

Bangladesh Securities and Exchange Commission

Enforcement Division

Enforcement Department

Market, Market Intermediaries and Other Affairs Section

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নং-বিএসইসি/এনফোর্সমেন্ট/৩৮৮৯/২০২৫/১০২১

তারিখঃ ০৩ সেপ্টেম্বর, ২০২৫

আদেশ

যেহেতু, Securities and Exchange Ordinance, 1969 এর Section 2 (cc) মোতাবেক কমিশন অর্থ বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন যা বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩-এর অধীনে গঠিত;

যেহেতু, কমিশনের আদেশ নং বিএসইসি/আইইআইডি/ইনকোয়ারি/২০২৪/৪৩৭ তারিখ: সেপ্টেম্বর ০১, ২০২৪ ইং এর মাধ্যমে একটি অনুসন্ধান ও তদন্ত কমিটি গঠন করা হয়। অনুসন্ধান ও তদন্ত কমিটিকে ১২ টি বিষয়ের মধ্যে 'আইএফআইসি গ্যারান্টিড শ্রীপুর টাউনশিপ গ্রীন জিরো কুপন বন্ড'- ইস্যু সংক্রান্ত যাবতীয় বিষয়াদি অনুসন্ধান ও তদন্ত সম্পন্ন করে কমিশনে এ সংক্রান্ত একটি প্রতিবেদন দাখিল করার জন্য নির্দেশনা প্রদান করা হয়। এ প্রেক্ষিতে, উক্ত তদন্ত ও অনুসন্ধান কমিটি আইএফআইসি গ্যারান্টিড শ্রীপুর টাউনশিপ গ্রীন জিরো কুপন বন্ড ইস্যু সংক্রান্ত যাবতীয় বিষয়াদি অনুসন্ধান ও তদন্ত সম্পন্ন করে ডিসেম্বর ২২, ২০২৪ তারিখে কমিশনে এ সংক্রান্ত একটি প্রতিবেদন দাখিল করে। আইএফআইসি গ্যারান্টিড শ্রীপুর টাউনশিপ গ্রীন জিরো কুপন বন্ড ইস্যু সংক্রান্ত যাবতীয় বিষয়ে অনুসন্ধান ও তদন্ত সংক্রান্ত প্রতিবেদনটি পর্যালোচনা করে দেখা যায় যে, অনুসন্ধান ও তদন্ত কমিটি প্রতিবেদনে সিকিউরিটিজ আইন লঙ্ঘন, বিভিন্ন আইনের লংঘনসহ অন্যান্য বিষয়াদি উল্লেখ করেছেন, যা নিম্নে উপস্থাপন করা হলো:

“Sreepur Township Limited, a private limited company (Issuer) with a paid-up capital of Tk 335 crore, on 11 April 2023, submitted a proposal to the Bangladesh Securities and Exchange Commission (referred to as ‘BSEC’ or ‘the Commission’) seeking approval for the issuance of guaranteed, transferable, non-convertible zero coupon bonds under the Securities and Exchange Commission (Debt Securities) Rules, 2021. These bonds have a face value of up to Tk 1,500 crore and an issue price of Tk 1,000 crore, intended to be placed privately for cash consideration.

On 27 April 2023 STL submitted a revised application to BSEC including an updated Information to issue a ‘Green’ bond instead of the previously proposed conventional zero- coupon bond. The proposal of STL for private placement was approved at the 871st meeting of the Commission held on 04 June 2023 and a consent letter containing 21 conditions was issued by the Commission on 12 July 2023.

Emerging Credit Rating Limited (ECRL) rated the bond and the Issuer as under:

Bond Rating	A-B Valid till 13 May 2024
Company (Issuer) Rating	A (Long Term), ST-2 (Short Term) Valid till 13 May 2024

The Enquiry Committee finds the arguments put forward in favor of the A- rating provided to a newly established novice company in greenfield state by Emerging Credit Rating Limited are not convincing. It is our objective opinion that such a high rating (A-) awarded to STL was undeserving and misleading.

