

## PART III

## APPLICATION FOR SUBSCRIPTION AND ALLOTMENT.

- Application for Shares & Debentures may be made for a minimum of 50 Shares and/or 2 Debentures to the value of Tk. 5,000/- and Tk. 5,000/- respectively or multiple thereof and should be made on the Company's printed form or photocopy thereof. Copies of the prospectus and the application forms may be obtained from the Registered Office of the Company, the Dhaka Stock Exchange Limited or from any of the Bankers to the issue. If adequate forms are not available, intending investors may have the same printed/cyclostyled/typed/handwritten/photocopied.
- All completed application forms together with remittance for the full amount payable on application should be lodged with any of the following Bankers/Financial Institutions to the issue:
- Standard Chartered Bank
  - Banque Indosuez
  - ANZ Grindlays Bank
  - Sonali Bank
  - Janata Bank
  - International Finance Investment & Commerce Bank Ltd
  - Arab Bangladesh Bank Ltd.
  - Investment Corporation of Bangladesh

## Application Form and Prospectus are available in place as follows:

Standard Chartered Bank: 18-20 Motijheel C/A Dhaka, Chittagong Branch, Banque Indosuez: 47 Motijheel C/A, Dhaka, Chittagong Branch, ANZ Grindlays Bank: Head Office, Hadi mansion, 2 Dilkusha C/A, Dhanmondi Branch, Karwan Bazar Branch, Dhaka, Chittagong Branch, Sheikh Mujib Road Agrabad, Sonali Bank: Dilkusha Branch, Ramna Branch, Sadarghat Branch, Farmgate Branch, Dhaka Cantonment Branch, Dhaka, K. C. Dey Road Branch, Chittagong, Khulna Main Branch, Rajshahi Main Branch, Barisal Main Branch, Sylhet Main Branch, Faridpur Main Branch, Janata Bank: Local Office, 1 Dilkusha C/A Motijheel Corporate Branch, 48 Motijheel C/A, Foreign Exchange Corporate Branch, 57 Purana Pallan, Imamgonj Corporate Branch, Imamgonj, Ramna Corporate Branch, Tophkara Road Corporate Branch, Farmgate Corporate Branch, Dhaka, B. B. Road Corporate Branch Narayangong, Lalghighi East Corporate Branch, Sheikh Mujib Road Corporate Branch, Chittagong, K. D. Gosh Road Corporate Branch, Khulna, Rajshahi Main Branch, Barisal Main Branch, Sylhet Corporate Branch, Bogra Main Branch, H. M. M. Road Branch, Jessore, Rangpur Main Branch, Mymensingh Main Branch, Comilla Main Branch, Dinajpur Main Branch. IFC Bank Ltd.: Federation Branch, Motijheel C/A, Dhanmondi Branch, Road No. 2, Shantinagar Branch, 24 Shantinagar, Elephant Road Branch, Gulshan Branch, Dhaka, Agrabad Branch, Chittagong, Khulna Branch, Rajshahi Branch, Barisal Branch, Jessore Branch, Arab Bangladesh Bank Ltd.: Principal Branch, BCIC Bhaban, Dilkusha C/A, Karwan Bazar Branch, Motijheel Branch, New Elephant Road Branch, Dhaka, Agrabad Branch, Chittagong, Khulna Branch, Rajshahi Branch, Barisal Branch, Modhuban Branch, Sylhet, Jessore Branch, Bogra Branch. ICB: Head Office, 8 Rajuk Avenue Dhaka, 32 Agrabad C/A, Chittagong, KDA Bhaban, Jessore Road, Khulna, Star Bhaban, 74 New Natore Road, Shaheb Bazar, Rajshahi, 87-88 Hemayetuddin Road, Barisal, Chamber Building, Jail Road, Sylhet.

Bangladeshi nationals including Non-Resident Bangladeshis (NRBs) working/residing abroad and foreign nationals shall also be entitled to apply for the shares and debentures offered to the general public.

Payment may be made to any one of the above mentioned banks/financial institutions either in cash or by cheque or pay order or demand draft. If payment is made by cheque, pay order or demand draft it should be made payable to the bank/financial institutions to which it is sent and should be marked "A/C BEXIMCO TEXTILES LTD." and should bear the crossing "A/C PAYEE ONLY" and must be drawn on a bank/financial institution in the same town of the bank/financial institution to which application form is sent.

