

# PROSPECTUS

## BEXIMCO TEXTILES LTD.

**PUBLIC COMPANY LIMITED BY SHARES**  
**FOR PUBLIC ISSUE OF ORDINARY SHARES OF TK. 180,000,000 (AT PAR)**  
**AND**  
**14% DEBENTURES OF TK. 40,000,000**

**MANAGER TO THE ISSUE:**  
 INVESTMENT CORPORATION OF BANGLADESH (ICB)  
**UNDERWRITTEN BY:**  
 INVESTMENT CORPORATION OF BANGLADESH (ICB)  
 PROGATI INSURANCE LTD.  
 GREEN DELTA INSURANCE CO. LTD.  
 ESTLAND INSURANCE CO. LTD.  
**TRUSTEE TO THE DEBENTURE ISSUE:**  
 INVESTMENT CORPORATION OF BANGLADESH (ICB)

**SUBSCRIPTION OPENS : MAY 04, 1995**  
**SUBSCRIPTION CLOSES : MAY 09, 1995**

### BEXIMCO TEXTILES LIMITED

(A public company with limited liability of shareholders incorporated on the 8th March, 1994, under the Companies Act, 1913.)

PUBLIC ISSUE OF 1,800,000 ORDINARY SHARES OF TK.100/- EACH TALLING TK.180,000,000/- (TAKA ONE HUNDRED EIGHTY MILLION) AND 16,000 14% DEBENTURES OF TK. 2500/- EACH TALLING TK.40,000,000/- (TAKA FORTY MILLION).

**TRUSTEE TO THE DEBENTURE ISSUE** INVESTMENT CORPORATION OF BANGLADESH  
**REGISTERED OFFICE** 17 Dhanmondi R/A Rdad No. 2, Dhaka - 1205  
**AUTHORISED CAPITAL** Tk. 3,000,000,000 (Three Billion) divided into 30,000,000 Ordinary Shares of Tk.100/- each.

### PROSPECTUS

**Public Issue of 1,800,000 Ordinary Shares of Tk.100/- each and 16,000 14% Debentures of Tk. 2500/- each for cash.**

"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."

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies, Bangladesh as required by section 138(1) of the Companies Act, 1994.

Application has been made to the Dhaka Stock Exchange Limited (DSE) for admission of the shares of the Company for dealings on the stock 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 within 6 (six) weeks of the closing of subscription lists, any allotment in terms of this prospectus shall be void, and the Company shall refund the subscription money within 30 (thirty) days from the expiry of 6 (six) weeks of the closing of subscription lists. In case of non-refund of the subscription money within the aforesaid 30 days, the directors, in addition to the Company, shall be collectively and severally liable to pay interest at five percent above Bank rate.

THE SUBSCRIPTION LIST OF 1,800,000 ORDINARY SHARES OF TK.100/- EACH AND 16,000 DEBENTURES OF TK. 2500/- EACH BEING HEREBY OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MAY 4, 1995 AND WILL CLOSE ON MAY 09, 1995 AT THE CLOSE OF BANKING HOURS.

#### LIST OF DOCUMENTS AND REPORTS REFERRED TO IN THE PROSPECTUS, UNDER SECTION 138(3) OF THE COMPANIES ACT, 1994 :

- Underwriting Agreement
- Technology Partnership Agreement
- Loan and Investment Agreements with CDC, DEG and AFIC
- Trust Deed
- Auditors' Report under Part-II of the Third Schedule to the Companies Act, 1994
- Copies of the Memorandum and Articles of Association
- Consent Order of Securities and Exchange Commission
- Auditor's Report under section 213 (3) (4) and (5) of the Companies Act, 1994 together with financial statements as of 31st December 1994.

#### PART I

#### Highlights

- The project is being set up as a 100% export oriented fabric manufacturing, dyeing and finishing unit and is designed on the basis of Beximco's long experience in the fields of textiles and garment business and technology partnership agreement with Tootal Project Management, a unit of Coats Viyella, U.K., who are one of the largest textile manufacturers in the world.
- The Company will produce finished fabrics of the high international standards and will market its products direct to the buyers of readymade garments which has distinct advantages for the garment exporters in terms of lesser handling cost, quick and cheaper logistics etc.
- The Company will add value to imported yarn, increase import substitution, thereby, reducing imports of costly finished products and earning additional foreign exchange as well as creating employment.
- Financial participation by foreign investors to the extent of 48% of project cost in Equity and Debt.
- The Internal Rate of Return (IRR) of the project is estimated at 25%.
- Pay Back period of the project is expected to be approx. 5.00 years.
- Earning per Share is expected to be Tk.33.81 per annum on 10 years' average.