যেহেতু, উপর্যুক্ত আলোচ্য বিষয়ে সংশ্লিষ্ট সিকিউরিটিজ সংক্রান্ত আইন ভঙ্গের কারণে কমিশনের এনফোর্সমেন্ট বিভাগ কর্তৃক এপ্রিল ১৬, ২০২৫ তারিখের বিএসইসি/এনফোর্সমেন্ট/৩৮৮৯/২০২৫/৫৭৮ স্মারকমূলে Emerging Credit Rating Limited কে মে ১২, ২০২৫ তারিখে কারণ প্রদর্শনসহ শুনানীতে উপস্থিত হতে বলা হয়। শুনানীতে উপস্থিত হয়ে Emerging Credit Rating Limited -এর পক্ষে জনাব আরিফুর রহমান (সিইও), জনাব সামি আলম (সিআরও) এবং জনাব মো: হারুন চৌধুরী (পিএম) উপস্থিত হয়ে মে ১২, ২০২৫ তারিখের পত্র নং- ECRL/BSEC/ENF/05/25 এর মাধ্যমে নিম্নলিখিত বক্তব্য দাখিল করেন:

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“Explanations

Grade given: A-

Definition as per BSEC: Moderately good credit quality

Marks given: 71

The credit rating of the bond was performed following project finance and bond rating methodology which are approved by Bangladesh Securities and Exchange Commission. **According to Debt Securities Rule 2021 3.1a** in case of Greenfield project, forecasted financial statement can be used to assess it as a result ECRL considered the viability of the projected financial statement while assigning the rating.

Any issue or issuer which is backed by a guarantee of another entity then the credit rating of that issue may be extended up to the credit rating of the Guarantor, in this case the issue was backed by IFIC Bank PLC which has significant Government ownership and has a AA credit rating with strong company fundamentals up to that point which acted as a key factor in determining the credit rating of the issue. ECRL believes it acted conservatively while assigning the rating as it awarded a rating far below the guarantor's rating.

There are several examples all over the world where projects have been rated AA rating given below.

Project Name	Country	Rating Agency	Credit Rating
Desarrollos Empresariales Trafalgar S.A.	Spain	S&P	AA / Stable
Anselma Issuer S.A.	Spain	S&P	AA / Stable
Enersol Solar Santa Lucia S.A.	Spain	S&P	AA / Stable
Abu Dhabi Crude Oil Pipeline PJSC	United Arab Emirates	S&P	AA / Stable
Ras Laffan Liquefied Natural Gas Co. Ltd. (3)	Qatar	S&P	AA- / Stable
Queens Ballpark Co. LLC (Citi Field)	United States	S&P	AA / Stable
Aspire Defence Finance PLC	United Kingdom	S&P	AA / Stable
New Development Bank (NDB)	Multinational (BRICS)	S&P & Fitch	AA+ / Stable
Emirates Development Bank (EDB)	United Arab Emirates	S&P	AA- / Stable
Sociedad Concesionaria Vial Montes de María S.A.S.	Colombia	S&P	AA / Stable

Compliance with Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022. 10.4.a

ECRL at all times exercised the following aspects of the rule in the rating process

- Maintain Objectivity and Independence:
- Exercise Independent and Professional Judgement:
- Ensure Proper Care:
- Due Diligence:

The above-mentioned points are explained below in details



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Maintenance of Objectivity and Independence:

Point 1

Standardized Methodology Used for Credit Rating: Project Finance (copy attached)

The methodology used for this purpose of rating is worldwide recognized which is also approved by Bangladesh Securities Exchange Commission and Bangladesh Bank. Credit Rating Companies (CRC) follow this methodology for Greenfield or Early stage organizations or pre-operational businesses. The Methodology is attached for your kind review it has been developed with technical collaboration with MARC Ratings which is a licensed credit rating agency with Securities Commission Malaysia. In addition, as per Bangladesh Securities and Exchange Commission(hereinafter referred to as "BSEC") Debt Securities Rules 2021 with Circular no BSEC /CMRRCD/2020-373/13/Admin/119 3.1.a **"Provided that the issue is to support any new project or green field project, its forecasted financial position shall indicate a significant profitability, liquidity and ability to payback the obligations by generating sufficient net operating cash flow"**.

Based on the direction given in the above-mentioned rule and in line with our project finance methodology the report was prepared based on the projected financial statement of the company which is in line with laws and regulations set by BSEC. This is also a worldwide accepted methodology and there is precedence of awarding significantly higher credit rating compared to A-, some sample credit rating reports are attached with the response.

