

Eastern Housing Limited has published its Prospectus for Public Issue of Shares of Tk. 140,000,000 at par and secured convertible cumulative 15% Debentures of Tk. 900,000,000 on the 26th July 1994 in the daily

The Bangladesh Observer, The Financial Express and The Daily Ittefaq

ABRIDGED VERSION OF THE PROSPECTUS

Prospective investors are advised to consult the Prospectus before taking investment decision.

Consent of the Securities & Exchange Commission has been obtained to the issue of Shares and Debentures under the Securities & Exchange Ordinance, 1969 as amended in 1993 by an order of which a complete copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Commission does not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed with regard to them.

SHARE :
SUBSCRIPTION OPENS : August 06, 1994
SUBSCRIPTION CLOSES : August 15, 1994

DEBENTURE :
SUBSCRIPTION OPENS : September 21, 1994
SUBSCRIPTION CLOSES : September 30, 1994

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies, Bangladesh as required by Section 92(2) of the Companies Act, 1913.

Application has been made to the Dhaka Stock Exchange Limited for admission of the shares and debentures of the company for dealing on the market and for their quotation on the Dhaka Stock Exchange. If for any reason, the application for listing is not accepted by the Dhaka Stock Exchange Limited, the company undertakes to publish in the press a notice to that effect within 7 days of such rejection and thereafter to refund the subscription money to any applicant who may apply in writing for such refund within thirty days of such application.

Trustee to the Debenture Issue : Pragati Insurance Limited.

Authorized Capital : Tk. 1,000,000,000/- (One thousand million) divided into 10,000,000 ordinary shares of Tk. 100/- each.

Highlights :

a) The key ratios projected for six years from 1995 are as follows:

	1995	1996	1997	1998	1999	2000
Gross Profit Margin %	42.40	42.14	41.82	40.64	39.58	39.02
Net Profit Margin %	17.77	18.89	19.98	20.47	20.89	21.06
Dividend per Share (Tk.)	15.00	15.00	15.00	15.00	15.00	15.00
Earnings per Share (Tk.)	58.08	68.56	80.74	92.29	104.69	117.06
PE Ratio at issue price (Tk. 100)	1.72	1.46	1.24	1.08	0.96	0.85
NAV per Share (Tk.)	160.64	206.29	272.03	349.32	439.01	541.07
EPS Growth % (over prev. year)		18.05	17.78	14.30	13.43	11.82

b) Net asset value per share as per last audited accounts is Tk. 133 which has been projected to gradually increase and stand at Tk. 541 within next 6 years.

c) Real-estate has an enormous demand in the areas where EHL is developing because it is very near to the two CBD's of the Dhaka Metropolis.

d) Option for plots of developed land in Banasree project specially earmarked in lieu of interest payment and cash redemption of Debentures is an attractive offer because the Company is foregoing the price escalation of land for such optees.

e) Convertibility of 10% of the debenture amount into ordinary shares of the Company within one year from the date of closure of the issue is also an attractive feature.

Perceived Risk

Future land acquisition cost escalation may have adverse effects unless matching escalation can be achieved in sales price.

FINANCING PLAN

	Share Issue 6,000,000 Ordinary Shares of Tk 100 each	Debt Issue 180,000 Secured Convertible Cumulative 15% Debentures of Tk 5,000/- each		
			Tk 600,000,000	Tk 900,000,000
Out of the Issue-				
1) Sponsors	3,000,000 Ordinary Shares of Tk 100 each have already been subscribed for and paid in cash	—	300,000,000	—
2) Foreign Investors	1,600,000 Ordinary Shares of Tk 100 each have already been subscribed for and paid in cash	—	160,000,000	—
3) ICB	280,000 Ordinary Shares of Tk 100 each have been kept reserve	—	28,000,000	—
4) Islam Group Employees	70,000 Ordinary Shares of Tk 100 each have been kept reserve	—	7,000,000	—
5) ICB & other Fin. Ins.	—	150,000 Secured Convertible Cumulative 15% Debentures of Tk 5,000	—	750,000,000
6) General Public	1,050,000 Ordinary Shares of Tk 100 each	30,000 Secured Convertible Cumulative 15% Debentures of Tk 5,000 each	105,000,000	150,000,000
Total :			600,000,000	900,000,000

CONDITIONS OF OFFER AND ALLOTMENT OF SHARES AND DEBENTURES :

a) Shares

Investment Corporation of Bangladesh (ICB) shall have the right of preferential allotment to the extent of 280,000 shares. Employees of Islam Group shall also have the right of preferential allotment to the extent of 70,000 shares. Any part of such shares not taken up by them shall be allotted to general public as determined by the Securities and Exchange Commission (SEC). After deducting shares subscribed by ICB and the Employees of Islam Group the basis of allotment of shares to General Public shall be as follows:

Application of 20 (Twenty) shares shall be accommodated fully if the capital being offered to the General Public is sufficient for the purpose. In case of excess subscription by applicants of 20 shares allotment shall be made by lottery among all the applicants in the presence of authorized representatives of the SEC, DSE and a member of the Board of the Company.

b) Debentures :

Investment Corporation of Bangladesh (ICB) and other financial institutions shall have the right of preferential allotment to the extent of 150,000 debentures of Tk 5,000/- each provided that, in case public subscription for debentures is in excess of debentures offered to public, then the Securities and Exchange Commission (SEC) may, at its discretion, reduce the number of debentures reserved for preferential allotment, to accommodate such excess subscription in full in part.

Basis of allotment of debentures to General Public shall be as follows :

(i) Applications for 65.78 and 91 debentures in one application expressing exercise of option for land in lieu of interest payment and cash redemption shall be accommodated fully or as determined by SEC. If the debentures applied for by such applicants is in excess of the maximum as approved by the SEC the distribution shall be made by lottery among the applicants in the presence of authorized representatives of the Securities and Exchange Commission, Trustee to the debenture issue Pragati Insurance Limited, Dhaka Stock Exchange and a member of the Board of the Company.

(ii) Any amount of debentures left after allotment of applicants mentioned in (i) above shall be distributed to the remaining applicants on the basis as may be approved by the Securities & Exchange Commission.

c) In case of any difficulty with respect to implementation of (a) or (b) above, the allotment of Debentures and Shares to applicants shall be made in such manner as may be determined by the Securities and Exchange Commission.

Application for Subscription :

Application for Debentures and Shares may be made for a minimum number of one debenture or 20 shares of values of Tk 5000 and Tk 2000 respectively or any number of multiples thereof and should be made on separate forms printed. Application forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Ltd or from any of the Bankers to the issue. If adequate forms are not available intending investors may have the same printed/cyclostyled/photocopied/typed or handwritten

legibly in the same format. All completed application forms together with remittance for the amount payable on application should be lodged with any of the following Bankers to the issue:

Agrani Bank, Arab Bangladesh Bank Ltd, Banque Indosuez, The City Bank Ltd, Eastern Bank Ltd, IFC Bank Ltd, ICB, Janata Bank, National Bank Ltd, National Credit and Commerce Bank Ltd, Pubali Bank Ltd, Rupali Bank Ltd, Sonali Bank, Uttara Bank, United Commercial Bank Ltd.

Features of Debentures :

- The debentures will be secured by first pari passu charge by way of an equitable mortgage on the fixed assets of the Company including its non-project land bank and by first pari passu floating charge on other assets of the Company. The project lands which are and will be bought, developed and sold are considered current assets and will remain secured by the floating charge on a revolving basis.
- Debentureholders will rank senior to other creditors on the assets of the Company on liquidation/winding-up.
- The Debentureholders shall be entitled to receive interest @ 15% per annum on the debentures, accruing from October 01, 1994. The first payment of interest will be due on July 01, 1995 and thereafter on 1st January and 1st July every year till the debentures are fully redeemed on 1st January, 2000.
- The debentures will be cumulative for two years i.e., if interest for a particular period/year can not be paid due to losses or otherwise it will be payable subsequently within two years of date due but not later than redemption date i.e., 1st January, 2000.
- The debentures will be fully redeemed by the Company in 8 (eight) semi-annual installments starting on 1st July 1996 terminating on 1st January, 2000.
- Debentureholders shall have the option to convert 10% of the debenture value i.e. Tk. 500 into ordinary shares. The option may be exercised on or before 15th June 1995.
- Option for allotment of land in lieu of interest payment and cash redemption :

a) A special feature of the Debenture is that the debentureholders are offered an option to take allotment and possession of a plot in Banasree project on or before 31.12.1999 but not earlier than 01.07.1999 as per the following table :

Size of Plot in Katha	Surrender of opted Debentures of Face value Tk	Present Sales price of such developed plots Tk
2.5 (1800 sq ft)	3,25,000	6,87,500
3.0 (2160 sq ft)	3,90,000	8,25,000
3.5 (2520 sq ft)	4,55,000	9,62,500

b) The option will have to be exercised either on application or before the book closure for first interest payment. On exercise of the option, interest payments as well as the redemption installments on the debentures will be stopped.

c) In case the option is exercised on application, the applicant will get a preference in allotment as described hereinbefore in the basis of allotment but will not have the option to convert partially into shares. They will also not be entitled to reverse their option until 1st July 1999.

d) Allotment letters of such opted debentures will bear proper distinguishing marks on the face of it. Debentures issued in exchange of such allotment letters will also have prominent distinguishing markings on its face while non opted debentures will be accompanied with an option letter. The exercise of the option by returning properly filled in option letter alongwith allotment letter/debenture certificate will remain open till the book closure for payment of first interest i.e., up to 15th June 1995.

e) The Company has specially earmarked an area of 100 acres within the Banasree project for accommodation of the land optees and thus guarantees availability of plots.

f) Following facilities will be available to all except those who received preferential allotment of land opted debentures as per clause 7c above :

i) Reversal of this option will also be allowed any time till 31.12.1999 when payments will be made as per Schedule of Payment of interest and Redemption, with arrears paid at a time, without any interest on the arrear amount.

ii) The option will also be available for the residual debenture value after conversion to shares.