#### Risk Factors

- Since the business of the Company is export oriented, any severe economic recession in end user countries may result decline in demand.
- Any change in government policies and regulations regarding imports, exports and foreign exchange may have an impact on the profitability of the Company.
- Any difficulty in the availability of high quality cotton yarn will affect the performance of the Company.

#### Share Issue

Issue of 8,800,000 Ordinary Shares of Tk. 100/- each  
**Tk. 880,000,000**

#### Out of the issue :

##### Local Sponsors

- (a) 4,400,000 Ordinary Shares of Tk.100/- each have already been subscribed for and paid up in cash in full by the Sponsors/Directors.  
**Tk. 440,000,000**

##### Foreign Sponsors

- (b) 960,000 Ordinary Shares of Tk. 100/- each have been subscribed for and paid up in cash in full and 360,000 shares of Tk. 100/- each have been committed to be subscribed by the Deutsche Investitions - Und Entwicklungsgesellschaft MBH Beivadererstrasse, Germany.  
**Tk. 132,000,000**
- (c) 640,000 Ordinary Shares of Tk.100/- each have been subscribed for and paid up in cash in full and 240,000 shares of Tk.100/- each have been committed to be subscribed by the Deutsche Investitions - Und Entwicklungsgesellschaft MBH Beivadererstrasse, Germany.  
**Tk. 88,000,000**
- (d) 400,000 Ordinary Shares of Tk.100/- each have been subscribed for and paid up in cash in full by the Asian Finance and Investment Corporation Ltd. Philippines.  
**Tk. 40,000,000**
- Tk. 260,000,000**

##### Public

- (e) 270,000 Ordinary Shares of Tk. 100/- each have been kept reserved for ICB unit fund/mutual fund and are being offered for subscription in cash.  
**Tk. 27,000,000**
- (f) 90,000 Ordinary Shares of Tk 100/- each have been kept reserved for the regular employees of Beximco Group and are being offered for subscription in cash  
**Tk. 9,000,000**
- (g) 1,440,000 Ordinary Shares of Tk. 100/- each are being hereby offered to the General Public for subscription in cash.  
**Tk. 144,000,000**
- Tk. 180,000,000**
- Total Tk. 880,000,000**

#### Debenture Issue

Issue of 96,000 14% Debentures of Tk. 2500/- each  
**Tk. 240,000,000**

#### Out of the issue :

- (a) 80,000 14% Debentures of Tk. 2500/- each have been kept reserved for local Financial Institutions on first come first served basis  
**Tk. 200,000,000**
- (b) 2,400 14% Debentures of Tk.2500/- each have been kept reserved for ICB/ICB Unit Fund/ICB Mutual Fund and are being offered for subscription in cash  
**Tk. 6,000,000**
- (c) 800 14% Debentures of Tk 2500/- each have been kept reserved for regular employees of Beximco Group and are being offered for subscription in cash.  
**Tk. 2,000,000**
- (d) 12,800 14% Debentures of Tk. 2500/- each are being offered to the General Public for subscription in cash.  
**Tk. 32,000,000**
- Tk. 40,000,000**
- Total Tk.240,000,000**

#### CONDITIONS OF OFFER AND ALLOTMENT OF SHARES:

- (a) Investment Corporation of Bangladesh (ICB) shall have the right of the preferential allotment of Shares and Debentures of Tk. 27,000,000/- and Tk. 6,000,000/- respectively for its Unit/Mutual Funds.  
 Employees of Beximco Group shall also have the right of preferential allotment of shares and Debentures of Tk. 9,000,000/- and Tk 2,000,000/- respectively. No employee shall however be allotted ordinary shares worth more than Tk. 10,000 and/or debentures worth more than Tk. 10,000.  
 Any part of such allotment not taken up by ICB Unit/Mutual Funds and employees of Beximco Group will be allotted to general public in the manner as determined by SEC.
- (b) After deducting Shares & Debentures subscribed for ICB Unit/Mutual Funds and the employees of Beximco Group, the basis of allotment to the Public shall be as follows :
- i) Applicants may apply for Shares and Debentures separately for 50 Shares of Tk. 100/- each i.e. for Tk. 5,000/- and/or 2 (two) Debentures of Tk. 2,500/- each i.e. for Tk. 5000/- or a multiple thereof as per different categories mentioned below.