Exercise Independent and Professional Judgement:

Point 2

Rating Process: The credit rating was conducted in strict accordance with the Credit Rating Companies Rules 2022 (CRC 2022) by BSEC. Two analysts were engaged for this process, gathering necessary documents, visiting the client's premises and new project locations, and interviewing key personnel, the analyst team was led by a portfolio manager having over 10 years of experience and also a senior financial analyst was present having over 4 years of experience. The rating was performed using both quantitative and qualitative analysis based on the Project Finance Rating Methodology. A stress test was also carried out. The report was reviewed by Internal review committee for checking the calculations (CRC 10.2.h) and workings then analysts proposed the grade and it was presented to the Rating Committee headed by the Chief Rating Officer where the 5 committee members unanimously agreed to rating (CRC 10.2.c). The Compliance Officer (CO) acted as the secretary to the Rating Committee and was also responsible for the regulatory compliance. (CRC 10.2.c). To ensure integrity of the rating process "The compliance officer's reporting lines and compensation shall be independent of the CRC's credit rating operation". (CRC 10.4.j)

The directors or shareholders of the CRC shall not be a member of the Rating Committee and they shall not interfere in or influence over the activities and decisions of the Rating Committee. (CRC 2022. 10. 5 a).

As per Credit Rating Rules 2022 (CRC 2022.4e,vi); the CEO shall not hold any share in the Credit Rating Company or not connected with any sponsor, director, related party or shareholder who holds 1(one) percent or more shares of the total paid-up shares of the CRC on the basis of family relationship.



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In order to avoid issuing ratings on the basis of analysis or reports that contain misrepresentations or are otherwise misleading, an Internal Review Committee (IRC) comprising of appropriate professionals shall double-check the documents and information on which the analysts make ratings. (CRC 2022 10.2.h)

For avoidance of conflict of interest and to ensure independence the employees are required to sign declarations which is certified by CEO which ensures that the rating is done freely and without conflict of interest. (CRC 2022 10.5.v)

Hence from the above-mentioned issues it can be seen that ECRL has kept independence and objectivity in the rating process.

Ensuring Due Diligence and Proper Care

Point 3

Some Background Related to this Rating:

1. Both project finance rating and IFIC Guaranteed Sreepur Township Green Zero-Coupon Bond was done simultaneously. The company report was issued by the rating committee of ECRL on April 06, 2024, considering that client informed us regarding the expression of interest for IFIC Bank PLC to issue the guarantee which was also mentioned in the report; on April 9 2024 the Rating Committee issued the bond report after receiving detailed term sheet of the bond. After that the report was amended few times due to client's request because of various small changes however since the main rating parameters remained consistent the rating notch remained same the rating committee finally published on August 21 valid from May 14, 2023 to May 13, 2024. The most important thing that triggered to issue the given rating (Project Finance Rating A and Bond Rating A-) was irrevocable guarantee to be issued by IFIC Bank PLC.
2. A sinking fund amounting BDT 2,400.00 million was established to service the interest payment. This is also in line with our project finance methodology (document attached).
3. Share Capital of BDT 3,350 million copy of MOA and Auditor Report attached and

Company Name	Sreepur Township Limited	Eastern Housing Limited	Rangs Properties Limited	Greenland Builders	Innstar Limited	Runner Properties	Hamid Real Estate Construction
Paid up Capital (BDT Million)	3,350.00	933.45	100	10.00	10.00	62.7	62.1
Credit Rating	A	AA+	A+	BBB	A-	BBB+	BB

comparison with its peer company is shown below.

4. Furthermore, projected financial including assumption given, intention to recruit qualified employees in relevant time period, experience of the construction company Beximco

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Engineering Limited, valuation report of the proposed project land, strong opening capital, and prospect of the project based on our research work.

Document Collected for the Rating Given:

1. Draft Information Memorandum (IM) that included projected financial was included that was declared to be submitted to BSEC was obtained to understand the feature of the bond. Draft IM is attached with this letter.
2. Financial Projection prepared by Riverstone Capital Limited (A reputed issue manager) in order to assess the future financial performance of the company. As per our methodologies and BSEC guidelines for greenfield project, some key highlights of our analysis are given below
 - a. Gross Profit Margin: 24.45%
 - b. Operating Profit Margin: 24.40%
 - c. Net Profit Margin: 18.23%
 - d. NPV: BDT 1,157.62 million
 - e. IRR: 16.39%
 - f. Pay Back Period: 4.48 years

The result lies within the range industry average, summary table is given to show some of the peer companies (ECRL client)

