<b>(49.54)</b>	<b>(57.88)</b>	<b>(62.56)</b>	<b>(62.03)</b>	<b>(58.92)</b>	<b>(58.92)</b>
Current Tax Expense	(23.71)	(28.66)	(36.08)	(42.39)	(51.01)	(59.19)	(63.65)	(62.62)	(59.14)	(59.14)
Deferred Tax (Expenses)/Income	9.25	(11.54)	(1.42)	1.73	1.46	1.30	1.09	0.59	0.23	0.23
<b>Net Profit/(Loss) after Tax</b>	<b>88.35</b>	<b>154.66</b>	<b>260.20</b>	<b>343.65</b>	<b>406.78</b>	<b>467.71</b>	<b>500.88</b>	<b>492.37</b>	<b>466.57</b>	<b>466.57</b>
<b>Basic Earnings Per Share (EPS)</b>	<b>1.85</b>	<b>3.23</b>	<b>5.44</b>	<b>7.18</b>	<b>8.50</b>	<b>9.77</b>	<b>10.47</b>	<b>10.29</b>	<b>9.75</b>	<b>9.75</b>
Gross Profit to Sales	13.04%	13.73%	14.84%	15.74%	15.98%	16.03%	15.54%	14.40%	13.00%	13.00%
Operating Profit to Sales	11.19%	11.48%	12.91%	13.98%	14.21%	14.35%	13.86%	12.55%	11.07%	11.07%
Income after tax to Sales	7.44%	7.69%	10.79%	12.60%	13.77%	14.77%	15.16%	14.79%	14.00%	14.00%

Shibly Anwar  
Chief Executive Officer  
Community Bank Investment Limited

Mohammad Tawhidul Islam  
Company Secretary  
MK Footwear Ltd.

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC




MK

**DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES**

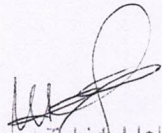
The Bonds are unsecured in nature and so there will be no enforceable charge created over the securities. However, the director's shares will be pledged to the trustee for the sum of disbursement received in the following manner calculation to determine the number of shares against disbursement is as follow:

Collateral Value per share = (Six Months weighted average market value of MK Footwear PLC's share - 30% discount on the weighted average value).

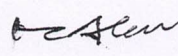


Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

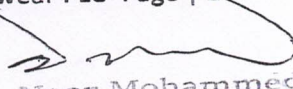
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tahidul Islam  
Company Secretary



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## RIGHTS AND OBLIGATIONS OF THE ISSUER

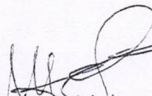
### 1.1. Covenant to Repay

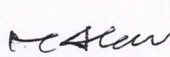
The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or Converted or any principal on the Bonds or any of them becomes due to be repaid or converted, in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in the relevant currency is immediately available freely transferable funds for redemption on Redemption Date and shall (subject to the provisions of the Conditions) until all such payment (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions, provided that:

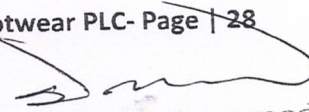
- 1.1.1. every payment of Redemption Amount in respect of the Bonds or any of them made to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions;
- 1.1.2. if any payment of Redemption Amount 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 seventh day after notice has been given to the Bondholders that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
- 1.1.3. in any case where payment of the whole or any part of the Redemption Amount due in respect of any Bond is improperly withheld or refused, incremental charge shall accrue for the Bond on the whole or such part of such Redemption Amount from the date of such withholding or refusal until the date either on which such Redemption Amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders that the full amount payable in respect of the said Redemption Amount is available for collection by the relevant Bondholders provided that on further due presentation thereof such payment is in fact made.

The Trustee will hold the benefit of this covenant and the other covenants including Clause 12.3 (*Other Covenants by the Issuer*) on trust for the Bondholders.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 28  
  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



MK

## 1.2. Following an Event of Default

- 1.2.1. At any time after any Default or Event of Default has occurred, the Trustee may by notice in writing to the Issuer, require it to make all subsequent payments in respect of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.
- 1.2.2. The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions (including, without limitation, Clause 12.3 (*Other Covenants by the Issuer*), and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed and the Conditions, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents.
- 1.2.3. The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

## 1.3. Other Covenants by the Issuer

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

### 1.3.1. *Comply with Bond Documents*


Comply with, perform and observe all those provision of this Trust Deed, the Agency Agreement, the Conditions and the other schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.

### 1.3.2. *Comply with Applicable Laws*

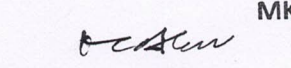
Comply with, perform and observe all those provisions of the applicable laws including, but not limited to, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, terms of consent of Bangladesh Securities and Exchange Commission (BSEC). The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and



Shibly Anran  
Chief Executive Officer  
Community Bank Investment Limited

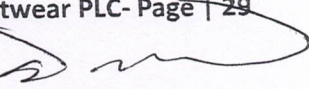


Mohammad Tokidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 29



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



will be bound by the applicable laws and will be deemed to have notice of all of the provisions of the applicable laws, as applicable to them.

1.3.3. *Execution of further documents:*

So far as permitted by applicable law, do all such further acts and things as may be necessary in the reasonable opinion of the Trustee to give effect to the provisions of this Trust Deed:

1.3.4. *Notices to the Bondholders:*

Send or procure to be sent to the Trustee not less than three (3) days prior to the date of publication one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice.

1.3.5. *Evidence of Due Approval by the Board of Directors and Authorized Signatories:*

Upon reasonable notice by the Trustee to deliver to the Trustee a copy of the resolution of the Board of Directors of the Settlor authorizing issuance of the Bond, the declaration of the Trust, a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same.

1.3.6. *Payments:*

Moneys payable by it to the Trustee under Clause 7.1 (*Expenses*) of this Trust Deed without set off, counterclaim, deduction or withholding, unless otherwise compelled by law, and in the event of any deduction or withholding compelled by law pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.

1.3.7. *Payment of Risk Premium*

Pay any Risk Premium payable by it to the Trustee in case of a downgrade of credit rating (i.e., below the rating trigger) of the issue under surveillance rating as per Clause 10.3.11 and in accordance with this Trust Deed.

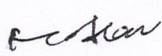
1.3.8. It is hereby covenanted by the Issuer that the Bonds will be issued in registered and dematerialized form and the Issuer shall apply to the Alternative Trading Board for listing only if required by BSEC via Consent Letter preferably from the date of availing the facilities under respective regulations in this regard.



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Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## SECTION 08 RIGHTS AND OBLIGATIONS OF THE TRUSTEE

### RIGHTS AND OBLIGATIONS OF THE TRUSTEE:

#### 1.4. Trustee's Right

##### 1.4.1. *Rights under 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 Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the Trust Act 1882.

##### 1.4.2. *Advice*

The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert. For discharging its duty under this Trust Deed in reliance of the opinion of the aforementioned expert, Trustee shall not be responsible for any Liability occasioned by so acting.

##### 1.4.3. *Certificate of directors or Authorized Signatories*

The Trustee, in the exercise of its functions, may call for and shall be at liberty to accept a certificate signed by two Authorized Signatories or other person duly authorized on their behalf as to any fact or matter prima facie within the knowledge of the Issuer, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do.

##### 1.4.4. *Resolution or direction of Bondholders*


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

##### 1.4.5. *No obligation to monitor*

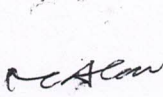
The Trustee shall not be under any obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of



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Community Bank Investment Limited




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MK FOOTWEAR LTD.

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations.

1.4.6. *Bonds held by the Issuer*

In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates.

1.4.7. *Events of Default*


In case of any Event of Default, the Trustee shall serve a notice within seven (07) Business Days of occurring such event to the Bondholders, the exchanges upon which the securities will be traded and the Commission. If the trustee fails to negotiate within fifteen (15) Business Days of the occurrence of Event of Default, the Trustee shall get the right to take legal action against the Issuer for recovery of the outstanding amount of the Bond as per existing laws.

1.4.8. *Right to deduct or withhold for taxes*

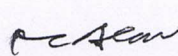
Notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of Liability of whatsoever nature and when so ever 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 there from 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 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 (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.



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

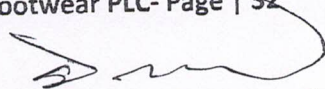


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Company Secretary  
MK Footwear Ltd.



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CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



1.4.9. *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:

- a) the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any or all of the Bond Documents;
- b) any recitals, statements, warranties, representations or covenants of any party to any of the Bond Documents;
- c) its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or
- d) the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents.

1.4.10. *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 matters.

1.4.11. *No responsibility for loss*

The Trustee shall not in any circumstances, except under any applicable laws or regulations:

- a) 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
- b) 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.

1.4.12. *Enforcement of Obligations of the Issuer*


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

1.4.13. *Force Majeure*

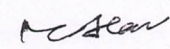
The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo,



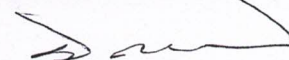
Shibly Amran  
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Community Bank Investment Limited



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Company Secretary  
MK Footwear Ltd.



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Managing Director  
MK FOOTWEAR PLC



labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same strip 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.

1.4.14. *Immunities*

The Trustee's immunities and protections from liabilities and its right to indemnification in connection with the performance of its duties under this Trust Deed shall except in case of their own fault, extend to the Trustee's officers, directors, employees and consultants. 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, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

1.4.15. *Professional Charges*

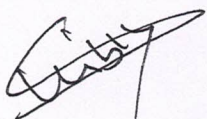
Any Trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him on matters arising in connection with the Trust of this Trust Deed and also its properly incurred charges in addition to disbursements for all other work and business done and all time spent by him on matters arising in connection with this Trust Deed.

1.4.16. *Expenditure by the Trustee*

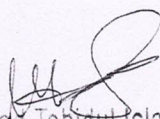
Nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial Liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not reasonably assured to it.

1.4.17. *Trustee may enter into financial transaction with the Issuer*

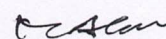
No Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transaction in the ordinary course of business with the Issuer or any subsidiary, or any person or body corporate directly or



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

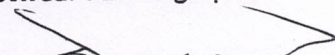


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



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Managing Director  
MK FOOTWEAR PLC



indirectly associated with the Issuer or any subsidiary, or from accepting the trusteeship of any other debenture stock, debenture or securities of the Issuer or any subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any subsidiary, for any profit, fees, commissions, interest, 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 retain the same for its or his own benefit.

1.4.18. *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 matters.

1.4.19. *Third Party Claims*

If any action (a "Third Party Claim") is brought against the Trustee in respect of which an indemnity may be sought from the Issuer, the Trustee shall promptly notify the Issuer in writing and deliver a copy of the claim and legal pleadings with respect to the Third Party Claim. Trustee shall not be responsible to the Third Party.

1.4.20. *Trustee's Own Funds*

Nothing herein shall be construed as to require the Trustee to advance its own funds or incur such risks in the performance of its duties hereunder.

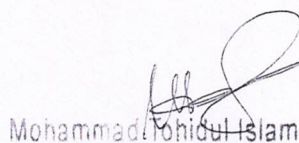
1.5. **Trustee's requirements regarding Paying Agents etc.**

1.5.1. At any time after an Event of Default have occurred and for so long as Event of Default is continuing and has not been waived or, in the opinion of the Trustee, has not been remedied or the Bonds shall otherwise have become due and repayable or the Trustee shall have received any money which it proposes to pay under Condition XIII-B (*Application of Moneys*) to the relevant Bondholders, the Trustee may:

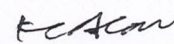
- 1.5.1.1. By notice in writing to the Issuer, the Agents and the Registrar, require the Paying Agent and the other Agents or any of them:
- a) to act thereafter as Agents of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of this Trust Deed *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's Liability under any provisions thereof for the indemnification, remuneration and payment of proper out-of-pocket expenses of the Agents shall be limited to the amounts for the time being held by the Trustee on the trusts of this Trust Deed relating to the Bonds and available for such purpose) and thereafter to hold all Bonds and all sums, documents and records held by them in respect of Bonds on behalf of the Trustee; or



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Community Bank Investment Limited



Mohammad Mohidul Islam  
Company Secretary  
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MK FOOTWEAR PLC



Noor Mohammad  
Managing Director  
MK FOOTWEAR PLC



- b) to deliver up all Bonds and all sums, documents and records held by them in respect of Bonds to the Trustee or as the Trustee shall direct in such notice *provided that* such notice shall be deemed not to apply to any documents or records which the relevant Agent is obliged not to release by any law or regulation; and
- c) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Bonds to or to the order of the Trustee and not to the Paying Agent and with effect from the issue of any such notice and until such notice is withdrawn shall cease to have effect.

## 1.6. Trustee's Duty and Obligation

### 1.6.1. *Duties and Obligation under Applicable Law*

Notwithstanding anything contained in this Trust Deed, the Trustee shall have all such duties and obligations as set out in the applicable laws including but is not limited to the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the Trust Act 1882.

### 1.6.2. *Administration of Trust*

The Trustee shall issue, manage and administer the Bonds in accordance with the terms of this Trust Deed and the Conditions and execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith and to implement, give effect to and facilitate the terms and conditions of the Bonds and such other documents, deeds and agreements in contemplation thereof.

### 1.6.3. *Act for the Bondholders*

Save the provision of all applicable laws of Bangladesh, the Trustee shall act on behalf and for the exclusive interests of the Bondholders and be liable to sue and to be sued on behalf of them.

### 1.6.4. *Monitoring*

The Trustee shall ensure that the Issuer is observing the applicable laws including, but not limited to, the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach. The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions and the other Schedules which are expressed to be binding on it and to perform and observe the same.

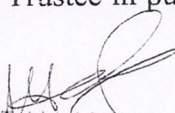
### 1.6.5. *Maintaining Account*

The Trustee shall open and maintain such accounts as it deems necessary for discharging the functions of Trustee in pursuant to the provision of this Trust Deed,

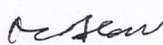
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MK Footwear Ltd.



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Managing Director  
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the Conditions, the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.

1.6.6. *Holding Trust Property*

The Trustee shall hold and keep the money and assets representing the Trust Property (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time.

1.6.7. *Grievances of the Bondholders*

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

1.6.8. *Call for Meeting of the Bondholders*

On the recommendation of the Bondholders in accordance with the provision of the Trust Deed and Conditions, the Trustee shall call any meetings of the Bondholders and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of this Trust Deed;

1.6.9. *Compliance with the Instruction of the Bondholders*

Upon instruction by the Bondholders in accordance with this Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of this Trust Deed after distribution of amounts standing to their credit;

1.6.10. *Duty to Inspect*

It is the duty of the Trustee to inspect or call for books of accounts, records, register of the Issuers and the Trust property, if required, to the extent necessary for discharging its obligation.

1.6.11. *Collection of Risk Premium*


The Trustee may, in case a downgrade of credit rating (i.e. below the rating trigger) of the issue under surveillance rating, ensure the collection of risk premium from the Issuer, if required and to the extent necessary for discharging its obligation, to secure the claims of the Bondholders from the higher risk level of the Issuer in accordance with this Trust Deed.

1.6.12. *Duty to Ensure the Interest of the Bondholders*

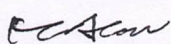
The Trustee shall have power to insert/ exercise any additional terms and conditions, which is not inconsistent with applicable law, for the performance of the obligations under this Trust Deed for the protection of the interest of the Bondholders;



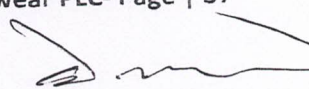
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tahmidul Islam  
Company Secretary  
MK Footwear Ltd



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CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



1.6.13. *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 Bondholders 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.

1.6.14. *Determination of questions*

The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and/or the Conditions 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.

1.6.15. *Trustee's discretion*

The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof 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.

1.6.16. *Trustee's consent*

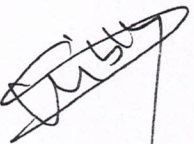
Any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.


1.6.17. *Application of proceeds*

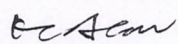
The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it.

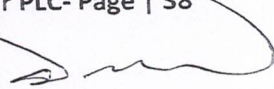
1.6.18. *Agents*

The Trustee may 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 the

  
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Mohammad Tohidul Islam  
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MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Trustee shall have exercised reasonable care in the selection of any such agent, 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.

1.6.19. *Delegation*

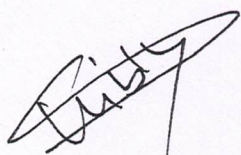
The Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may 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.

1.6.20. *Custodians and nominees*

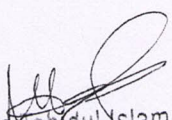
The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian this Trust Deed or any document relating to the trust created hereunder and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee, the Trustee shall not be responsible for any Liability 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.

1.6.21. *Confidential information*

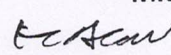
The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with this Trust Deed and 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.



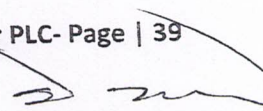
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



### 1.6.22. General Duty

- 1.6.22.1. If 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;
- 1.6.22.2. 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;
- 1.6.22.3. The trustee shall submit an annual compliance report to the Commission regarding the activities of the issuer including repayment of dues to the investors;
- 1.6.22.4. 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;

### 1.7. Trustee liable for gross negligence

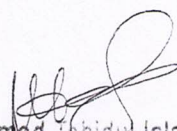
None of the provisions of this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required by it as trustee, having regard to the provisions of this Trust Deed conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any Liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, will-full default or fraud of which it may be guilty in relation to its duties under this Trust Deed.

### 1.8. Indemnity

The Issuer shall, on demand by the Trustee, indemnify it and any Appointee (a) in respect of all liabilities and expenses incurred by it or by any Appointee or other person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Trust Deed and (b) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Trust Deed.



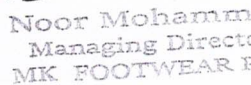
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammed Shideel Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

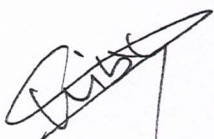


Noor Mohammad  
Managing Director  
MK FOOTWEAR PLC




MK

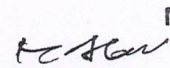
- 1.8.1. *Call for Meeting of the Bondholders*  
On the recommendation of the Bondholders in accordance with the provision of the Trust Deed and Conditions, the Trustee shall call any meetings of the Bondholders and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of this Trust Deed;
- 1.8.2. *Compliance with the Instruction of the Bondholders*  
Upon instruction by the Bondholders in accordance with this Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of this Trust Deed after distribution of amounts standing to their credit;
- 1.8.3. *Duty to Inspect*  
It is the duty of the Trustee to inspect or call for books of accounts, records, register of the Issuers and the Trust property, if required, to the extent necessary for discharging its obligation.
- 1.8.4. *Collection of Risk Premium*  
The Trustee may, in case a downgrade of credit rating (i.e. below the rating trigger) of the issue under surveillance rating, ensure the collection of risk premium from the Issuer, if required and to the extent necessary for discharging its obligation, to secure the claims of the Bondholders from the higher risk level of the Issuer in accordance with this Trust Deed.
- 1.8.5. *Duty to Ensure the Interest of the Bondholders*  
The Trustee shall have power to insert/ exercise any additional terms and conditions, which is not inconsistent with applicable law, for the performance of the obligations under this Trust Deed for the protection of the interest of the Bondholders;
- 1.8.6. *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 Bondholders 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.
- 1.8.7. *Determination of questions*  
The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and/or the Conditions and every such determination, whether made upon a question



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

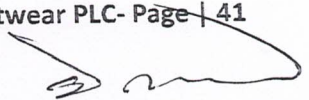


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 41



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.

1.8.8. *Trustee's discretion*

The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof 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.

1.8.9. *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.

1.8.10. *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.

1.8.11. *Agents*

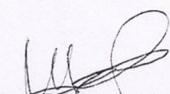
The Trustee may with the prior consent in writing of the Issuer, instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee, as the case may (including the receipt and payment of money) and, provided the Trustee shall have exercised reasonable care in the selection of any such agent, 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.

1.8.12. *Delegation*

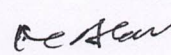
The Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may 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



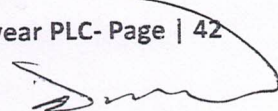
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tehidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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.

1.8.13. *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 Liability 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.

1.8.14. *Confidential information*

The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder 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.

1.8.15. *General Duty*

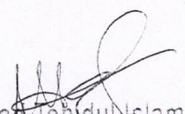
1.8.15.1. If delay in payment of any dues by the Issuer, which is not approved by the trustee shall be treated as final default, in such a case the Trustee shall enforce its rights over the credit enhancement or collateral securities and other securities or guarantees of the Issuer observing due legal process and thereafter the trustee shall dispose-off the same to pay the proceeds proportionately to the investors after deduction of costs related thereto;

1.8.15.2. 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;

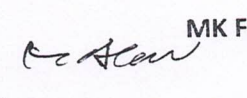
1.8.15.3. The trustee shall submit an annual compliance report to the Commission regarding the activities of the issuer including repayment of dues to the investors;



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

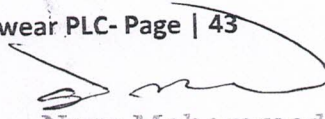


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 43



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



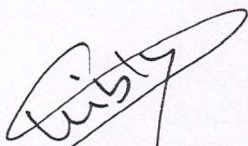
1.8.15.4. The trustee shall take adequate steps for redress of grievances of the investors within one month of the date of receipt of the complaints and shall keep the Commission informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

#### 1.9. Trustee liable for gross negligence

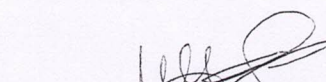
None of the provisions of this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required by it as trustee, having regard to the provisions of this Trust Deed conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any Liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, will-full default or fraud of which it may be guilty in relation to its duties under this Trust Deed.

#### 1.10. Indemnity

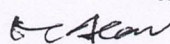
The Issuer shall, on demand by the Trustee, indemnify it and any Appointee (a) in respect of all liabilities and expenses incurred by it or by any Appointee or other person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Trust Deed and (b) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Trust Deed.



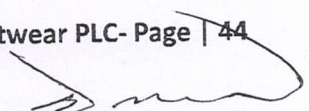
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

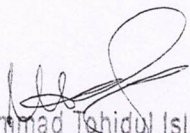


**SECTION 09**  
**RIGHTS AND OBLIGATIONS OF THE ISSUE MANAGER, UNDERWRITER,**  
**OR ANY OTHER CONTRACTUAL PARTIES**

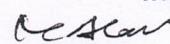
As the MK Footwear PLC applied to issue the bond under private placement, no Issue manager or Underwriter is required.



Shibly Anran  
Chief Executive Officer  
Community Bank Investment Limited

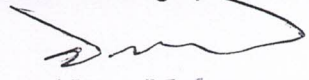


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 45




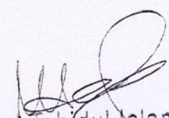
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

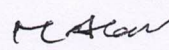


## RIGHTS OF THE INVESTORS

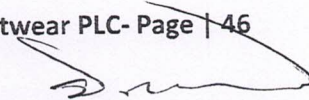
- 1.1. Each of the Bondholders has the right to demand any information relating to the issuance of Bond and/or information relating to the Issuer, as set forth in this Trust Deed or in the Conditions, from the Issuer.
- 1.2. Each of the Bondholders has the right to receive Coupon Payment in respect of the Bonds on Coupon Payment Date and in accordance with the formula as set out in the Condition VII (Coupon) of the Schedule I (*Terms and Conditions of the Bonds.*)
- 1.3. Each of the Bondholders has the right to receive any other payment including incremental charge, whenever such payment becomes due and payable by the Issuer in accordance with the procedure set forth in the Conditions contained hereunder in Schedule I (*Terms and Conditions of the Bonds.*)
- 1.4. Each of Bondholders has the right to attend meeting of the Bondholders and vote therein in accordance with the provisions of the Schedule II (*Meeting of Bondholders.*)
- 1.5. The rights of the Bondholder under the Subscription Agreement are several and any debt or other obligation arising under that agreement at any time from the Issuer to any other Bondholder shall be a separate and independent debt. Each Bondholder will be entitled to protect and enforce its individual rights arising out of this Agreement independently of any other Bondholder and it shall not be necessary for any other Bondholder to be joined as an additional party in proceedings for such purpose.
- 1.6. Notwithstanding anything mentioned in this Trust Deed or the Conditions, the Bondholders shall not be entitled to any of the rights, benefits and privileges available to the members of the Issuer including, the right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Issuer. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Issuer, such resolution will first be placed before the Bondholders for their authorization.

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tonidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 MD. MAHABUB ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC

MK Footwear PLC- Page | 46

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



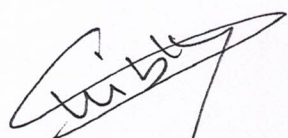
DESCRIPTION OF FINANCIAL STATEMENTS

**(a) Capital structure:**

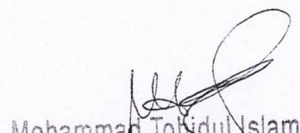
Particulars	BDT Amount
<b>Authorized Share Capital</b>	<b>1,000,000,000</b>
Share Capital	478,472,000
Fair value Gain/(Loss)	149,505,750
Retained Earnings	152,218,606
<b>Shareholder's Equity</b>	<b>780,196,356</b>
Long Term Loan-Non-Current Maturity	588,355,429
Lease liability (non-current portion)	6,481,796
Term Loan-Current Maturity	260,823,243
Lease liability (current portion)	1,416,253
Short Term Loan	422,832,006
<b>Total Debt</b>	<b>1,279,908,727</b>

**(b) Business**

The company was incorporated as a private limited company under the Companies Act 1994, vide registration no: C-126912/2015 on November 12, 2015 subsequently was converted to public limited company on May 29, 2022 and split of Share value from Tk. 100 to Tk. 10 dated on March 28, 2022. MK Footwear PLC Listed at Small Capital Platform of DSE on June 20, 2023 and subsequently CSE on June 22, 2023. The Company started its commercial operation on July 02, 2020. The company is engaged in the production of all types of quality leather/synthetic footwear and export 100% of its product to international market.


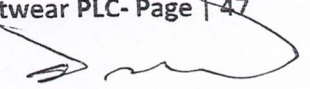


Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Torikul Islam  
Company Secretary  
MK Footwear Ltd.

MK Footwear PLC- Page 147

MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**(c) Management****Board of Directors:**

Sl. No.	Name	Designation
1	Mir Mahfuza Mohammed	Chairman
2	Noor Mohammed	Managing Director
3	Md. Akteruzzaman	Director
4	F. M. Hasan Mahfuz Russell	Director & CEO


**Management Team:**

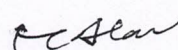
Sl. No.	Name of Employees	Position
1	Noor Mohammed	Managing Director
2	Mohammad Mahabub Alam	Chief Financial Officer
3	Mohammed Tohidul Islam	Company Secretary
4	F.M Hasan Mahfuz Russell	CEO
5	Md. Masud Rana	Manager Finance
6	Md. Dulal Miah	Sr. Manager Commercial
7	Kazi Sanaul Arifin	Manager Compliance
8	Md. Mahamudul Hasan	Warehouse Manager
9	Md. Mijanur Rahman	Senior Admin Manager

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

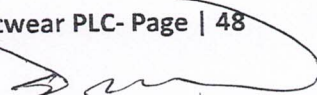
There are no unencumbered assets of MKFPLC, all assets are encumbered.

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd

  
 MD. MAHABUB ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC

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 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



**(e) Brief profile of directors/owners of the issuer or originator;****Mir Mahfuza Mohammed:***Chairman, MK Footwear PLC*

Mir Mahfuza Mohammed was appointed as Chairman on 30.04.2022 of MK Footwear PLC. Mrs. Mir Mahfuza Mohammed obtained B.com, SZ. from Virginia State University Virginia, USA and has 5 years of Professional experience in footwear industry. She is dynamic and under her leadership the company is enjoying the benefits of her expertness.

**Noor Mohammed:***Managing Director, MK Footwear PLC*

Mr. Noor Mohammed was appointed as Managing Director since incorporation of MK Footwear PLC. He is also Chairman of Moynakuti Agro Industries Limited. Mr. Noor Mohammed obtained B.Sc. from Virginia State University Virginia, USA & has 8 years of Professional experience of footwear industry. He also made himself a character to follow inside his own organization by his pleasant and flexible manner.

**Md. Akteruzzaman:***Director, MK Footwear PLC*

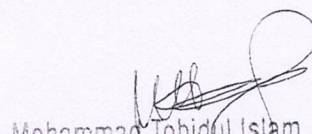
Mr. Md. Akteruzzaman was appointed as sponsor Director of the company in 2015. He obtained B.A and M.A from Virginia State University Virginia, USA & has 8 years of Professional experience of footwear industry. Mr. Akteruzzaman is still energetic and dynamic. He managed to bring a broader vision in sales, marketing and customer care. He is an expert in the footwear industry.

**F. M. Hasan Mahfuz Russel:***Director & CEO, MK Footwear PLC*

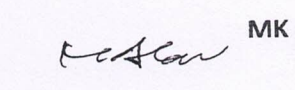
FM Hasan Mahfuz Russell was appointed as Chief Executive Officer (CEO) since July 2019 of MK Footwear PLC. Mr. Russell completed Bachelor of Business Administration (BBA), Major in Marketing, Finance and Accounting from NSU, also completed CA professional level from ICAB & has 06 years of Professional experience of footwear industry.