#### SHARES

1,440,000 ordinary Shares of Tk. 100/- each are being offered to the general public as follows:

- i) 55% shares i.e. 792,000 ordinary shares are being offered to the applicants for 50 shares  
**Tk. 79,200,000**
- ii) 10% shares i.e. 144,000 ordinary shares are being offered to the applicants for exceeding 50 but upto 500 shares  
**Tk. 14,400,000**
- iii) 10% shares i.e. 144,000 ordinary shares are being offered to the applicants for exceeding 500 but upto 1000 shares  
**Tk. 14,400,000**
- iv) 10% shares i.e. 144,000 ordinary shares are being offered to the applicants for exceeding 1000 but upto 5000 shares  
**Tk. 14,400,000**
- v) 15% shares i.e. 216,000 ordinary shares are being offered to the applicants for exceeding 5000 shares for financial institutions, Banks, Insurance Companies, Financial and Market Intermediary Companies.  
**Tk. 21,600,000**
- Tk. 144,000,000**

#### DEBENTURES

12800 Debentures of Tk. 2500/- each are being offered to the general public as follows:

- i) 55% Debentures i.e. 7,040 Debentures are being offered to the applicants for 2 Debentures  
**Tk. 17,600,000**
- ii) 10% Debentures i.e. 1,280 Debentures are being offered to the applicants for exceeding 2 but upto 20 Debentures  
**Tk. 3,200,000**
- iii) 10% Debentures i.e. 1,280 Debentures are being offered to the applicants for exceeding 20 but upto 40 Debentures  
**Tk. 3,200,000**
- iv) 10% Debentures i.e. 1,280 Debentures are being offered to the applicants for exceeding 40 but upto 200 Debentures  
**Tk. 3,200,000**
- v) 15% Debentures i.e. 1,920 Debentures are being offered to the applicants for exceeding 200 Debentures for financial institutions, Banks, Insurance Companies, Financial and Market Intermediary Companies  
**Tk. 4,800,000**
- Tk. 32,000,000**

The applicants of minimum lot of 50 Shares shall be accommodated fully if the subscription is within Tk. 79,200,000. In case of over-subscription the allotment shall be made by lottery among such applicants.

The applicants of minimum lot of 2 Debentures shall be accommodated fully if the subscription is within Tk. 22,000,000. In case of over-subscription the allotment shall be made by lottery among such applicants.

Allotment amongst applicants for lots other than minimum lot shall be made proportionately in case of over-subscription.

- ii) In case of any difficulty with respect to implementation of (a) and (b) above paragraphs, the allotment of shares & debentures to applicants will be made in such manner as may be determined by the SEC whose decision in the matter shall be final.
- c) The MINIMUM SUBSCRIPTION on which Directors will proceed to allotment is the full amount of the present issue which amount is in the opinion of the Directors must be raised in order to provide fund required by the Company.
- d) There are no founders, management or deferred shares. It is also not presently intended to issue any preference shares.
- e) No payment has been or is intended to be made to the promoters, Directors or other persons for promotion of the company.

#### DIRECTORS' OPINION :

Tremendous growth of the garment sector has opened up a major opportunity for the establishment of backward linkage industries. The bulk of raw materials, that is finished fabrics is still being imported. A sustained regular demand for finished fabrics for the garment export sector of Bangladesh is clearly discernible. In the light of the high demand for fabrics in the garment industry and the relatively low local supply, the Directors are convinced that the product of the Company will have an assured market and the Company will have high earning potentials. In the opinion of the Directors, considering the Company's prospect and public confidence in the management it is expected that the Debenture and Share issue would be fully subscribed and the investors will get an adequate return out of their investment.

#### PURPOSES OF INITIAL PUBLIC OFFERING :

The purpose of the issue is to raise funds to partly finance setting up 100% export oriented weaving, dyeing and finishing factory for production of high quality shirting and other fabrics as detailed in Project Description (Part VII).