A separate cheque or pay order or demand draft must accompany each application. If payment is made in cash, a provisional acknowledgement should be obtained immediately from the bank/financial institution which receives the cash.

Joint application from more than two persons will not be accepted. In the case of a joint application both persons must sign the application form. In such a case, correspondence will be made with the person whose name appears first.

Application signed under a power of attorney must be accompanied by a certified photostat copy of the instrument under which the power is given.

Application must be in the full name and not in the name of firms, minors or persons of unsound mind. Application for financial institutions, banks, insurance companies and financial and market intermediary companies must be accompanied by the Memorandum & Articles of Association of the Company.

Refund shall be made by A/C Payee Cheque. For the purpose, Applicant's Bank Account Number along with Name of Bank and Branch must be mentioned in the application.

Application not in conformity with the above mentioned requirements and the instructions contained in the application form (Appendix 1) are liable to be rejected without assigning any reason to the applicant.

Subject to the provisions of the Articles of Association of the Company and the Companies Act, 1994, the shares in the capital of the Company for the time being shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors think fit.

The subscription money collected by the Bankers to the issue will be remitted to the company's specified CD Account No. 00-01-6074561-01 with Standard Chartered Bank, Motijheel Branch Dhaka for this purpose. Public subscription money against Initial Public Offer (IPO) can not be utilised for the purpose for which money has been raised before allotment to the successful applicants and refund to the unsuccessful applicants have been made.

## ALLOTMENT:

- The Company reserves the right to accept or reject any application either in whole or in part. Where an application is rejected or is not accepted in full, the entire amount or the balance of the amount, as the case may be, received with the application will be refunded to the concerned applicant by cheque without interest. Where allotment is made in whole or in part in respect of joint application, the letter of allotment will be despatched to the person whose name appears first in the application form notwithstanding that the shares & debentures have been allotted to the joint applicants. Where a joint application is rejected or is accepted in part the entire or the balance of the amount, as the case may be, paid with the application will be refunded without interest to the person named first in the application form.

- Successful applicants will be notified by despatch of an allotment letter by registered post. Letter of allotment will be issued within 40 (forty) days of the closing of subscription list and share certificate will be issued within ninety days of the date of letter of allotment. Where application is not accepted in full or in part, the money received on application will be refunded to the applicant within 40 (forty) days of closing of subscription by cheque without interest. In case of failure to refund the subscription money to the unsuccessful applicants within 40 days, the directors, in addition to the company, shall be responsible collectively and severally to refund the money with interest at 5% above the bank rate.

## PART IV

## SALIENT FEATURES AND DETAILS OF SECURITY PROVIDED FOR THE DEBENTURES

- THE DEBENTURES WILL BE SECURED BY FIRST PARI-PASSU CHARGE BY WAY OF AN EQUITABLE MORTGAGE ON ALL THE FIXED ASSETS OF THE COMPANY ALONG WITH CDC (LONDON), DEG (GERMANY), AFIC (PHILLIPINES) AND BANGLADESH SHILPA BANK.

- THE DEBENTURE HOLDERS WILL RANK SENIOR ALONG WITH CDC, DEG, AFIC AND BSB TO OTHER CREDITORS ON THE ASSETS OF THE COMPANY ON LIQUIDATION/WINDING-UP.
- THE DEBENTURE HOLDERS SHALL BE ENTITLED TO RECEIVE INTEREST @ 14% PER ANNUM ON THE DEBENTURES, ACCRUING FROM 07 MAY 1995 THE FIRST PAYMENT OF INTEREST WILL BE ON 01 JANUARY 1996 AND THEREAFTER EVERY 1ST JULY AND 1ST JANUARY TILL THE DEBENTURES ARE FULLY REDEEMED ON 01 JULY 2005.
- THE DEBENTURES WILL BE FULLY REDEEMED BY THE COMPANY IN 14 SEMI-ANNUAL INSTALLMENTS W.E.F. 01 JANUARY 1999 TERMINATING ON 01 JULY 2005.
- AFTER EXPIRY OF THREE YEARS FROM THE DATE OF DEBENTURE ISSUE THE COMPANY WILL HAVE THE RIGHT TO REDEEM THE DEBENTURES IN FULL OR IN PART ON ITS OPTION AFTER GIVING SIX MONTHS PRIOR NOTICE TO THE DEBENTURE HOLDERS IF THE DEBENTURES ARE REDEEMED IN PART ALL THE CONDITIONS OF ORIGINAL ISSUE WILL APPLY FOR THE UNREDEEMED PORTION OF THE DEBENTURES.