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

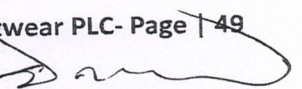


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 49



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



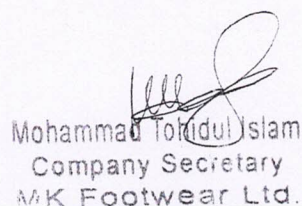
## (f) Brief description of assets and liabilities:

**MK FOOTWEAR PLC**  
**Statement of Financial Position**  
**As on 30 June, 2023**

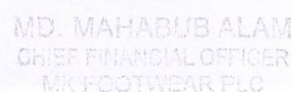
Particulars	Notes	30-Jun-2023 BDT	30-Jun-2022 BDT
<b>Assets</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	5	1,132,951,786	1,219,715,705
Intangible Assets	6	80,850	115,500
Investment	7	183,367,500	-
Right-of-use (ROU) assets	8	10,094,786	10,143,068
Non-Current Security Deposits	9	1,195,000	1,195,000
<b>Total Non-Current Assets</b>		<b>1,327,689,922</b>	<b>1,231,169,273</b>
<b>Current Assets:</b>			
Inventories	10	395,313,603	334,116,920
Accounts & Other Receivables	11	275,676,676	297,667,172
Inter-Company Receivable	12	100,326,000	116,876,000
Advance Income Tax	13	10,659,081	10,814,490
Cash & Cash Equivalent	14	141,625,186	100,693,633
<b>Total Current Assets</b>		<b>923,600,546</b>	<b>860,168,215</b>
<b>Total Assets</b>		<b>2,251,290,468</b>	<b>2,091,337,488</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity:</b>			
Share Capital	15	478,472,000	378,472,000
Fair value Gain/(Loss)	16	149,505,750	-
Retained Earnings	17	152,218,606	111,552,297
		<b>780,196,356</b>	<b>490,024,297</b>
<b>Non-Current Liabilities:</b>			
Long Term Loan-Non Current Maturity	18	588,355,429	693,755,685
Lease liability (non-current portion)	19	6,481,796	6,114,483
Deferred Tax Liabilities/(Assets)	Annex-V	25,036,042	(1,360,333)
<b>Total Non-Current Liabilities</b>		<b>619,873,267</b>	<b>698,509,835</b>
<b>Current Liabilities:</b>			
Trade and Other Payables	20	140,216,244	171,369,454
Term Loan-Current Maturity	18	260,823,243	128,283,044
Lease liability (current portion)	19	1,416,253	2,161,888
Short Term Loan	21	422,832,006	564,313,068
Liabilities for Expenses	22	12,267,659	20,443,473
Provision for WPPF	23	3,057,205	5,564,995
Provision for Tax	24	10,608,235	10,667,434
<b>Total Current Liabilities</b>		<b>851,220,845</b>	<b>902,803,356</b>
<b>Total Equity and Liabilities</b>		<b>2,251,290,468</b>	<b>2,091,337,488</b>
<b>Net Asset Value Per Share</b>	<b>34</b>	<b>16.31</b>	<b>12.95</b>



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

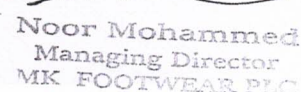


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
Chief Financial Officer  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 50

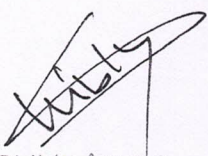


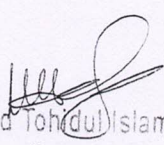
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

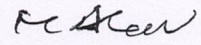


**(g) Brief description of previously issued debt or equity securities or such other securities;**

Allotment Date	Basis of Shares			Face Value of Share (Tk.)	Paid-up Capital (Tk.)
	In cash	Other than in cash	Bonus		
12.11.2015 (At the time of Incorporation)	1,000,000	-	-	10.00	10,000,000
30.04.2022 (1 <sup>st</sup> Allotment)	36,847,200	-	-	10.00	368,472,000
19.06.2023 (2 <sup>nd</sup> Allotment)	10,000,000	-	-	10.00	100,000,000
<b>Total</b>	<b>47,847,200</b>			<b>10.00</b>	<b>478,472,000</b>

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 MD. MAHABUS ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC

MK Footwear PLC- Page | 51

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



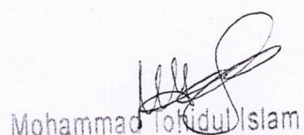
AUDITORS' REPORT ALONG WITH THE AUDITED FINANCIAL

# Auditors' report along with the audited financial statements

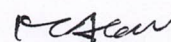
## for the year ended June 30, 2023



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 52



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**Independent Auditor's Report  
To the shareholders of  
MK FOOT WEAR PLC  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **MK FOOTWEAR PLC** (the Company), which comprise the Statement of Financial Position as at 30 June 2023, and Statement of profit or loss & other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

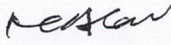
**Emphasis of Matters**

Without qualifying our opinion, we would like to draw the attention of the following matters:

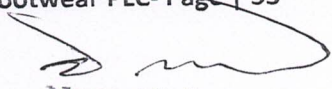
1. During the course of audit it is observed that MK Footwear PLC has made necessary provision and transferred entire WPPF provision amount of BDT 5,564,995 for the year 2021-2022 to MK Footwear PLC WPPF Bank Account which is disclosed in Note # 4.06 and 23. The company also deposited 10% of the said amount to Bangladesh Labour Welfare Foundation. We were not provided any the Audited Financial Statements of MK Footwear PLC "Workers Profit Participate Fund (WPPF)".
2. With reference to the Note # 12 we state that the company provided loan to its related entity named "Moynakuti Agro Industries Limited" and the balance of the loan as on 30 June 2023 is BDT 100,326,000 shown under the head "Inter-Company Receivable". The company provided the said loan before it converted into public limited company. In observance to the Order of Bangladesh Securities and Exchange Commission notification No. SEC/CMMRRCD/2006-159/Admin/02-10 dated 10 September 2006, the company decided not to provide any further loan to any of its related entity and has taken steps to realize the receivable as soon as possible.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tofiqul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 53

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

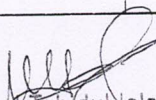


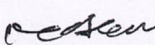
**Key Audit Matters**

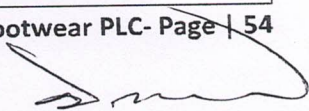
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we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

Risk	Our response to the risk
<b>Revenue-Export, Cash Incentive &amp; Accounts &amp; Other Receivables</b>	
<p>For the year-end, the Company reported total Export revenue of Tk. 824,675,259 in Note 25, cash Incentive revenue in Note 30 Tk. 69,186,905 &amp; Accounts &amp; Other Receivables in Note 11 Tk. 275,676,676 of the financial statements.</p> <p>The company generates revenue from export sale &amp; received cash incentive from Bangladesh Government. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the timing of the opening of letter of credit and timing of goods exported.</p> <p>We identified the revenue was decrease significantly (by 35.01%) as well as revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>➤ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period.</li> <li>➤ Assessed whether the revenue recognition policy is appropriate and is in line with IFRS 15 - Revenue from contracts with customers.</li> <li>➤ Performed walkthrough tests to understand the adequacy and the design of the revenue cycle.</li> <li>➤ Obtaining Sales Ledger.</li> <li>➤ Collect Sample of Sales Contract, Sales invoice, Bill of export, Bill of leading Its match with Vat Return &amp; Sales Ledger.</li> <li>➤ For Cash Incentive Obtaining Ledger, Cash Incentive Certificate from Chartered Accountants Firm, Proceed realization certificate, application submitted to the bank, Collect certificate from bank for cash incentive realization. Out of total Cash Incentive income of BDT 69,186,905 MK Footwear PLC recognize Incentive income BDT 33,000,000 as per auditor certificate and as per proceed realization certificate BDT 36,186,905.</li> <li>➤ Collect Certificate from Bank regarding Export, Export Realization, PRC for Subsequent receivable realization</li> </ul>

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited


  
 Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.


  
 MD. MAHABUB ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC

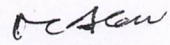
  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC

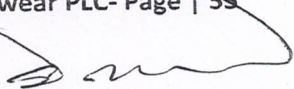


	<ul style="list-style-type: none"> <li>➤ For Accounts and other receivable collect ledger, collect Bill of export for Outstanding Invoice, Collect PRC for receivable subsequent Realization.</li> <li>➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards</li> </ul>
<b>Valuation of inventory &amp; Purchase</b>	
<p>The inventory of Tk. 395,313,603 at 30 June, 2023 held in Factory warehouses and across multiple product lines in factory &amp; Purchase were Made Tk. 474,429,301 for the period from 01 July 2022 to 30 June 2023.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Purchase are rightly recorded in the Financial statements</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:</p> <ul style="list-style-type: none"> <li>➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse;</li> <li>➤ The Company made most of the purchase through import. For the confirmation of purchase we collect the ledger, collect sample of bill of entry, Invoice, Lc, Match with vat return &amp; Ledger and subsequent LC payment from bank Statements.</li> <li>➤ Physically count of inventory at the reporting date was done by management. We verify the inventory physically on the test basis during the counting which was counted by management</li> <li>➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; and challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.</li> <li>➤ Evaluated, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date;</li> </ul>

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



	<ul style="list-style-type: none"> <li>➤ 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 and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards.</li> </ul>
<b>Measurement of deferred tax Assets</b>	
<p>The net deferred tax liability totaling Tk. 25,036,042 as at 30 June, 2023 in annex V.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> <li>➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the company's future taxable income.</li> <li>➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities.</li> <li>➤ We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.</li> </ul>
<b>Valuation of Property, Plant and Equipment</b>	
<p>The Written Down Value (WDV) of the PPE amounted to Tk. 1,132,951,786 at 30 June, 2023. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expanded if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>➤ Reviewed basis of recognition, Measurement and valuation of assets;</li> <li>➤ Observed procedures of assets acquisition, depreciation and disposal;</li> <li>➤ Checked ownership of the major assets;</li> </ul>



<p>on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>Apparently, the carrying value of PPE represents a significant portion of the Company's assets and therefore is a function of charging depreciation that involved estimation. Therefore, it has been considered a significant area of auditor's judgment and special attention. There is also a risk that the impairment charges) not have been recognized.</p>	<ul style="list-style-type: none"> <li>➤ Performed physical asset verification at the year end.</li> <li>➤ Critically reviewed the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment.</li> <li>➤ We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> <li>➤ We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.</li> </ul>
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<p><b>Share Capital</b></p>	
<p>During the year Company increase its share capital by Tk. 100,000,000 through issue of 10,000,000 number of ordinary share having face value of Tk. 10 through Qualified Investor Offer by Small Capital Company Rules, 2022 of Bangladesh Security Exchange Commission.</p> <p>There is a risk that amount are received into company account or not.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>➤ For New share money deposit we collect bank statements.</li> <li>➤ The Bangladesh Securities and Exchange Commission (BSEC) permission</li> <li>➤ Extraordinary General Meeting (EGM) Minutes</li> <li>➤ Dhaka Stock Exchange allotment report.</li> <li>➤ Finally, assessed the appropriateness of the presentation and disclosures required by accounting standards.</li> </ul>


<p><b>Short- &amp; Long-Term Loan</b></p>	
<p>As at 30 June 2023, the reported amount of total long-term loan is Tk. 849,178,672 (Note:18), Short Term Loan Tk. 422,832,006 (Note:21) and Accepted Liability (Note:20) 115,724,400 respectively. The company borrowed fund from Rupali Bank Ltd.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between Import &amp; export that may result in</p>	<p>In order to obtain the completeness and accuracy of the measurement of said loan, we have tested the following key control activities:</p> <ul style="list-style-type: none"> <li>➤ Attends the actual position of loan.</li> <li>➤ Checking the bank statement.</li> <li>➤ Checking the loan Section letter.</li> </ul> <p>Our substantive procedure in relating to these Loan recognition and measurements are following:</p>




<p>short-term cash flow crisis.</p>	<ul style="list-style-type: none"> <li>➤ Checked the bank statement also with the opening balance.</li> <li>➤ Checked the recording of the transaction</li> <li>➤ We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately.</li> <li>➤ We also checked the financial expenses obtaining bank certificate and recalculated the interest expenses.</li> <li>➤ Classification of loan and repayment schedule as well. and</li> <li>➤ Received third party balance confirmation letter from Rupali Bank Ltd.</li> <li>➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards.</li> </ul>
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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

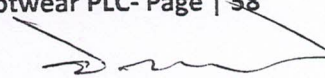


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 58



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## Other Information

Management is responsible for the other information. The other information comprises all of the information 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.

## 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 2020 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.

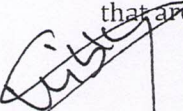
Those charged with governance are responsible for overseeing the company's financial reporting process.

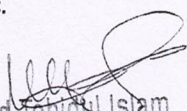
## Auditor's Responsibilities for the Audit of the Financial Statements

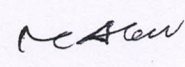
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

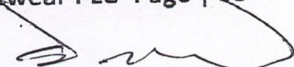
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Fohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and event in a manner that achieves fair presentation.

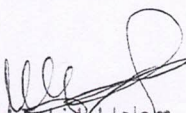
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

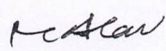
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



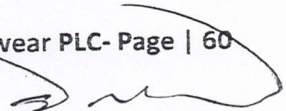
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 2020 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

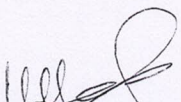
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received by us;
- c) The statement of Financial Position, Statement of profit or loss & other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure was incurred for the purpose of the Company's business.

Location, Dhaka  
Dated: 28 October 2023  
Ref: GKC/23-24/A/172

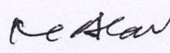
Sd/-  
**Sultan Moheuddin FCA**  
Enrollment No- 1530  
Partner, G. Kibria & Co.  
Chartered Accountants  
DVC: 2311011530AS931769



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited




Mohammad Tomicul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 61



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**MK FOOTWEAR PLC**  
**Statement of Financial Position**  
**As on 30 June, 2023**

Particulars	Notes	30-Jun-2023 BDT	30-Jun-2022 BDT
<b>Assets</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	5	1,132,951,786	1,219,715,705
Intangible Assets	6	80,850	115,500
Investment	7	183,367,500	-
Right-of-use (ROU) assets	8	10,094,786	10,143,068
Non-Current Security Deposits	9	1,195,000	1,195,000
<b>Total Non-Current Assets</b>		<b>1,327,689,922</b>	<b>1,231,169,273</b>
<b>Current Assets:</b>			
Inventories	10	395,313,603	334,116,920
Accounts & Other Receivables	11	275,676,676	297,667,172
Inter-Company Receivable	12	100,326,000	116,876,000
Advance Income Tax	13	10,659,081	10,814,490
Cash & Cash Equivalent	14	141,625,186	100,693,633
<b>Total Current Assets</b>		<b>923,600,546</b>	<b>860,168,215</b>
<b>Total Assets</b>		<b>2,251,290,468</b>	<b>2,091,337,488</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity:</b>			
Share Capital	15	478,472,000	378,472,000
Fair value Gain/(Loss)	16	149,505,750	-
Retained Earnings	17	152,218,606	111,552,297
		<b>780,196,356</b>	<b>490,024,297</b>
<b>Non-Current Liabilities:</b>			
Long Term Loan-Non Current Maturity	18	588,355,429	693,755,685
Lease liability (non-current portion)	19	6,481,796	6,114,483
Deferred Tax Liabilities/(Assets)	Annex-V	25,036,042	(1,360,333)
<b>Total Non-Current Liabilities</b>		<b>619,873,267</b>	<b>698,509,835</b>
<b>Current Liabilities:</b>			
Trade and Other Payables	20	140,216,244	171,369,454
Term Loan-Current Maturity	18	260,823,243	128,283,044
Lease liability (current portion)	19	1,416,253	2,161,888
Short Term Loan	21	422,832,006	564,313,068
Liabilities for Expenses	22	12,267,659	20,443,473
Provision for WPPF	23	3,057,205	5,564,995
Provision for Tax	24	10,608,235	10,667,434
<b>Total Current Liabilities</b>		<b>851,220,845</b>	<b>902,803,356</b>
<b>Total Equity and Liabilities</b>		<b>2,251,290,468</b>	<b>2,091,337,488</b>
<b>Net Asset Value Per Share</b>	<b>34</b>	<b>16.31</b>	<b>12.95</b>

The annexed notes (1 to 46.05) form an integral part of these Financial Statements.


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

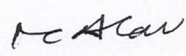
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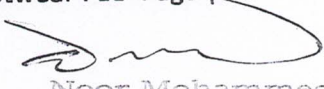
Location: Dhaka  
Dated: 28 October 2023  
Ref: GKC/23-24/A/172

Sd/-  
**Sultan Moheuddin, FCA**  
Enrollment No- 1530  
Partner, G. Kibria & Co.  
Chartered Accountants  
DVC: 2311011530AS931769

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**MK FOOTWEAR PLC**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June, 2023**

Particulars	Notes	2022-2023 BDT	2021-2022 BDT
Revenue	25	824,675,259	1,268,844,877
Cost of Goods sold	26	(706,543,271)	(1,102,472,058)
<b>Gross Profit/(Loss)</b>		<b>118,131,988</b>	<b>166,372,819</b>
Foreign Exchange Gain/(Loss)	27	(3,477,533)	(7,922,403)
Administrative Expenses	28	(15,010,273)	(12,887,197)
Distribution Expenses	29	(7,520,339)	(12,047,008)
<b>Operating Profit/ (Loss)</b>		<b>92,123,844</b>	<b>133,516,211</b>
Non-Operating Income	30	69,264,304	71,276,977
<b>Profit/(Loss) before interest &amp; Tax</b>		<b>161,388,148</b>	<b>204,793,188</b>
Financial Expenses	31	(97,186,848)	(87,928,289)
<b>Profit/(Loss) before WPPF &amp; Tax</b>		<b>64,201,299</b>	<b>116,864,899</b>
Workers' Profit Participation Fund (WPPF)		(3,057,205)	(5,564,995)
<b>Profit/(Loss) before Tax</b>		<b>61,144,094</b>	<b>111,299,904</b>
<b>Income Tax Expenses:</b>		<b>(20,477,785)</b>	<b>(8,210,619)</b>
Current Tax Expense	24	(10,693,160)	(10,605,279)
Deferred Tax (Expenses)/Income	Annex-V	(9,784,625)	2,394,660
<b>Net Profit/(Loss) after Tax</b>		<b>40,666,309</b>	<b>103,089,285</b>
<b>Other Comprehensive Income:</b>		<b>149,505,750</b>	<b>-</b>
Fair value Gain/(Loss) on Investment	7	166,117,500	-
Deferred Tax (Expenses)/Income	Annex-V	(16,611,750)	-
<b>Total Comprehensive Income</b>		<b>190,172,059</b>	<b>103,089,285</b>
<b>Basic Earnings Per Share (EPS)</b>	<b>32</b>	<b>1.07</b>	<b>3.19</b>
<b>Diluted Earnings Per Share (DEPS)</b>	<b>32</b>	<b>1.07</b>	<b>3.19</b>

The annexed notes (1 to 46.05) form an integral part of these Financial Statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer


Sd/-  
Company Secretary

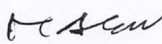
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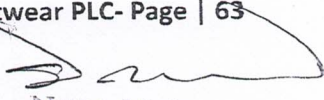
Location: Dhaka  
Dated: 28 October 2023  
Ref: GKC/23-24/A/172

Sd/-  
**Sultan Moheuddin, FCA**  
Enrollment No- 1530  
Partner, G. Kibria & Co.  
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DVC: 2311011530AS931769

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**MK FOOTWEAR PLC**  
**Statement of Changes in Equity**  
**For the year ended 30 June, 2023**

Particulars	Share Capital	Share Money Deposit	Fair Value Gain/(Loss)	Retained Earnings	Amount in BDT
<b>Balance as at 01 July, 2022</b>	378,472,000	-	-	111,552,297	490,024,297
Addition During the Period	100,000,000	-	166,117,500	40,666,309	306,783,809
Less: Deferred Tax (Expenses)/Income	-	-	(16,611,750)	-	(16,611,750)
<b>Balance as at 30 June, 2023</b>	<b>478,472,000</b>	<b>-</b>	<b>149,505,750</b>	<b>152,218,606</b>	<b>780,196,356</b>

**MK FOOTWEAR PLC**  
**Statement of Changes in Equity**  
**For the year ended 30 June, 2022**

Particulars	Share Capital	Share Money Deposit	Fair Value Gain/(Loss)	Retained Earnings	Amount in BDT
<b>Balance as at 01 July, 2021</b>	10,000,000	301,972,000	-	8,463,012	320,435,012
Addition During the Period	368,472,000	-	-	103,089,285	471,561,285
Adjusted During the Period	-	(301,972,000)	-	-	(301,972,000)
<b>Balance as at 30 June, 2022</b>	<b>378,472,000</b>	<b>-</b>	<b>-</b>	<b>111,552,297</b>	<b>490,024,297</b>

The annexed notes (1 to 46.05) form an integral part of these Financial Statements.

Sd/-  
Chairman

Sd/-  
Director


Sd/-  
Managing Director


Sd/-  
Chief Financial Officer

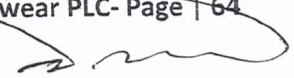
Sd/-  
Company Secretary

Location: Dhaka  
Dated: 28 October 2023  
Ref: GKC/23-24/A/ 172

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHASUB ALAM  
Chief Financial Officer

  
M. A. Hossain  
Managing Director  
MK FOOTWEAR PLC



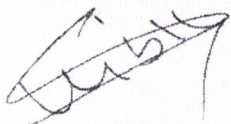
**MK FOOTWEAR PLC**  
**Statement of Cash Flows**  
**For the year ended 30 June, 2023**

Particulars	Notes	2022-2023 BDT	2021-2022 BDT
<b>Cash flows from operating activities:</b>			
Cash Received from Customers and others income	35	891,049,224	1,085,981,691
Cash Paid to Suppliers, employees & others expenses	36	(717,250,455)	(1,024,350,623)
Income tax paid	37	(10,596,950)	(10,752,359)
<b>Net Cash (used in)/generated by operating activities (A)</b>		<b>163,201,819</b>	<b>50,878,709</b>
<b>Cash flows from investing activities:</b>			
Property Plant and Equipment / Capital in Working Progress	38	(8,337,813)	(170,213,365)
ROU Assets		5,951,929	(2,083,589)
Investment		(17,250,000)	-
Inter-Company Receivable		16,550,000	(116,876,000)
Intangible Assets		-	(165,000)
<b>Net Cash used (used in)/generated by investing activities (B)</b>		<b>(3,085,884)</b>	<b>(289,337,954)</b>
<b>Cash flows from financing activities:</b>			
Long term Bank Loan Received/(Re-paid)		27,139,943	28,846,488
Short term Bank Loan Received/(Re-paid)		(141,481,062)	177,991,984
Share Capital/Share Money Deposit Received		100,000,000	66,500,000
Lease Payment		(8,727,046)	(1,296,235)
Financial Expenses		(96,321,363)	(86,226,426)
<b>Net cash flows from financing activities (C)</b>		<b>(119,389,528)</b>	<b>185,815,811</b>
<b>Net changes increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>40,726,407</b>	<b>(52,643,434)</b>
Unrealized Foreign Exchange Gain/(Loss)		205,146	9,207,350
Cash & cash equivalents at the beginning of the period		<b>100,693,633</b>	<b>144,129,717</b>
<b>Cash &amp; cash equivalents at the end of the period</b>		<b>141,625,186</b>	<b>100,693,633</b>
<b>Net Operating Cash Flow per share (NOCFPS)</b>	<b>33</b>	<b>4.28</b>	<b>1.34</b>

The annexed notes (1 to 46.05) form an integral part of these Financial Statements.

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

Location: Dhaka  
Dated: 28 October 2023  
Ref: GKC/23-24/A/ 172



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd

MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 65

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**MK FOOTWEAR PLC****Notes, Summary of Significant accounting policies & other explanatory information  
For the year ended 30 June, 2023****1 REPORTING ENTITY**

MK Footwear Ltd. was incorporated as a private limited company in Bangladesh on 12 November, 2015 under the Companies Act- 1994 and vobe Registration No C-126912/2015. It is a 100% export-oriented company. The company converted into public limited company vide Special Resolution in EGM dated May 29, 2022 and duly filed with & passed by RJSC. It has started commercial operation on 02 July, 2020. Bangladesh Security Exchange Commission vide letter BSEC/CI/QIO/SC-37/2022/1251 dated 3rd May 2023 MK Footwear PLC got permission for Qualified Investor Offer by Small Capital Company Rules, 2022.

**Address of registered office of the company and factory of the company**

Corporate office: The Corporate office of the company is located at Apt-1B, House No-17/A, Road No-3, DOHS Banani, Dhaka-1206

Registered Address: Nayonpur Bazar, Chalkpara, Medical more, Mawna - Dulivita Rd, Mawna Union 1740, Gazipur.

Factory Address: The factory is situated at Nayonpur Bazar, Chalkpara, Medical more, Mawna - Dulivita Rd, Mawna Union 1740, Gazipur.

**Nature of business**

The company is engaged in the production of all types of quality leather/synthetic footwear and export 100% of its produce to international market.

**2.00 Basis of preparation of Financial statements****Significant Accounting Policy for the presentation of the financial Statements**

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.


**2.01 Corporate financial statements and reporting**

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

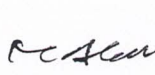
This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.


The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

  
Shibly Amran  
Chief Executive Officer

  
Mohammad Faridul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 66

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**2.02 Fundamental accounting concepts/ assumptions**

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by IAS-1 for fair presentation of financial statements.

**2.03 Going concern**

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

**2.04 Compliance with IAS & IFRS**

The following IAS is applicable to the financial statements for the year under review:

IAS	Title	Remark
IAS 1	Presentation of Financial Statements	Applied
IAS 2	Inventories	Applied
IAS 7	Statement of Cash Flows	Applied
IAS 8	Accounting policies, Changes in Accounting Estimates & Errors	Applied
IAS 10	Events after the Reporting period	Applied
IAS 12	Income Taxes	Applied
IAS 16	Property, Plant and Equipment	Applied
IAS 19	Employee Benefits	Applied
IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
IAS 23	Borrowing Costs	Applied
IAS 24	Related Party Disclosures	Applied
IAS 32	Financial Instruments: Presentation	Applied
IAS 33	Earnings Per Share	Applied
IAS 36	Impairment of Assets	Applied
IAS 37	Provision, Contingent Liabilities and Contingent Assets	Applied
IAS 38	Intangible Assets	Applied


The following IFRS is applicable to the financial statements for the year under review:


IFRS	Title	Remark
IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards	Applied
IFRS 7	Financial Instruments: Disclosures	Applied
IFRS 8	Operating Segments	Not Applicable
IFRS 9	Financial Instruments	Applied
IFRS 15	Revenue From Contracts with Customers	Applied
IFRS 16	Leases	Applied

**2.05 Reporting period**

The period of the financial statements covers from 01 July, 2022 to 30 June, 2023

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tonikul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**2.06 Comparative information and rearrangements thereof:**

In accordance with the provisions of IAS- 1: "Presentation of Financial Statements", Comparative information that is available has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements. Interest expenses are paid for obtaining financial resource and as such management decided to disclose it under Financing Activities of Statement of Cash Flows.

**2.07 Offsetting:**

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by IFRS.

**2.08 Leases**

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

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

Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model See annex Annex-III & Note 8)

IFRS-16 leases has not been applied for Generator Rent and Factory Rent as these lease are for short term lease as per para 5 of IFRS-16

**2.09 Events after the reporting period.**

In Compliance with the requirements of IAS 10 Events After the Reporting Period that Period that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

**2.10 Functional and presentational (Reporting) currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

**2.11 Comparative information and rearrangement thereof**


Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

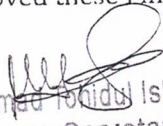
**2.12 Use of estimates and judgments**


The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

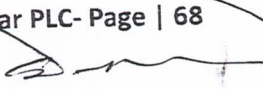
**2.13 Approval of these Financial Statements by Board of Directors**

The Board of Directors has approved these Financial Statements on 28 October 2023.

  
Shibly Amran  
Chief Executive Officer  
MK Footwear PLC

  
Mohammed Fouzul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHAJUB ALAM  
Chief Financial Officer  
MK FOOTWEAR PLC

  
Noor Mohammad  
Managing Director  
MK FOOTWEAR PLC



**2.14 Regulatory Compliance**

The financial Statements have been prepared in compliance with the following laws and regulations;

The Companies Act, 1994

The Bangladesh Securities and Exchange Rule 1987

The Bangladesh Securities and Exchange Commission Act 1993.

The Income Tax Act, 2023

The Income Tax Rules, 2023

The Value Added Tax (VAT) Supplementary Duty Act, 2012

**2.15 Summary of significant accounting policies**

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

**2.16 Recognition of Property, Plant & Equipment's**

Property, Plant & Equipment's have been stated at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended used. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that 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.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.


**2.17 Depreciation on Property, Plant & Equipments**

Depreciation on all Property, Plant & Equipments is computed using the reducing balance method so as to write off the assets over their expected useful life from the date when the corresponding assets are available for use as per management intention. No depreciation have been charged after the date of retirement.


After considering the useful life of assets as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.



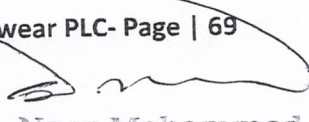
Shibly Amran  
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Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



<u>Category of fixed assets</u>	<u>Rate of Depreciation</u>
Land and Land Development	0%
Building & Other Civil Constructions	5%
Plant & Machineries	10%
Electrical Equipments & Installations	10%
Solar Power Plant	10%
Fire Fighting Equipments & Installation	10%
Furniture & Fixture	10%
Motor Vehicles	20%

## 2.18 Revenue recognition

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

## 2.19 Liabilities for expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.


## 2.20 Inventories


Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

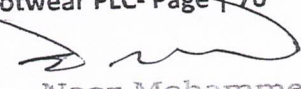
### Impairment of Inventories:

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow-moving items, the sales prices of the products may decrease over time. The management of the Company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment in accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is

  
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recognized immediately in the Financial Statements. However, the management was confident, buyer will be received all the goods as per sales contract, no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

#### **Obsolete and Damaged Inventory:**

The Company policy for damaged or obsolete items of inventory is to write down their recoverable amount and charge them as an expense in the cost of goods sold **(COGS) account in the relevant year.**

In the financial statement as of 30.06.2023, the company did not account for any write-down of inventory due to damage or obsolescence. During the year-end count by the management team, no such item of inventory was identified that might fall under obsolete/damaged criteria. The company conducted yearend inventory count held at 30/06/2023 as per accepted guideline set by management. A management expert team consisting of members with adequate knowledge & expertise was engaged in counting and valuation of inventory. The breakdown of the components of inventory is disclosed in note no 10. As per accepted practice within the industry, management has made adequate declaration regarding the value & quantity of inventory as at 30/06/2023

#### **2.21 Cash and Cash Equivalents**

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

#### **2.22 Statements of Cash Flows:**

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method.

#### **2.23 Accounting Policies, Changes in Accounting Estimates and Errors:**

Changes in accounting policies:

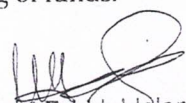
An entity shall change an accounting policy only if the change:


- (a) is required by an IFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

#### **2.24 Borrowing costs**

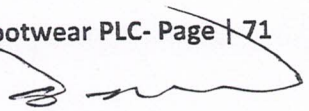
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

  
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MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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**2.25 Income-tax expense****Current Tax:**

Income tax is calculated and provision is made in compliance with the provisions of Finance Act 2023 and the Income Tax Act 2023.

**Deferred tax**

Deferred tax arises due to temporary difference deductible or taxable for the events or transactions which is recognized in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount, reported amount in the statement of financial position. Deferred tax assets or liability is the amount of income tax recoverable or payable in the future periods recognized in the current year as per IAS 12- Income tax.

**2.26 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 period or in previous financial statements is recognized in profit or loss in the period in which they arise.

**3.00 Related party disclosures**

IAS 24 Related Party Disclosures requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel.

The details of related party transactions have been disclosed in Note - 40.00

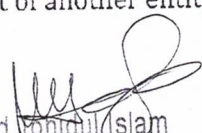
**4.00 Financial Instruments**


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

**Financial assets:**

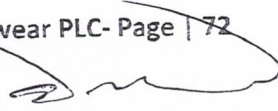
Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and equity instrument of another entity. The company initially recognized receivable

  
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MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively. The Company has recognized investments in shares which are on a quoted market are designated at fair value (market price) through other comprehensive income (FVTOCI). Gains or Losses arising from a change in the fair value of such financial assets are recognized in other comprehensive income. Market value is determined by taking the closing price of the securities at the Dhaka Stock Exchange Ltd. as of financial position date; and Stock dividend (Bonus shares) are added with existing shares with at zero cost which results in decrease of per unit cost price of the existing shares. However, bonus shares are shown at fair value on the statement of financial position date. Investment in non-marketable securities have been valued at cost.

#### **Financial liability:**

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.

#### **4.01 Earnings Per Share & Diluted Earning Per Share**

##### **Earnings Per Share:**

This has been calculated in compliance with the requirement of IAS-33: Earnings per share by dividing the net earnings attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year.



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**Diluted Earnings Per Share:**

Diluted earnings per share (diluted EPS) calculates a company's earnings per share if all convertible securities were converted

Diluted Earnings per Share=Net Income/Weighted number of Share

**4.02 Impairment of Assets:****I) Financial Assets**

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. No such impairment has been raised till the reporting date.

**II) Non-Financial assets**

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

**4.03 Provision, Contingent Liabilities and Contingent Assets:**

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with IAS-37.

**4.04 Intangible Assets**

In Compliance with the requirements of IAS, 38 Intangibles Assets'

The following terms are used in this Standard with the meanings pacified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

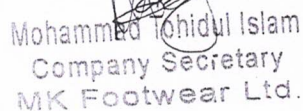
- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if, and only if:

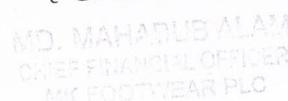
- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably



Shibly Amran  
Chief Executive Officer  
Company Bank Investment Limited

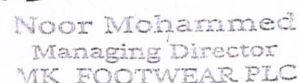


Mohammed Johidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHADUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**4.05 Financial statements comprises:**

- a) Statement of Financial Position as on 30 June 2023
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023
- c) Statement of Cash Flows For the year ended 30 June 2023
- d) Statement of Changes in Equity as on 30 June 2023
- e) Notes to the financial statements as on 30 June 2023

**4.06 Employee Benefits**

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

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

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

The company's employee benefits include the following:

**Worker's Profit & Participation Fund:**

The company has decided to provide 5% WPPF on net profit before tax as per chapter-15 of Labor Law 2006 as amended upto 2013.

**Short Term Employee Benefits**

These includes better working conditions in line with overseas customer's requirement, Day care center, Health care facility, Transportation for admin and management employee, Advance against salary, Festival bonus etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided. This period company provide salary & wages and director remuneration BDT 18,65,37,697.