#### FINANCIAL PLAN FOR UTILIZATION OF IPO FUND :

The proceeds of the IPO are expected to be utilised as follows :

1. Procurement of Machinery	Tk. 300.00 million
2. Interest during Construction	Tk. 88.54 "
3. Preliminary & Preproduction Expenses	Tk. 31.46 "
<b>Total</b>	<b>Tk. 420.00 million</b>

#### PHYSICAL PLAN FOR COMPLETION OF VARIOUS SEGMENTS OF THE PROJECT :

- a) Acquisition of Land : Already done
- b) Construction of Building & other Civil Works : Major construction is expected to be completed by May 1995

#### c) Opening of Letter of Credit for Import of Machinery

: Letter of Credit for approx. 65% of the machinery have already been opened and the balance is expected to be opened by June 1995

#### d) Receipt of Imported Machinery

: Approx. 61% of machinery have already arrived, approx. 17% is expected to be arrived by May 1995 and the balance by November 1995

#### e) Receipt of Local Machinery

: By May 1995

#### f) Erection of Machinery

: Erection of approx. 75% machinery is expected to be done by mid-July 1995 and balance by early December 1995

#### g) Trial Operation

: End July 1995

#### h) Commercial Operation

: End December 1995

#### PART II

#### UNDERWRITING, COMMISSION, BROKERAGE, ETC.

**UNDERWRITING :** The public offering of Shares have been underwritten by Investment Corporation of Bangladesh (ICB) for Tk. 90.00 million, by Progati Insurance Company Ltd. for Tk.35.00 million, by Green Delta Insurance Co. Ltd. for Tk. 35.00 million and by Eastland Insurance Co. Ltd. for Tk. 20.00 million. The public offering of Debentures have been underwritten by Progati Insurance Ltd. for Tk. 20.00 million and by Green Delta Insurance Co. Ltd. for Tk. 20.00 million. If and to the extent the shares & debentures hereby offered to the Public shall not have been subscribed and fully paid in cash, the underwriters will, within 30 (thirty) days of being duly called upon by the Company to do so, subscribe or procure subscribers to subscribe and pay for in cash in full the shares not so subscribed.

**UNDERWRITING COMMISSION :** The underwriter will be paid an underwriting commission at the rate of 1% of the face value of shares and debentures underwritten by it out of the Public Issue. Simultaneously with the calling upon the Underwriter to subscribe or procure subscribers to subscribe and pay for any number of shares, the Company will pay to that underwriter an additional commission at the rate of 1% of the face value of shares and debentures required to be subscribed by it.

**COMMISSION TO BANKERS TO THE ISSUE:** Commission at the rate of 1/4th of 1% of the collection of subscription money will be paid to the bankers to the issue for the services to be rendered by them.

**BROKERAGE :** The Company will pay brokerage at the rate of 1% on the offered value of the shares allotted to the members of Dhaka Stock Exchange Limited, on applications bearing their rubber stamp. Neither the brokerage to the brokers nor the commission to the bankers/financial institutions shall be payable in respect of the shares taken by underwriters in discharge of their underwriting obligations.

**TRUSTEE FEE :** Investment Corporation of Bangladesh (ICB) has been appointed as Trustee to the debenture issue of Tk.240 million. Trustee fee @ 1% will be paid to the Trustee (ICB) on outstanding debenture every year.

**MANAGEMENT TO THE ISSUE FEE :** Manger to the issue fee will be paid to Investment Corporation of Bangladesh (ICB) @ 0.5% on the total amount of public issue of Tk. 22.00 crore.

**PRELIMINARY EXPENSES :** The preliminary expenses of the Company in connection with this public issue are expected not to exceed Tk.15.00 million as mentioned below:

(Taka in million)

Trust Deed registration fee	6.00
Manager to the issue fee	1.10
Trustee Fee	2.40
Brokerage	1.73
Commission to the Banker to the issue	0.52
Underwriting Commission	2.20
Other Expenses	0.50
Contingencies	0.55
<b>Total</b>	<b>15.00</b>

**DIRECTORS' OPINION ON UNDERWRITERS :** In the opinion of the Directors, the Underwriters have adequate resources to meet their Underwriting commitment if there would be under-subscription if any.

**TAX HOLIDAY (Section 45 of Income Tax Ordinance 1984) :** The Company's income, profits and gains from its industrial activities qualify for exemption from income tax as provided in Section 45 (2A) (2B) and (2C) of the Income Tax Ordinance 1984 for a period of 7 (seven) years with effect from the commencement of commercial production if the Tax Holiday is continued after 30th June 1995. Application shall be made by the Company for such exemption within 180 days of the date of commencement of commercial production.

**INSURANCE ACT APPROVAL :** Application has been made to Controller of Insurance, for the purpose of "Approved Investment" under clause (3A) of Section 2 of the Insurance Act, 1938, for Insurance Companies registered in Bangladesh.

**EXEMPTION FROM INCOME TAX :** Sums invested by an assessee in the shares of the Company will qualify for tax credit under section 44(2) of the Income Tax Ordinance, 1984.