	Sreepu r Towshi p Limited Bond	EHL	Rangs Propert ies	Greenla nd Builder s	Innstar	Runner Propert ies	Hamid Real Estate Constr uction	Averag e
FYE 30 th June	Year 5	2022	2022	2022	2022	2022	2022	
Gross Profit Margin (%)	24.45	30.43	55.76	21.00	49.00	34.59	30.00	36.80
Operating Profit Margin (%)	24.40	18.12	49.23	7.49	19.71	19.38	16.55	21.75
Net Profit Margin (%)	18.23	16.57	29.64	1.21	41.00	6.94	15.42	18.46
Paid up Capital (BDT Million)	3,350.0 0	933.45	100	10.00	10.00	62.7	62.1	196.38
Credit Rating	A-	AA+	A+	BBB	A-	BBB+	BB	

After performing sensitivity analysis, the following result was found:

The company remains profitable at 5% decrease in Net Profit Margin and 5% increase in cost of production and operating expense.

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ECRL Observation- Sensitivity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
With 5% Increase in Revenue					
Net Profit After Tax (BDT in Millions)	(796.25)	(796.25)	(1,225.00)	(1,225.00)	12,541.72
Net Profit Margin (%)	-	-	-	-	22.12%
With 5% Decrease in revenue					
Net Profit After Tax (BDT in Millions)	(796.25)	(796.25)	(796.25)	(796.25)	5,101.24
Net Profit Margin (%)	-	-	-	-	9.94%
With 5% Increase in Cost of Production & Operating Expense					
Net Profit After Tax (BDT in Millions)	(1,286.25)	(1,286.25)	(1,286.25)	(1,286.25)	7,740.19
Net Profit Margin (%)	-	-	-	-	14.33%
With 5% decrease in Cost of Production & Operating Expense					
Net Profit After Tax (BDT in Millions)	(756.44)	(756.44)	(1,163.75)	(1,163.75)	11,942.85
Net Profit Margin (%)	-	-	-	-	22.11%

3. Location of the project was visited by us while the company started working visited by us.
We took some picture.
4. Land valuation report by Pacific Surveyors Limited (report attached) address. Plot 280, Road 9, Block D Bashundharavalued at BDT9,334.35 million. In addition, land development costs were checked by Auditor document attached
5. Later we also obtained some land mutation paper which is attached with this letter.

Price/SFT	Survey (Avg)	Project
Commercial	27,389	10,000
Residential (survey preowned)	4,283	5,511

6.A comparison of BDT per sft value for similar property in Gazipur area with this valuation is given below, we have attached the survey sheet from an independent largest real estate website B-property.com of Bangladesh.

7. Prospective Management Capacity: We obtained a future manpower planning of the proposed project. The company mentioned that they will employ professionally qualified employees for all relevant position including more than 50 engineers in different level and other professionals as required. We also considered the experience of following personnel

Mr. Abdul Jabbar FCA: The company planned to appoint Mr. Jabbar who is a Fellow of ICAB as their Chief Financial Officer so the analysts considered that the company will be run with adequate fiduciary responsibilities. He also signed the final Information Memorandum of the Bond.

Mr. Kaisar Ahmed: Joining as company secretary with over 15 years of experience in Business world, who also signed the final Information Memorandum of the Bond.

8. EPC contract with Beximco Engineering Limited

The company also sent us an EPC contract with Beximco Engineering Limited which is approximately a 40-year-old company, it has done significant construction projects a profile is attached with this letter. This profile is also available in their website. The profile shows that the



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company has extensive experience in working on large projects and has executed complicated engineering tasks this gave the analyst confidence that the company is qualified enough to work on the project. The profile is attached.

9.Demand projection: The project is located near an industrial park and DEPZ which is likely to generate high demand for the project. Our analysts also considered that the project will have significant social impact as per social impact analysis done by **Greenbud** which indicates that the pollution will be less in the project compared to other adjacent Areas due the design of the project which indicates that demand for the project is likely to be high. The report is attached.

Point 4

Comment About our Rating Grade

We performed both the credit rating (Project Finance Rating and Bond Rating) during the same period and we awarded both the rating in the same rating committee meeting based on available information provided at that time. The rating committee considered above facts specifically strong irrevocable guarantee given by IFIC Bank PLC.

