

# PROSPECTUS CHIC TEX LIMITED

(A 100% Export Oriented Dyeing, Finishing, Knitting and Apparel Manufacturing Unit)  
Public Issue of 39,20,000 Ordinary Shares

of Tk 10 Each at par  
Manager to the Issue

## AAA CONSULTANTS & FINANCIAL ADVISERS

Subscription

Opens

November 25, 1995

Subscription

Closes

December 03, 1995

### REGISTERED OFFICE

Sena Kalyan Bhaban,  
20th Floor, 195, Motijheel  
C/A, Dhaka-1000

### FACTORY LOCATION

Fatulla, Narayanganj

### AUTHORISED CAPITAL

Tk 30,00,00,000 divided into  
3,00,00,000 ordinary shares  
of Tk 10 each

### UNDERWRITTEN BY

Bangladesh General  
Insurance Co. Ltd  
113 Members of Dhaka  
Stock Exchange Ltd

### CONTENTS

<b>PART-I</b>	1. Key data	5. Infrastructural facilities
	2. Corporate directory	6. Machinery and equipment
	3. Project highlights	7. Raw material
	4. Risk factors	8. technical expertise
<b>PART - II</b>	1. Share issue	9. Market outlook
	2. Out of the issue	
	3. Conditions of offer and allotment of shares	
<b>PART-III</b>	1. Underwriting	<b>PART - VII</b>
	2. Directors' opinion	1. Project cost and financing
	3. Underwriting commission	2. Profitability indicators
	4. Commission to the bankers to the issue	3. Projected balance sheet
	5. Brokerage	4. Projected income and retained earning
	6. Manager to the issue	5. Projected cash flow
	7. Issue expense	6. Sales estimate
	8. Taxation	7. Cost of sale estimate
	9. Insurance Act approval	<b>PART - VIII</b>
	10. Investment tax credit	1. Auditors' report
<b>PART-IV</b>	1. Rights of shareholders	2. Actual financial information
<b>PART-V</b>	1. Application for subscription	<b>PART - IX</b>
	2. Application procedure	1. Directors' profile
	3. Allotment	2. Other directorship
<b>PART - VI</b>	1. Project description	3. Directors' interest
	2. Project capacity	4. Qualification
	3. Land and location	5. Number of directors
	4. Building	6. Remuneration
		7. Borrowing power
		8. Material contract
		<b>PART - X</b>
		1. Memorandum of Association
		2. Format of application form

Bhaban,  
195, Motijheel C/A, Dhaka.

**Project**  
Fatulla, Narayanganj.

- Bangladesh General Insurance Co. Ltd.
- Members, Dhaka Stock Exchange Ltd.

### MANAGER TO THE ISSUE

AAA Consultants & Financial Advisers,  
Stock Exchange Building,  
5th Floor,  
9/F Motijheel C/A, Dhaka.

"Consent of the Securities & Exchange Commission has been obtained to the issue of shares 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 opinions 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 will be made to the Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) within ten days of the first issue of prospectus for admission of the Shares of the Company for dealing on the stock market and for their quotation on DSE and CSE. If for any reason, the application for listing is not accepted by DSE and CSE, 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, will be collectively and severally liable to pay interest at 5% above the bank rate.

THE SUBSCRIPTION LIST OF 39,20,000 ORDINARY SHARES OF TK 10 EACH AT PAR BEING HEREBY OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON NOVEMBER 25, 1995 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON DECEMBER 03, 1995.

List of documents and reports referred to in the prospectus or annexed thereto under section 138 (3) of the Companies Act, 1994 is as follows:

- Underwriting Agreements made among the Company, Bangladesh General Insurance Company Limited and Members, Dhaka Stock Exchange Limited.
- Issue Management Agreement between the Company and AAA Consultants & Financial Advisers.
- Auditors' Report under para 24 of Part III of the Third Schedule of the Companies Act, 1994.
- Auditors' Report under section 213 (3), (4) and (5) of the Companies Act, 1994 together with audited financial statements for the year ended 30th June, 1995.
- Memorandum and Articles of Association.