**4.07 Risk Factors and Management's Perceptions about the Risks**

The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on its business, result of its operations and financial condition, as follows:

**I. Interest rate risks:**

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 rises in interest rates however mostly affect companies having floating rate loans

Management perception:

The Company maintains a reasonable debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation will not adversely affect the Company's performance as 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.

## II. Exchange rate risks:

If exchange rate increases against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand, if exchange rate goes down, margin is squeezed in local currency.

Management perception:

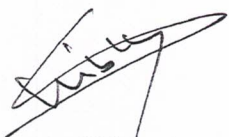
The products of the company are sold in foreign currency and payment for raw materials are made mostly in foreign currency. Therefore, volatility of exchange rate will have little impact on profitability of the Company.

## III. Input Cost Risks:

Input cost risk is the risk of a business when procuring materials or commodities in high global demand. Increasing demand and supply shortages create volatility in these commodity values; and therefore, the timing, quantity and price of purchase must be closely planned.

**Management perception:**

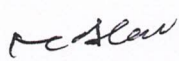
Management of the Company would hedge their exposure to input price volatility by adjusting its selling price.



Shibly Amran  
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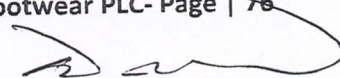


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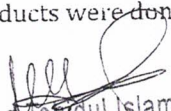
**MK FOOTWEAR PLC**  
**Note to the Financial Statement**  
**As on and For the year ended 30 June, 2023**

Particulars	30-Jun-2023 BDT	30-Jun-2022 BDT
<b>5.00 Property, Plant &amp; Equipment</b>		
<b>Cost</b>		
Opening Balance	1,385,674,462	1,006,661,718
Addition during the year	8,337,813	379,012,744
	<u>1,394,012,275</u>	<u>1,385,674,462</u>
Disposal during the year	-	-
	<u><b>1,394,012,275</b></u>	<u><b>1,385,674,462</b></u>
<b>Accumulated Depreciation</b>		
Opening Balance	165,958,757	75,536,514.00
Addition during the year	95,101,732	90,422,243
	<u>261,060,489</u>	<u>165,958,757</u>
	<u><b>1,132,951,786</b></u>	<u><b>1,219,715,705</b></u>
<b>Written Down Value (WDV)</b>		
<b>Details are in Annex-I</b>		
<b>6 Intangible Asset</b>		
<b>Cost</b>		
Opening Balance	165,000	-
Addition during the year	-	165,000
	<u>165,000</u>	<u>165,000</u>
Disposal during the year	-	-
	<u>165,000</u>	<u>165,000</u>
<b>Accumulated Depreciation</b>		
Opening Balance	49,500	-
Addition during the year	34,650	49,500
	<u>84,150</u>	<u>49,500</u>
	<u>80,850</u>	<u>115,500</u>
<b>Written Down Value (WDV)</b>		
<b>Details are in Annex-II</b>		
<b>7 Investment</b>		
Legacy Footwear Ltd.:		
Cost	17,250,000	
Fair Value Gain/(Loss)	166,117,500	
Market value	183,367,500	
<b>8 Right-of-use (ROU) assets</b>		
Opening balance	10,143,068	1,572,340
Addition during the year	10,265,884	9,763,589
Paid off during the year	(8,217,813)	
	<u>12,191,139</u>	<u>11,335,929</u>
Depreciation during the year	(2,096,353)	(1,192,861)
<b>Closing balance</b>	<u>10,094,786</u>	<u>10,143,068</u>
Details are in Annex-III		
<b>9 Non-Current Security Deposits</b>		
Security Deposit-REB	1,000,000	1,000,000
Advance for Office Rent	195,000	195,000
	<u>1,195,000</u>	<u>1,195,000</u>
<b>10 Inventories</b>		
Material	126,729,191	105,006,598
Work-in-Process	62,977,494	47,976,262
Finished Goods	202,702,263	178,821,585
Stores & Spares	2,904,655	2,312,475
	<u>395,313,603</u>	<u>334,116,920</u>

a) Quantity reconciliation of products were done properly.

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b) The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IAS-2.

c) The company has conducted a test (physical verification/stock taking) of above inventories as on 30 June, 2023

#### 11 Accounts & Other Receivables:

Trade Receivables (*)	209,040,866	281,513,812
Interest Receivable	10,733	-
Incentive Receivable	66,625,077	16,153,360
	<u>275,676,676</u>	<u>297,667,172</u>

The above receivables are considered good for which no provision for expected credit loss has been recognised in the financial statements

(\*) Details of Trade Receivables are in Annex VI

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

I)	Debts considered good and in respect of which the company is fully secured.	275,676,676	297,667,172
II)	Debts considered good for which the company holds no security other than the debtors personal security and	-	-
III)	Debts considered doubtful or bad.		-
IV)	Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or Debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.	-	-
V)	Debts due by companies under the same management to be disclosed with the names of the companies.	-	-
VI)	The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-	-

#### Aging of Accounts Receivable is given below:

<b>Particulars</b>		
1-3 Months	142,271,416	272,171,976
3-6 Months	29,982,735	-
More than 6 Months	103,422,525	9,341,836
	<u>275,676,676</u>	<u>281,513,812</u>

#### 12 Inter-Company Receivable

Moynakuti Agro Industries Limited	100,326,000	116,876,000
	<u>100,326,000</u>	<u>116,876,000</u>

The above represent interest free loan provided to the above related entity as temporary arrangement which will be payable on demand. The related entity is the private limited company. MK FOOTWEAR PLC was given the loan to Moynakuti Agro Industries Limited (private limited company) before converted into public limited company dated 29 May 2022. To comply with the requirement of Bangladesh Securities and Exchange Commission notification No. SEC/CMMRRCD/2006-159/Admin/02-10 dated 10 September 2006 the management of the company has decided not to provide any further loan to any of its related entity and has taken steps to realize the receivable as soon as possible.

#### 13 Advance Income Tax

Opening Balance	10,814,490	2,870,576
Addition during the year (note 13.1)	10,596,950	10,752,359
	21,411,440	13,622,935
Adjustment made during the year	(10,752,359)	(2,808,445)
<b>Closing Balance</b>	<u>10,659,081</u>	<u>10,814,490</u>

#### 13.1 Tax paid during the year

Tax paid on Cash Incentive Income	1,871,000	5,511,300
Tax paid on Motor Vehicle	-	150,000

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd.

MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Tax paid on Interest Income	10,000	
Tax Paid on Export realization/Advance against Export	8,715,950	5,091,059
	<b>10,596,950</b>	<b>10,752,359</b>

**14 Cash and Cash Equivalents:**

Cash in Hand	140,009	645,201
Brac Bank, CD A/C 10001	100,056,379	-
Standard Bank, CD A/C 805	3,767	-
FDR (IPDC)	1,200,000	-
Short Notice Deposit A/c- 18024000235	4,168	13,981
FBR Margin Account	19,959,954	22,585,399
Sundry Deposit Account	1,758,004	1,900,000
Rupali Bank Ltd, FC A/c No - 18027005037	18,494,952	60,281,453
Southeast Bank Ltd, CD A/c No - 211100048890	5,387	1,756,361
Rupali Bank Ltd, CD A/C No-20009691	2,566	13,511,238
	<b>141,625,186</b>	<b>100,693,633</b>

Cash in hand was physically verified by the Auditor. Bank balances were reconciled & confirmed.

**15 Share Capital:****Authorized Share Capital:**

100,000,000 Ordinary shares @ of Tk. 10/- each	1,000,000,000	1,000,000,000
	<b>1,000,000,000</b>	<b>1,000,000,000</b>

The authorized capital of the company has been increased to BDT 100.00 crore vide Extra Ordinary Resolution in EGM dated March 28, 2022 and duly filed with & passed by RJSC.

**Issued, Subscribed and Paid-up Capital:**

47,847,200 Ordinary shares @ of Tk. 10/- each fully paid in cash	478,472,000	378,472,000
	<b>478,472,000</b>	<b>378,472,000</b>

30 June, 2023			
	No. of Shares	Value of Shares	% of Shares
Sponsors & Directors	24,467,200	244,672,000	51.14%
Placement Shareholder	13,380,000	133,800,000	27.96%
Institute	3,277,077	32,770,770	6.85%
General Public	6,722,923	67,229,230	14.05%
Total	47,847,200	478,472,000	100.00%
30 June, 2022			
	No. of Shares	Value of Shares	% of Shares
Sponsors & Directors	24,467,200	244,672,000	64.65%
Placement Shareholder	13,380,000	133,800,000	35.35%
Total	37,847,200	378,472,000	100%

Bangladesh Security Exchange Commission vide letter No. SEC/CI/QIO/SC-37/2022/1251, dated 3rd May 2022 permitted MK Footwear PLC under Qualified Investor Offer by Small Capital Company Rules, 2018 to increase paid up capital by Tk. 100,000,000 through issue of 10,000,000 number of ordinary share having face value of Tk. 10 per share.

**16 Fair Value Gain/(Loss)**

Opening Balance	-
Add: Addition during the year	166,117,500
	166,117,500
Less Adjustment during the year	-
Add/(Less) Deferred Tax (Expenses)/Income	(16,611,750)
Closing Balance	<b>149,505,750</b>

**17 Retained Earnings**

Opening Balance	111,552,297	8,463,012
Net Profit/(Loss) during the year	40,666,309	103,089,285
	<b>152,218,606</b>	<b>111,552,297</b>

**18 Long Term Loan-Non Current Maturity:**

Project Loan, A/c No - 18067000284	580,118,061	556,121,671
Project Loan, A/c No - 18067000201	215,744,957	197,083,975
IDCP (Interest During Construction Period)	46,100,610	60,648,606



Block Interest	7,215,044	8,184,477
	849,178,672	822,038,729
Less: Transfer to Term Loan-Current Maturity	(260,823,243)	(128,283,044)
	<b>588,355,429</b>	<b>693,755,685</b>

**Disclosure about long term loan -As per Schedule XI, Part I, Para-a (4) of the Company Act, 1994**

Particulars	Project Loan (18067000284)		Project Loan (18067000201)	
	Import	Barnd	Import	Barnd
<b>Purpose</b>	New Machine	New Machine	Construction of Factory Building	New Machine and
<b>Tenure:</b>	Ten Years from the date of disbursement		Ten Years from the date of disbursement	
<b>Repayment:</b>	From proceed realization		From proceed realization	
<b>Rate of Interest:</b>	9%		9%	
<b>Security:</b>	Imported Machineries, Projects Land and Building		A) 350.88 decimal land and Building and Machineries of that Land located Dhonua (Muaza), Shrepur; Gazipur,	

<b>19 Lease liability</b>		
Opening balance	8,276,371	1,641,686
Addition during the year	8,000,000	7,680,000
Finance cost	348,724	250,920
	<b>16,625,095</b>	<b>9,572,606</b>
Rent paid	(8,727,046)	(1,296,235)
Closing balance	<b>7,898,049</b>	<b>8,276,371</b>
<i>Allocated to:</i>		
Non-current liabilities	6,481,796	6,114,483
Current liabilities	1,416,253	2,161,888
	<b>7,898,049</b>	<b>8,276,371</b>
Details are in Annex-iV		
<b>20 Trade and Other Payables:</b>		
Advance Against Export (**)	24,491,844	66,018,250
Trade Payable (*)	115,724,400	105,351,204
	<b>140,216,244</b>	<b>171,369,454</b>

(\*) Details of Trade Payable Details are in Annex VII

(\*\*) Advance against Export represent, amount received in advance for sales contract against which no product is delivered during the year.

<b>21 Short Term Loan:</b>		
Cash Credit Hypothecation	152,250,725	144,956,742
COVID 19 Revolving Refinance Scheme	24,513,428	23,865,572
Export Development Fund (EDF)	165,363,214	250,764,089
Purchase Against Documents (PAD)	29,148,512	124,395,204
OD against Cash Incentive (32)	26,434,769	-
OD against Cash Incentive (33)	8,067,582	-
COVID 19 Stimulus Funds Workers Salary	17,053,776	20,331,461
	<b>422,832,006</b>	<b>564,313,068</b>

Particulars	Cash Credit Hypothecation	COVID 19 Revolving Refinance Scheme	COVID 19 Stimulus Funds Workers Salary
<b>Purpose:</b>	Import Raw Material	Working Capital	Working Capital
<b>Tenure:</b>	One year	One year	One year
<b>Repayment:</b>	Export Bill Collection and Company's own fund	Export Collection and Fund	Export Collection and Fund
<b>Rate of Interest:</b>	9%	9%	9%
<b>Security:</b>	Original Export Master Letter of Credit (L/C)	Stock Inventory	Stock Inventory

**Liabilities for Expenses:**

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Chief Executive Officer  
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MK FOOTWEAR PLC

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Audit Fee	345,000	345,000
Electricity Bill	664,624	1,775,645
Generator Rent	-	380,000
Factory Rent	-	760,000
Directors' Remuneration	1,799,000	399,000
Salary & Wages Payable	9,119,132	15,460,748
TDS and VDS Payable	339,903	1,323,080
	<b>12,267,659</b>	<b>20,443,473</b>
<b>23 Provision for WPPF</b>		
Opening Balance	5,564,995	-
Add Addition During the Period	3,057,205	5,564,995
Less Paid During the Period	(5,564,995)	
Closing Balance	<b>3,057,205</b>	<b>5,564,995</b>
<b>24 Provision for income Tax</b>		
Opening Balance	10,667,434	2,870,600
Addition during the year:		
Tax on Business income (note 24.1)	8,715,950	5,091,059
Tax on other income (note 24.2)	1,892,285	5,514,220
Prior year Adjustment	84,925	
	<b>21,360,594</b>	<b>13,475,879</b>
Paid/Adjusted during the year	(10,752,359)	(2,808,445)
	<b>10,608,235</b>	<b>10,667,434</b>
<b>24.1 Tax on Business Income</b>		
Net Profit before Tax	61,144,094	111,299,904
Less: Other income	(69,264,304)	(71,276,977)
Less: Unrealized Foreign Exchange gain/(Loss)	(1,310,170)	(10,206,238)
Add: Accounting Depreciation & Amortization	95,136,382	90,471,743
Add: WPPF	3,057,205	5,564,995
Less: WPPF (paid)	(5,564,995)	-
Less: Tax Depreciation	(95,800,170)	(188,216,516)
Taxable Business income	(12,601,958)	(62,363,089)
Tax rate on Business Income	12%	12%
Tax on Business Income (A)	-	-
TDS on Export received (B)	8,715,950	5,091,059
Tax on Gross receipt (C) @ 0.2618% (12/27.5*.6)	2,340,334	3,508,439
Tax liabilities on business income (Higher of A, B, & C)	<b>8,715,950</b>	<b>5,091,059</b>
<b>Un-used Tax Loss:</b>		
Opening Balance	130,639,697	68,276,608
Addition during the year	12,601,958	62,363,089
	<b>143,241,655</b>	<b>130,639,697</b>
Less: use of unused tax	-	-
<b>Un-used Tax Loss</b>	<b>143,241,655</b>	<b>130,639,697</b>
<b>24.2 Tax on other Income</b>		
Tax on Cash Incentive Income	1,871,000	5,511,300
Tax on Interest income @ 27.5%	21,285	2,920
	<b>1,892,285</b>	<b>5,514,220</b>
Tax on Cash Incentive Income:		
Opening Incentive Receivable	16,153,360	-
Cash Incentive Income	69,186,905	71,266,360
Less: Unrealized during the year	(66,625,077)	(16,153,360)
Cash Incentive Received during the year	<b>18,715,188</b>	<b>55,113,000</b>
Income Tax Rate	10%	10%
Tax on Cash Incentive Income	<b>1,871,000</b>	<b>5,511,300</b>

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MK FOOTWEAR PLC

MK Footwear PLC- Page | 81

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Particulars		2022-2023 BDT	2021-2022 BDT
25	<b>Revenue:</b>		
	Export Sale	821,421,417	1,268,844,877
	Export-Sample	3,253,842	
		<u>824,675,259</u>	<u>1,268,844,877</u>
26	<b>Cost of Goods Sold:</b>		
	Material Consumed (note 26.01)	452,706,708	808,153,215
	Manufacturing Overhead (note 26.02)	292,718,474	318,051,560
		<u>745,425,181</u>	<u>1,126,204,775</u>
	Opening Work in Process	47,976,262	25,380,529
		<u>793,401,443</u>	<u>1,151,585,304</u>
	Closing Work in Process	(62,977,494)	(47,976,262)
		<u>730,423,949</u>	<u>1,103,609,042</u>
	Opening Finished Goods	178,821,585	177,684,601
	<b>Cost of Goods available for sale</b>	909,245,534	1,281,293,643
	Closing Finished Goods	(202,702,263)	(178,821,585)
	<b>Cost of Sales</b>	<u>706,543,271</u>	<u>1,102,472,058</u>
26.01	<b>Material Consumed:</b>		
	Opening Stock	105,006,598	104,758,321
	Add: Purchase during the year	474,429,301	808,401,492
	Less: Closing Stock	(126,729,191)	(105,006,598)
		<u>452,706,708</u>	<u>808,153,215</u>
26.02	<b>Manufacturing Overheads:</b>		
	Wages & Salaries	176,262,496	184,534,205
	Depreciation	93,936,651	89,691,398
	Electricity Bill	9,630,821	21,778,230
	Generator Rent	4,000,000	4,440,000
	Factory Rent	-	6,700,000
	Fuel & Lubricant	1,983,118	2,080,453
	Repairs & Maintenance	1,021,831	1,260,307
	Workers Tiffin	2,668,531	2,910,108
	Loading Unloading	839,157	1,186,869
	Medical & Welfare	78,711	137,139
	Workers' Transportation	306,927	604,516
	Inspection Expenses	119,060	1,087,146
	Conveyance	151,161	524,443
	Internet Bill	177,702	90,167
	Mobile Bill	100,967	50,215
	Fire Extinguishing Expenses	124,073	50,070
	Training Expenses	5,000	289,700
	Insurance	1,210,114	-
	Others	102,154	636,594
		<u>292,718,474</u>	<u>318,051,560</u>
27	<b>Foreign Exchange Gain/(Loss)</b>		
	Realised FC Gain/(Loss)	(4,787,703)	(18,128,641)
	Unrealised FC Gain/(Loss)	1,310,170	10,206,238
		<u>(3,477,533)</u>	<u>(7,922,403)</u>
28	<b>Administrative Expenses:</b>		
	Salaries & Allowances	4,720,329	4,227,350
	Depreciation on ROU assets	1,925,255	1,192,861
	Directors' Remuneration	3,600,000	3,500,000
	Registration & Renewal	831,811	142,706
	RJSC Expenses	40,000	1,314,321
	Depreciation	1,336,179	730,845



	Amortization of Intangible Assets	34,650	49,500
	Audit Fees	345,000	345,000
	Conveyance	66,571	103,787
	Entertainment	27,223	69,698
	Vehicle Expenses	37,500	646,321
	Stationery	117,081	218,392
	Postage & Courier Service	29,373	74,783
	Electricity Bill	111,864	74,452
	Telephone, Mobile and Internet	55,211	32,000
	IPO Expenses	1,644,683	-
	Others	87,543	165,181
		<b>15,010,273</b>	<b>12,887,197</b>
<b>29</b>	<b>Distribution Expenses:</b>		
	Conveyance	50,125	105,603
	Entertainment	42,142	92,827
	Export Expenses	5,349,788	9,742,548
	Salaries & Allowances	1,954,872	1,856,400
	Stationeries	123,412	249,630
		<b>7,520,339</b>	<b>12,047,008</b>
<b>30</b>	<b>Non-Operating Income:</b>		
	Cash Incentive	69,186,905	71,266,360
	Interest Income	77,399	10,617
		<b>69,264,304</b>	<b>71,276,977</b>
<b>31</b>	<b>Financial Expenses:</b>		
	Export Bill Realization Expenses/Income	516,761	1,450,943
	Interest on Short Term Loan	25,190,029	16,889,800
	Bank Charges & Commissions	1,293,962	570,366
	Finance costs-lease liability	348,724	250,920
	Interest on Long Term Loan	69,837,372	68,766,260
		<b>97,186,848</b>	<b>87,928,289</b>
<b>32</b>	<b>Earning per share (EPS)</b>		
	<b>Basic earnings per share:</b>		
	Profit after tax	40,666,309	103,089,285
	Profit attributable to ordinary shareholders	40,666,309	103,089,285
	Total weighted average number of shares outstanding during the year	38,121,173	32,308,570
	<b>Basic earnings per share (Tk 10/= per Share)</b>	<b>1.07</b>	<b>3.19</b>
	<b>Diluted earnings per share:</b>		
	Profit attributable to ordinary shareholders	40,666,309	103,089,285
	Weighted-average number of ordinary shares outstanding during the year	38,121,173	32,308,570
	Diluted potential number of ordinary shares	-	-
	Total number of shares as dilutive potential ordinary shares	38,121,173	32,308,570
	<b>Diluted earnings per share (Tk 10/= per Share)</b>	<b>1.07</b>	<b>3.19</b>
	<b>Weighted-average number of ordinary shares outstanding during the year</b>		

Particulars	Amount	No of Days use capital	No Day in a year	Weight	Price per Share	weighted number of share
Share Capital	378,472,000	365	365	1.00	10	37,847,200
New Share issue	100,000,000	10	365	0.03	10	273,973
<b>Total</b>	<b>478,472,000</b>					<b>38,121,173</b>

Shibly Amran  
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MK FOOTWEAR PLC

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



<b>33</b>	<b>Net Operating Cash Flow per Share (NOCFPS)</b>		
	Net Operating Cash Flow	<u>163,201,819</u>	<u>50,878,709</u>
	Total weighted average number of shares outstanding during the year	38,121,173	37,847,200
	Potential No. of Share for Share Money Deposit	-	-
	Total No of Share to Calculate Net Asset Value Per Share	<u>38,121,173</u>	<u>37,847,200</u>
	Net Operating Cash Flow per share	<u>4.28</u>	<u>1.34</u>
<b>34</b>	<b>Net Asset Value Per Share (NAVPS)</b>		
	Shareholders' Equity	<u>780,196,356</u>	<u>490,024,297</u>
	No. of Share for Share Capital	47,847,200	37,847,200
	Total No of Share to Calculate Net Asset Value Per Share	<u>47,847,200</u>	<u>37,847,200</u>
	NAVPS (Net Asset Value Per Share)	<u>16.31</u>	<u>12.95</u>
<b>35</b>	<b>Cash Received from Customers and others income</b>		
	Revenue	824,675,259	1,268,844,877
	Foreign Exchange Gain/(Loss) Related to Accounts & Other Receivables	17,162,332	7,882,624
	Other Income	69,264,304	71,276,977
	Add: Accounts Receivables balance b/d	297,667,172	116,232,518
	Less: Accounts Receivables balance c/d	(275,676,676)	(297,667,172)
	Add: Advance Against Sale C/d	24,491,844	66,018,250
	Less: Advance Against Sale b/d	(66,018,250)	(145,155,440)
	Less: Export Bill Collection Charge	(516,761)	(1,450,943)
		<u>891,049,224</u>	<u>1,085,981,691</u>
<b>36</b>	<b>Cash Paid to Suppliers, employees and others expenses</b>		
	Cost of Goods Sold	(706,543,271)	(1,102,472,058)
	Administrative expenses	(15,010,273)	(12,887,197)
	Selling and distribution Expenses	(7,520,339)	(12,047,008)
	Adjustment for Depreciation	95,272,830	90,422,243
	Adjustment for Amortization	34,650	49,500
	Depreciation on ROU assets	1,925,255	1,192,861
	Increase/Decrease Trade Payables	10,373,196	46,294,247
	Foreign Exchange Gain/(Loss) Related to Accounts & Other Payables	(20,845,011)	(22,177,109)
	Increase/Decrease Liability for expenses	(8,175,814)	11,712,079
	Increase/(Decrease) Workers' Profit Participation Fund (WPPF)	(5,564,995)	-
	Increase/(Decrease) Advance Deposit and Prepayment	-	1,312,904
	Increase/Decrease Inventory	(61,196,683)	(25,751,085)
		<u>(717,250,455)</u>	<u>(1,024,350,623)</u>
<b>37</b>	<b>Income Tax paid</b>		
	Opening AIT	10,814,490	2,870,576
	Closing AIT	(10,659,081)	(10,814,490)
	Current year Provision	(10,693,160)	(10,605,279)
	Opening Provision for Tax	(10,667,434)	(2,870,600)
	Closing Provision for Tax	10,608,235	10,667,434
		<u>(10,596,950)</u>	<u>(10,752,359)</u>
<b>38</b>	<b>Cash flow for Property Plant and Equipment / Capital in Working Progress.</b>		
	Addition to Property Plant & Equipments	(8,337,813)	(379,012,744)
	Addition to Capital Work In Progress	-	(31,828,266)
	Adjustment for Transfer from CWIP to PPE	-	240,627,645
		<u>(8,337,813)</u>	<u>(170,213,365)</u>
<b>39</b>	<b>Reconciliation of Net profit before tax with Cash flow from operating activities</b>		
	Net profit before income tax	61,144,094	111,299,904
	Add: Finance Cost	96,670,087	86,477,346
	Adjustment for Depreciation	95,272,830	90,422,243
	Adjustment for Amortization	34,650	49,500

Shibly Hameed  
Chief Executive Officer  
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Company Secretary  
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Md. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Depreciation on ROU assets	1,925,255	1,192,861
Increase/(Decrease) Workers' Profit Participation Fund (WPPF)	(2,507,790)	5,564,995
(Increase)/Decrease Inventory	(61,196,683)	(25,751,085)
(Increase)/Decrease Receivable	21,990,496	(181,434,654)
Increase/Decrease Advance deposits and prepayments	-	1,312,904
Increase/(Decrease) Accounts Payables	(31,153,210)	(32,842,943)
Increase/Decrease Liability for expenses	(8,175,814)	11,712,079
Unrealized Foreign Exchange Gain/(Loss)	(205,146)	(9,207,350)
Unrealized Foreign Exchange Gain/(Loss)	-	2,835,268
Income Tax Paid	(10,596,950)	(10,752,359)
<b>Net Cash (used in)/generated by operating activities</b>	<b>163,201,820</b>	<b>50,878,709</b>

**40.00 Related Party Disclosure:**

During the year, The Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transaction have been set out in accordance with the provisions of IAS -24: "Related Party Disclosure".

Name of Party	Relationship	Nature of Transaction	Opening Balance as at 01 July, 2022 Dr./ (Cr.)	Transaction during the year		Closing Balance as at 30 June, 2023 Dr./ (Cr.)
				Dr.	Cr.	
Moynakuti Agro Industries Limited	Common Directorship	Inter Company Receivable	116,876,000	-	16,550,000	100,326,000
Noor Mohammed	Managing Director & Sponsor	Directors' Remuneration	-	3,600,000	1,801,000	1,799,000
Mohammed Tohidul Islam	Company Secretary & Shareholder	Salary	-	1,320,000	1,210,000	110,000
Md.Masud Rana	Manager Finance & Shareholder	Salary	-	365,500	335,042	30,458
			116,876,000	5,285,500	19,896,042	100,326,000

**41.00 Capacity Utilization :**

Disclosure as per requirement of schedule XI, part II, para 7 of Company Act 1994

Section	Installed Capacity		Utilization		
	Per day (Per Shift)		Per day (Per Shift)		
	Pcs.		Pcs).		
Period ended 30 June 2023 Finishing - Shoes (Pcs)	10,000		3,964		39.64%

**41.01 Disclosure as per requirement of schedule XI, Part II, Para 8 of Company Act 1994**

- a) During the period no import in respect of raw materials and capital machineries on CIF basis has been made. The company import raw materials and capital machineries on CFR basis.
- b) No Expenditure in foreign currency during the financial year on account of royalty, know-how, professional consultation fee, interest and other matters.
- c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:

Item Names	Consumed	% of Consumption
Raw Materials	452,706,708	100%

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Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

Md. Mahabub Alam  
Chief Financial Officer  
MK FOOTWEAR PLC

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

e) The company has not earned in foreign exchange from royalty, know-how, professional and consultation fee, dividend and other income except exports for goods calculated on FOB basis. Details are given below:

Particulars	Amount in (USD)	Amount in (BDT)
<b>FOB Value of Export</b>	<b>8,083,238.23</b>	<b>821,421,417</b>

42.00 Disclosures regarding Sales as per Para 3, Part -II, Schedule XI of the Companies Act 1994 are as follows:

a Quantity-wise sales for the period is as follows:

Name of product	Quantity (pcs)	Rate (Taka)	Taka
Shoes (PCS)	1,093,874	750.93	821,421,417
<b>Total</b>	<b>1,093,874</b>		<b>821,421,417</b>

b The company do not give any brokerage and discount on sales other than usual trade discount. Quantitative details of opening stock, purchases / production, consumption / sales and closing

c stock of raw materials and finished goods are as under:

Item	Unit	Opening Stock	Purchases / Transfer In	Wastage	Transfer Out/ Sales	Closing Stock
		Qty	Qty	Qty	Qty	Qty
<b>Raw material:</b> Period ended 30 June 2023	PCS/KG/YR D	4,578,712	7,276,212	-	10,035,903	1,819,022
<b>Work in Process:</b> Period ended 30 June 2023	Pair	182,613	1,172,720	38,620	1,070,271	246,442
<b>Finished goods:</b> Period ended 30 June 2023	Pair	333,394	1,070,271	-	1,093,874	309,791

43.00 **Employee position of MK Footwear PLC (as at June 30, 2023)**

Disclosure as per requirement of schedule XI part II, Para 3 of the company Act 1994

All the employees receive salary/wages in excess of Tk. 8,200 per month.

Number of permanent staff

19

Number of permanent workers

688

**Total:**

**707**

44.00

**Disclosure as per requirement of schedule XI, Part II, Para 4 of Company Act 1994**

As per Company Act, 1994 part-II, Schedule-XI (4) The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial period to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

No.	Particulars	2022-2023	2021-2022
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	9,605,500	9,769,233
(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 period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.		
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

**45.00 Additional Disclosures****45.01 Revenue**

During the reporting year Revenue of the company has been decreased by Tk. 444,169,618 that is 35% corresponding with last year due to economic recession in Europe and Russia-Ukraine war. Most of the brands in Europe is suffering with over stock for which there is significant drop in new orders and as a result the whole Footwear industry in Bangladesh have struggled to get new order from European buyers and as a result of decreased in Revenue, Cash Incentive under non-operation income is also decreased by 42.05%.

**45.02 EPS**

During the year Earning Per Share of the company decreased by Tk. 2.12 Per share with corresponding to previous year, the major reason of which the revenue of the company has been decreased by 35%.

**45.03 Net Operating Cash Flow Per Share (NOCFPS)**

Net Operating Cash Flow Per Share (NOCFPS) increased by Tk. 2.94 per share with corresponding to previous year, the major reason of which Cash Paid to Suppliers, employees & others expenses decreased by 29.98% though Cash Received from Customers and others income decreased by 17.95%.

**46.00 General****46.01 Segment Reporting**

As the company operates as a single business and geographic segment no segment reporting is felt necessary.

**46.02 Contingent liability**


There is no contingent liability as of the balance sheet date.


**46.03 Receivable from Directors**

Nothing is receivable from the director.


**46.04** Last year's figures have been rearranged wherever it was found necessary.**46.05** Figures appearing in the financial statements have been rounded off to the nearest BDT.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Monirul Islam  
Company Secretary  
MK Footwear Ltd.