Rating grade is **merely moderately good credit quality and only 71 marks** as defined in Credit Rating Rules 2022 Form XI rule 10V. ECRL tried to maintain highest level of judgement while performing the credit rating but according to the international and local practice the rating is just an opinion about the loan repayment capability of the organization compared to its peers.

The rating agency is not liable for any decision made based on this rating which we mention in every rating report as a disclaimer as per Credit Rating Rules 2022.(10.8.A.g Form IX) (Document attached)

Rating Scale

Rating Grade as per Credit Rating Rules 2022 enacted by BSEC

Symbol	BSEC Definition	Marks	Our Definition
AAA	Strongest credit quality	100-91	Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.
AA+	Below strongest credit quality	90-88	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
AA	Very strong credit quality	87-84	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
AA-	Below very strong credit quality	83-81	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
A+	Very good credit quality	80-78	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.



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A	Above average credit quality	77-74	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
A-	Moderately good credit quality	73-71	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB+	Moderate credit quality	70-68	This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	Average credit quality	63-61	Investment Grade

Compliance with Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022. 10.4.b

Point 6

Key regulatory points

1. ECRL has ethical standard and code of conduct which is in line with IOSCO and ACRAA and is published in its company website.
2. ECRL has maintained complete transparency with relevant market participants by issuing a disclaimer in its cover page as directed in Credit Rating Rules 2022 10(8)A(g) and form IX stating clearly attributes and limitations of each credit opinion, and the limits to which the CRC verifies information provided to it by the issuer or originator of a rated security.
3. With BSEC requirement we are required to publish Default Matrix on our website we are attaching the document along with this reply to show our default rate which is less than 0.1%.
4. As per Credit Rating Rules 2022 "The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project." Moreover, the company did not default during our rated tenure."

যেহেতু, Emerging Credit Rating Limited (ECRL) -এর উল্লিখিত বক্তব্য ও অনুসন্ধান থেকে প্রতীয়মান হয় যে, উপস্থাপিত অভিযোগসমূহ সঠিক ও ইচ্ছাকৃত এবং উপর্যুক্ত কর্মকাণ্ডের ফলে বন্ডে বিনিয়োগকারীগণ ক্ষতিগ্রস্ত হয়েছেন যা পুঁজিবাজার উন্নয়নের পরিপন্থী, সেহেতু এক্ষেত্রে Emerging Credit Rating Limited -এর ব্যাখ্যা কমিশনের নিকট গ্রহণযোগ্য হিসেবে বিবেচিত হয়নি;

যেহেতু, Emerging Credit Rating Limited (ECRL) কর্তৃক একটি নতুন কোম্পানি এবং এর গ্রীনফিল্ড প্রজেক্টের বন্ডে উচ্চ রেটিং করায় সিকিউরিটিজ আইন লঙ্ঘিত হয়েছে,

যেহেতু, Emerging Credit Rating Limited -উপর্যুক্ত কর্মকাণ্ডের মাধ্যমে Rule 10(4)(a) ও (b) of Bangladesh Securities and Exchange Commission (Credit Rating Companies) Rules, 2022 লংঘন করেছে;

যেহেতু, Emerging Credit Rating Limited -এর উপর্যুক্ত কর্মকাণ্ড বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ অনুযায়ী শাস্তিযোগ্য অপরাধ;

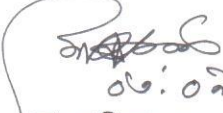
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যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন ও বিধি-বিধান পরিপালনে আলোচ্য ব্যর্থতার জন্য, পুঁজিবাজারের শৃংখলা, স্বচ্ছতা এবং জনস্বার্থে আলোচ্য Emerging Credit Rating Limited -কে অর্থদণ্ডে দণ্ডিত করা প্রয়োজন ও সমীচীন;

অতএব, সেহেতু, কমিশন উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ এর ধারা ১৮ এ প্রদত্ত ক্ষমতাবলে-

-Emerging Credit Rating Limited (ECRL) -কে ১০.০০ (দশ) লক্ষ টাকা অর্থদণ্ড ধার্য করে, যা অত্র আদেশের ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে, অন্যথায় সিকিউরিটিজ আইন মোতাবেক পরবর্তী আইনানুগ ব্যবস্থা গ্রহণ করা হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশক্রমে,


০৬.০৯.২০২৫
মোঃ আলী আকবর
কমিশনার

বিতরণ:

১. Emerging Credit Rating Limited (ECRL)
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Middle Badda, Dhaka-1212.