## PART - V

## PAYMENT OF INTEREST AND REPAYMENT SCHEDULE

The Company shall make 1st interest payment on 01 January 1996 and thereafter half-yearly from 01 July 1996 until the Debentures are fully redeemed. The Debentures will be fully redeemed by the Company in fourteen semi-annual instalments with effect from 01 January 1999 and terminating on 01 July 2005.

## EXAMPLE OF YIELD OF TK.2500.00 INVESTMENT IN DEBENTURE (14% INTEREST)

DATE OF RECEIPT/DISBURSEMENT	REFUND IN CASH	INVESTMENT IN DEBENTURE	INTEREST IN DEBENTURE
07.05.1995	0.00	2500.00	0.00
01.01.1996	0.00	2500.00	229.18
01.07.1996	0.00	2500.00	175.00
01.01.1997	0.00	2500.00	175.00
01.07.1997	0.00	2500.00	175.00
01.01.1998	0.00	2500.00	175.00
01.07.1998	0.00	2500.00	175.00
01.01.1999	179.00	2321.00	175.00
01.07.1999	179.00	2142.00	162.47
01.01.2000	179.00	1963.00	149.94
01.07.2000	179.00	1784.00	137.41
01.01.2001	179.00	1605.00	124.88
01.07.2001	179.00	1426.00	112.35
01.01.2002	179.00	1247.00	99.82
01.07.2002	179.00	1068.00	87.29
01.01.2003	179.00	889.00	74.76
01.07.2003	179.00	710.00	62.23
01.01.2004	179.00	531.00	49.70
01.07.2004	179.00	352.00	37.17
01.01.2005	179.00	173.00	24.64
01.07.2005	173.00	0.00	12.11
<b>TOTAL</b>	<b>2500.00</b>		<b>2413.95</b>

Note: The above calculations are based on the assumption that debentures have been redeemed over a period of 10 years. In case of earlier redemption the above calculations will not remain valid.

## PART VI

## RIGHTS OF DEBENTURE HOLDERS AND SHAREHOLDERS

## a. Voting Rights:

The debentureholders shall not be entitled to vote in any annual general meeting of the Company. The voting rights of the shareholders shall be strictly proportionate to the number of shares held by them. Upon show of hands, every shareholder entitled to vote present in person or by attorney or proxy shall have one vote. Upon a poll, every shareholder entitled to vote and present in person or by attorney or proxy shall have one vote for every share held by him.

## b. Transfer of Shares and Debentures:

Subject to the provisions of the Articles of Association of the Company and the Companies Act, 1994, Shares and Debentures of the Company are freely transferable. No transfer shall be made to a minor or a person of unsound mind.

## c. Dividend Policy:

The Company will follow a strategy of stable and rewarding dividend policy for a fair return on investment by the shareholders and simultaneously allow for building up of retained earnings and reserves that would enable sustained growth of the Company.

## d. Periodical Information:

The Directors shall present the financial statements as required under the law and International Accounting Standard. Financial Statements will be prepared in accordance with International Accounting Standards consistently applied throughout the subsequent periods and with the objective of providing maximum disclosure as per law and International Accounting Standard to the Debentureholders & Shareholders regarding the financial and operating position of the Company.

## PART VII

## PROJECT DESCRIPTION

## THE PROJECT:

Beximco Textiles Limited (BTL) is being set-up as a 100% export oriented company. It will have weaving, dyeing and finishing facilities for producing high quality shirting and other fabrics. This unit is located at Saravo, Kashimpur, Gazipur near Savar, about 35 kilometers north of Dhaka on 18.35 acres of land. The construction work of the factory building is 80% complete. The machinery has already started arriving at the site, and erection has also started. Trial production is expected to commence end July 1995. The company was incorporated on March 8, 1994. The shareholders of the company are Beximco Group, Foreign Investors namely CDC, DEG, AFIC, and Public (including ICB Unit/Mutual Funds) with equity participation of 50%, 15%, 10%, 4.55%, 20.45% respectively. Foreign participation in equity is 29.55%. The project is expected to be completed before December, 1995.