  
NOOR MOHAMMED ALAY  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 87

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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**MK FOOTWEAR PLC**  
**Schedule of Property, Plant & Equipment**

As on 30 June, 2023

Annex-I

Particular's	Cost		Balance as on 30 June, 2023	Rate	Depreciation			Written Down Value as on 30 June, 2023
	Balance as on 01 July, 2022	Addition During the Period			Balance as on 01 July, 2022	Charged During the Period	Balance as on 30 June, 2023	
Land and Land Development	97,930,742		97,930,742	0%				97,930,742
Building & Other Civil Constructions	386,785,225		386,785,225	5%	17,787,183	48,828,746	337,998,042	337,998,042
Plant & Machineries	754,836,237		754,836,237	10%	62,871,411	188,993,530	666,964,826	565,442,698
Electrical Equipments & Installations	31,355,421	120,000	31,475,421	10%	2,785,202	6,288,601	25,186,820	25,186,820
Solar Power Plant	76,905,140		76,905,140	10%	7,562,339	8,844,091	68,061,049	68,061,049
Fire Fighting Equipments & Installation	30,660,197		30,660,197	10%	2,759,418	5,825,438	24,834,759	24,834,759
Furniture & Fixture	6,801,500		6,801,500	10%	600,161	1,400,056	5,401,444	5,401,444
Motor Vehicles	400,000	8,217,813	8,617,813	20%	736,018	880,018	7,737,795	7,737,795
<b>Balance at 30 June, 2023</b>	<b>1,385,674,462</b>	<b>8,337,813</b>	<b>1,394,012,275</b>		<b>95,101,732</b>	<b>261,060,489</b>	<b>1,132,951,786</b>	
<b>Balance at 30 June, 2022</b>	<b>1,006,661,718</b>	<b>379,012,744</b>	<b>1,385,674,462</b>		<b>90,422,243</b>	<b>165,958,757</b>	<b>1,219,715,705</b>	

**Depreciation Allocated to:**

Manufacturing Overheads:	93,765,553
Administrative Expenses:	1,336,179
	<b>95,101,732</b>



Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

*Signature*

*Signature*  
 Mohammad Tohibul Islam  
 Company Secretary





**MK FOOTWEAR PLC**  
**Schedule of Intangible Assets**  
**As on 30 June, 2023**

Particular's	Cost		Rate	Depreciation		Annex-II Written Down Value as at 30 June, 2023
	Balance as at 01 July, 2022	Addition During the Period		Balance as at 30 June, 2023	Charged During the Period	
Software	165,000		30%		84,150	80,850
<b>Balance as at 30 June, 2023</b>	<b>165,000</b>	<b>-</b>		<b>34,650</b>	<b>84,150</b>	<b>80,850</b>

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Shibly Amran  
 Executive Officer

Mohammad Fouad Islam  
 Company Secretary

Mohammad  
 Company Secretary





**MK FOOTWEAR PLC**  
Details of right-of-use assets  
As on 30 June, 2023

Asset category	Cost				Depreciation			Written down value as at 30 Jun '23 BDT		
	Balance at 01 July'22 BDT	Addition during the period BDT	Adjustment during the period BDT	Total at 30 Jun '23 BDT	Months	Balance at 01 July'22 BDT	Charge for the period BDT		Adjustment during the period BDT	Total at 30 Jun '23 BDT
Dhaka Office	2,358,510	-	-	2,358,510	36/36	1,572,340	786,170	-	2,358,510	
Motor Vehicles-01	4,879,297	-	(3,984,760)	894,537	11/60	325,286	569,251	-	894,537	
Motor Vehicles-02	4,884,292	-	(4,233,053)	651,239	8/60	81,405	569,834	-	651,239	
Generator	-	10,265,884	-	10,265,884	1/60	-	171,098	-	171,098	
<b>Total Jun '23</b>	<b>12,122,099</b>	<b>10,265,884</b>	<b>(8,217,813)</b>	<b>14,170,170</b>		<b>1,979,031</b>	<b>2,096,353</b>	<b>-</b>	<b>4,075,384</b>	
Total Jun '22	2,358,510	9,763,589	-	12,122,099		786,170	1,192,861	-	1,979,031	

**Depreciation Allocated to:**  
 Manufacturing Overheads: 171,098  
 Administrative Expenses: 1,925,255  
 2,096,353

Shibly Amran  
 Chief Executive Officer

Mohammad Johisul Islam  
 Company Secretary  
 MK FOOTWEAR PLC

Noor Mohammed  
 Manager





**MK FOOTWEAR PLC**  
Details of lease liability  
As on 30 June, 2023

Particulars	Date of commencement	Date of ending	Lease period (months)	Total Lease value	Discount rate	PV of lease payment	Interest for the year	Lease payment during the year	Annex-IV
	BDT	BDT	BDT	BDT	(%)	BDT	BDT	BDT	Net lease liabilities as at 30 June 2023 BDT
Dhaka Office Motor Vehicles-01	Jul-20	Jun-23	36	2,700,000	9.00%	857,618	42,382	(900,000)	
	Mar-22	February-2027	60	4,757,684	8.75%	3,634,667	114,273	(3,748,940)	
Motor Vehicles-02	Jun-22	May-27	60	4,747,654	8.75%	3,784,086	122,069	(3,906,155)	
Generator	Jun'23	May'28	60	8,000,000	9.00%	8,000,000	70,000	(171,951)	7,898,049
<b>Total 2023</b>				<b>20,205,338</b>		<b>16,276,372</b>	<b>348,724</b>	<b>(8,727,046)</b>	<b>7,898,049</b>
<b>Total 2022</b>				<b>12,205,338</b>		<b>9,321,686</b>	<b>250,920</b>	<b>(1,296,235)</b>	<b>8,276,371</b>

Particulars	Lease current portion	Lease non-current portion	Total
	Motor Vehicles-01	-	-
Motor Vehicles-02	-	-	-
Dhaka Office Generator	1,416,253	6,481,796	7,898,049
<b>Total</b>	<b>1,416,253</b>	<b>6,481,796</b>	<b>7,898,049</b>

Shibly Amran  
Chief Executive Officer

Mohammad Fahidul Islam  
Company Secretary  
MK Footwear Ltd.

Noor Mohammed  
Managing Director

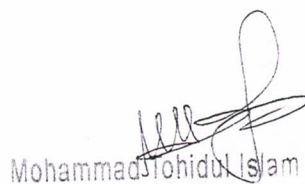


**MK FOOTWEAR PLC**  
**Calculation of Deferred tax**  
**As at 30 June, 2023**

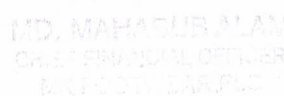
Particulars	Amount in BDT	Annex-V
	30-Jun-2023	Amount in BDT 30-Jun-2022
<b>A. Deferred Tax (Income)/Expenses to be recognized in Profit and Loss A/C</b>		
<b>Carrying value (Accounting Base)</b>		
Property, Plant and Equipment	1,132,951,786	1,219,715,705
Intangible Assets	34,650	49,500
WPPF	(3,057,205)	(5,564,995)
Unrealized Foreign exchange Gain/(Loss)	1,310,170	10,206,238
Cash Incentive	69,186,905	71,266,360
Un-Used Tax Loss	-	-
	<b>1,200,426,306</b>	<b>1,224,406,448</b>
<b>Carrying value (Tax Base)</b>		
Property, Plant and Equipment	959,820,427	1,047,248,134
Intangible Assets	34,650	49,500
Unrealized Foreign exchange Gain/(Loss)	-	-
Cash Incentive	18,715,188	55,113,000
Un-Used Tax Loss	143,241,655	130,639,697
	<b>1,121,811,920</b>	<b>1,233,050,331</b>
<b>A. Taxable /(Deductible) temporary difference</b>	<b>78,614,386</b>	<b>(8,643,883)</b>
Income Tax rate of Operation Except Cash Incentive	12%	12%
Income Tax rate for Cash Incentive	10%	10%
<b>Deferred Tax Liabilities/(Assets) at the end of the year</b>	<b>8,424,292</b>	<b>(1,360,333)</b>
Closing Deferred Tax (Asset)/Liabilities	8,424,292	(1,360,333)
Opening Deferred Tax (Asset)/Liabilities	(1,360,333)	1,034,327
Deferred Tax (Income)/Expenses to be recognized in Profit and Loss A/C	<b>9,784,625</b>	<b>(2,394,660)</b>
<b>B. Deferred Tax on Fair Value Gain/(Loss) to be recognized on Other Comprehensive Income</b>		
Carrying value of Investment (Accounting Base)	183,367,500	
Carrying value of Investment (Tax Base)	17,250,000	
<b>Taxable /(Deductible) temporary difference</b>	<b>166,117,500</b>	
Income Tax rate for Fair Value Gain/(Loss)	10%	
<b>Deferred Tax Liabilities/(Assets) at the end of the year</b>	<b>16,611,750</b>	
Closing Deferred Tax (Asset)/Liabilities	16,611,750	
Opening Deferred Tax (Asset)/Liabilities	-	
Deferred Tax (Income)/Expenses to be recognized in Other Comprehensive Income	<b>16,611,750</b>	
<b>Total Closing Deferred Tax (Asset)/Liabilities (A+B)</b>	<b>25,036,042</b>	



Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Ltd.

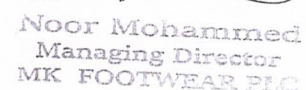


Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.



MD. MAHABUB ALAM  
 Chief Financial Officer  
 MK FOOTWEAR PLC

MK Footwear PLC- Page | 92



Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



**MK Footwear PLC  
Un-Realized Gain/(Loss) on Receivable**

SC OR L/C NO	Client Name	Inv No	USD	Exc. Rate	BDT	USD	Closing Rate	BDT	Annex-VI
DC.XIA1505663	AIDER/DEICHMANN	MKFL/JANA/497/2022	2,801.30	93.45	261,781	2,801.3	108.18	293,045	303,045
21640FLC037321	REDTAPE	MKFL/RT/598/2022	81,878.75	94.73	7,746,901	81,878.75	108.18	8,857,643	8,857,643
21640FLC037321	REDTAPE	MKFL/RT/644/22	36,890.00	106.17	3,916,611	36,890.00	108.18	3,990,760	3,990,760
MK0051/TR2023	TONGRUI	MKFL/TAMARIS/732/2023	69,744.30	106.02	7,394,068	69,744.30	108.18	7,544,938	7,544,938
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/744/2023	33,360.00	106.84	3,564,182	33,360.00	108.18	3,608,885	3,608,885
MK0051/TR2023	TONGRUI	MKFL/TAMARIS/745/2023	147,269.85	106.84	15,734,311	147,269.85	108.18	15,931,652	15,931,652
MK0051/TR2023	TONGRUI	MKFL/TAMARIS/746/2023	74,984.55	107.41	8,054,091	74,984.55	108.18	8,111,829	8,111,829
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/747/2023	10,680.00	107.41	1,147,139	10,680.00	108.18	1,155,362	1,155,362
MK0051/TR2023	TONGRUI	MKFL/TAMARIS/753/2023	2,639.25	107.41	283,482	2,639.25	108.18	285,514	285,514
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/754/2023	32,640.00	107.41	3,505,862	32,640.00	108.18	3,530,995	3,530,995
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/763/2023	20,880.00	107.41	2,242,721	20,880.00	108.18	2,253,798	2,253,798
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/773/2023	3,840.00	107.41	412,454	3,840.00	108.18	415,411	415,411
MK0051/TR2023	TONGRUI	MKFL/S'Oliver/810/2023	68,880.00	108.18	7,451,438	68,880.00	108.18	7,451,438	7,451,438
MK0052/TR2023	TONGRUI	MKFL/TAMARIS/742/2023	33,412.71	107.41	3,588,859	33,412.71	108.18	3,614,587	3,614,587
MK0052/TR2023	TONGRUI	MKFL/TAMARIS/755/2023	45,278.42	107.41	4,863,355	45,278.42	108.18	4,899,719	4,899,719
MK0052/TR2023	TONGRUI	MKFL/TAMARIS/764/2023	37,380.33	107.41	4,015,021	37,380.33	108.18	4,042,604	4,042,604
MK0052/TR2023	TONGRUI	MKFL/TAMARIS/774/2023	24,117.78	107.41	2,590,491	24,117.78	108.18	2,615,061	2,615,061
MK0053/TR2023	TONGRUI	MKFL/S'OLIVER/828/2023	25,242.00	108.18	2,730,680	25,242.00	108.18	2,730,680	2,730,680
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/782/2023	16,800.00	108.18	1,817,424	16,800.00	108.18	1,817,424	1,817,424
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/804/2023	17,948.00	108.18	1,941,615	17,948.00	108.18	1,941,615	1,941,615
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/815/2023	25,774.00	108.18	2,788,231	25,774.00	108.18	2,788,231	2,788,231
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/816/2023	22,400.00	108.18	2,423,232	22,400.00	108.18	2,423,232	2,423,232
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/817/2023	6,300.00	108.18	681,534	6,300.00	108.18	681,534	681,534
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/824/2023	21,252.00	108.18	2,299,041	21,252.00	108.18	2,299,041	2,299,041
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/825/2023	15,680.00	108.18	1,696,262	15,680.00	108.18	1,696,262	1,696,262
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/826/2023	9,800.00	108.18	1,060,164	9,800.00	108.18	1,060,164	1,060,164
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/827/2023	34,300.00	108.18	3,710,574	34,300.00	108.18	3,710,574	3,710,574
SLLM-A010607F02001	SLLM/DEICHMANN	MKFL/SLLDM/784/2023	28,560.00	108.18	3,089,621	28,560.00	108.18	3,089,621	3,089,621
SLLM-A01CA06A	SLLM/DEICHMANN	MKFL/SLLDM/785/2023	15,680.00	108.18	1,696,262	15,680.00	108.18	1,696,262	1,696,262
SLLM-A01CA06A	SLLM/DEICHMANN	MKFL/SLLDM/808/2023	2,800.00	108.18	302,904	2,800.00	108.18	302,904	302,904
SLLM-A01CA06A	SLLM/DEICHMANN	MKFL/SLLDM/809/2023	8,960.00	108.18	969,293	8,960.00	108.18	969,293	969,293
SLLM-A01CA06A	SLLM/DEICHMANN	MKFL/SLLDM/807/2023	25,102.00	108.18	2,715,534	25,102.00	108.18	2,715,534	2,715,534
SLLM-A01CA06A	SLLM/DEICHMANN	MKFL/SLLDM/811/2023	23,996.00	108.18	2,595,887	23,996.00	108.18	2,595,887	2,595,887

Mohammad Taqidul Islam

Noor Mohammed



SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/812/2023	19,894.00	108.18	2,152,133	19,894.00	108.18	2,152,133
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/813/2023	22,638.00	108.18	2,448,979	22,638.00	108.18	2,448,979
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/814/2023	8,750.00	108.18	946,575	8,750.00	108.18	946,575
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/821/2023	20,370.00	108.18	2,203,627	20,370.00	108.18	2,203,627
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/822/2023	11,200.00	108.18	1,211,616	11,200.00	108.18	1,211,616
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/823/2023	12,600.00	108.18	1,363,068	12,600.00	108.18	1,363,068
SLDM-A01CA06A	SLDM/DEICHMANN	MKFL/SLDM/786/2023	28,000.00	108.18	3,029,040	28,000.00	108.18	3,029,040
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/787/2023	17,360.00	108.18	1,878,005	17,360.00	108.18	1,878,005
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/788/2023	7,000.00	108.18	757,260	7,000.00	108.18	757,260
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/789/2023	8,750.00	108.18	946,575	8,750.00	108.18	946,575
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/790/2023	15,680.00	108.18	1,696,262	15,680.00	108.18	1,696,262
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/796/2023	11,200.00	108.18	1,211,616	11,200.00	108.18	1,211,616
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/798/2023	8,750.00	108.18	946,575	8,750.00	108.18	946,575
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/799/2023	16,800.00	108.18	1,817,424	16,800.00	108.18	1,817,424
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/800/2023	5,600.00	108.18	605,808	5,600.00	108.18	605,808
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/801/2023	12,810.00	108.18	1,385,786	12,810.00	108.18	1,385,786
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/802/2023	2,100.00	108.18	227,178	2,100.00	108.18	227,178
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/803/2023	24,500.00	108.18	2,650,410	24,500.00	108.18	2,650,410
A07AA07B	SLDM/DEICHMANN	MKFL/SLDM/783/2023	1,750.00	108.18	189,315	1,750.00	108.18	189,315
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/792/2023	2,800.00	108.18	302,904	2,800.00	108.18	302,904
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/793/2023	490.00	108.18	53,008	490.00	108.18	53,008
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/794/2023	140.00	108.18	15,145	140.00	108.18	15,145
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/795/2023	3,640.00	108.18	393,775	3,640.00	108.18	393,775
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/805/2023	3,080.00	108.18	333,194	3,080.00	108.18	333,194
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/806/2023	3,920.00	108.18	424,066	3,920.00	108.18	424,066
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/818/2023	3,360.00	108.18	363,485	3,360.00	108.18	363,485
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/819/2023	3,360.00	108.18	363,485	3,360.00	108.18	363,485
A167F2501	SLDM/DEICHMANN	MKFL/SLDM/791/2023	11,520.00	108.18	1,246,234	11,520.00	108.18	1,246,234
MK2202	SLDM/DEICHMANN	MKFL/SLDM/797/2023	3,840.00	108.18	415,411	3,840.00	108.18	415,411
MK2202	SLDM/DEICHMANN	MKFL/SLDM/829/2023	5,120.00	108.18	553,882	5,120.00	108.18	553,882
MK2202	SLDM/DEICHMANN	MKFL/TAMARIS/693/2022	13,954.25	106.17	1,481,523	13,954.25	108.18	1,509,571
MK 0048/2022	NOVI	MKFL/TAMARIS/689/2022	598.75	106.17	63,569	598.75	108.18	64,772
MK 0048/2022	NOVI	MKFL/TAMARIS/681/2022	25,823.95	106.17	2,741,729	25,823.95	108.18	2,793,635
MK 0048/2022	NOVI	MKFL/TAMARIS/666/2022	5,251.97	106.17	557,602	5,251.97	108.18	568,158
MK 0048/2022	NOVI	MKFL/TAMARIS/661/2022	11,775.46	106.17	1,250,201	11,775.46	108.18	1,273,870
MK 0048/2022	NOVI	MKFL/TAMARIS/654/2022	4,868.68	106.17	516,908	4,868.68	108.18	526,694
MK 0048/2022	NOVI	MKFL/TAMARIS/650/2022	12,349.81	106.17	1,311,179	12,349.81	108.18	1,336,002
MK 0048/2022	NOVI	MKFL/TAMARIS/648/2022	40,913.05	106.17	4,343,739	40,913.05	108.18	4,425,974

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Mohammad Iqbalul Islam  
Company Secretary

Shibby Amran

Noor Mobarrin  
Managing Director



MK 0048/2022	NOVI	MKFL/TAMARIS/646/2022	8,187.10	106.17	869,224	8,187.10	108.18	885,680
MK 0048/2022	NOVI	MKFL/TAMARIS/637/2022	28,525.38	98.35	2,805,471	28,525.38	108.18	3,085,875
MK 0049/2022	NOVI	MKFL/SOLIVER/723/2023	10,121.37	106.32	1,076,104	10,121.37	108.18	1,094,930
MK 0049/2022	NOVI	MKFL/JANA/714/2023	295.63	106.17	31,387	295.63	108.18	31,981
MK 0049/2022	NOVI	MKFL/SOLIVER/713/2023	3,018.37	106.17	320,460	3,018.37	108.18	326,527
MK 0049/2022	NOVI	MKFL/SOLIVER/706/2022	2,016.84	106.17	214,128	2,016.84	108.18	218,182
MK 0049/2022	NOVI	MKFL/SOLIVER/691/2022	15,647.91	106.17	1,661,339	15,647.91	108.18	1,692,791
MK 0049/2022	NOVI	MKFL/TAMARIS/690/2022	3,650.21	106.17	387,543	3,650.21	108.18	394,880
MK 0049/2022	NOVI	MKFL/JANA/684/2022	3,834.51	106.17	407,110	3,834.51	108.18	414,817
MK 0049/2022	NOVI	MKFL/SOLIVER/683/2022	3,263.20	106.17	346,454	3,263.20	108.18	353,013
MK 0049/2022	NOVI	MKFL/JANA/682/2022	41,044.56	106.17	4,357,701	41,044.56	108.18	4,440,201
MK 0049/2022	NOVI	MKFL/JANA/671/2022	8,866.73	106.17	941,381	8,866.73	108.18	959,203
MK 0049/2022	NOVI	MKFL/SOLIVER/670/2022	22,146.45	106.17	2,351,289	22,146.45	108.18	2,395,803
MK 0049/2022	NOVI	MKFL/TAMARIS/669/2022	42,167.94	106.17	4,476,970	42,167.94	108.18	4,561,728
MK 0049/2022	NOVI	MKFL/SOLIVER/668/2022	6,743.61	106.17	715,969	6,743.61	108.18	729,524
MK 0049/2022	NOVI	MKFL/TAMARIS/667/2022	12,723.48	106.17	1,350,852	12,723.48	108.18	1,376,426
MK 0049/2022	NOVI	MKFL/TAMARIS/659/2022	42,782.80	106.17	4,542,250	42,782.80	108.18	4,628,243
MK 0049/2022	NOVI	MKFL/SOLIVER/658/2022	6,122.66	106.17	650,043	6,122.66	108.18	666,350
MK 0049/2022	NOVI	MKFL/JANA/655/2022	18,568.59	106.17	1,971,427	18,568.59	108.18	2,068,750
MK 0049/2022	NOVI	MKFL/JANA/656/2022	5,173.60	106.17	549,281	5,173.60	108.18	559,480
MK 0049/2022	NOVI	MKFL/SOLIVER/652/2022	31,949.49	106.17	3,392,077	31,949.49	108.18	3,456,295
MK 0049/2022	NOVI	MKFL/TAMARIS/651/2022	28,154.03	106.17	2,989,113	28,154.03	108.18	3,045,703
MK 0049/2022	NOVI	MKFL/TAMARIS/645/2022	28,875.69	106.17	3,065,838	28,875.69	108.18	3,123,880
MK 0050/2022	NOVI	MKFL/TAMARIS/725/2023	2,853.22	106.32	303,354	2,853.22	108.18	308,661
MK 0050/2022	NOVI	MKFL/SOLIVER/724/2023	2,733.47	106.32	290,623	2,733.47	108.18	295,707
MK 0050/2022	NOVI	MKFL/SOLIVER/712/2023	5,516.42	106.17	585,678	5,516.42	108.18	596,766
MK 0050/2022	NOVI	MKFL/TAMARIS/708/2022	21,603.30	106.17	2,293,622	21,603.30	108.18	2,337,945
MK 0050/2022	NOVI	MKFL/SOLIVER/707/2022	1,097.71	106.17	116,544	1,097.71	108.18	118,750
MK 0050/2022	NOVI	MKFL/TAMARIS/705/2022	14,851.96	106.17	1,576,833	14,851.96	108.18	1,606,685
MK 0050/2022	NOVI	MKFL/SOLIVER/704/2022	9,064.03	106.17	962,328	9,064.03	108.18	980,547
MK 0050/2022	NOVI	MKFL/SOLIVER/695/2022	3,426.19	106.17	363,759	3,426.19	108.18	370,646
MK 0050/2022	NOVI	MKFL/TAMARIS/694/2022	25,514.32	106.17	2,708,855	25,514.32	108.18	2,760,139
MK 0050/2022	NOVI	MKFL/TAMARIS/657/2022	20,982.51	106.17	2,227,713	20,982.51	108.18	2,269,888
MK 0050/2022	NOVI	MKFL/SOLIVER/686/2022	10,989.59	106.17	1,166,765	10,989.59	108.18	1,188,854
<b>Total</b>			<b>1,932,343</b>		<b>205,758,801</b>	<b>1,932,343</b>		<b>209,040,866</b>

Un-realized Gain/(Loss) on Receivable

3,282,065

*Signature*

Noor Mohammed  
Managing Director


Mohammad Iqbalul Islam  
Company Secretary  
MK Footwear Ltd

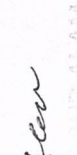
*Signature*  
Shibly Amran  
Executive Officer





Trade Payable  
As on 30th June, 2023

Sl	LC	DATE	B/E	DATE	AMOUNT	Rate As per B.B	BD T/KA	Outstanding L/C	Closing Rate	Closing L/C Liability as per Closing Rate	Annex-VII Exchange Gain/(Loss)
1	026322060059	19.09.2022	C 1773362	27.10.2022	\$ 28,649.20	98.35	2,817,649	2,817,649	108.18	3,099,270	(281,622)
2	026322060077	14.12.2022	C 168737	29.01.2023	\$ 26,000.00	106.08	2,758,080	2,758,080	108.18	2,812,680	(54,600)
3	026322060081	26.12.2022	C 173146	30.01.2023	\$ 80,000.00	106.08	8,486,400	8,486,400	108.18	8,654,400	(168,000)
4	026322060081	26.12.2022	C 170004	29.01.2023	\$ 14,000.00	106.08	1,485,120	1,485,120	108.18	1,514,520	(29,400)
5	026322060081	26.12.2022	C 236556	08.02.2023	\$ 4,000.00	106.32	425,280	425,280	108.18	432,720	(7,440)
6	026323060001	03.01.2023	C 171220	29.01.2023	\$ 44,074.65	106.08	4,675,439	4,675,439	108.18	4,767,996	(92,557)
7	026323060002	03.01.2023	C 167823	29.01.2023	\$ 16,173.00	106.08	1,715,632	1,715,632	108.18	1,749,595	(33,963)
8	026323060002	03.01.2023	C 171222	29.01.2023	\$ 29,000.00	106.08	3,076,320	3,076,320	108.18	3,137,220	(60,900)
9	026323060004	11.01.2023	C 168703	02.02.2023	\$ 99,100.40	106.08	10,512,570	10,512,570	108.18	10,720,681	(208,111)
10	026323060004	11.01.2023	C 168710	02.02.2023	\$ 61,213.19	106.08	6,493,495	6,493,495	108.18	6,622,043	(128,548)
11	026323060004	11.01.2023	C 194859	01.02.2023	\$ 80,327.95	106.32	8,540,468	8,540,468	108.18	8,689,878	(149,410)
12	026323060004	11.01.2023	C 163507	04.03.2023	\$ 69,009.69	106.02	7,316,407	7,316,407	108.18	7,465,468	(149,061)
13	026323060010	20.02.2023	C 242322	28.03.2023	\$ 356.62	106.02	37,809	37,809	108.18	38,579	(770)
14	026323060010	20.02.2023	C 455669	19.03.2023	\$ 44,145.61	106.02	4,680,318	4,680,318	108.18	4,775,672	(95,355)
15	026323060010	20.02.2023	C 479104	23.03.2023	\$ 33,528.70	106.02	3,554,713	3,554,713	108.18	3,627,135	(72,422)
16	026323060010	20.02.2023	C 511949	29.03.2023	\$ 8,301.35	106.02	880,109	880,109	108.18	898,040	(17,931)
17	026323060011	23.02.2023	C 174643	06.03.2023	\$ 1,500.00	106.02	159,030	159,030	108.18	162,270	(3,240)
18	026323060011	23.02.2023	C 474722	22.03.2023	\$ 82,000.00	106.02	8,693,640	8,693,640	108.18	8,870,760	(177,120)
19	026323060011	23.02.2023	C 474737	22.03.2023	\$ 36,000.00	106.02	3,816,720	3,816,720	108.18	3,894,480	(77,760)
20	026323060011	23.02.2023	C 237383	27.03.2023	\$ 7,000.00	106.02	742,140	742,140	108.18	757,260	(15,120)
21	026323060011	23.02.2023	C 601869	13.04.2023	\$ 29,150.00	106.84	3,114,386	3,114,386	108.18	3,153,447	(39,061)
22	026323060011	23.02.2023	C 596387	12.04.2023	\$ 19,000.00	106.84	2,029,960	2,029,960	108.18	2,055,420	(25,460)
23	026323060011	23.02.2023	C 571149	09.04.2023	\$ 44,438.70	106.84	4,747,831	4,747,831	108.18	4,807,379	(59,548)
24	026323060011	23.02.2023	C 658944	29.04.2023	\$ 53,400.00	106.84	5,705,256	5,705,256	108.18	5,776,812	(71,556)
25	026323060011	23.02.2023	C 701855	08.05.2023	\$ 13,060.50	107.41	1,402,828	1,402,828	108.18	1,412,885	(10,057)
26	026323060012	23.02.2023	C 434286	15.03.2023	\$ 10,365.60	106.02	1,098,961	1,098,961	108.18	1,121,351	(22,390)
27	026323060012	23.02.2023	C 596036	12.04.2023	\$ 3,806.80	106.84	406,719	406,719	108.18	411,820	(5,101)
28	026323060012	23.02.2023	C 658897	29.04.2023	\$ 6,021.20	106.84	643,305	643,305	108.18	651,373	(8,068)
29	026323060017	29.03.2023	C 701777	08.05.2023	\$ 5,517.00	107.41	592,581	592,581	108.18	596,829	(4,248)
30	026323060017	29.03.2024	C 701815	08.05.2023	\$ 2,305.00	107.41	247,580	247,580	108.18	249,355	(1,775)
31	026323060017	29.03.2026	C 701871	23.05.2023	\$ 994.50	107.41	106,819	106,819	108.18	107,585	(766)

  
Noor Mohammed  
Managing Director

  
Noor Mohammed  
Managing Director

  
Mohammad Tohidul Islam  
Company Secretary

  
Noor Mohammed  
Managing Director

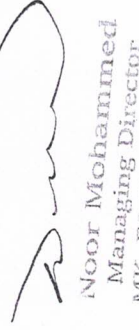


32	026323060018	29.03.2023	C-596373	12.04.2023	\$ 29,500.00	106.84	3,151,780	3,151,780	108.18	3,191,310	(39,530)
33	026323060018	29.03.2023	C-646715	25.04.2023	\$ 13,500.00	106.84	1,442,340	1,442,340	108.18	1,460,430	(18,090)
34	026323060018	29.03.2023	C-323484	26.04.2023	\$ 1,200.00	106.84	128,208	128,208	108.18	129,816	(1,608)
35	026323060018	29.03.2023	C-664884	30.04.2023	\$ 9,000.00	106.84	961,560	961,560	108.18	973,620	(12,060)
36	026323060018	29.03.2024	C701754	08.05.2023	\$ 757.00	107.41	81,309	81,309	108.18	81,892	(583)
37	026323060018	29.03.2025	C701986	08.05.2023	\$ 9,972.00	107.41	1,071,093	1,071,093	108.18	1,078,771	(7,678)
38	026323060024	18.04.2023	C793343	23.05.2023	\$ 6,344.05	107.41	681,414	681,414	108.18	686,299	(4,885)
39	026323060024	18.04.2023	C832035	30.05.2023	\$ 27,595.38	107.41	2,964,020	2,964,020	108.18	2,985,268	(21,248)
40	0263230400076	12.02.2023			\$ 11,383.29	108.18	1,231,444	1,231,444	108.18	1,231,444	-
41	0263230400150	23.03.2023			\$ 8,047.94	108.18	870,626	870,626	108.18	870,626	-
					\$1,070,163.88		113,547,359	113,547,359		115,724,400	(2,177,041)

  
Shibli Amran

  
Mohammad Faridul Islam  
Company Secretary

*Attention*

  
Noor Mohammed  
Managing Director  
MK Footwear PLC



## COMPARATIVE FINANCIAL STATEMENTS

### Comparative Balance Sheet

Particulars	30-Jun-23	30-Jun-22	30-Jun-21
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	1,132,951,786	1,219,715,705	931,125,204
Intangible Assets	80,850	115,500	-
Investment	183,367,500	-	-
Capital Work In Progress	-	-	208,799,379
Right-of-use (ROU) assets	10,094,786	10,143,068	1,572,340
Non-Current Security Deposits	1,195,000	1,195,000	1,195,000
<b>Total Non-Current Assets</b>	<b>1,327,689,922</b>	<b>1,231,169,273</b>	<b>1,142,691,923</b>
<b>CURRENT ASSETS</b>			
Inventories	395,313,603	334,116,920	308,365,835
Accounts & Other Receivables	275,676,676	297,667,172	116,232,518
Advance, deposits and prepayments	-	-	1,312,904
Inter-Company Receivable	100,326,000	116,876,000	-
Advance Income Tax	10,659,081	10,814,490	2,870,576
Cash and cash equivalent	141,625,186	100,693,633	144,129,717
<b>Total Current assets</b>	<b>923,600,546</b>	<b>860,168,215</b>	<b>572,911,550</b>
<b>TOTAL ASSETS</b>	<b>2,251,290,468</b>	<b>2,091,337,488</b>	<b>1,715,603,473</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share Capital	478,472,000	378,472,000	10,000,000
Share money deposit	-	-	301,972,000
Fair value Gain/(Loss)	149,505,750	-	-
Retained earnings	152,218,606	111,552,297	8,463,012
<b>Total Shareholder's equity</b>	<b>780,196,356</b>	<b>490,024,297</b>	<b>320,435,012</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loan-Non-Current Maturity	588,355,429	693,755,685	755,134,910
Lease liability (non-current portion)	6,481,796	6,114,483	857,618
Deferred Tax Liabilities/(Assets)	25,036,042	(1,360,333)	1,034,327
<b>Total non-current liabilities</b>	<b>619,873,267</b>	<b>698,509,835</b>	<b>757,026,855</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	140,216,244	171,369,454	204,212,397
Term Loan (Current Maturity)	260,823,243	128,283,044	38,057,331
Lease Liability (current portion)	1,416,253	2,161,888	784,068
Short Term Loan	422,832,006	564,313,068	383,485,816
Liabilities for Expenses	12,267,659	20,443,473	8,731,394
Provision for WPPF	3,057,205	5,564,995	-
Provision for Tax	10,608,235	10,667,434	2,870,600
<b>Total Current Liabilities</b>	<b>851,220,845</b>	<b>902,803,356</b>	<b>638,141,606</b>
<b>Total Liabilities</b>	<b>1,471,094,112</b>	<b>1,601,313,191</b>	<b>1,395,168,461</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,251,290,468</b>	<b>2,091,337,488</b>	<b>1,715,603,473</b>
NAV per Share	16.31	12.95	10.27