### PROJECT HIGHLIGHTS

#### 1. Projected Financial Indicators

	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
Gross Profit margin	34.41%	34.69%	35.54%	35.74%	36.14%
Operating Profit margin	30.12%	30.59%	31.57%	31.80%	32.23%
Net Profit margin	28.07%	30.72%	32.54%	33.99%	35.70%
Dividend per share	0%	1.5%	1.5%	1.5%	1.5%
Net Asset Value / share (Tk)	18.44	26.30	35.89	46.57	58.48
Earning per share (Tk)	7.43	9.50	11.03	12.12	13.36
Price Earning Ratio	1.35	1.08	0.91	0.83	0.75
Equity Growth (over previous Year)	0	41.78%	36%	29.5%	25.44%

#### 2. Expansion Programme

The project with expansion programme under implementation, is a 100% export oriented State of the Art knit fabric manufacturing, dyeing & finishing and fashion knitwear manufacturing unit. The machinery will be imported from highly reputed manufacturers of Germany, Sweden, Japan and UK in brand new condition.

#### 3. Market

With the experience and expertise of the Directors in the trade as well as their connection and liaison with the buyers it is unlikely that the unit, after expansion, will face any problem at all for marketing of its product.

#### 4. Employment

The company will create a large number of employment and will earn foreign currency for the country by exporting fashion knitwear.

#### 5. Existing unit

The existing unit is in commercial production since May 1994.

#### 6. Tax holiday

The project is enjoying Tax holiday for 5 (five) years since 1994.

#### 7. Tax Exemption

An assessee who may invest in the shares of the company will remain exempted from tax for the income as provided under Section 44 of the Income Tax Ordinance 1984.

#### 8. Marketable Security

The shares of the Company will be freely tradeable in the stock market.

#### Risk as perceived by the management

- Any economic recession in importing countries may result decline in demand.
- Imposition of any duties or taxes by the Government on raw materials may affect profitability.
- Adverse change in the prices of grey yarn may affect profitability.
- Any change in policies and regulations regarding import and export may affect the profitability of the company.

#### Purpose of the Public Issue

The purpose of the public issue is to finance the expansion of the existing project. Expansion will include Knitting, Finishing and Garment unit to the existing Dyeing and Finishing unit.

#### ESTIMATED PROJECT COST AND MEANS OF FINANCE

Project Cost	Existing	Expansion	Total
Land and Land Development	8511043	-	8511043
Building and Civil works	10192223	700000	10892223
Machinery and Equipments	11306210	35620000	46926210
Electrification and Gas line	445250	250000	695250
Furniture and Fixture	1438597	450000	1888597
<b>TOTAL FIXED COST</b>	<b>31893323</b>	<b>37020000</b>	<b>68913323</b>
Working Capital	18370933	-	18370933
Preliminary & IPO expense	-	2180000	2180000
<b>Total Project Cost</b>	<b>50264256</b>	<b>39200000</b>	<b>89464256</b>

#### Means of Finance

Equity			
Sponsors/Directors	39200000	-	39200000
General Public	-	39200000	39200000
Loan from IDLC	1306640	-	1306640
Directors Loan	21000	-	21000
Profit & Loss A/C	9736616	-	9736616
<b>Total Financing</b>	<b>50264256</b>	<b>39200000</b>	<b>89464256</b>

#### Implementation schedule of the Expansion Programme

Schedule	Target completion date
a) Building and civil construction	completed
b) Opening of L/C for machineries to be imported	Already
c) Arrival of machineries.	End of November 1995.
d) Installation and trial run.	2nd week of March 1996.
e) Commercial Production	End of March 1996.

### PART-II

#### CAPITAL STRUCTURE

AUTHORISED CAPITAL :  
3,00,00,000 ORDINARY SHARES  
OF TK 10 EACH. TK. 30,00,00,000

SHARE ISSUE :  
Issue of 78,40,000 ordinary shares of Tk. 10 each at par. TK. 7,84,00,000

OUT OF THE ISSUE :  
39,20,000 ordinary shares of Tk. 10 each have been subscribed and paid in full by the sponsors. TK. 3,92,00,000

NOW OFFERED TO THE PUBLIC AS FOLLOWS :  
9,20,000 ordinary shares of Tk. 10 each are being offered to the public for subscription in cash in full on application. TK. 3,92,00,000