## PRODUCT MIX:

- WEAVING UNIT**  
State-of-the-art air jet looms which can weave a variety of high-grade 100% cotton and poly/cotton blend fabrics are being installed. The products will range from shirting to lightweight drills & twills, in either plain, dobby or yarn dyed weaves.

- DYEING & FINISHING UNIT**  
Modern, flexible, high-technology machinery for the continuous preparation, dyeing and finishing of the above range of fabrics have been procured. The range of products will be able to meet the standards of the high quality fashion market as well as supply the volume needs of standard quality fabrics of the RMG sector in Bangladesh.

## PRODUCTION CAPACITY:

The production capacity will be 40,000 meters per day amounting to 14 million meters of grey fabrics per annum. In finishing the production capacity of finished fabrics will be 80,000 meters per day

amounting to 28 million meters of finished fabrics per annum. The fabrics woven and processed at the mills will include 100% cotton as well as blended fabrics such as polyester cotton (TC). The capacity is based on three shifts a day of 8 hours each and 350 working days per year.

## BUILDING AND OTHER CIVIL WORKS:

Construction of factory building is in progress, about 80% of the total civil work has already been completed, and major construction is expected to be completed by May 1995. Total covered area is 24,795 square meters. The main factory building which will house the weaving, dyeing and finishing and other utilities machinery have a covered floor space of 17,820 square meters, 1,512 square meters for work shop & general store, 648 square meters for boiler and generator house, 504 square meters for office and 4311 square meters housing and gate house. The estimated total value is Tk 270 million which include effluent treatment plant of capacity 225 cubic meters/hr and one deep tube-well of capacity 2.5 cusec.

## PLANT AND MACHINERY:

Beximco Textiles Limited will have weaving, dyeing and finishing facilities for producing high quality shirting and other fabrics. The fabrics woven and processed at the mill will include 100% cotton as well as blended fabrics such as polyester cotton (TC). The project shall be equipped with machinery incorporating state-of-the-art technology. Finishing machinery is coming from Goller, Ramisch, Osthoff, and Montforts; all are world renowned textiles machine manufacturers from Germany. The weaving machinery and preparation machinery are coming from Toyoda, Todo, and Benninger. Toyoda & Todo are Japanese companies, and Benninger is Swiss. The generators are from Wartsila, a leading French manufacturer. Boilers, waste heat boilers and vapour absorption system are from Thermax, India and of USA origin. Atlas Copco of Belgium are supplying the Air compressors. Luwa of Switzerland & USA are supplying the air conditioning machines, overhead travelling cleaners & central vacuum systems. Electrical switchgear, panels, transformers etc. are from Siemens. The machinery has already started arriving at the site. Shipment of approx. 65% of these machines has been completed by April 1995. Already more than half of the machines have reached Bangladesh. Installation of weaving, dyeing and finishing machinery of the plant is expected to be made by mid-July 1995. Trial production is expected to start by end July 1995 and commercial production by end December 1995. The project will utilise full time western foreign professionals during the implementation phase and the major equipment suppliers will also be providing installation supervision and conducting trial run performance and acceptance tests.

## TECHNOLOGY:

To ensure the production of high quality grey and finished fabrics, BTL has entered into a consultant technology partnership agreement with Total Project Management (TPM) of UK, a subsidiary of Coats Virella a leading textile house in the UK. Scope of the agreement very briefly is to:

- provide technology and ongoing process know-how
- provide technical evaluation of the machinery for the project
- provide basic design and supervise construction of factory and ancillary buildings
- coordinate training for Beximco Textiles Limited personnel with machinery manufacturers and others; and
- give production guarantees within agreed set parameters.

BTL's machinery suppliers are also providing training on this equipment to BTL's personnel. Namely Goller, Montforts, Benninger, Ramisch, Osthoff, Toyoda, Wartsila, Thies, Luwa, Thermax, Atlas Copco, etc. Most of the engineers/technologists have already finished their training abroad and have returned to Bangladesh. The erection and installation will be supervised by TPM and the respective machine supplier's experts. They will also provide training during erections and commissioning. TPM specialists shall oversee production of fabric from yarn selection to final inspection and quality control in BTL after commissioning till such time that Beximco personnel can confidently take over.