Shibly Amran  
Chief Executive Officer

Mohammad Tohidul Islam  
Company Secretary  
MK Footwear

MD. MAHMOUD HAN  
Chief Financial Officer

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## Comparative Income Statements

Particulars	30-Jun-23	30-Jun-22	30-Jun-21
Turnover	824,675,259	1,268,844,877	435,505,568
Cost of goods sold	(706,543,271)	(1,102,472,058)	(360,255,098)
<b>Gross Profit/(Loss)</b>	<b>118,131,988</b>	<b>166,372,819</b>	<b>75,250,470</b>
Foreign Exchange Gain/(Loss)	(3,477,533)	(7,922,403)	5,108,965
Administrative Expenses	(15,010,273)	(12,887,197)	(4,198,030)
Distribution Expenses	(7,520,339)	(12,047,008)	(3,316,696)
<b>Operating Profit/ (Loss)</b>	<b>92,123,844</b>	<b>133,516,211</b>	<b>72,844,709</b>
Non-Operating Income	69,264,304	71,276,977	6,371,000
<b>Profit/(Loss) before interest &amp; Tax</b>	<b>161,388,148</b>	<b>204,793,188</b>	<b>79,215,709</b>
Financial Expenses	(97,186,848)	(87,928,289)	(64,166,082)
<b>Profit/(Loss) before WPPF &amp; Tax</b>	<b>64,201,299</b>	<b>116,864,899</b>	<b>15,049,627</b>
Workers' Profit Participation Fund (WPPF)	(3,057,205)	(5,564,995)	
<b>Profit/(Loss) before Tax</b>	<b>61,144,094</b>	<b>111,299,904</b>	<b>15,049,627</b>
<b>Income Tax Expenses:</b>	<b>(20,477,785)</b>	<b>(8,210,619)</b>	<b>(4,245,036)</b>
Current Tax Income	(10,693,160)	(10,605,279)	(2,808,445)
Deferred Tax (Expenses)/Income	(9,784,625)	2,394,660	(1,436,591)
<b>Net Profit/(Loss) after Tax</b>	<b>40,666,309</b>	<b>103,089,285</b>	<b>10,804,591</b>
<b>Other Comprehensive Income:</b>	<b>149,505,750</b>	-	-
Fair value Gain/(Loss) on Investment	166,117,500		
Deferred Tax (Expenses)/Income	(16,611,750)		
<b>Total Comprehensive Income</b>	<b>190,172,059</b>	<b>103,089,285</b>	<b>10,804,591</b>
<b>Basic Earnings Per Share (EPS)</b>	<b>1.07</b>	<b>3.19</b>	<b>10.80</b>
<b>Diluted Earnings Per Share (EPS)</b>	<b>1.07</b>	<b>3.19</b>	<b>0.35</b>

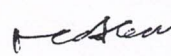


Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

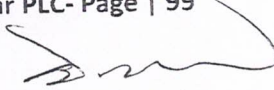


Mohammed Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

MK Footwear PLC- Page | 99



MD. MAHABUB ALAM  
Chief Financial Officer  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



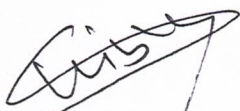
## Comparative Cash Flow Statements

Particulars	30-Jun-23	30-Jun-22	30-Jun-21
<b>a. Cash flow from operating activities</b>			
Cash Received from customers and others income	891,049,224	1,085,981,691	447,807,634
Cash Paid to Suppliers, employees & other expenses	(717,250,455)	(1,024,350,623)	(479,137,332)
Income Tax Paid	(10,596,950)	(10,752,359)	(2,808,445)
<b>Net Cash (used in)/generated by operating activities</b>	<b>163,201,819</b>	<b>50,878,709</b>	<b>(34,138,143)</b>
<b>b. Cash flow from investing activities</b>			
Property Plant and Equipment / Capital in Working Progress	(8,337,813)	(170,213,365)	(234,997,803)
ROU Assets	5,951,929	(2,083,589)	-
Investment	(17,250,000)	-	-
Inter-Company Receivable	16,550,000	(116,876,000)	-
Intangible Assets	-	(165,000)	-
<b>Net Cash used (used in)/generated by investing activities</b>	<b>(3,085,884)</b>	<b>(289,337,954)</b>	<b>(234,997,803)</b>
<b>C. Cash flow from financing activities</b>			
Long term Bank Loan Received/(Re-paid)	27,139,943	28,846,488	230,717,063
Short term Bank Loan Received/(Re-paid)	(141,481,062)	177,991,984	240,755,698
Share Capital/Share Money Deposit Received	100,000,000	66,500,000	-
Lease Payment	(8,727,046)	(1,296,235)	(900,000)
Financial Expenses	(96,321,363)	(86,226,426)	(63,143,876)
<b>Net cash flow from financing activities</b>	<b>(119,389,528)</b>	<b>185,815,811</b>	<b>407,428,885</b>
<b>Net changes increase/(decrease) in cash and cash equivalents (a+b+c)</b>	<b>40,726,407</b>	<b>(52,643,434)</b>	<b>138,292,939</b>
Unrealized Foreign Exchange Gain/(Loss)	205,146	9,207,350	1,954,948
Cash and cash equivalents at the beginning of the period	100,693,633	144,129,717	3,881,830
<b>Cash and cash equivalents at the end of the period</b>	<b>141,625,186</b>	<b>100,693,633</b>	<b>144,129,717</b>
<b>Operating Cash Flow Per Share</b>	<b>4.28</b>	<b>1.34</b>	<b>(1.09)</b>




## RATIO ANALYSIS

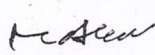
Particulars	30-Jun-23	30-Jun-22	30-Jun-21
<b>Liquidity Ratios: (Times)</b>			
Current Ratio	1.09	0.95	0.90
Quick Ratio	0.62	0.58	0.41
<b>Operating Ratios: (Times)</b>			
Accounts Receivable Turnover Ratio	2.88	6.13	7.49
<b>Profitability Ratios:</b>			
Gross Margin Ratio	14.32%	13.11%	17.28%
Operating Income Ratio	11.17%	10.52%	16.73%
Net Profit Ratio	4.93%	8.12%	2.48%
Return on Assets Ratio	1.87%	5.42%	0.78%
Return on Equity Ratio	5.21%	21.04%	3.37%
Basic Earnings Per Share (EPS)	1.07	3.19	10.80
Net Asset Value (NAV) Per Share	16.31	12.95	320.44
<b>Coverage Ratio:</b>			
Debt to Assets Ratio	0.57	0.67	0.69
Debt to Equity Ratio	1.64	2.85	3.68
Total debt to tangible assets ratio	0.57	0.67	0.69
<b>Cash Flow:</b>			
Net operating cash flow to Net Income	4.01	0.49	(3.16)



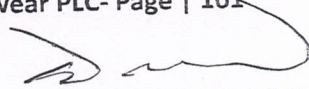
Mubly Amran  
 Chief Executive Officer  
 Community Bank Invest



Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.



Md. Mahabub Alam  
 Chief Executive Officer  
 MK FOOTWEAR PLC



Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



**SECTION-15  
RATING-SUMMARY**

**Rating Summary of the Bond**

Rating Agency	<b>Credit Rating Information &amp; Services Limited (CRISL)</b>
SME Rating	A-(Indicative)
Validity From	20.11.2023
Validity Date	19.11.2024

**Rating Summary of MK Footwear PLC**

Rating Agency	<b>Credit Rating Information &amp; Services Limited (CRISL)</b>
Long-term	A-
Short-term	ST-3
Outlook	Stable
Expiry Date	<b>20.11.2024</b>



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

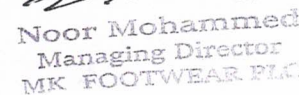


Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd



NO. MAHMOUD ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 102



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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**SECTION-16**  
**LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC**

There is no default matrix and transition statistics of CRC.



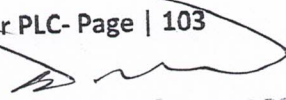
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUBULATA  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## SECTION-17 DESCRIPTION OF THE TRUSTEE, BOARD OF TRUSTEE, ETC.

### DESCRIPTION OF THE TRUSTEE

Community Bank Investment Ltd. (CBIL) is one of the promising merchant banks of the country was incorporated in 30 December, 2020. CBIL set foot in the capital market industry in the year of 2021 after obtaining Merchant Banking License from Bangladesh Securities and Exchange Commission in June 2021. Community Bank Investment Ltd. is wholly owned subsidiary of Community Bank Bangladesh Limited (A concern of Bangladesh Police Kallyan Trust) and offers full-fledged merchant banking services for retail and institutional clients. Our objective at CBIL is to provide the utmost professional and reliable services to our clients and offer products that suit their best need.

### Capital Structure Corporate Information:

Date of incorporation	30/12/2020
BSEC registration obtained	28/06/2021
Functions started	25/07/2023
BSEC permission obtained for branch operation	N/A
Authorized capital	BDT 500,000,000
Paid-up capital	BDT 250,000,000

### Functions

#### ✦ Portfolio Management

- Provides Discretionary and Non-Discretionary Portfolio Management services
- Clients are offered Margin Load facilities with competitive brokerage service

#### ✦ Corporate Advisory


- Reviewing of Capital Structure and offering essential advice for effective financial restructuring

#### ✦ Trustee

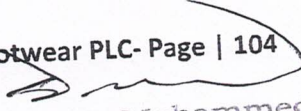
- On behalf of the Investors and Lenders CBIL organizes legal proceedings within the bounds of applicable legislation and agreements to ensure prompt and seamless transactional support

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammed Tahidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 104

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**Board of Directors****Name, Designation and brief profile of each of the members**

SL.	Name	Designation
1	Md. Atiqul Islam, BPM (Bar), PPM (Bar)	Chairman
2	Abu Hasan Muhammad Tarique, BPM	Director
3	Habibur Rahman, BPM (Bar), PPM (Bar)	Director
4	Dr. Shoeb Reaz Alam	Director
5	Kazi Masihur Rahman	Director
6	Masihul Huq Chowdhury	Director
7	Mohammad Abdul Qaium Khan	Director
8	Benozeer Ahmed, FCMA, CPA	Director
9	Shamsul Haque Sufyani	Director
10	Hasi Rani Bepari	Director
11	Nabadip Roy	Director

**Brief Profile of the Directors of CBIL**

**Mr. Md. Atiqul Islam**, BPM (Bar), PPM (Bar), is the Additional Inspector General (Crime & Operations) of Bangladesh Police. He joined Bangladesh Police Services on 1991 through 12th BCS as Assistant Superintendent of Police. Throughout his professional career he served in different important position of Bangladesh Police.

**Mr. Abu Hasan Muhammad Tarique**, BPM, is currently serving as Additional Inspector General, Finance in the Police Headquarters, Dhaka. Mr. Tarique is a proud member of the Founding Team of the Community Bank Bangladesh Limited. His contribution is fueling the endeavor of this Bank in playing its desired roles in the Financial Sector of Bangladesh.

**Mr. Habibur Rahman**, BPM (Bar), PPM (Bar) is a prominent police officer and currently serving as Additional Inspector General & Commissioner of Dhaka Metropolitan Police (DMP). He joined in Bangladesh Police as Assistant Superintendent of Police (ASP) through 17th BCS (Bangladesh Civil Service). Beside the responsibilities of his official capacity in Police, he is also known for his special activities for underprivileged people of the country.


**Dr. Shoeb Reaz Alam**, belonging to the 17th BCS batch, started his career with the Bangladesh Police in 1998 as Assistant Superintendent of Police. Presently, he is serving as Additional DIG (Development Revenue-1) at the Police Headquarters. Dr. Alam is actively involved in welfare activities of the Bangladesh Police. He played a key role in establishment of the Community Bank Bangladesh Limited.


**Mr. Kazi Masihur Rahman**, Ex Managing Director & CEO of Mercantile Bank Limited and Exim Bank Limited developed an international banking career with in-depth knowledge, skills and experience, over a period of 41 years in 09 banks located in 5 countries, i.e. Bangladesh, U.K, Saudi Arabia, U.A.E and Canada.


**Mr. Masihul Huq Chowdhury** has been serving as the Managing Director and Chief Executive Officer of Community Bank Bangladesh Limited since the inception of the Bank. Mr. Masihul has over 30 years of progressive experience in the financial industry both at home and abroad.

**Mr. Mohammad Abdul Qaium Khan** is the Deputy Managing Director & Chief Information Officer of Community Bank Bangladesh Ltd. He started his banking career with BRAC Bank as a Network and Infrastructure Manager. Prior to joining Community Bank Qaium Khan served Bank Asia Ltd & Standard Bank Ltd as Head of IT.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Torikul Islam  
Company Secretary  
MK Footwear Ltd.

  
Dr. Shoeb Reaz Alam  
Additional Director  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**Mr. Benozeer Ahmed FCMA (UK), CPA (AUS)** is the Chief Financial Officer of Community Bank Bangladesh Ltd. He is having an experience of more than 20 years in different renowned companies like: IPDC Finance, Airtel Bangladesh, BRAC Bank, MGH Group etc.

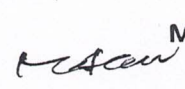
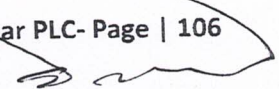
**Mr. Shamsul Haque Sufyani** is currently serving as Senior Executive Vice President and Chief Operating Officer of Community Bank Bangladesh Ltd. Prior to joining Community Bank, in his last position Shamsul Haque served BRAC Bank Limited as Head of Trade Operations. He is also INFOSYS Certified Finacle Administrator.

**Hasi Rani Bepari** is currently working as EVP & Head of Credit Risk Management of Community Bank Bangladesh Ltd. She is playing a very important role in establishing this department of the Bank.

**Mr. Nabadip Roy** is presently serving as VP & Head of Treasury of Community Bank Bangladesh Ltd. Prior to join CBBL he had served in Mercantile Bank PLC.

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MK Footwear PLC- Page | 106  
  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## SECTION-18 MODUS OPERANDI

### a) Application Procedure

The Bond shall be offered through Private Offer to the eligible investors. Issuer and/or Arranger shall ensure that the prospective Investors shall have been provided with a copy of the Information Memorandum either in hard copy or soft copy and an invitation letter to subscribe. Based on the Information Memorandum and subsequent clarification of queries (if any), the Investors shall submit a letter of commitment to the Arranger and/or Issuer with the amount of intended subscription specified.

### b) Allotment;

Issuer shall issue Allotment Letter(s) in the name of all allottees of the Bonds in electronic form with digital signatures and credit the allotted Bonds to the respective BO accounts on the basis of allotment data via their CDBL VeDAS Terminal upon receipt of the final allotment list. Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Bond for all purposes.

### c) Refund;

If any payment for subscription of Bonds have been made, but not allotted for whatever reason, the subscription amount to be refunded in accordance with applicable law and practice.

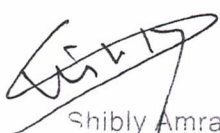
### d) Transfer

The Bonds shall be in dematerialized form and shall not be tradable in the trading platforms of the stock exchanges but may be traded in the Alternative Trading Board if it is required by BSEC as per Consent Letter. However, transfer of Bonds may be allowed by way of,


- a) gift among the family members i.e. spouse, son, daughter, father, mother, brother and sister;
- b) transfer of Bonds for execution of a court order;
- c) acquisition of Bonds in consideration of other than cash; and
- d) transfer of Bonds in case of confiscation/loan default.

### e) Trading or Listing with the Stock Exchange(s)


The bond shall not be listed with the Stock Exchanges(s). However, the bond may be listed in the Alternative Trading Board only if it is required by BSEC as per Consent Letter.




Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Faridul Islam  
Company Secretary  
MK Footwear Ltd.



MD. MAHABUB ALAM  
General Manager  
MK FOOTWEAR PLC.



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## f) Repayment and coupon payment

Period	Installment Number	Installment	Interest	Principal	Balance
<b>Principal Amount BDT 550,000,000 (Interest Rate 11.50%)</b>					
1 <sup>st</sup> Year	1		31,625,000		581,625,000
	2		33,443,438		615,068,438
2 <sup>nd</sup> Year	3		35,366,435		650,434,873
	4		37,400,005		687,834,878
3 <sup>rd</sup> Year	5	80,922,173	39,550,505	41,371,667	646,463,211
	6	80,922,173	37,171,635	43,750,538	602,712,673
4 <sup>th</sup> Year	7	80,922,173	34,655,979	46,266,194	556,446,479
	8	80,922,173	31,995,673	48,926,500	507,519,979
5 <sup>th</sup> Year	9	80,922,173	29,182,399	51,739,774	455,780,205
	10	80,922,173	26,207,362	54,714,811	401,065,394
6 <sup>th</sup> Year	11	80,922,173	23,061,260	57,860,912	343,204,482
	12	80,922,173	19,734,258	61,187,915	282,016,567
7 <sup>th</sup> Year	13	80,922,173	16,215,953	64,706,220	217,310,347
	14	80,922,173	12,495,345	68,426,828	148,883,519
8 <sup>th</sup> Year	15	80,922,173	8,560,802	72,361,370	76,522,149
	16	80,922,173	4,400,024	76,522,149	0


## g) Redemption or conversion or exchange


The Bond is non-convertible and has no conversion feature.

## h) Details of conversion or exchange option exercise procedures, if applicable;

N/A

  
Shibly Amran  
Chief Executive Officer  
Community Bank Limited

  
Mohammad Faridul Islam  
Company Secretary  
MK Footwear Ltd.

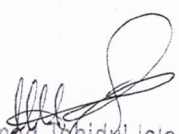
  
MK Footwear PLC- Page | 108  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

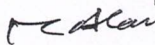


## SECTION-19 DETAILS OF FEES STRUCTURE AND EXPENSES

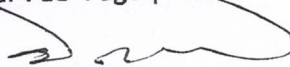
<b>Arranger to the Issue fees:</b>		<b>12,650,000</b>
Issue Arranger	2% of the Issue Size	11,000,000
VAT against Issue Management fee	15% of Arrangement fee	1,650,000
<b>BSEC Fees:</b>		<b>560,000</b>
Application Fee	Fixed	10,000
Consent Fee	0.10% on the offering amount	550,000
<b>Trustee Fees</b>		<b>4,750,000</b>
Trustee Fee	Fixed	4,000,000
VAT on Trustee Fees	15% of Trustee fee	600,000
Trustee Application Fee	Fixed	50,000
Trustee registration consent fee	Fixed	100,000
<b>Legal Advisor Fee</b>		<b>920,000</b>
Legal Advisor Fee	Negotiable	800,000
VAT on Legal Advisor	15% of Legal Advisor fee	120,000
<b>Credit Rating Fee</b>		<b>920,000</b>
Credit Rating Fee of the Bond	Negotiable	800,000
VAT on Credit Rating Fee	15% of Credit Rating fee	120,000
<b>Misc. Fee</b>		<b>200,000</b>
<b>Total Estimated Cost</b>		<b>20,000,000</b>

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tuhidul Islam  
Company Secretary  
MK Footwear Ltd.

  
M.D. WAHAJUD ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 109

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



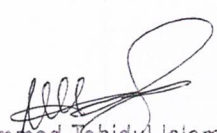
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**SECTION 20**  
**ADDITIONAL DISCLOSURES FOR IM UNDER PUBLIC ISSUE**

Not Applicable as the bond will be issued through private placement.



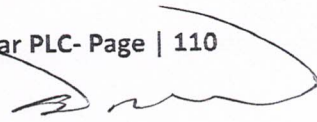
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd



Md. Mahabub Alam  
Chief Financial Officer  
MK FOOTWEAR PLC



MK Footwear PLC- Page | 110

Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



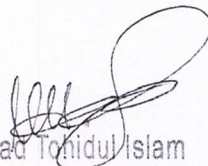
SECTION-21

CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER

To Be Added After Receiving Consent Letter



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

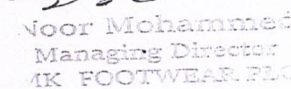


Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd.



Md. Mahabub Alam  
Chief Executive Officer  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 111



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**SECTION-22**  
**DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER**  
**ANNEXURE(S)-I, II, III**

**Annexure- I**

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

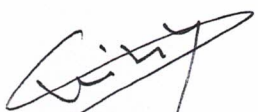
This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers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

Sd/-

**Noor Mohammed**

Managing Director

Date: November 22, 2023



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

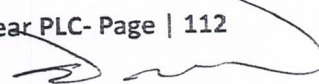


Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd



MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 112



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



Due Diligence Certificate of the Trustee**Community Bank Investment Limited**

To  
The Bangladesh Securities and Exchange Commission

**Subject: Issuance of 550 Non-Convertible, Fully Redeemable & Unsecured Bond of Tk. 1,000,000 (face value) each of MK Footwear PLC.**

We, the under-noted trustee to the above-mentioned forthcoming issue, state individually and collectively 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 and draft deed of trust forwarded to the Commission has been approved by us;
- b) we have also examined all documents of the assets to be charged (none in the case of this issuance in discussion) with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- f) the above declarations are unequivocal and irrevocable


For Trustee,

Sd/-  
**Shibly Amran**  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 113

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



## SECTION-23

## CREDIT RATING REPORT OF THE ISSUE AND ISSUER OR ORIGINATOR

## Credit Rating Report of the Bond

**CRISL**

Setting global standard at national level

Credit Rating Information and Services Limited  
First ISO 9001 : 2016 Certified Credit Rating Company in Bangladesh Operating Since 1995**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

REPORT: RR/70823/23

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short-term rating. CRISL's bank loan rating (blr) is valid one year for long-term facilities and up-to 365 days (according to tenure of short-term facilities) for short-term facilities. After the above periods, these ratings will not carry any validity unless the entity goes for surveillance.  
CRISL followed Corporate Rating Methodology published in CRISL website [www.crislbd.com](http://www.crislbd.com)

**Address:**  
CRISL  
Rakesh Homes  
(4<sup>th</sup> & 5<sup>th</sup> Floor)  
G/1A,  
Sagunbagicha,  
Dhaka-1000  
Tel: 9530591-4  
Fax: 98-02-953-0956  
Email:  
[crisldhk@crisibd.com](mailto:crisldhk@crisibd.com)

**Rating Contact:**  
Md. Asiful Haq  
Chief Rating  
Officer  
[asif@crisibd.com](mailto:asif@crisibd.com)

**Analysts:**  
Jubair Md. Hasan  
[jubair@crisibd.com](mailto:jubair@crisibd.com)  
Md. Shahedul Islam  
[shahedul@crisibd.com](mailto:shahedul@crisibd.com)

**Entity Rating**  
Long Term: A-  
(Indicative)

	Long Term
Issue Rating (Unsecured Subordinated Bond)	A- (Indicative)
Date of Rating Declaration	November 20, 2023
Rating Validity	1 (One) Year

**1.0 ISSUE RATING RATIONALE**

CRISL has assigned the issue rating "A-" (Indicative), (pronounced as "single A minus" Indicative) to "MK Footwear Non-Convertible Bond". The above rating has been assigned in consideration of the inherent fundamentals of the issue that include an attractive coupon rate, a trustee-administered payment mechanism for the bonds, etc. CRISL also gives due weightage to the Issuer's profile while assigning the rating as other than the sole commitment of the issuer, the instrument is not backed by any security or counter-guarantee by any third party. While assigning the rating CRISL duly factored issuer's strength as an export oriented shoe manufacturing company, which encompasses a good credit profile and moderate financial performance, good leverage, good liquidity, experienced top management, etc. However, the above factors are constrained, to some extent, by the feature of the bond which inter alia includes the nature of the bond being an unsecured and non-convertible debt instrument, subordination to depositors, and other liabilities, absence of recourse to the trustee in managing event of default, etc.

Bonds rated in this category are adjudged to be of good credit quality and offer adequate safety for timely repayment of financial obligations. Protection factors are considered variable and more susceptible to changes in circumstances than securities in higher-rated categories.

**MK FOOTWEAR  
NON-  
CONVERTIBLE  
BOND**

**ACTIVITY**  
Synthetic shoes,  
leather shoes,  
sandals, and other  
leather goods  
manufacturer

**CHAIRMAN**  
Ms. Mr. Manuza  
Mohammed

**MANAGING  
DIRECTOR**  
Mr. Noor  
Mohammed

**EQUITY**  
Tk. 780.19 million

**TOTAL ASSETS**  
Tk. 2,251.29  
million

The indicative rating means the instrument has been rated based on draft legal documents and projections. However, after the completion of the full subscription of the bond and finalization of legal documentation final rating will be assigned.

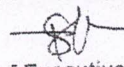
**2.0 ISSUE FEATURE**

MK Footwear PLC (MKFPLC), an export oriented shoe manufacturing company will issue Bond (hereinafter referred to as "Bond" or "the issue") of Tk. 550.00 million. MKFPLC will issue the above bond through a private placement basis to potential investors such as Banks, Corporate, Financial Institutions, Mutual Funds, Insurance Companies, and High net worth individuals (HNWI) and any other eligible investors to strengthen its capital base. The proceeds will be used to meet the requirement of buyer compliance & working capital requirement. The Bond is unsecured, fully redeemable, and non-convertible in nature. The coupon rate is variable which Reference Rate + Coupon Margin of 2.00% p.a. Benchmark Rate is the six months moving average rate of treasury bill (SMART). The floor rate and maximum ceiling are 9.00% p.a. and 11.50% p.a. respectively. The tenor of the bond is 8 years (with 2 years moratorium) from the date of issuance. The principal of the Bond will be redeemed in 12 semi-annual installments starting at the end of 6 months from drawdown date. The Bond is non-convertible and has no prepayment and refunding option however it is callable at the option of Issuer. The Issuer shall pay a late payment penalty of 2% (two percent) higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment. No Charges will create over the securities. Alpha Capital Management Limited is the lead arranged of this issue and ICB Capital Management Limited is the trustee.

**3.0 ISSUER PROFILE**


MK Footwear PLC is involved in the manufacturing of 100% export-oriented synthetic shoes, leather shoes, sandals, and other leather goods such as wallets, money bags, ladies' handbags, etc. It was incorporated as a private limited company on November 12, 2015, under the Companies Act, 1994 with the Registrar of Joint Stock Companies and Firms, Bangladesh vide registration no. C-126912/2015 and was subsequently converted

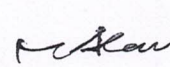
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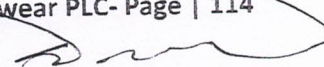
  
For Chief Executive Officer  
Tanzirul Islam  
Vice President

MK Footwear PLC- Page | 114

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Johidul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CONSENTING OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC





Setting global standard at national level

## Credit Rating Information and Services Limited

First ISO 9001 : 2015 Certified Credit Rating Company in Bangladesh Operating Since 1995

## CREDIT RATING REPORT

### On

### MK FOOTWEAR NON-CONVERTIBLE BOND

into a public limited company on May 29, 2022. The commercial operation of the company started on July 02, 2020. MKFPLC has been operating under the leadership of Mr. Noor Mohammed, a renowned business personality having long exposure in diversified fields of business. The production capacity of the company is 3 million pairs per year. The registered office and factory of the company are located at Nayonpur Bazar, Chaikpara, Mawna, Gazipur, Bangladesh.

#### 4.0 ESTIMATED RETURN FROM THE BOND

The investors/subscribers are likely to get a good return from their investment in the bond of MK Foot Wear Non-Convertible Bond as the issue offers a floating coupon rate.

- **Coupon Rate** = Benchmark Rate + Coupon Margin
- **Benchmark Rate**: Six months moving average rate of treasury bill (SMART)
- **Coupon Margin**: 2.00% p.a.
- **Coupon Floor Rate**: 9.00% p.a.
- **Coupon Ceiling Rate**: 11.50% p.a. at all times

#### 5.0 TRANSACTION STRUCTURE AND UTILIZATION OF BOND


MK Footwear PLC will issue a non-convertible unsecured floating rate fully redeemable Bond of Tk.550.00 million having a denomination of Tk. 1.00 million each. The bond is a non-convertible bond and the interest will be paid semi-annually. The final maturity of the Bonds will be at the end of the eighth year of the Bonds from the Issue Date. If any Coupon Payment Date falls on a holiday including a weekend or on a day that is not a Business Day or a day during continuation of a Force Majeure Event, then the subsequent trading day at the Dhaka Stock Exchange shall be the Coupon Payment Date. The bond is unsecured in nature and so there will be no enforceable charge created over the Securities.

BOND REPAYMENT SCHEDULE	
Bond Face Value	550,000,000
Interest Rate	11.50%
Term in years	8
Installment per year	2
Number of Payment	12
Grace Period in years	2


Year	Period	Installment Number	Installment	Interest	Principal	Balance
						550,000,000
		1		31,525,000		581,625,000
		2		33,443,438		615,068,438
		3		35,366,435		650,434,873
		4		37,400,005		687,834,878
		5	80,922,173	39,550,505	41,371,667	646,463,211
		6	80,922,173	37,171,635	43,750,538	602,712,673
		7	80,922,173	34,655,979	46,256,194	559,446,479
		8	80,922,173	31,995,673	48,926,500	507,519,979
		9	80,922,173	29,182,309	51,739,724	455,780,205
		10	80,922,173	26,207,362	54,714,811	401,065,394
		11	80,922,173	23,061,260	57,850,912	343,264,482
		12	80,922,173	19,734,258	61,187,915	282,016,567
		13	80,922,173	16,215,953	64,706,220	217,310,347
		14	80,922,173	12,495,345	68,426,828	148,883,519
		15	80,922,173	8,560,802	72,351,370	76,522,149
		16	80,922,173	4,400,024	76,522,149	0

Bond Proceed Utilization		Tk. in Million	Proportion
Particulars			
Compliance		100.00	18.18%
Issue Cost		20.00	3.64%
Working Capital		430.00	78.18%
Total		550.00	100.00%

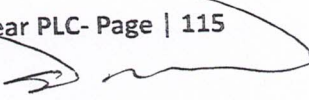
Page 2 of 19

  
 For Chief Executive Officer  
 Tanzirul Islam  
 Vice President  
 Credit Rating Information and Services Limited

  
 Shibly Anran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammed Anidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 MD. MAHMOUD ALAM  
 CHIEF EXECUTIVE OFFICER  
 CREDIT RATING INFORMATION AND SERVICES LIMITED

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

**6.0 ISSUER CREDIT RATING**

CRISL has reassigned the Long Term rating at 'A-' (pronounced as A minus) rating and 'ST-3' rating in the Short Term of MK Footwear PLC (hereinafter referred to as "MKFPLC" or "the Company") on the basis of its audited financials and other relevant quantitative and qualitative information up-to the date of the rating. The above ratings have been assigned due to some fundamentals such as good financial performance, good capacity utilization, an experienced management team, good infrastructure facilities, and good quality control mechanism, etc. The above factors are, however, constrained to some extent by high leverage, the risk of price fluctuation as well as some other industry-specific and macroeconomic factors.

The Long Term rating indicates that entities rated in this category are adjudged to Entity rated in this category is adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The Short Term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

CRISL also placed the company with a "Stable" outlook in consideration that its fundamentals may remain unchanged during the rating validity period.