Project :

Present project is to develop certain areas for housing within the Dhaka Metropolitan City designated at GORAN, BANASREE, MOHANAGAR, RAMPURA WEST ZONE, GORAN-CHATBARI and NIKETAN into self contained townships. Development into townships in these areas entail acquisition of annually inundated low lying freehold land through purchase from individual owners, filling the areas with river sand, construction of roads and common facilities and demarcating the residential zones into plots of affordable desired sizes : in these areas into plots of 1800, 2160 and 2520 sq ft.

Location :

GORAN and BANASREE the two large projects joining at a later stage comprise the largest among the projects in hand of EHL which is adjacent to the broadcasting centre of Bangladesh Television at Rampura. Well communicated by road transport network, the site is of only 20 minutes Bus ride away from Motijheel, the Central Business District (CBD) of Dhaka metropolis. The site is within the confines of urban facilities provided by City Corporation. MOHANAGAR situates about equidistant from both the CBDs of Motijheel and Karwan Bazar as well as the industrial area at Tegeon.

Cost of the Project :

	Cost Incurred upto 30.4.1994	To be Incurred		Total Cost as on 31.7.1995	
		1.5.94 to 31.7.94	1.8.94 to 31.7.95		Total upto 31.7.95
1 Fixed Assets	8,313	5,687	6,456	12,143	20,456
2 Preliminary Expenses	0	80,000	(20,000)	60,000	60,000
3 Net Working Capital	1,207,614	220,248	851,003	1,071,251	2,278,865
Total	1,215,927	305,935	837,459	1,143,394	2,359,321

Financed By

	Existing	Addition		Total upto 31.7.95	Total
		1.5.94 to 31.7.94	1.8.94 to 31.7.95		
1 Equity	300,000	300,000	0	300,000	600,000
2 Directors' Loan	202,500	0	0	0	202,500
3 Term Loan	613,974	0	(321,000)	(321,000)	292,974
4 Debenture	0	0	900,000	900,000	900,000
5 Reserves	60,000	0	34,846	34,846	94,846
6 Retained Earning	39,453	5,935	223,613	229,648	269,001
Total	1,215,927	305,935	837,459	1,143,394	2,359,321

PROFIT PROJECTION

	1994		1995	1996	1997	1998	1999	2000
	Aug-Apr	May-July						
1 Turnover	417,679	142,776	1,961,278	2,504,502	2,788,208	3,111,390	3,458,512	3,835,631
2 Cost of Sales	295,590	88,940	1,129,724	1,449,069	1,622,139	1,846,922	2,089,777	2,338,891
3 Gross Profit (1-2)	122,089	53,836	831,555	1,055,433	1,166,069	1,264,468	1,368,734	1,496,740
4 Overheads	111,725	43,839	143,705	137,237	129,024	123,591	114,214	128,822
5 EBIT (3-4)	10,364	9,997	687,850	918,197	1,037,044	1,140,877	1,254,521	1,367,918
6 Intt on Deb			100,973	121,500	98,719	68,314	37,969	7,594
7 WPP Fund	494	500	29,344	39,835	46,916	53,627	60,828	68,016
8 NPBT	9,870	9,497	557,533	756,862	891,409	1,108,907	1,155,724	1,292,308
9 Tax	3,948	3,561	209,075	283,823	334,279	382,090	433,397	484,616
10 Profit after Tax (8-9)	5,922	5,936	348,458	473,039	557,131	636,817	722,328	807,693

APPROPRIATION

	1994	1995	1996	1997	1998	1999	2000
-Proposed Dividend	0	0	90,000	103,500	103,500	103,500	103,500
-Reserve "	0	0	34,846	47,304	55,713	63,882	72,233
-Rtrnd ems curr year	5,922	5,936	223,612	322,235	397,918	469,635	546,595
-Rtrnd ems prev year	33,531	39,453	45,388	269,001	591,236	989,153	1,458,788
11 RTND ERNS	39,453	45,388	269,001	591,236	989,153	1,458,788	2,005,383

EASTERN HOUSING LIMITED

125/A Motijheel Commercial Area, Dhaka-1000