## RAW MATERIAL:

The basic raw materials that BTL would require for the production of grey fabrics is cotton yarn. The other major raw materials for production of finished fabrics are dyes and chemicals required for the dyeing and finishing processes respectively. To ensure quality dyeing, dyes and chemicals will be imported from well known manufacturers, like ICI, Ciba-Geigy, Sandoz, BASF, etc. who have physical presence in Bangladesh and may be relied upon to extend their technical services as and when required. And yarn will be imported from India and/or Pakistan. Grey fabrics for processing would be imported from Pakistan, India and Far Eastern countries such as Indonesia.

## Utilities:

- Power: The project shall have total captive power generation along with co-generation facilities. Five gas generators of total of 5 MW capacity have been provided for in the project.
- Water: Water will be available from the project's own deep tubewell facilities.
- Steam: In order to meet the steam requirement of the project three steam boilers with a total capacity of 30 tons have been procured.

## FINANCING:

The total project cost is estimated at Tk. 2,026 million of which Tk. 1,546 million have already been raised. Sponsors have subscribed for their part of Share Capital of Tk. 440 million. CDC, DEG and AFIC have already paid Tk. 909 million in the form of both debt and equity. Another Tk. 36 million and Tk. 24 million have been committed to be subscribed by CDC and DEG respectively in the form of equity. Bangladesh Shilpa Bank has provided Tk. 197 million as Debt. Balance amount is being raised through Public issue of Shares of Tk. 180 million and Debentures of Tk. 240 million.

## MARKET CONSIDERATIONS

The ready-made garments (RMG) industry in Bangladesh is the fastest growing export industry and in the recent years the growth of export oriented RMG industry has exceeded all expectations. In fact the RMG industry is the manufacturing success story of

## PROJECTED INCOME STATEMENT

Year of Operation	1	2	3	4	5	6	7	8	9	10
TOTAL REVENUE	641,027	1,775,966	1,816,855	1,817,045	1,817,045	1,817,045	1,817,045	1,817,045	1,817,045	1,817,045
COST OF GOODS SOLD	551,305	1,249,613	1,303,987	1,296,542	1,295,222	1,295,222	1,295,222	1,295,222	1,295,222	1,295,222
GROSS PROFIT	89,722	526,353	512,868	520,503	521,823	521,823	521,823	521,823	521,823	521,823
OPERATING EXPENSES	11,154	22,504	22,911	22,914	22,914	22,914	22,914	22,914	22,914	22,914
OPERATING PROFIT	78,569	503,849	489,957	497,589	498,909	498,909	498,909	498,909	498,909	498,909
FINANCIAL CHARGES	144,746	144,746	131,851	114,659	97,468	80,276	63,084	45,893	28,701	11,509
AMORTIZATION	15,130	15,130	15,130	15,130	15,131	0	0	0	0	0
INTEREST ON INVESTMENT	0	14,705	31,600	41,086	53,233	65,560	77,468	91,075	99,873	0
PROFIT BEFORE WPF	(81,307)	343,973	357,481	399,400	426,196	471,866	501,385	530,484	561,283	587,273
WP FUND	0	17,199	17,874	19,970	21,310	23,593	25,069	26,524	28,064	29,364
PRE TAX PROFIT	(81,307)	326,774	339,607	379,430	404,886	448,273	476,316	503,960	533,219	557,909
TAXES	0	0	0	0	0	0	0	0	0	0
DIVIDEND	0	0	175,956	175,956	184,754	202,350	211,148	140,765	140,765	158,361
TAX HOLIDAY RESERVE	0	98,032	101,882	113,829	121,466	134,482	142,895	0	0	0
RETAINED EARNINGS	(81,307)	228,742	61,769	89,645	98,666	111,441	122,273	161,611	179,166	176,384
CUMM. R. EARNINGS	(81,307)	147,435	209,204	298,849	397,515	508,956	631,229	792,840	972,006	1,148,390

Bangladesh. Today RMG exports account for almost 60% of all exports of Bangladesh. Although ready-made garments exports comprise of apparels made from both woven and knit fabrics, the bulk of the exported garments are of imported woven material. During 1993-94 the total export of ready-made garments from Bangladesh was approximately US\$ 1.55 billion, and wovens constituted 82% of this total value. It has been estimated that the current total fabric requirement in Bangladesh, by both domestic consumers and RMG industries, is about 2.4 billion meters. However, domestic production is only about 980 million meters, leaving a substantial gap of 1.4 billion meters. The requirement of the RMG sector is estimated at close to one billion meters per annum.