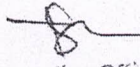
**7.0 TRUSTEE****7.1 Description of the Trustee**

(a) Name of the Trustee	:	ICB Capital Management Limited
(b) Paid-up capital of the trustee	:	Tk. 3,295,475,000.00
(c) Net worth of the trustee	:	Tk. 4,574,022,305.00
(d) Name of the issue(s) where performing as trustee	:	<ul style="list-style-type: none"> <li>▪ Bangladesh Fund an open-ended Mutual Fund</li> <li>▪ Coupon-bearing Non-Convertible Tier-II Subordinate Debt (Bond) of Standard Bank Limited</li> </ul>

**7.2 RIGHTS AND OBLIGATIONS OF THE TRUSTEE:****Reliance on information**

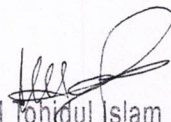
- a) **Advice:** The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert and shall not be responsible for any Liability occasioned by so acting;
- b) **Certificate of directors or Authorised Signatories:** The Trustee, in the exercise of its functions, may call for and shall be at liberty to accept a certificate signed by two Authorised Signatories of the Issuer or other person duly authorised on their behalf as to any fact or matter prima facie within the knowledge of the Issuer, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do;
- c) **Resolution or direction of Bondholders:** The Trustee shall not be responsible for acting in good faith upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;

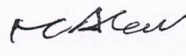
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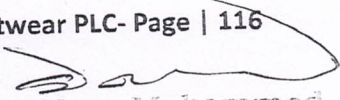
  
For Chief Executive Officer  
Tanzirul Islam  
Vice President

MK Footwear PLC- Page | 116

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Fahidul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

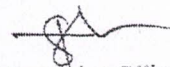
  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

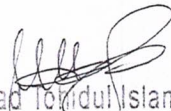
- d) **Bondholders as a class:** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including without limitation any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities and discretions for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders;
- e) **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;
- f) **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 under sub-clause 6.1.1 (Bonds held by Issuer and Affiliates)), that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates;
- g) **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;
- h) **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 Condition VIII of Part B (Taxation), 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 whensoever 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 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;
- i) **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:
- (i) the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any Bond


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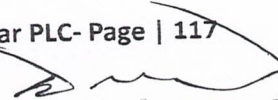
  
For Chief Executive Officer  
Tanzirul Islam

MK Footwear PLC- Page | 117

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tanzirul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
Chief Financial Officer  
MK FOOTWEAR PLC

  
Md. Mohammed  
Managing Director  
MK FOOTWEAR PLC



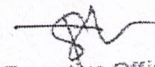
**CREDIT RATING REPORT**  
**On**  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

- Document;
- (ii) any recitals, statements, warranties, representations or covenants of any party to any Bond Document;
- (iii) its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or
- (iv) the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents;
- j) **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;
- k) **No responsibility for loss:** The Trustee shall not in any circumstances, except under any applicable laws or regulations:
- (i) 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
- (ii) 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, wilful default or fraud.
- l) **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, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above. 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.
- m) **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, wilful 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.

**7.3 Trustee's powers and duties:**


- a) **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 Bondholders 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 10.2.1 unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Conditions, 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.

Page 5 of 19


  
 For Chief Executive Officer  
 Tanzirul Islam

MK Footwear PLC- Page | 118

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tofiqul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 NO. MAHABUB ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC

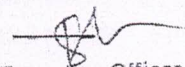
  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

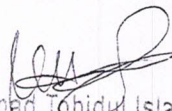
- been directed by an Extraordinary Resolution or Written Resolution instructing the Trustee as to the determination which shall be made;
- b) **Determination of questions:** the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed which relates to matters that are 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 10.2.2 unless the Trustee having given not less than 10 Business Days' notice of such proposed determination to the Bondholders in accordance with the Conditions, 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 an Extraordinary Resolution or Written Resolution instructing the Trustee as to the determination which shall be made;
- c) **Trustee's discretion:** the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof 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 10.2.3 unless the Trustee having given not less than 10 Business Days' notice of such exercise of discretion to the Bondholders in accordance with the Conditions, 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 an Extraordinary Resolution or Written Resolution instructing the Trustee as to how such discretion shall be exercised;
- d) **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;
- e) **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;
- f) **Agents:** 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 the Trustee shall have exercised reasonable care in the selection of any such agent, 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;
- g) **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

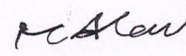
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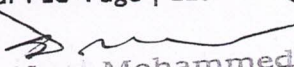
  
For Chief Executive Officer  
Tanzirul Islam

MK Footwear PLC- Page | 119

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tahidul Islam  
Company Secretary  
MK Footwear Ltd

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



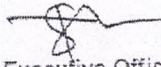
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- be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate;
- h) **Custodians 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
- i) **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.

**7.4 Financial matters:**


- a) **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;
- b) **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
- c) **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 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 profit, fees, commissions, interest, 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. Notwithstanding the role of the Trustee under this Trust Deed, the Trustee and its affiliates shall not be precluded from entering into any contracts or any transactions with third parties whose interests may conflict with those of the Bondholders. 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 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

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For Chief Executive Officer

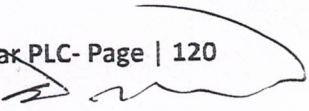


Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Rohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

MK Footwear PLC- Page | 120

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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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.

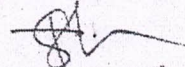
**7.5 Exercise of Discretion**

- a) Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 66.2/3 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution.
- b) 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.
- c) A certificate delivered in compliance with Clause 10.1.2 of two Authorised Signatories of the Issuer or other person duly authorised on their behalf as to the compliance by the Issuer with any of their respective obligations contained in the Conditions or this Trust Deed shall be conclusive and binding on the Issuer, the Trustee and the Bondholders save in the case of manifest error, but without prejudice to the provisions of this deed.
- d) The Trustee shall have no responsibility for requesting such certificates unless the Issuer has failed to deliver such certificates in accordance with Clause 10 (Terms of Appointment) or the Trustee is requested to do so by any Bondholder. The Trustee shall be entitled to rely on such certificates absolutely and shall not be obliged to enquire further as regards the circumstances then existing and whether they justify the provision and the content of such certificate and will not be responsible for any loss occasioned by so acting. The Trustee shall be entitled to rely on any such certificates as sufficient evidence by the Issuer of such compliance (or non-compliance) and will not be responsible for or for investigating any matter relating to the financial condition of or any other matter relating to the Issuer.

**S.0 MARKET ASPECT OF THE ISSUING BOND**

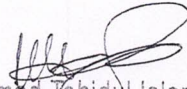
The Bangladesh bond market is still in its infancy. One of the main functions of a bond market is to provide long-term finance by creating alternative sources of finance through the capital market. From the investor's point of view, the main purpose of the bond market is to provide a stable source of income to the investors against the volatile capital market. The Bangladesh capital market is yet to be developed as the required platform to create such a bond market is absent. Besides, investors are more interested in short-term gains instead of waiting for a stable return. As per the Global Infrastructure Hub report, Bangladesh needs \$608 billion of investment in infrastructure sectors - water, electricity, telecom, ports, airports, rail, and road - from 2016 to 2040. However, current trends indicate \$417 billion of investment is possible in the aforementioned sectors, thereby leaving a gap of \$192 billion in investments in the period 2016-2040. This gap in the top three sectors, power, telecom, and water sectors, is \$100 billion, \$41 billion, and \$40 billion respectively. These projects are mostly financed through the government's own funds and multilateral and bilateral funding agencies. But if the government can develop a framework for meeting the funding gap of those projects by issuing long-term infrastructure bonds, a new asset class can be created. This might also attract foreign portfolio investments that specialize in infrastructure finances. With a promise to be a developed nation by 2040, Bangladesh has undertaken many infrastructure projects like Padma Multipurpose Bridge, Padma Bridge Rail Link, ART Line- 1 & 6, Rooppur Nuclear Power Plant Matarban Coal Fired Power Project, and so on. To maintain stability in the economy and to implement various projects, it is important to ensure the presence of both long and short-term sources of funds. Hence, it is quite understandable that Bangladesh

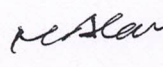
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 For Chief Executive Officer  
 Tanzirul Islam



Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tahidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC

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Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC




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needs a vibrant bond market immediately to meet its huge financing requirement for infrastructure development and further industrialization. Looking into the Bangladesh Bond Market, we can see that it is a small market and it is highly dominated by government debt securities and capital bonds issued by Banks and Non-bank Financial Institutions (FI).

Banks and FIs issue capital bonds to meet the regulatory requirement and to strengthen their capital base. Corporate also issue the ZCB or Coupon Bearing Bond but the percentage is still very low. The Bangladesh Securities and Exchange Commission (Debt Securities) Rules-2021 has been issued on March 31, 2021, which came into force with immediate effect. The rules will apply to the issuance of all types of debt securities, Sukuk, asset-backed securities, and others through public issues or private offers as decided by the commission from time to time. The issue shall be rated by a Credit Rating Company and must carry a rating not below the minimum investment grade of triple "BBB" or equivalent rating in the long term and "ST-3" or equivalent rating in the short term.


Fortunately, the situation is getting better as time passes with the proactive and collaborative approach of regulators and related stakeholders. Very recently the country's first Shariah-compliant bond, the Bangladesh Government Islamic Investment (Sukuk), has drawn over eight times applications from investors in the final phase of the auction. The fund was raised for the implementation of the government's safe water supply project for the whole country. The oversubscription clearly shows the interest and curiosity of the stakeholders toward this new financial instrument. The Bangladesh bond market has been inactive over the years on account of several issues that have acted as barriers for issuers and investors alike. From the issuer's point of view, the cost of issuance of bonds in Bangladesh is significantly high (1.5% -2% of the total issuance value as compared to approximately 0.2% cost of issuance of bonds in India). Besides, there is an absence of tax benefits or other incentives for the issuers to raise funds via the issuance of debt securities. According to The Income Tax Ordinance 1984, any income derived from zero-coupon bonds by a person other than a bank, an insurance company, or a financial institution is exempted from tax. The tax benefit is only applicable if the zero-coupon bond (if issued by banks, financial institutions, and other companies) is approved by BSFC or Bangladesh Bank. The regulators lack the necessary infrastructure to perform due diligence on the application received from the issuers. As a result, it takes six months to one year for the issuer to issue bonds. This acts as a major barrier for a project developer who wants to raise funds via the bond market in a short time. Due to the lack of availability of long-term financing options, the project developers either avail funds through bridge financing or avail long-term financing from NBFIs and banks at higher interest rates which substantially increases the overall project cost. The long-term debt market has witnessed a lack of participation from institutional investors as well as individual investors. The modernization of the footwear industry though took place in the late 1980s; its inception is in the colonial era. During the British period, there was no footwear manufacturing company producing on a mass scale in West Bengal. After the partition of Bengal in 1947, the footwear requirement of the then East Pakistan was being met by import from West Pakistan. Bata acted as the pioneer in establishing the footwear industry by starting its manufacturing plant in 1962. In 1967 another company was established, named Eastern Progressive Shoe Industries (EPSI), to manufacture footwear and also to explore the opportunity of exporting the footwear to the USSR, Czechoslovakia, and England. At present, there are several footwear manufacturers producing quality footwear and also contributing to our foreign currency earnings. The major players are Bata, Apex, Adelchi Footwear, Jennys Footwear, Lalmai Shoes and Leather Export, Excelsior Shoes, Paragon Leather and Footwear Industries, etc. As a pioneer, Bata enjoys a wide range of distribution networks in rural and urban areas. So, it is quite challenging for any other company to reach that level. However, the country has already been exporting finished and different types of leather products to overseas markets. The reason for high global demand is due to the availability of high-quality raw and finished materials and low-cost labor. The availability of low-cost labor is prompting top manufacturers and investors from a few countries to relocate their factories to Bangladesh. Three large investors in the footwear sector from Taiwan are to set up footwear factories in the Dhaka and Chittagong Exporting Processing Zones. The buyers from the EU, as well as other very highly developed industrial nations like Japan, have reportedly been showing more interest in Bangladeshi leather products. All these

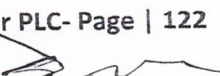
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For Chief Executive Officer  
Tanzirul Islam  
Vice President



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MK Footwear PLC- Page | 122  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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developments look promising for the local footwear industry. The main countries of export for footwear are Japan, Germany, USA, Italy, France, Spain, Belgium, Austria, Switzerland, Czech Republic, Holland, Denmark, Finland, UK, Canada, Dubai, Kuwait, Estonia, Singapore, Hong Kong, etc.

Due to enormous competition for the existence of a good number of similar market players and higher barriers to entry in a similar line of business, the companies find it difficult to set the price on their terms. Peer group pressure and the market nature also limit the profit margin of this industry. Supply and demand should fix the prices and each player must respond to the rules set by market mechanisms for healthy competition. Rivalry among existing companies HIGH: The industry is highly competitive with a good number of players including some leading industrial groups. The threat of new entrants MODERATE: There is a high technical or cost barrier to entering the industry. The number of customers and the market size is alluring new entrants. Power of suppliers MODERATE: The raw material is available in specific seasons and areas. Good quality raw materials suppliers charge high prices because of high demand. Power of buyers MODERATE: The buyer's switching cost is very low. Brand loyalty is strong in the industry. The threat of substitute products HIGH: There is a very good chance of a substitute product.

#### 9.0 ISSUER OWNERSHIP STRUCTURE

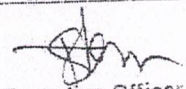
The Board of the Company is promoted by the members who have been playing a significant role in the fine standing of the Company having substantial experience in the related sector. The company is managed and controlled under the umbrella of common control mechanism being guided and supervised by the Managing Director. It also follows a good management practice, which is headed by the Chairman- Ms. Mir Mahfuza Mohammed followed by the Managing Director- Mr. Noor Mohammed, and other individual Directors and Shareholders.

Particulars	No. of Shares (in million)	Value of Shares (Tk. in million)	Share (%)
Sponsors & Directors	24.47	244.67	51.14%
Placement Shareholder	13.39	133.80	27.95%
Institute	3.28	32.76	6.85%
General Public	6.72	67.30	14.05%
<b>Total</b>	<b>47.85</b>	<b>478.48</b>	<b>100.00%</b>

The Managing Director and Chief Executive officer to control and supervise the entire vital functions and day-to-day operational activities by using a panoramic view ensuring consistency. As of 30 June 2023 the total Authorized Capital of the Company was Tk. 1,000.0 million and Paid-up Capital was Tk. 478.47 million divided into 47,847 million ordinary shares of Tk. 10.0 each. The Company has been strengthening its toe-hold in the marketplace supported by the dynamic leadership of the top management. The Board deals with the policy issues, business philosophy, and operating guidelines for the management in achieving its desired targets. CRISL views that the keen attachment of the sponsors with businesses being commensurate with their long exposure will make them able to take strategic decisions by taking calculated risks necessary for business growth.

Sl.	Name	Designation	No. of Shares	Share (%)
1	Ms. Mir Mahfuza Mohammed	Chairman	3,000,000	7.93%
2	Mr. Noor Mohammed	Managing Director	17,867,200	47.21%
3	Mr. Md. Akeruzzaman	Director	2,100,000	5.55%
4	Mr. F. M. Hasan Mahfuz Russon	Director	1,500,000	3.96%
5	Mr. Kazi Rezaul Kabir	Shareholder	500,000	1.32%
6	Ms. Farah Zaman	Shareholder	1,800,000	4.76%
7	Deal N Deliver	Shareholder	1,650,000	4.36%
8	Mr. Sifat Ahmed Chaudhuri	Shareholder	500,000	1.32%
9	Hayat Trade International	Shareholder	1,750,000	4.62%
10	M/S. Alam Enterprise	Shareholder	1,650,000	4.36%
11	NS Info Equity Limited	Shareholder	1,600,000	4.23%
12	Ms. Nupur Zaman	Shareholder	1,800,000	4.76%

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For Chief Executive Officer  
Tohidul Islam



**CREDIT RATING REPORT**  
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13	Mr. Mir Shoureen Shams	Shareholder	1,800,000	4.76%
14	Mr. Mohammed Tohidul Islam	Shareholder	50,000	0.13%
15	Mr. Md. Masud Rana	Shareholder	50,000	0.13%
16	Mr. Sarwar Hussain	Shareholder	230,000	0.61%
		<b>Total</b>	<b>37,847,200</b>	<b>100.00%</b>

#### 10.0 ISSUER OPERATIONAL MANAGEMENT

##### 10.1 Corporate Management

The Managing Director is supported by a pool of senior professionals having reasonable experience in related fields. The management of the company maintains a hierarchy from Department Heads to bottom-line management personnel with a top-down approach to the management process. For smooth business operations, total management tasks are segregated into different departments Accounts and Finance, Marketing, Administration & HR, Commercial, etc. The management has delegated sufficient financial and administrative powers to different segments of management.

Corporate Management of MKFPLC	
Name	Designation
Mr. Noor Mohammed	Managing Director
Mr. F M Hasan Mahfuz	CEO
Mr. Mohammed Tohidul Islam	Company Secretary
Mr. Mahabubul Alam	CFO
Mr. Dulal Ahmed	Senior Manager, Commercial
Mr. Abu Hannan Biswas	Senior Manager, Commercial
Mr. Kazi Saneul Arefin	Manager, HR & Compliance
Mr. Md. Masud Rana	Manager, Finance
Mr. Md. Tazul Islam	Manager, Accounts

##### 10.2 Human Resources Policy

The overall HR policy of the company has been found moderate. MKFPLC has been following a structured compensation package or formal service rule for human resources with detailed job responsibilities and other job-related policies. Moreover, the company has a guideline for recruitment, increment, promotion, and provident fund policies for the employees. It also provides two festival bonuses per year, free medical facilities, quarter facilities for factory staff, etc. The total human resource base stood at around 1,326 people including office staff. All the employees receive salary/wages in excess of Tk. 8,200 per month. Though footwear manufacturing requires capital investment, manual process is also an integral part of manufacturing. For this purpose the Company provides various training and workshops for its workers and employees to increase their efficiency and productivity. The management continuously exerts its efforts to improve the production process and human development by conducting various R&D and on-the-job training programs. Keeping this in view, coordination among the departments by reviewing the performance in every step of operation improves efficiency by ensuring timely delivery according to the customer's demands. The practices of the internal control system along with the easy and quick flow of information- assist the management in effectively monitoring the overall activities. CRISL expects with the help of experienced management, employees, and logistic support, it will achieve the goal of operational performance and meet its financial obligation in the future which mitigates the relationship risk to some extent.

Worker Efficiency (%) of MKFPLC		
Particulars	FY2022-23	FY2021-22
Wastage (%)	3%	4%
Leather	25%	25%
Non Leather	10%	10%
Machine Efficiency (%)	39.64%	76%



**CRISL**

Setting global standards at national level

Credit Rating Information and Services Limited

First ISO 9001 : 2015 Certified Credit Rating Company in Bangladesh Operating Since 1995

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**10.3 Management Information System (MIS)**

The Management Information System of MKFPLC is moderate. There is a computerized information system in MKFPLC for inventory management, financial transactions and other operations. Moreover, it tracks its receivables on monthly basis with periodic aging schedule to balance its working capital requirement, cash flow and revenue collaboration. The practices of the internal control system along with the easy and quick flow of information- assist the management in effectively monitoring the overall activities.

**11.0 ISSUER BUSINESS ANALYSIS****11.1 Infrastructure and Production Facilities**

MK Footwear PLC has established its factory compound in Chalkpara, Mauna, Sreepur, Gazipur, occupying around 350.38 decimals of land. The business has proximity advantages due to its prime location being well connected to a major transportation network. The site enjoys all facilities like electricity lines, road communication, etc. The factory operates in a 3 storied buildings including warehouse, generator room & electric substation, and office building. There is a bonded warehouse having 20,000 sft of space.

Good  
infrastructure  
facilities

Technology remains an important factor in maintaining a competitive position in the business. The machinery setup of the factory is mixed-aged on account of starting of commercial operation few years back. MKFPLC has set up the modern and sophisticated brand-new machinery imported from China, and Taiwan. Some notable machinery is Injection Machine, Double Cutter Boot, Upper Hammering Machine, Upper Steaming Soften Machine, Soie Marking Machine, Painting Booth Machine, Fully Pneumatic Heel Nailing Machine, Hydraulic Heel Lasting Machine, Single Needle Sewing Machine, Edge Trimming Machine, Strong Force Glue Apply Machine Rolls, etc. Alongside the huge capital investment, the expenditure of the utility and energy costs plays a significant role in determining operational efficiency. The factory operation is powered by a local REB line having 1,000 KW capacity, and alternative power back up ensured through 03 Diesel run Generators with a capacity of 1000 KVA, 250 KVA, and 60 KVA respectively. Around 30% of electricity is supplied by solar energy.

The production process layout is flexible and strategically integrated which is set by the top management based on the market demand and order in hand. In addition, it is important to note that a negative correlation was also scrutinized between revenue and quantity per unit, which indicates that a regular price hike has reduced the earnings growth.


**11.2 Procurement Process**

The upstream value chain is envisaged by the exposure of frequent input price fluctuation by seasonality along with inefficient inventory management, which generates the major raw material-related risks. The requisition of raw-material is reviewed and procured from several sources according to the buyer's orders by the respective responsible officers in the particular departments. The main raw materials are leather, synthetic leather, EVA resin, PVC resin as well as wet blue (tanned leather) and other materials. There is some suppliers' concentration risks as the majority percentage of raw materials are collected from few Chinese suppliers. So, foreign currency fluctuation due to local currency devaluation and price hike in international market may affect its cost structure and profitability to some extent. Moreover, government policy and duty structure affect its business. The critical success factor will be to keep the customers satisfied by virtue of timely delivery. The downstream value chain results in increased customer lines gradually. The Company mostly caters to Ferro Footwear B.V, (the Netherlands) which consumes around 80% of the total export creating some customer concentration risk. Other customers are from Hong Kong, Germany, Taiwan etc.

**11.3 Production Process**


The company produces synthetic shoes, leather shoes, sandals, and other leather goods such as wallets, money bags, ladies handbags, etc. There are five steps involved in the manufacturing process such as upper cutting section, closing/stitching section, and lasting

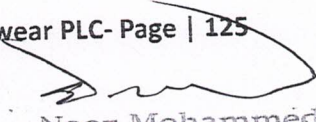
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 For Chief Executive Officer  
 Tanzirul Islam

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 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC

  
 MD. MAHFUZUL ALAM  
 CHIEF FINANCIAL OFFICER  
 MK FOOTWEAR PLC





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section, Bottoming section and finishing section.

### 11.4 Quality Control

Good quality control measurement

The quality concentration by strong monitoring helps to keep the confidence of the customers. Recurring sales with continuous reorder eventually support the sound quality control mechanism of the Company. MKFPLC has established monitoring and measurement processes to meet the requirements of customers. It has several control checkpoints to assure the quality of the products starting from raw materials to finished goods. It also attempts to maintain scheduled inspection by assigning troops in every production phase for ensuring desired product quality. All raw materials undergo quality inspection during receipt. Outsourced material production facilities are also subject to quality audits. Records of all inspections are maintained as per the procedure for control of quality including those given urgent permissions. No product is allowed into the finished goods area until final inspection and clearance. Records of inspection and testing are maintained for all steps. Storage of the products is done in a way to ensure full quality retention. Following a strong monitoring system, the flows of daily production, and the quality maintaining risk, reveal the management philosophy regarding customer satisfaction. Going forward, expansion of capacity with upgraded equipment and recruiting experienced and qualified professional employees mitigates the quality-related risks by increasing productivity levels leading to low operating costs as well as deriving some scale benefits.

### 11.5 Marketing Strategy and Target Customers

The export market for leather shoes has very good prospects. But to get a good market share; the sponsors will have to adopt requisite marketing strategies in respect of product quality, product pricing, product promotion, and distribution. MKFPLC has taken appropriate marketing strategies regarding product quality, pricing, promotion, and distribution to attract the market.

## 12.0 ISSUER PERFORMANCE ANALYSIS

### 12.1 Production Efficiency

Good capacity utilization

MKFPLC has a good production capacity to meet the order from buyers. Although the capacity may vary due to changes in factory layout depending on the tertiary product mix. CRISL observed declined capacity utilization- on account of global and domestic economic meltdown and declined demand from the customers. The Company deduces to bounce back in the upcoming years as the management is expecting to take some quick strategic decisions revealing substantial operational efficiency. Presently the company is producing 12,000 pairs of synthetic shoes and 6,000 pairs of leather shoes per day.

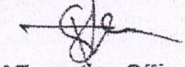
Production Details of MK Footwear PLC (in Pair)		
Production Capacity/ Year	FY2022-23	FY2021-22
Synthetic Shoes	1,800,000	1,800,000
Leather Shoes	1,200,000	1,200,000
<b>Total</b>	<b>3,000,000</b>	<b>3,000,000</b>
Actual Production/ Year		
Synthetic Shoes	503,182	822,176
Leather Shoes	590,692	1,233,264
<b>Total</b>	<b>1,093,874</b>	<b>2,055,440</b>
<b>Capacity Utilization (%)</b>	<b>36.46%</b>	<b>68.51%</b>

With this note, the recorded operating parameters and scale of operation are reflected in the sales growth and financial strength, suggesting further growth opportunities by maximizing the existing capacity. CRISL, however, observes that irrespective of the rated capacity, there is a prospect of further growth opportunity both in quantity sold as well as revenue.


### 12.2 Analytical Framework

As a measure of the quantitative analysis, CRISL's rating spotlights the assessment of the Company's policies regarding operating strategies, economic goals, and financial leverage targets. The sustainability of these credit protection measures is evaluated over a period

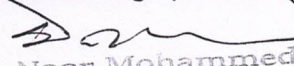
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 For Chief Executive Officer  
 Tanzirul Islam  
 Vice President

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Monammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.

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 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



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to assess the growth and robustness of the company's operations and funding capability. Hence the ability to generate cash, the policies of the profit distribution, the generation of service debts along with sufficient return for continuous access in the fund market are judged where generating cash, turns out to be one of the most crucial parts. The report has been prepared on the basis of audited financials along with information provided by the management of the Company. Information has been collected through discussion with the key management people of the company as well as responsible persons of the Bank. As reported data cannot always be justified thoroughly by the bank account statements, CRISL factored the industry information available with CRISL for meaningful analysis and conclusion.

### 12.3 Profitability & Earnings Stability

The earnings were derived from the export of different types of shoes. Although it produces different categories of shoes; the major portion of sales constituted leather products. Due to tough competition, the Company posted a negative growth of 35.01% in FY2022-23 by registering a sales turnover of Tk. 824.68 million declined from the previous year's Tk. 1,268.84 million. CRISL projects that it might notch up a little bit next year based on its recent performance. Looking forward, growth prospects would not be different unless any diversification in the product portfolio is strongly maneuvered.


Indicators	30-Jun-23	30-Jun-22	30-Jun-21
Turnover (Tk. in Million)	824.68	1,268.84	1,268.84
Gross Profit (Tk. in Million)	118.13	166.27	166.27
Profit After Tax (Tk. in Million)	43.67	103.39	103.09
Cost to Revenue Ratio (%)	35.68	36.89	36.89
Administrative Expense to Revenue Ratio %	1.82	1.32	1.02
Selling & Distribution Expense to Revenue Ratio %	0.91	0.95	0.95
Gross Profit Margin (%)	14.32	13.11	13.11
Operating Profit Margin (%)	11.17	10.52	10.52
Finance Cost to Revenue Ratio %	11.78	6.93	6.92
Net Profit Margin (%)	4.93	8.12	8.12
Return on Assets After Tax (%)	1.87	4.93	4.96
Return on Equity After Tax (%)	6.40	21.04	42.08
Return on Capital Employed (%)	3.14	8.67	17.35

The margin was thin due to stiff competition. Small decline in cost to revenue ratio helped to increase the gross profit margin and operating profit margin to some extent. The Gross Profit Margin increased to 14.32% in FY2022-23 from 13.11% in FY2021-22, which eventually translated into a Net Profit Margin of 4.93% in FY2022-23. However, the improved performance in the top line was not reflected in the bottom line due to a substantial surge in financial expenses which ate up the extra profit earned from EBIT. The ability to generate sales by using Fixed Assets and Total Assets also decreased.

### 13.0 ISSUER CAPITAL STRUCTURE AND SOLVENCY

Particulars	30-Jun-23	30-Jun-22	Tk. in Million 30-Jun-21
Current Assets	923.50	850.17	950.17
Less: Current Liabilities	851.22	902.80	902.80
Net Current Assets	72.38	(42.84)	(42.94)
Fixed Assets- Net	1,327.69	1,231.17	1,231.17
<b>Net Capital Employed</b>	<b>1,400.07</b>	<b>1,188.53</b>	<b>1,188.53</b>
<b>Financed by:</b>			
Non Current Liability	619.67	698.51	698.51
Long Term Loan	588.35	693.76	693.87
Total Non Current Liability	519.67	698.51	698.51
<b>Shareholders' Equity:</b>			
Share Capital	478.47	378.47	378.47
Retained Earnings	152.22	111.55	111.55
<b>Total Shareholders' Equity</b>	<b>780.20</b>	<b>490.02</b>	<b>490.02</b>
<b>Total Loans (ST and LT)</b>	<b>1,011.19</b>	<b>1,258.07</b>	<b>1,264.18</b>
<b>Total Long Term Loan</b>	<b>588.36</b>	<b>693.76</b>	<b>693.87</b>
Leverage Ratio (X)	1.89	3.27	3.27
Debt Service Coverage Ratio (X)	1.11	1.33	1.29
Interest Coverage Ratio (X)	1.63	3.27	2.27

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Tanzirul Islam  
Vice President



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It is observed that the credit risk profile slightly improved characterized with some dependence on Long-Term debt. Total Current Assets stood at Tk. 923.60 million in FY2022-23 vs. Tk. 860.17 million in FY2021-22 registering a growth of 7.37%. The leverage position slightly improved in the last year due to a significant equity infusion. Total Equity registered 59.22% growth in FY2022-23 and stood at Tk. 780.20 million-mostly comprised of aggregate share capital. The growth of Assets was lower than that of Equities, resulting in a decrease in the Borrowed Fund during the latest analyzing period-supported to retain a moderate leverage and coverage position. This underpins the contribution of Borrowed Funds, less than that of Equity Funds to generate returns that could otherwise have been much lower in later years. Furthermore, analysis of leverage ratios shows a mixed position. The borrowing requirement of the business moves in tandem with the business operations. Total borrowed funds declined and were recorded at Tk. 1,011.19 million in FY2022-23 from Tk. 1,258.07 million in FY2021-22 in the form of both long-term and short-term loans. Growth funding of the Company is mostly characterized by some external borrowings which impacted its leverage position as expressed by the Debt/Equity ratio of 1.89x in FY2022-23 (FY2021-22: 3.27x) generating low credit risk exposure.


The coverage position was marginally exposed by satisfactory repayment capacity as its earning base is less robust compared to the interest expenses which is tantamount to other gearing ratios. Weak coverage position was observed in the latest period expressed by 1.11x of DSCR and 1.63x of EBIT to Interest ratio to meet its financial charges. Going forward, CRISL also expects the Company's debt protection indicators to remain strong on the back of healthy accruals from operations, low gearing and strong internal fund generation capabilities. However, any undertaking of external debt may impact the cash flow and worsen the leverage position in the future which might impede its performance to some extent.

**14.0 ISSUER LIQUIDITY AND FUND MANAGEMENT**

Indicators	30-Jun-23	30-Jun-22	30-Jun-21
Current Ratio (X)	1.09	0.95	0.95
Quick Ratio (X)	0.62	0.58	0.58
Net Working Capital (Tk. in million)	72.38	(42.64)	(42.64)
Operating Cash flow (Tk. in million)	163.20	30.88	(34.14)
Operating Cycle (Days)	310.97	193.56	96.78
Cash Conversion Cycle (Days)	231.59	137.60	68.80


Footwear have their product lifecycle which remains around 1-2 years, so, outmoded shoes have to be liquidated to relieve the inventory position as new products take place of the older designs. High inventory requirement in the form of finished goods and raw materials increases the working capital sensitivity of the Company. MKFPLC has been carrying out its operation with moderate liquidity. MKF needs funds for procuring required raw materials, workers' salaries, and other administrative costs. The company maintains its working capital requirement as well as liquidity from receiving sales proceeds, borrowing from banks, trade credit facilities from suppliers, etc. The overall liquidity profile, however, remained lower during the rating exercise irrespective of the same business strategy. The liquidity index showed a mixed outcome in recent years as the Current ratio increased from 0.95x in FY2021-22 to 1.09x in FY2022-23. Furthermore, the liquidity measures are emphasized more on the future Cash Flow generation ability rather than the maximization of profits. It is understood that to amplify the growth, the Company has to inject additional funds, which may put pressure on the future Cash Flow. The Cash Flow from the Operation was somewhat volatile due to large fluctuations in Net Working Capital management. Divergent Cash Flow measures after adjusting Sales with Debtors and Cost of Goods Sold with Inventory and Advances reflected positive Cash Flow. Subsequently, positive Cash Flow also indicates the Company has Tk. 163.20 million of surplus Cash in Hand to reinforce revenue growth and relax Working Capital Management. To maintain steady operating efficiency to boost the earning status, the Company is required to take measures through effective check and balance techniques in order to maintain sustainable performance regarding working capital management.

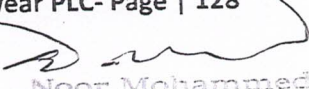
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For Chief Executive Officer  
Tanzirul Islam  
Vice President

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Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Fahidul Islam  
Company Secretary  
MK Footwear Ltd.

  
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**15.0 REDEMPTION CAPACITY**

Coupon payment of the bond is payable semi-annually. CRISL views that the fundamentals of the Company will support the coupon payment of bonds from the regular operation. With the stability in the country's political arena and the increase in demand the projected growth is expected to be attained to maintain steady growth in its retained earnings. The yearly installment will be Tk. 80.92 million which might be met by the forecasted cash flow and profitability.

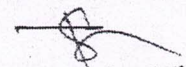
**Production and Sales at 100% Capacity (Tk. in Million)**

Process	Item	Average Sales Price (USD)	Annually Production (Pair)	Annual Sales (USD)	Conversion Rate	Annual Sales Tk.
Cementing Process	Shoes	7.50	2,886,598	21,649,485	110.00	2,381.44
<b>Total- Existing Machines</b>			<b>2,886,598</b>	<b>21,649,485</b>		<b>2,381.44</b>
EVA Process	Sandal	2.60	1,039,175	2,701,856	110.00	297.20
PUI Process	Shoes	6.90	865,979	5,975,258	110.00	657.28
DIP Process	Shoes	2.60	2,886,598	7,505,155	110.00	825.57
<b>Total-New Machine</b>			<b>4,791,752</b>	<b>16,182,269</b>		<b>1,786.05</b>
<b>Total Revenue</b>						<b>4,161.49</b>

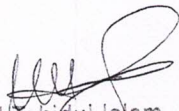
**Forecasted Balance Sheet of MKFPPLC (Figure in Million Taka)**


Assets	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
<b>Non-Current Assets:</b>						
Property, Plant and Equipment	1,132.95	1,228.16	1,135.34	1,350.87	973.96	982.37
Intangible Assets	0.08	0.06	0.04	0.03	0.02	0.01
Investment	183.37	183.37	183.37	183.37	183.37	183.37
Right-of-use (ROU) assets	10.09	11.64	8.59	5.74	2.78	#VALUE!
Non-Current Security Deposits	1.20	1.20	1.20	1.20	1.20	1.20
<b>Total Non-Current Assets</b>	<b>1,327.69</b>	<b>1,424.44</b>	<b>1,328.63</b>	<b>1,241.20</b>	<b>1,161.32</b>	<b>1,085.45</b>
<b>Current Assets:</b>						
Inventories	395.31	451.61	512.57	579.64	672.45	751.99
Accounts & Other Receivables	275.68	665.05	775.90	831.32	886.74	836.73
Inter-Company Receivable	100.33	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Advance Income Tax	10.66	10.66	10.66	10.66	10.66	10.66
Cash & Cash Equivalent	141.63	185.19	371.01	434.54	515.76	602.53
<b>Total Current Assets</b>	<b>923.60</b>	<b>1,316.52</b>	<b>1,670.14</b>	<b>1,856.36</b>	<b>2,086.61</b>	<b>2,281.90</b>
<b>Total Assets</b>	<b>2,251.29</b>	<b>2,740.96</b>	<b>2,998.77</b>	<b>3,097.55</b>	<b>3,247.93</b>	<b>3,370.35</b>
<b>Equity and Liabilities</b>						
<b>Shareholders' Equity:</b>						
Share Capital	478.47	478.47	478.47	478.47	478.47	478.47
Fair value Gain/(Loss)	149.51	149.51	149.51	149.51	149.51	149.51
Retained Earnings	152.22	332.83	602.25	917.25	1,306.94	1,727.13
<b>Total Equity</b>	<b>780.20</b>	<b>960.81</b>	<b>1,230.22</b>	<b>1,545.23</b>	<b>1,934.92</b>	<b>2,355.11</b>
<b>Non-Current Liabilities:</b>						
Long Term Loan-Non Current Maturity	586.36	519.95	362.02	145.54	807.52	401.07
Lease liability (non-current portion)	5.48	8.16	3.57	1.80	#VALUE!	-
Deferred Tax Liabilities/(Assets)	25.04	25.04	25.04	25.04	25.04	25.04
<b>Total Non-Current Liabilities</b>	<b>619.87</b>	<b>550.05</b>	<b>390.62</b>	<b>170.47</b>	<b>532.56</b>	<b>426.10</b>
<b>Current Liabilities:</b>						
Trade and Other Payables	146.22	203.55	237.48	254.44	271.40	271.40
Term Loan-Current Maturity	260.82	796.16	873.35	839.33	198.51	198.51
Lease liability (current portion)	1.42	4.45	1.98	1.41	2.69	-
Short Term Loan	423.63	174.98	200.89	216.32	232.17	216.91
Liabilities for Expenses	12.27	27.01	32.22	35.85	39.32	40.58
Provision for WPPF	3.06	13.47	19.42	21.09	25.80	27.52
Provision for Tax	10.61	10.61	10.61	10.61	10.61	10.61
<b>Total Current Liabilities</b>	<b>851.22</b>	<b>1,230.10</b>	<b>1,377.92</b>	<b>1,381.86</b>	<b>780.46</b>	<b>589.14</b>
<b>Total Equity and Liabilities</b>	<b>2,251.29</b>	<b>2,740.96</b>	<b>2,998.77</b>	<b>3,097.55</b>	<b>3,247.93</b>	<b>3,370.35</b>
<b>Net Asset Value Per Share</b>	<b>16.31</b>	<b>20.08</b>	<b>25.71</b>	<b>32.3</b>	<b>40.44</b>	<b>49.22</b>

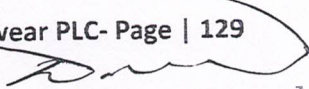
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For Chief Executive Officer  
**Tanzirul Islam**  
Vice President  
Credit Rating Information and Services Limited

  
Shibly Amran  
Chief Executive Officer  
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Forecasted Income Statement of MKFPLC (Figure in Million Taka)					
Particulars	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
Capacity Utilization (%)	60%	70%	75%	80%	80%
Sales	2,452.43	2,861.17	3,069.54	3,269.90	3,269.90
Less Cost of Production	(2,091.75)	(2,429.99)	(2,601.92)	(2,758.47)	(2,752.09)
Gross Profit	360.68	431.17	467.61	511.44	517.81
Gross Profit Margin	14.71%	15.07%	15.12%	15.64%	15.81%
Administrative Expenses	(48.84)	(29.28)	(29.77)	(30.38)	(31.03)
Distribution Expenses	(38.42)	(44.83)	(48.03)	(51.23)	(51.23)
Operating Profit/ (Loss)	273.42	357.06	389.81	429.82	434.55
Non-Operating Income/Cash Incentive	163.76	191.07	204.72	218.37	218.11
Profit/(Loss) before Interest & Tax	437.18	548.13	594.53	648.19	652.67
Financial Expenses:					
Bank Interest, Commission & Others	(154.36)	(139.76)	(130.73)	(106.39)	(79.05)
Profit/(Loss) before WPPF & Tax	282.82	408.37	459.79	541.80	573.62
Workers' Profit Participation Fund (WPPF)	(13.47)	(19.48)	(21.85)	(25.00)	(27.32)
Profit/(Loss) before Tax	269.35	388.90	437.90	516.80	546.30
Income Tax Expenses:					
Current Tax Expense	(40.90)	(47.72)	(51.13)	(54.54)	(54.53)
Net Profit/ (Loss) after Tax	228.46	341.18	386.77	462.26	491.86
Net Profit Margin	9.32%	11.92%	12.62%	14.11%	15.05%
Basic Earnings Per Share (EPS)	4.77	7.13	8.08	9.64	10.28
Diluted Earnings Per Share (DEPS)	4.77	7.13	8.08	9.64	10.28

Forecasted Cash Flow of MKFPLC (Figure in Million Taka)					
Cash flows from operating activities:	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
Cash Received from Customers and others income	2,237.58	2,945.73	3,215.97	3,433.86	3,486.17
Cash Paid to Suppliers, employees & others expenses	(2,067.49)	(2,449.72)	(2,661.68)	(2,857.14)	(2,898.25)
Income tax paid	(40.90)	(47.72)	(51.13)	(54.54)	(54.53)
Net Cash (used in)/generated by operating activities	129.19	448.29	503.17	522.19	533.39

**16.0 RISK ANALYSIS****16.1 Interest Rate Risk**

The coupon rate will be variable which Benchmark Rate is + Coupon Margin of 2.00% p.a. Benchmark Rate is the Treasury Bill. The floor rate and maximum ceiling are 9.00% p.a. and 13.00% p.a. respectively. Therefore, coupon rate of the bond will be affected by interest rate movement. The change in the interest rate might impact the coupon rate significantly.

**16.2 Subscription Risk**

Subscription risk of the bond will arise due to a lack of demand in the market to buy the instrument. Corporate houses in Bangladesh may not have sufficient funds to go for investment in such bonds against the backdrop of any future liquidity crisis due to significant bank borrowing by Govt to finance the budget deficit. Flotation of too many bonds in the market may create subscription risk. Moreover, the absence of an underwriting arrangement in the proposed structure may create subscription risk.

**16.3 Redemption Risk**

Redemption risk arises from the failure of the issuer to redeem the bond when it becomes due. MKFPLC has to pay off the bond subscribers within eight years. A significant amount of cash outflow from at one time may create pressure on its cash flow as well as liquidity. However, it has been estimated that the Company may be able to manage the situation with its regular inflow of cash. Hence, the redemption risk has been observed to be low.

**16.4 Raw material supply Risk**

A smooth supply of raw materials throughout the year is a concern for the footwear industry. The raw materials consist of leather, lining, and TPR. About 40%-50% of raw hides and goat skins are collected during Eid-ul-Azha from sacrificed animals. The major supply of raw materials depends on the number of sacrificial animals during Eid-ul-Azha. Other raw materials i.e. lining and TPR are sourced mainly from China. Import-based supplies are likely to be affected by any uncontrollable event or country risk to the transaction or political barrier. Any supply gap of the above raw materials may expose the company to raw materials supply risk.

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For Chief Executive Officer  
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**16.5 Technological Risk**

The technology used in the footwear industry is mainly developed in Italy and exporters of Bangladesh enjoy high demand in the international market as low-cost suppliers. Because of increasing labor costs in India and China, Bangladesh has been gaining a competitive advantage over its global competitors. But these countries are technologically advanced to develop new footwear technology replacing the need for manual labor. New and more automated efficient technology will create a major threat to labor-intensive exporters of Bangladesh.

**16.6 Industry Risk**

The footwear industry is inherently competitive because of strong presence of unorganized sector which is also reflected in moderate operating margins of the Company. Coping with the size, scope and the changing requirements of the consumer base by identifying and developing opportunities that will match up today's needs are the major challenges in the footwear markets. As international footwear industry is a mature industry to some extent, the opportunities lie in market expansion with diversification in product design and pricing. However, future growth of the Company will depend on the acceptance of its high value products in line with the economic condition and spending preference of its customer base.

**17.0 OBSERVATION SUMMARY**


Rating Comforts:	Rating Concerns:
<p><b>Issue:</b></p> <ul style="list-style-type: none"> <li>• Attractive coupon rate</li> <li>• The issuer has a sound credit profile</li> <li>• Issuer cash flow supports regular coupon payments as well as principal</li> </ul> <p><b>Issuer:</b></p> <ul style="list-style-type: none"> <li>• Good production facilities</li> <li>• Experienced management team</li> <li>• Listing in stock exchange</li> </ul>	<p><b>Issue:</b></p> <ul style="list-style-type: none"> <li>• Unsecured debt instrument</li> <li>• Non-Convertible Bond</li> <li>• Absence of recourse to the trustee in managing the event of default</li> </ul> <p><b>Issuer:</b></p> <ul style="list-style-type: none"> <li>• Moderate profitability and liquidity</li> <li>• Skilled labor shortage risk</li> <li>• Raw material supply risk</li> </ul>
<p><b>Business Opportunities:</b></p> <p><b>Issue:</b></p> <ul style="list-style-type: none"> <li>• Development of the bond market in Bangladesh</li> <li>• Stock exchange enlistment</li> </ul> <p><b>Issuer:</b></p> <ul style="list-style-type: none"> <li>• Prospective industry in Bangladesh</li> <li>• Immense opportunity for market growth</li> <li>• Further Expansion of capacity</li> </ul>	<p><b>Business Challenges:</b></p> <p><b>Issue:</b></p> <ul style="list-style-type: none"> <li>• Lower market depth of Bangladesh capital market</li> <li>• Mostly dependent on institutional investors for subscription</li> </ul> <p><b>Issuer:</b></p> <ul style="list-style-type: none"> <li>• Unstable &amp; Volatility Foreign Exchange Market</li> <li>• Rising Inflation</li> <li>• Regulatory Pressure for narrowing interest rate spread</li> <li>• Price fluctuation in the international market</li> <li>• Global economic meltdown</li> </ul>


**END OF THE REPORT**


*(Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement.)*

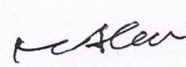
*(We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.)*

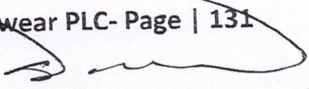
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For Chief Executive Officer  
Tanzirul Islam  
Vice President  
Credit Rating Information and Services Limited

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tahidul Islam  
Company Secretary  
MK Footwear Ltd

  
MO. MAHAJOUR ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC

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Credit Rating Information and Services Limited

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**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR NON-CONVERTIBLE BOND**

**RATING SCALES**  
**LONG-TERM RATING OF DEBT INSTRUMENTS**

RATING	DEFINITION
<b>AAA</b> Triple A (Highest Safety)	<b>Investment Grade</b> Securities rated in this category are adjudged to be of highest credit quality. This level of rating indicates highest level of safety for timely payment of interest and principal. Risk factors are negligible and nearest to risk free government securities.
<b>AA+, AA-, AA-</b> (Double A) (High Safety)	Securities rated in this category are adjudged to be of high credit quality and offer higher safety. This level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.
<b>A+, A, A-</b> (Single A) (Adequate Safety)	Securities rated in this category are adjudged to be of good credit quality and offer adequate safety for timely repayment of financial obligations. Protection factors are considered variable and more susceptible to changes in circumstances than securities in higher-rated categories.
<b>BBB+, BBB-, BBB-</b> Triple B (Moderate Safety)	Securities rated in this category are adjudged to offer moderate safety for timely repayment of financial obligations. This level of rating indicates deficiencies in certain protective elements but still considered sufficient for prudent investment. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
<b>BB+, BB-, BB-</b> Double B (Inadequate Safety)	<b>Speculative Grade</b> Securities rated in this category are considered to be of speculative grade but deemed likely to meet obligations when due. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.
<b>B+, B, B-</b> Single B (High Risk)	Securities rated in this category are considered to be of highly speculative grade. This level of rating indicates high risk associated with timely repayment of interest and principal. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes. Potential exists for frequent changes in the rating within this category or into a higher or lower rating grade.
<b>CCC+, CCC-, CCC-</b> (Vulnerable)	Securities rated in this category are currently vulnerable to non-repayment, and is dependent upon favorable business conditions for the obligor to meet its financial commitments on the obligation.
<b>CC+, CC, CC-</b> (High Vulnerable)	Securities rated in this category is currently high vulnerable to non-repayment.
<b>C+, C, C-</b> (Near to Default)	Securities rated in this category are considered to be near to default. Protection factors are scarce. Timely repayment of interest and principal is possible only if favorable circumstances continue.
<b>D</b> (Default)	<b>Default Grade</b> Defaulted debt obligations. Issuer failed to meet scheduled principal and/or interest payments.

  
 For Chief Executive Officer  
**Tanzirul Islam**  
 Vice President  
 Credit Rating Information and Services Limited

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tonidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



## Credit Rating Report of the MK Footwear PLC

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**CREDIT RATING REPORT  
On  
MK FOOTWEAR PLC****REPORT: RR/70824/23**

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short-term rating. CRISL's Bank loan rating (blr) is valid one year for long-term facilities and up-to 365 days (according to tenure of short-term facilities) for short-term facilities. After the above periods, these ratings will not carry any validity unless the entity goes for surveillance. CRISL followed Corporate Rating Methodology published in CRISL website [www.crislbd.com](http://www.crislbd.com)

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(4<sup>th</sup> & 5<sup>th</sup> Floor)  
5/1A, Segunbagicha,  
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Tel: 9539991-4  
Fax: 88-02-953-0995  
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Md. Ashraf Hossain  
Chief Rating Officer  
[ashraf@crislbd.com](mailto:ashraf@crislbd.com)

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Subar Md. Musan  
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Md. Shahedul Islam  
[shahedul@crislbd.com](mailto:shahedul@crislbd.com)

**Entity Rating**  
Long Term: A-  
Short Term: ST-3

**Outlook:** Stable

**MK FOOTWEAR  
PLC**

**ACTIVITY**  
Synthetic shoes,  
leather shoes,  
sandals, and other  
leather goods  
manufacturer

**DATE OF  
INCORPORATION**  
November 12, 2015

**CHAIRMAN**  
Ms. M. Mahfuza  
Mohammed

**MANAGING  
DIRECTOR**  
Mr. Noor Mohammed

**EQUITY**  
Tk. 780.20 million

**TOTAL ASSETS**  
Tk. 2,251.29 million

Public Limited  
Company

Page 1 of 13

Date of Rating: November 21, 2023		Valid up to: November 20, 2024	
		Long Term	Short Term
Entity Rating		A-	ST-3
Outlook		Stable	
<b>Bank Facilities Rating</b>			
Bank/FI	Mode of Exposures (Tk. in millions)	Bank Loan Rating	
Rupali Bank Ltd.	*TLO of Tk. 852.74 **WCLL of Tk. 779.03	blr A-	

\*TLO- Term Loan Outstanding, \*\*WCLL- Working Capital Loan Limit

**1.0 RATING RATIONALE**

CRISL has upgraded the Long Term rating to 'A-' (pronounced as single A minus) rating and 'ST-3' rating in the Short Term of MK Footwear PLC (hereinafter referred to as "MKFPLC" or 'the Company') on the basis of its audited financials and other relevant quantitative and qualitative information up-to the date of the rating. The above ratings have been assigned due to some fundamentals such as listing in stock exchange, moderate financial performance, good capacity utilization, an experienced management team, good infrastructure facilities, and good quality control mechanism, etc. The above factors are, however, constrained to some extent by demand fall risk, the risk of price fluctuation as well as some other industry-specific and macroeconomic factors.

The Long Term rating indicates that entities rated in this category are adjudged to be of an adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

The Short Term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

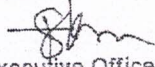
CRISL also placed the company with a "Stable" outlook in consideration that its fundamentals may remain unchanged during the rating validity period.

**2.0 COMPANY PROFILE**


MK Footwear PLC is involved in the manufacturing of 100% export-oriented synthetic shoes, leather shoes, sandals, and other leather goods such as wallets, money bags, ladies handbags, etc. It was incorporated as a private limited company on November 12, 2015, under the Companies Act, 1994 with the Registrar of Joint Stock Companies and Firms, Bangladesh vide registration no. C-125912/2015 and was subsequently converted into a public limited company on May 29, 2022. The commercial operation of the company started on July 02, 2020. MKFPLC has been operating under the leadership of Mr. Noor Mohammed, a renowned business personality having long exposure in diversified fields of business. The production capacity of the company is 3 lac pairs per month. The registered office and factory of the company are located at Nayonpur Bazar, Chalkpara, Mawna, Gazipur, Bangladesh.


**2.1 Ownership Pattern**

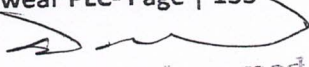
The Board of the Company is promoted by the members who have been playing a significant role in the fine standing of the Company having substantial experience in the related sector. The company is managed and controlled under the umbrella of common control mechanism being guided and supervised by the Managing Director. It also follows a good management practice, which is headed by the Chairman- Ms. Mir Mahfuza Mohammed followed by the Managing Director- Mr. Noor Mohammed, and other individual Directors and Shareholders.

  
For Chief Executive Officer  
Tanzirul Islam  
Vice President  
Credit Rating Information and Services Limited

MK Footwear PLC- Page | 133

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investors

  
Mohammad Tokidul Islam  
Company Secretary  
MK Footwear Ltd.

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



## CREDIT RATING REPORT On MK FOOTWEAR PLC

Shareholding of MK Footwear PLC as on 30 June 2023			
Particulars	No. of Shares (in million)	Value of Shares (Tk. in million)	Share (%)
Sponsors & Directors	24.47	244.67	51.14%
Placement Shareholder	13.39	133.80	27.96%
Institute	3.28	32.78	6.85%
General Public	6.72	67.30	14.05%
<b>Total</b>	<b>47.85</b>	<b>478.48</b>	<b>100.00%</b>

The Managing Director is the Chief Executive to controls and supervises the entire vital functions and day-to-day operational activities by using a panoramic view ensuring consistency. As of 30 June 2023 the total Authorized Capital of the Company was Tk. 1,000.0 million and Paid-up Capital was Tk. 478.47 million divided into 47.847 million ordinary shares of Tk. 10.0 each. The Company has been strengthening its toe-hold in the marketplace supported by the dynamic leadership of the top management. The Board deals with the policy issues, business philosophy, and operating guidelines for the management in achieving its desired targets. CRISL views that the keen attachment of the sponsors with businesses being commensurate with their long exposure will make them able to take strategic decisions by taking take calculated risks necessary for business growth.

Shareholding Position of Sponsors and Directors of MKFPLC as on 30 June 2023				
Sl.	Name	Designation	No. of Shares	Share (%)
1	Ms. Mir Mahfuza Mohammed	Chairman	3,000,000	7.93%
2	Mr. Noor Mohammed	Managing Director	17,857,200	47.21%
3	Mr. Md. Akteruzzaman	Director	2,100,000	5.55%
4	Mr. F. M. Hasan Mahfuz Russell	Director	1,500,000	3.98%
5	Mr. Kazi Rajaul Kabir	Shareholder	500,000	1.32%
6	Ms. Faran Zaman	Shareholder	1,800,000	4.76%
7	Deal & Deliver	Shareholder	1,650,000	4.36%
8	Mr. Sifat Ahmed Chaudhury	Shareholder	500,000	1.32%
9	Hayat Trade International	Shareholder	1,750,000	4.62%
10	M/S. Alam Enterprise	Shareholder	1,650,000	4.36%
11	NS Info Equity Limited	Shareholder	1,600,000	4.23%
12	Ms. Nupur Zaman	Shareholder	1,800,000	4.76%
13	Mr. Mir Shoureen Shams	Shareholder	1,800,000	4.76%
14	Mr. Mohammed Tohidul Islam	Shareholder	50,000	0.13%
15	Mr. Md. Masud Rana	Shareholder	50,000	0.13%
16	Mr. Sarwar Hussain	Shareholder	230,000	0.61%
		<b>Total</b>	<b>37,847,200</b>	<b>100.00%</b>

Experienced  
Management Team

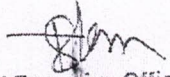
### 3.0 OPERATIONAL MANAGEMENT

#### 3.1 Corporate Management

The Managing Director is supported by a pool of senior professionals having reasonable experience in related fields. The management of the company maintains a hierarchy from Department Heads to bottom-line management personnel with a top-down approach to the management process. For smooth business operations, total management tasks are segregated into different departments Accounts and Finance, Marketing, Administration & HR, Commercial, etc. The management has delegated sufficient financial and administrative powers to different segments of management.


Corporate Management of MKFPLC	
Name	Designation
Mr. Noor Mohammed	Managing Director
Mr. F M Hasan Mahfuz	CEO
Mr. Mohammed Tohidul Islam	Company Secretary
Mr. Mahabubul Alam	CFO
Mr. Dulal Ahmed	Senior Manager, Commercial
Mr. Abu Hannan Biswas	Senior Manager, Commercial
Mr. Kazi Sanaul Arefin	Manager, HR & Compliance
Mr. Md. Masud Rana	Manager, Finance
Mr. Md. Tazul Islam	Manager, Accounts

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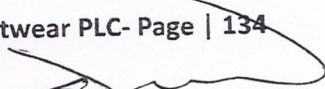
  
For Chief Executive Officer  
Tanzirul Islam  
Vice President  
Credit Rating Information and Services Limited

MK Footwear PLC- Page | 134

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tohidul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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## CREDIT RATING REPORT

### On

### MK FOOTWEAR PLC

#### 3.2 Human Resources Policy

The overall HR policy of the company has been found moderate. MKFPLC has been following a structured compensation package or formal service rule for human resources with detailed job responsibilities and other job-related policies. Moreover, the company has a guideline for recruitment, increment, promotion, and provident fund policies for the employees. It also provides two festival bonuses per year, free medical facilities, quarter facilities for factory staff, etc. The total human resource base stood at around 1,325 people including office staff. All the employees receive salary/wages in excess of Tk. 8,200 per month. Though footwear manufacturing requires capital investment, manual process is also an integral part of manufacturing. For this purpose the Company provides various training and workshops for its workers and employees to increase their efficiency and productivity. The management continuously exerts its efforts to improve the production process and human development by conducting various R&D and on-the-job training programs. Keeping this in view, coordination among the departments by reviewing the performance in every step of operation improves efficiency by ensuring timely delivery according to the customer's demands. The practices of the internal control system along with the easy and quick flow of information- assist the management in effectively monitoring the overall activities. CRISL expects with the help of experienced management, employees, and logistic support, it will achieve the goal of operational performance and meet its financial obligation in the future which mitigates the relationship risk to some extent.

Worker Efficiency (%) of MKFPLC		
Particulars	FY2022-23	FY2021-22
Wastage (%)	3%	4%
Leather	25%	25%
Non Leather	10%	10%
Machine Efficiency (%)	39.64%	76%

#### 3.3 Management Information System (MIS)

The Management Information System of MKFPLC is moderate. There is a computerized information system in MKFPLC for inventory management, financial transactions and other operations. Moreover, it tracks its receivables on monthly basis with periodic aging schedule to balance its working capital requirement, cash flow and revenue collaboration. The practices of the internal control system along with the easy and quick flow of information- assist the management in effectively monitoring the overall activities.

#### 4.0 BUSINESS ANALYSIS

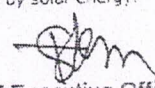
##### 4.1 Infrastructure and production facilities

M K Foot Wear PLC has established its factory compound in Chalkpara, Mauna, Sraepur, Gazipur, occupying around 350.38 decimals of land. The business has proximity advantages due to its prime location being well connected to a major transportation network. The site enjoys all facilities like electricity lines, road communication, etc. The factory operates in a 3 storied buildings including warehouse, generator room & electric substation, and office building. There is a bonded warehouse having 20,000 sqft of space.


Good Infrastructure facilities

Technology remains an important factor in maintaining a competitive position in the business. The machinery setup of the factory is mixed-aged on account of starting of commercial operation few years back. MKFPLC has set up the modern and sophisticated brand-new machinery imported from China, and Taiwan. Some notable machinery is Injection Machine, Double Cutter Boot, Upper Hammering Machine, Upper Steaming Soften Machine, Sole Marking Machine, Painting Booth Machine, Fully Pneumatic Heel Nailing Machine, Hydraulic Heel Lasting Machine, Single Needle Sewing Machine, Edge Trimming Machine, Strong Force Glue Apply Machine Rolls, etc. Alongside the huge capital investment, the expenditure of the utility and energy costs plays a significant role in determining operational efficiency. The factory operation is powered by a local REB line having 1,000 KW capacity, and alternative power back up ensured through 03 Diesel run Generators with a capacity of 1000 KVA, 250 KVA, and 60 KVA respectively. Around 30% of electricity is supplied by solar energy.

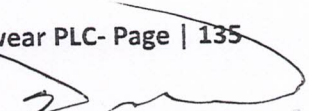
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 For Chief Executive Officer  
 Tanzirul Islam  
 Vice President  
 Credit Rating Information and Services Limited

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tokidul Islam  
 Company Secretary  
 MK Footwear Ltd.

MK Footwear PLC- Page | 135

  
 Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC



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## CREDIT RATING REPORT

### On

### MK FOOTWEAR PLC

The production process layout is flexible and strategically integrated which is set by the top management based on the market demand and order in hand. In addition, it is important to note that a negative correlation was also scrutinized between revenue and quantity per unit, which indicates that a regular price hike has reduced the earnings growth.

#### 4.2 Procurement Process

The upstream value chain is envisaged by the exposure of frequent input price fluctuation by seasonality along with inefficient inventory management, which generates the major raw material-related risks. The requisition of raw-material is reviewed and procured from several sources according to the buyer's orders by the respective responsible officers in the particular departments. The main raw materials are leather, synthetic leather, EVA resin, PVC resin as well as wet blue (tanned leather) and other materials. There is some suppliers' concentration risks as the majority percentage of raw materials are collected from few Chinese suppliers. So, foreign currency fluctuation due to local currency devaluation and price hike in international market may affect its cost structure and profitability to some extent. Moreover, government policy and duty structure affect its business. The critical success factor will be to keep the customers satisfied by virtue of timely delivery. The downstream value chain results in increased customer lines gradually. The Company mostly caters to Ferro Footwear B.V., (the Netherlands) which consumes around 80% of the total export creating some customer concentration risk. Other customers are from Hong Kong, Germany, Taiwan etc.

#### 4.3 Production Process

The company produces synthetic shoes, leather shoes, sandals, and other leather goods such as wallets, money bags, ladies handbags, etc. There are five steps involved in the manufacturing process such as upper cutting section, closing/stitching section, and lasting section. Bottoming section and finishing section.

#### 4.4 Quality Control

The quality concentration by strong monitoring helps to keep the confidence of the customers. Recurring sales with continuous reorder eventually support the sound quality control mechanism of the Company. It has several control checkpoints to assure the quality of the products starting from raw materials to finished goods. It also attempts to maintain scheduled inspection by assigning troops in every production phase for ensuring desired product quality. All raw materials undergo quality inspection during receipt. Outsourced material production facilities are also subject to quality audits. Records of all inspections are maintained as per the procedure for control of quality including those given urgent permissions. MKFPLC has an established quality plan to check the product at the final stage. No product is allowed into the finished goods area until final inspection and clearance. Records of inspection and testing are maintained for all steps. Storage of the products is done in a way to ensure full quality retention. Finally, MKFPLC has established monitoring and measurement processes to meet the requirements of customers. Following a strong monitoring system, the flow of daily production, and the quality maintaining risk, reveals the management philosophy regarding customer satisfaction. Going forward, expansion of capacity with upgraded equipment and recruiting experienced and qualified professional employees mitigates the quality-related risks by increasing productivity levels leading to low operating costs as well as deriving some scale benefits.

#### 4.5 Marketing Strategy and Target Customers

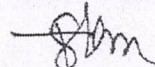
The export market for leather shoes has very good prospects. But to get a good market share; the sponsors will have to adopt requisite marketing strategies in respect of product quality, product pricing, product promotion, and distribution. MKFPLC has taken appropriate marketing strategies regarding product quality, pricing, promotion, and distribution to attract the market.