The predominant raw material for RMG is woven fabric, the bulk of which is now imported. The Department of Textiles has six spinning and 92 weaving units registered as export oriented (i.e. catering to RMG demand), but there is little evidence to suggest that these units are able to consistently supply significant quantities of quality fabric that would meet RMG quality standards. The rapid growth in the export-oriented RMG sector in Bangladesh has resulted in a massive increase in fabric demand. In fiscal year 1984 the fabric demand was 55.0 million meters, which has increased to more than 900 million meters in fiscal year 1994, indicating a compounded annual growth of nearly 32%. Experts have also forecasted that by year 2000 fabric shortfall may exceed 1.6 billion meters.

With the RMG exports sector having crossed US\$ 1.0 billion per year, based almost entirely on imported fabrics, economies of scale now justify the setting up and expansion of modern, state-of-the-art weaving, dyeing, and finishing facilities in Bangladesh. This is a prerequisite for Bangladesh exports for playing a greater role in the up-market and fashion end of the cotton, synthetic, wool and other fabric based apparel industry.

It is worth mentioning here that RMG's meteoric growth has been assisted by several highly encouraging policy measures adopted by the government. The Special Bonded Warehouse (SBW) is the strongest support received by this sector. It is followed by exemption of corporate taxation on export profits and duty concessions.

If these supports continue, the RMG industry is sure to flourish and unless the capacity of the weaving mills is increased, the gap between the demand and the local supply is bound to increase. For the sake of economic growth of the country in general and for the profitability of this sector in particular, this gap should be closed as fast as possible.

Buying export quality fabrics locally has distinct advantages for the garments exporters mainly in shorter lead times achieved by time savings in:

- primary purchase order placement;
- letter of credit opening and transmission;
- laboratory dip and fabric design strike-off approvals;
- production supervision;
- shipment/inspection;
- sailing time;
- customs clearance;
- rectification/replacement of defective fabrics.

Today in sourcing fabrics from outside there are direct additional operational costs which would be eliminated, namely, cost of travel, telecommunications, banking which are high and which add extra costs to the final cost of fabric importation. Bangladesh will also enjoy a qualitative change of position as it emerges in the role of quality fabric supplier. From being largely an apparels manufacturer based on imported finished fabrics, Bangladesh would offer "one stop" shopping to international buyers for export quality fabrics as well as apparels.

## PART VIII

## FINANCIAL FORECAST

(These are forecast not actual. Actual may vary from forecast. Prospective investors should read the forecast carefully before investment decision)

## PROJECT COST SUMMARY

(Figures in Tk '000)

	Local	Foreign	Total
Land	9,600	0	9,600
Building	270,400	0	270,400
Imported Machinery & Equipment	0	1,175,218	1,175,218
Insurance, Clearance, Duties etc.	85,607	0	85,607
Erection and Installation	28,816	0	28,816
Local Machinery & Equipment	160,573	0	160,573
Interest during construction	122,797	0	122,797
Furniture and Fixtures	2,000	0	2,000
Vehicles	6,000	0	6,000
Pre-production and Preliminary Exp.	75,651	0	75,651
Contingencies	1073	54,014	55,087
<b>Total Fixed Cost</b>	<b>762,517</b>	<b>1,229,232</b>	<b>1,991,749</b>
Net Initial working capital	34,138	0	34,138
<b>Total Project Cost</b>	<b>796,655</b>	<b>1,229,232</b>	<b>2,025,887</b>

## FINANCING PLAN

	(Figure in Tk '000)			
	Local	Foreign	Total	Percent of Equity/Debt
<b>Equity:</b>				
Local Sponsors	440,000	0	440,000	