#### 5.0 INDUSTRY OUTLOOK


Shoe producing industry in Bangladesh is in rising pattern because of extensive market size, cheap labor cost and skilled workforce. Due to cost advantages, business is shifting from Vietnam and Thailand to Bangladesh. The Company depends on import for raw materials procurement and suppliers are designated by the buyer. Export business is primarily focused on European region and it is in the process of diversification in regional customer base.

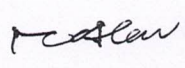
Good quality control  
measurement

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For Chief Executive Officer  
Tanzirul Islam

  
Shibly Amran  
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MK Footwear Ltd.

  
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Managing Director  
MK FOOTWEAR PLC

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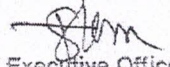
**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR PLC**

However, increasing production of counterfeit footwear products by local manufacturers is hindering the growth of the global footwear market.


These duplicate products are hampering the distribution channel and are leading to a negative impact on the overall growth of the market. The market based on product type which includes athletic footwear and non-athletic footwear. The global athletic footwear market is further segmented into running and cross training/tennis shoe, soccer/football shoe, golf shoe, basketball shoe, hiking shoe, baseball shoe and others. The global non-athletic footwear market is classified into casual footwear, dress evening footwear, military boots, lite hiking outdoor sandal and others. On the basis of gender type, the footwear market is subdivided into men's footwear, women's footwear and kids' footwear. Furthermore, the global footwear market has been divided by geography into North America, Europe, Asia Pacific and rest of the world (RoW). Key players have also been profiled on the basis of company overview, financial overview, business strategies and key developments. Major market participants profiled in this report include Nike Inc. (U.S.), Adidas AG (Germany), Puma SE (Germany), New Balance Inc. (U.S.), Asics Corp.(Japan), Bata Limited (Canada), Deichmann SE (Germany), Skechers USA, Inc. (U.S.), The Aldo Group Inc. (Canada), VF Corp.(U.S.), W.L. Gore & Associates, Inc. (U.S.), Jack Wolfskin (Germany), Sympatex Technologies GmbH (Germany), Polartec, LLC (U.S.), Kathmandu Holdings Limited (New Zealand), and Columbia Sportswear Company (U.S.). Assembly of products; Bangladesh has a host of potential products that can earn substantially large amounts of foreign exchange, if only the necessary patronage from the overseas buyers is given for the sake of expanding the country's export base and thereby reach a sustainable status for the country's export trade.

The modernization of the footwear industry though took place in the late 1980s; its inception is in the colonial era. During the British period, there was no footwear manufacturing company producing on a mass scale in West Bengal. After the partition of Bengal in 1947, the footwear requirement of the then East Pakistan was being met by import from West Pakistan. Bata acted as the pioneer in establishing the footwear industry by starting its manufacturing plant in 1962. In 1967 another company was established, named Eastern Progressive Shoe Industries (EPSI), to manufacture footwear and also to explore the opportunity of exporting the footwear to the USSR, Czechoslovakia, and England. At present, there are several footwear manufacturers producing quality footwear and also contributing to our foreign currency earnings. The major players are Bata, Apex, Adelchi Footwear, Jennys Footwear, Lalmai Shoes and Leather Export, Excelsior Shoes, Paragon Leather and Footwear Industries, etc. As a pioneer, Bata enjoys a wide range of distribution networks in rural and urban areas. So, it is quite challenging for any other company to reach that level. However, the country has already been exporting finished and different types of leather products to overseas markets. The reason for high global demand is due to the availability of high-quality raw and finished materials and low-cost labor. The availability of low-cost labor is prompting top manufacturers and investors from a few countries to relocate their factories to Bangladesh. Three large investors in the footwear sector from Taiwan are to set up footwear factories in the Dhaka and Chittagong Exporting Processing Zones. The buyers from the EU, as well as other very highly developed industrial nations like Japan, have reportedly been showing more interest in Bangladeshi leather products. All these developments look promising for the local footwear industry. The main countries of export for footwear are Japan, Germany, USA, Italy, France, Spain, Belgium, Austria, Switzerland, Czech Republic, Holland, Denmark, Finland, UK, Canada, Dubai, Kuwait, Estonia, Singapore, Hong Kong, etc. Due to enormous competition for the existence of a good number of similar market players and higher barriers to entry in a similar line of business, the companies find it difficult to set the price on their terms. Peer group pressure and the market nature also limit the profit margin of this industry. Supply and demand should fix the prices and each player must respond to the rules set by market mechanisms for healthy competition. Rivalry among existing companies HIGH: The industry is highly competitive with a good number of players including some leading industrial groups. The threat of new entrants MODERATE: There is a high technical or cost barrier to entering the industry. The number of customers and the market size is alluring new entrants. Power of suppliers MODERATE: The raw material is available in specific seasons and areas. Good quality raw materials suppliers charge high prices because of high demand. Power of buyers MODERATE: The buyer's switching cost is very low. Brand loyalty is strong in the industry. The threat of substitute products HIGH: There is a very good chance of a substitute product.

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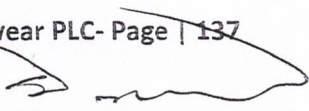
  
For Chief Executive Officer  
Tanzirul Islam  
Vice President

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Monammad Faridul Islam  
Company Secretary  
MK Footwear Ltd.

  
MD. MAHABUB  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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## CREDIT RATING REPORT On MK FOOTWEAR PLC

### 6.0 PERFORMANCE ANALYSIS

#### 6.1 Production Efficiency

MKFPLC has a good production capacity to meet the order from buyers. Although the capacity may vary due to changes in factory layout depending on the tertiary product mix, CRISL observed declined capacity utilization- on account of global and domestic economic meltdown and declined demand from the customers. The Company deduces to bounce back in the upcoming years as the management is expecting to take some quick strategic decisions revealing substantial operational efficiency. Presently the company is producing 12,000 pairs of synthetic shoes and 6,000 pairs of leather shoes per day.

Good capacity utilization

Production Details of MK Footwear PLC (in Pair)		
Production Capacity/ Year	FY2022-23	FY2021-22
Synthetic Shoes	1,800,000	1,800,000
Leather Shoes	1,200,000	1,200,000
<b>Total</b>	<b>3,000,000</b>	<b>3,000,000</b>
Actual Production/ Year		
Synthetic Shoes	503,182	822,176
Leather Shoes	590,692	1,233,264
<b>Total</b>	<b>1,093,874</b>	<b>2,055,440</b>
<b>Capacity Utilization (%)</b>	<b>36.46%</b>	<b>68.51%</b>

With this note, the recorded operating parameters and scale of operation are reflected in the sales growth and financial strength, suggesting further growth opportunities by maximizing the existing capacity. CRISL, however, observes that irrespective of the rated capacity, there is a prospect of further growth opportunity both in quantity sold as well as revenue.

#### 6.2 Analytical Framework

As a measure of the quantitative analysis, CRISL's rating spotlights the assessment of the Company's policies regarding operating strategies, economic goals, and financial leverage targets. The sustainability of these credit protection measures is evaluated over a period to assess the growth and robustness of the company's operations and funding capability. Hence the ability to generate cash, the policies of the profit distribution, the generation of service debts along with sufficient return for continuous access in the fund market are judged where generating cash, turns out to be one of the most crucial parts. The report has been prepared on the basis of audited financials along with information provided by the management of the Company. Information has been collected through discussion with the key management people of the company as well as responsible persons of the Bank. As reported data cannot always be justified thoroughly by the bank account statements, CRISL factored the industry information available with CRISL for meaningful analysis and conclusion.

#### 6.3 Profitability & Earnings Stability

The earnings were derived from the export of different types of shoes. Although it produces different categories of shoes; the major portion of sales constituted leather products. Due to tough competition, the Company posted a negative growth of 35.01% in FY2022-23 by registering a sales turnover of Tk. 824.68 million declined from the previous year's Tk. 1,268.84 million. CRISL projects that it might notch up a little bit next year based on its recent performance. Looking forward, growth prospects would not be different unless any diversification in the product portfolio is strongly maneuvered.

Indicators	30-Jun-23	30-Jun-22	30-Jun-21
Turnover (Tk. in Million)	824.68	1,268.84	1,268.84
Gross Profit (Tk. in Million)	118.13	155.37	166.37
Profit After Tax (Tk. in Million)	40.67	103.09	103.09
Cost to Revenue Ratio (%)	85.68	86.89	86.89
Administrative Expense to Revenue Ratio %	1.82	1.02	1.02
Selling & Distribution Expense to Revenue Ratio %	0.91	0.95	0.95
Gross Profit Margin (%)	14.32	13.11	13.11
Operating Profit Margin (%)	11.17	10.52	10.52
Finance Cost to Revenue Ratio %	11.78	6.93	6.92
Net Profit Margin (%)	4.93	8.12	8.12
Return on Assets After Tax (%)	1.87	4.93	9.86
Return on Equity After Tax (%)	6.40	21.04	42.08
Return on Capital Employed (%)	3.14	6.67	17.35

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For Chief Executive Officer  
Tanzirul Islam

Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

Mohammad Fahidul Islam  
Company Secretary  
MK Footwear Ltd

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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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On  
**MK FOOTWEAR PLC**

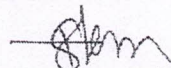
The margin was thin due to stiff competition. Due to some uncontrolled cost incurred by it followed by the inefficiency in procurement and production, eventually posted decreased margin in the key profitability indicators in recent years- which ultimately reveals moderate business strength and management capacity. Small decline in cost to revenue ratio helped to increase the gross profit margin and operating profit margin to some extent. The Gross Profit Margin increased to 14.32% in FY2022-23 from 13.11% in FY2022, which eventually translated into a Net Profit Margin of 4.93% in FY2022-23. However, the improved performance in the top line was not reflected in the bottom line due to a substantial surge in financial expenses which ate up the extra profit earned from EBIT. The ability to generate sales by using Fixed Assets and Total Assets also decreased.

**7.0 CAPITAL STRUCTURE AND SOLVENCY**

Particulars	Tk. in Million		
	30-Jun-23	30-Jun-22	30-Jun-21
Current Assets	923.60	860.17	860.17
Less: Current Liabilities	851.22	902.80	902.80
Net Current Assets	72.38	(42.64)	(42.64)
Fixed Assets- Net	1,327.69	1,231.17	1,231.17
<b>Net Capital Employed</b>	<b>1,400.07</b>	<b>1,188.53</b>	<b>1,188.53</b>
<b>Financed by:</b>			
Non Current Liability	619.87	598.51	598.51
Long Term Loan	588.36	593.76	598.87
Total Non Current Liability	619.87	598.51	598.51
<b>Shareholders' Equity:</b>			
Share Capital	478.47	378.47	378.47
Retained Earnings	157.22	111.55	111.55
<b>Total Shareholders' Equity</b>	<b>780.20</b>	<b>490.02</b>	<b>490.02</b>
<b>Total Loans (ST and LT)</b>	<b>1,011.19</b>	<b>1,258.07</b>	<b>1,264.18</b>
<b>Total Long Term Loan</b>	<b>588.36</b>	<b>593.76</b>	<b>598.87</b>
Leverage Ratio (X)	1.89	2.27	3.27
Debt Service Coverage Ratio (X)	1.11	1.33	3.29
Interest Coverage Ratio (X)	1.63	2.27	2.27

The credit risk profile slightly improved characterized with some dependence on Long-Term debt. Total Current Assets stood at Tk. 923.60 million in FY2022-23 against Tk. 860.17 million in FY2021-22 registering a growth of 7.37%. The leverage position slightly improved in the last year due to a significant equity infusion. Total Equity registered 59.22% growth in FY2022-23 and stood at Tk. 780.20 million- mostly comprised of aggregate share capital. The growth of assets was lower than that of equities, resulting in a decrease in the Borrowed Fund during the latest analyzing period- supported to retain a moderate leverage and coverage position. This underpins the contribution of Borrowed Funds, less than that of Equity Funds to generate returns that could otherwise have been much lower in later years. Furthermore, analysis of leverage ratios shows a mixed position. The borrowing requirement of the business moves in tandem with the business operations. Total borrowed funds declined and were recorded at Tk. 1,011.19 million in FY2022-23 from Tk. 1,258.07 million in FY2021-22 in the form of both long-term and short-term loans. Growth funding of the Company is mostly characterized by some external borrowings which impacted its leverage position as expressed by the Debt/Equity ratio of 1.89x in FY2022-23 (FY2021-22: 3.27x) generating low credit risk exposure.

The coverage position was marginally exposed by satisfactory repayment capacity as its earning base is less robust compared to the interest expenses which is tantamount to other gearing ratios. Weak coverage position was observed in the latest period expressed by 1.11x of DSCR and 1.63x of EBIT to Interest ratio to meet its financial charges. CRISL also expects the Company's debt protection indicators to remain strong on the back of healthy accruals from operations, low gearing and strong internal fund generation capabilities. However, any undertaking of external debt may impact the cash flow and worsen the leverage position in the future which might impede its performance to some extent.

  
For Chief Executive Officer  
Tanzirul Islam  
Vice President  
Credit Rating Information and Services Limited



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**8.0 LIQUIDITY AND FUND MANAGEMENT**

Indicators	30-Jun-23	30-Jun-22	30-Jun-21
Current Ratio (X)	1.09	0.95	0.95
Quick Ratio (X)	0.62	0.58	0.58
Net Working Capital (Tk. in million)	72.38	(42.54)	(42.64)
Operating Cash flow (Tk. in million)	163.20	50.88	(34.14)
Operating Cycle (Days)	310.97	193.56	96.78
Cash Conversion Cycle (Days)	231.59	137.60	68.80

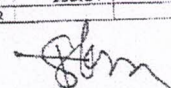
Footwear have their product lifecycle which remains around 1-2 years, so, outmoded shoes have to be liquidated to relieve the inventory position as new products take place of the older designs. High inventory requirement in the form of finished goods and raw materials increases the working capital sensitivity of the Company. MKFPLC has been carrying out its operation with moderate liquidity. It needs funds for procuring required raw materials, workers' salaries, and other administrative costs. The company maintains its working capital requirement as well as liquidity from receiving sales proceeds, borrowing from banks, trade credit facilities from suppliers, etc. The overall liquidity profile, however, remained lower during the rating exercise irrespective of the same business strategy. The liquidity index showed a mixed outcome in recent years as the Current ratio increased from 0.95x in FY2021-22 to 1.09x in FY2022-23. Furthermore, the liquidity measures are emphasized more on the future Cash Flow generation ability rather than the maximization of profits. It is understood that to amplify the growth, the Company has to inject additional funds, which may put pressure on the future Cash Flow. The Cash Flow from the Operation was somewhat volatile due to large fluctuations in Net Working Capital management. Divergent Cash Flow measures after adjusting Sales with Debtors and Cost of Goods Sold with Inventory and Advances reflected positive Cash Flow. Subsequently, positive Cash Flow also indicates the Company has Tk. 163.20 million of surplus Cash in Hand to reinforce revenue growth and relax Working Capital Management. To maintain steady operating efficiency to boost the earning status, the Company is required to take measures through effective check and balance techniques in order to maintain sustainable performance regarding working capital management.

**9.0 CREDIBILITY AND BANKING RELATIONSHIP****9.1 Liability Position**

MKFPLC has been enjoying the financial flexibility to raise funds from Rupali Bank Limited. As reported by lenders' feedback, it has a satisfactory track record of business dealings by meeting the debt obligations, and the performance was found to have a clean credit history with no record of dishonoring checks and overdue and no experience of loan rescheduling & forced loan or no instances of loan classification during the period.

Name of Bank	Mode	Limit		Outstanding as on 31/10/2023		Classification Status
		Funded	Non-Funded	Funded	Non-Funded	
Rupali Bank Limited	Term Loan-1	459.39		590.31		Unclassified
	Term Loan-2	173.00		218.70		
	IDCP	70.98		43.74		
	<b>Total Term Loan</b>	<b>703.36</b>		<b>852.74</b>		
	CC (Hyso)	140.00		151.61		
	COVID 19 Rev. Refinance Scheme	21.00		25.15		
	EDF/ PAD		560.00		155.24	
	GD	25.20		27.12		
	GD	7.70		8.28		
	COVID 19 Stimulus Funds Workers Salary	25.13		17.13		
<b>Total Short Term</b>	<b>219.03</b>	<b>560.00</b>	<b>229.27</b>	<b>155.24</b>		
<b>Grand Total</b>	<b>922.40</b>		<b>1,082.02</b>			

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 For Chief Executive Officer  
**Tanzirul Islam**  
 Vice President



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**9.2 Security Arrangement Against Bank Exposure**

Name of Bank	Security Arrangements
Rupali Bank Limited	<ul style="list-style-type: none"> <li>• Hypothecation of stock, plant &amp; machinery, book debts and receivable</li> <li>• Registered mortgage of total 350.88 decimals land with factory building located at Mauna, Gazipur</li> <li>• Personal guarantee of all the directors of the company</li> <li>• All standard charge documents, as per Bank's format</li> </ul>

**10.0 RISK ANALYSIS****10.1 Global Instability Risk**

Access to MKFPLC's global sourcing enables it to change in product mix towards higher end products. The business of the Company is highly dependent on the timely movement of shipments for its smooth export and import. At this moment the world is facing crisis, which has affected almost every country including Bangladesh. The world economy is anticipating a stressful economy in the coming days. Given this situation, the business is highly vulnerable to global instability risk.

**10.2 Foreign Exchange Risk**

For the last few years, Bangladesh Taka has depreciated, but there has been no major impact on it, as the company also gets revenue equivalent to USD. Therefore, foreign currency risk is relatively lower. As its imports and exports are both through foreign currency, it benefits from the effect of natural hedging, as such the impact of exchange fluctuation is minimum. CRISL identified that some dependence on imported raw materials, which eventually increased the currency fluctuation risk and price susceptibility.

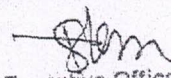
**10.3 Market Risk**

The footwear industry is inherently competitive which is also reflected in moderate operating margins of the Company. Coping with the size, scope and the changing requirements of the consumer base by identifying and developing opportunities that will match up today's needs are the major challenges in the footwear markets. As international footwear industry is a mature industry to some extent, the opportunities lie in market expansion with diversification in product design and pricing. However, future growth of the Company will depend on the acceptance of its high value products in line with the economic condition and spending preference of its customer base. Generally there is various local and international companies' slipper available in the market such as Bata, Apex, Gay, Lotto (Italia) and different China and Myanmar brand slippers. So competition is high in the industry for presence of a large number of renown and brand competitors. High competition along with low entry and exit barriers (because of capital requirement as well as overall incorporation and operation methodology) creates a challenge for the Company to continue sustainable growth in the future. However, the revenue proliferation and the financial performance are deduced to reduce the flow of growth in the upcoming years due to the fall in price. It impacts pricing flexibility and losing business to some extent.

**10.4 Sustainable Growth Funding Risk**

Main challenges of the business will be to stay between managing its growth and innovation in a mature industry. The growth depends on new technology, fashion trends and innovation. However, recent growth rate suggests that it would be a challenge in line with current competitive structure of the footwear industry. The management experience and expertise envisaged with the revenue mix and well-spread export channel is supportable to generate stable business performance and favorable growth funding, although some non-diversifiable challenges posed by the systematic risks may put slight downward pressure on the growth prospect due to the competition and industry characteristics as a whole. Maintaining the present level of growth would require it to increase its capacity in near future, resulting in further investment requirements. In addition, it is important to note that a negative correlation is scrutinized between revenue and quantity per unit which indicates that a regular price hike has reduced the earnings growth. Considering these factors, it still has sound growth funding opportunities in the form of necessary land purchase, fresh financial injection with sound leverage flexibility as well as necessary logistic support to improve further operational efficiency. The future growth of the business also depends on how quickly and adequately it can manage the funds.

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For Chief Executive Officer  
Tanzirul Islam  
Vice President



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**10.5 Cost Management Risk**

Lack of steady revenue growth besides uncontrolled direct costs may lead to stressed profitability. Frequent fluctuation in per unit input price can be a risk in obtaining a healthy financial matrix. Especially the bottom-line profit is highly exposed by the uncontrollable nature of the price of core raw materials and finished goods. Moreover, the core profits may be eaten up as an aftermath of any input price hike of the cost structure by continuous constant competitive costing derived from the industry pressure. In the cost structure- raw materials, factory overheads followed by salary and utility expenses are the major portions and such high costs affect the profitability to some extent. Nowadays, out of many problems, rising production costs driven by energy cost hikes have been an alarming issue to maintain the sustainability and competitiveness of the business. Amidst vulnerable input costs, the pricing inflexibility and intense competition in the market have also created exposure in operating margins in this regard. Continuing business with an established market presence and moderate value addition lead to stability in profitability margin. Operational expenses blended with proper inventory management apart from the efficient coordination among different production units mitigate the financial risk to some extent. Increasing market demand, the volume of storage capacity and the scale of operation, substantial management expertise, and wide distribution channel eventually facilitate the Company to pass through the inflated price to the buyers- which helps to mitigate price fluctuation risk. It may also help to plan timely and appropriately to run the business in line with the target market and mitigate/offset the price fluctuation-related risk by reducing the operating cycle lead time to some extent.


**10.6 Raw Material Procurement Risk**

Most of profitable businesses are eminent by their efficient, effective & optimum raw materials procurement strategies. A smooth supply of raw materials throughout the year is a concern for the footwear industry. Major raw materials are sourced mainly from China. Import-based supplies are likely to be affected by any uncontrollable event or country risk to the transaction or political barrier. Any supply gap of the above raw materials may expose the company to raw materials supply risk. Long-standing relationships and procurement were observed from the diversified generic suppliers. The volatility of the input price deduce to reduce profitability significantly and creates exposure to risk in this regard. The upstream value chain is envisaged by the exposure of frequent input price fluctuation along with tight inventory management which generates the major raw material-related risks. However, major risks associated with the procurement of raw materials are characterized by the volatility of raw material prices with foreign exchange risk, fragmented market, and competition among the manufacturers. Although the size of the accounts receivable and inventory portrays its working capital intensity, which is not unfamiliar with the size according to the industry norms. CRISL observed that the key leverage of cost-effectiveness lies in the efficient raw material procurement strategy. The economies of scale from a large volume of transactions, the flexibility regarding procurement activity and structured stock recording system, stock buffering, repeat procurement of similar products according to the customers' preferences, proper utilization of management experience & expertise regarding the business and market dynamics- also significantly assist to mitigate the raw material procurement risk. Moreover any type of forwarding contract and long-term agreement with the key suppliers in the context of the purchase price may also offset the stock-related risk.

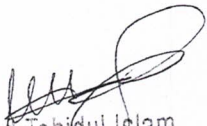
**10.7 Technological Risk**

The technology used in the footwear industry is mainly developed in Italy and exporters of Bangladesh enjoy high demand in the international market as low-cost suppliers. Because of increasing labor costs in India and China, Bangladesh has been gaining a competitive advantage over its global competitors. But these countries are technologically advanced to develop new footwear technology replacing the need for manual labor. New and more automated efficient technology will create a major threat to labor-intensive exporters of Bangladesh. Considering its capital expenditure mode, the leverage and OCF may create some pressure in the short term but in the long run, this may compensate for the temporary loss and mitigate the technological risks. The introduction of new technology is a matter of concern for the Company due to its nature of business. CRISL observes that there is a good chance of immediate impact of technological change or developments on the operation of the business due to the BMRE through issuance of Bond.

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 For Chief Executive Officer  
 Tanzirul Islam  
 Vice President

  
 Shibly Amran  
 Chief Executive Officer  
 Community Bank Investment Limited

  
 Mohammad Tohidul Islam  
 Company Secretary  
 MK Footwear Ltd.

  
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Noor Mohammed  
 Managing Director  
 MK FOOTWEAR PLC





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**10.8 Skilled Labor Shortage Risk**

As stated earlier, the footwear sector is mostly a labor-intensive industry. Laborers generally have skills in cutting & sewing but lack skills in lasting & finishing operations. Any switching of skilled labor from this section may hamper the company's production. Although MKFPLC has the option of hiring skilled manpower, it may not prove cost-effective for the company.

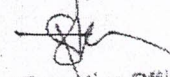
**11.0 OBSERVATION SUMMARY**

<p><b>Rating Comforts:</b></p> <ul style="list-style-type: none"> <li>• Good production facilities</li> <li>• Experienced management team</li> <li>• Listing in stock exchange</li> </ul>	<p><b>Rating Concerns:</b></p> <ul style="list-style-type: none"> <li>• Moderate profitability and liquidity</li> <li>• Skilled labor shortage risk</li> <li>• Raw material supply risk</li> </ul>
<p><b>Business Prospects:</b></p> <ul style="list-style-type: none"> <li>• Prospective industry in Bangladesh</li> <li>• Immense opportunity for market growth</li> <li>• Further expansion of capacity</li> </ul>	<p><b>Business Challenges:</b></p> <ul style="list-style-type: none"> <li>• Price fluctuation in the international market</li> <li>• Global economic meltdown</li> <li>• Foreign Exchange crisis</li> </ul>

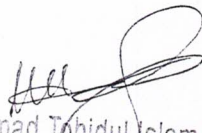
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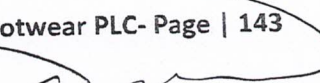
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*[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]*

  
For Chief Executive Officer  
**Tanzirul Islam**  
Vice President  
Credit Rating Information and Services Limited

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Tehidul Islam  
Company Secretary  
MK Footwear Ltd.

  
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Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



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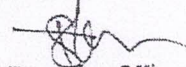
**CRISL RATING SCALES AND DEFINITIONS**  
**LONG-TERM RATINGS OF CORPORATE**

RATING	DEFINITION
<b>AAA</b> Triple A (Highest Safety)	<b>Investment Grade</b> Entity rated in this category is adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
<b>AA+, AA, AA-</b> (Double A) (High Safety)	Entity rated in this category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
<b>A+, A, A-</b> Single A (Adequate Safety)	Entity rated in this category is adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<b>BBB+, BBB, BBB-</b> Triple B (Moderate Safety)	Entity rated in this category is adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
<b>BB+, BB, BB-</b> Double B (Inadequate Safety)	<b>Speculative Grade</b> Entity rated in this category is adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
<b>B+, B, B-</b> Single B (Risky)	Entity rated in this category is adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
<b>CCC+, CCC, CCC-</b> Triple C (Vulnerable)	Entity rated in this category is adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuation of this would depend upon favorable economic conditions or on some degree of external support.
<b>CC+, CC, CC-</b> Double C (High Vulnerable)	Entity rated in this category is adjudged to be very highly vulnerable. Entity might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
<b>C+, C, C-</b> Single C (Extremely Speculative)	Entity rated in this category is adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<b>D</b> (Default)	<b>Default Grade</b> Entity rated in this category is adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns a (Positive) sign to indicate that the issuer is ranked at the upper-end of its generic rating category and (Minus) sign to indicate that the issuer is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

**SHORT-TERM RATINGS OF CORPORATE**

<b>ST-1</b>	<b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
<b>ST-2</b>	<b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<b>ST-3</b>	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<b>ST-4</b>	<b>Moderate Grade</b> Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
<b>ST-5</b>	<b>Non-Investment/Speculative Grade</b> Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
<b>ST-6</b>	<b>Default</b> Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

  
For Chief Executive Officer  
**Tanzirul Islam**  
Vice President  
Credit Rating Information and Services Limited





Setting global standard at national level

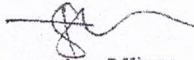
Credit Rating Information and Services Limited

First ISG 9001 : 2015 Certified Credit Rating Company in Bangladesh Operating Since 1995


**CREDIT RATING REPORT**  
On  
**MK FOOTWEAR PLC**

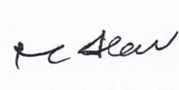
**CRISL RATING SCALES AND DEFINITIONS**  
**BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM**

RATING	DEFINITION
<b>blr AAA</b> (blr Triple A) (Highest Safety)	<b>Investment Grade</b> Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carry almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities.
<b>blr AA+, blr AA, blr AA-</b> (Double A) (High Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions.
<b>blr A+, blr A, blr A-</b> (Single A) (Adequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity have adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<b>blr BBB+, blr BBB, blr BBB-</b> (Triple B) (Moderate Safety)	Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment/ fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
<b>blr BB+, blr BB, blr BB-</b> (Double B) (Inadequate Safety)	<b>Speculative/ Non investment Grade</b> Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client are below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loans / facilities need strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category.
<b>blr B+, blr B, blr B-</b> (Single B) (Somewhat Risk)	Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the instalments.
<b>blr CCC+, blr CCC, blr CCC-</b> (Triple C) (Risky)	<b>Risky Grade</b> Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loans / facilities need strong monitoring from bankers side for recovery.
<b>blr CC+, blr CC, blr CC-</b> (Double C) (High Risky)	Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery.
<b>blr C+, blr C, blr C-</b> (Extremely Speculative)	Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loans/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<b>blr D</b> (Default)	<b>Default Grade</b> Entities rated in this category are adjudged to be either already in default or expected to be in default.
<b>SHORT-TERM RATINGS</b>	
<b>blr ST-1</b>	<b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
<b>blr ST-2</b>	<b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<b>blr ST-3</b>	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<b>blr ST-4</b>	<b>Satisfactory Grade</b> Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
<b>blr ST-5</b>	<b>Non-Investment Grade</b> Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
<b>blr ST-6</b>	<b>Default</b> Institution failed to meet financial obligations.

  
For Chief Executive Officer  
**Tanzirul Islam**  
Vice President  
Credit Rating Information and Services Limited

  
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited

  
Mohammad Ghidul Islam  
Company Secretary  
MK Footwear Ltd

  
Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



**SECTION-24**  
**PARTICULARS OF UNDERWRITERS AND AMOUNT UNDERWRITTEN**

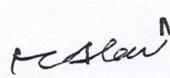
Not applicable as no underwriter is recruited



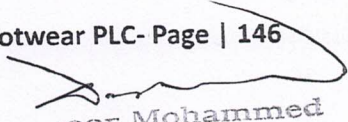
Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Ishidul Islam  
Company Secretary  
MK Footwear Ltd.



MOOR MOHAMMED  
MANAGING DIRECTOR  
MK FOOTWEAR PLC



Moor Mohammed  
Managing Director  
MK FOOTWEAR PLC

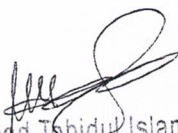


**SECTION-25  
PUBLIC ISSUE APPLICATION PROCEDURE**

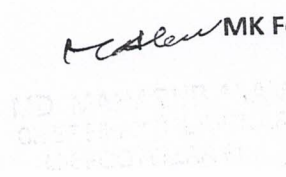
Not Applicable as the bond will be issued through private placement.



Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tashidul Islam  
Company Secretary  
MK Footwear Ltd.



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC




**SECTION-26**  
**RIGHTS OPTION/ISSUE APPLICATION PROCEDURE**

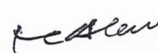
Not Applicable as the bond will be issued through private placement.




Shibly Amran  
Chief Executive Officer  
Community Bank Investment Limited



Mohammad Tonidul Islam  
Company Secretary  
MK Footwear Ltd.



MK Footwear PLC- Page | 148



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



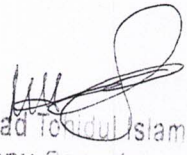
MK

**SECTION-26  
PRIVATE ISSUE APPLICATION PROCEDURE**

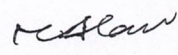
The Bond shall be offered through Private Offer to the eligible investors. Issuer and/or Arranger shall ensure that the prospective Investors shall have been provided with a copy of the Information Memorandum either in hard copy or soft copy and an invitation letter to subscribe. Based on the Information Memorandum and subsequent clarification of queries (if any), the Investors shall submit a letter of commitment to the Arranger and/or Issuer with the amount of intended subscription specified.



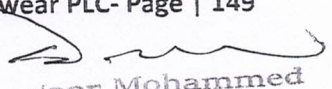
Shibly Amran  
Chief Executive Officer  
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Mohammad Tehidul Islam  
Company Secretary  
MK Footwear Ltd



MD. MAHAMUD ALAM  
CHIEF FINANCIAL OFFICER  
MK FOOTWEAR PLC



Noor Mohammed  
Managing Director  
MK FOOTWEAR PLC