OUT OF THE ISSUE :  
5,88,000 Ordinary shares of Tk. 10 each have been kept reserved for Investment Corporation of Bangladesh Unit/Mutual Funds for subscription in cash. TK. 58,80,000

33,32,000 Ordinary shares of Tk. 10 each are being hereby offered to the General Public for subscription in cash. TK. 3,33,20,000  
TOTAL TK. 3,92,00,000

#### CONDITIONS OF OFFER AND ALLOTMENT OF SHARES

- Investment Corporation of Bangladesh (ICB) Unit/Mutual Funds shall have the right of preferential allotment of Shares for Tk.58,80,000. Any part of such allotment not taken up by ICB Unit/Mutual Fund will be allotted to General Public in the manner as determined by SEC.
- After deducting ordinary shares subscribed by

ICB/Unit/Mutual Funds, basis of allotment of shares to the general public shall be as follows:

- 33,32,000 ordinary shares of Tk.10 each are being offered to the general public as follows:  
55% ordinary shares i.e., 18,32,500 ordinary shares are being offered to the applicants for 500 shares. Tk.1,83,25,000
- 10% ordinary shares i.e., 3,33,000 ordinary shares are being offered to the applicants for exceeding 500 but up to 5000 shares. Tk. 33,30,000
- 10% ordinary shares i.e., 3,33,000 ordinary shares are being offered to the applicants for exceeding 5000 but up to 10000 shares. Tk. 33,30,000
- 10% ordinary shares i.e. 3,33,000 ordinary shares are being offered to the applicants for exceeding 10000 but upto 50000 shares. Tk. 33,32,000
- 15% ordinary shares i.e., 5,00,500 ordinary shares are being offered to the applicants for over 50000 shares for financial institutions, banks, insurance and market and financial intermediary companies. Tk. 50,05,000  
Tk. 3,33,20,000

3. The applicants of minimum lot of 500 shares shall be accommodated fully if subscription is within Tk. 1,83,25,000. In case of over subscription, the allotment shall be made by lottery among such applicants.

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

5. In case of any difficulty with respect to implementation of 1, 2, 3 and 4 above, the allotment of Shares to applicants shall be made in such manner as may be determined by Securities and Exchange Commission.

6. Applications must not be for less than 500 ordinary shares or multiple thereof. Any application not meeting this criterion will not be considered for allotment purposes.

7. There are no founders, management or deferred shares. It is also not presently intended to issue any preference shares.

8. No payment has been or is intended to be made to the Promoters, Directors or other persons for promotion of the Company.

10. The MINIMUM SUBSCRIPTION on which Directors will proceed with allotment is the full amount of the present Share issue that is the amount which in the opinion of the Directors, must be raised in order to provide required fund for the project.

### PART III

#### UNDERWRITING ARRANGEMENTS

The Company's initial public offering 39,20,000 ordinary shares of Tk.10 each at par to the General Public, has been underwritten by Bangladesh General Insurance Company and 113 Members of Dhaka Stock Exchange Ltd.

Each of the underwriter shall underwrite the amount (i.e., value of shares) as specified below against their respective names:

Sl.# Name	Amount underwritten
Bangladesh General Insurance Co. Ltd.	Tk. 19,20,000
01. Md. Shahid Khan & Co. Lead Manager	Tk. 17,600
02. Sohel Parves & Co. Co-manager	17,700
03. Mohammadul Kabir & Shabbir Ahmed Co-manager	17,700
04. Kamrul Alam & Co.	17,700
05. Jantiyar Hussain & Co.	17,700
06. Khwaja Abdul Quddus & Co.	17,700
07. Nur-E-Alam Siddique	17,700
08. Kazi Firoz Rashid & Co.	17,700
09. M. A. Mannan & Co.	17,700
10. Md. Shaful Islam & Co.	17,700
11. Mrs M A Haq Howlader & Co.	17,700
12. Binwa Nath Saha & Co.	17,700
13. Sinha & Co.	17,700
14. Prof M A Hossain	17,700
15. Mohd. Shahidullah & Co.	17,700
16. Md. Faysal Rahim & Co.	17,700
17. Global Securities Ltd	17,700
18. Miah Abdul Razvi & Co.	17,700
19. Md. Shaikul Islam & Co.	17,700
20. Md. Shahidullah & Co.	17,700
21. Doha Securities	17,700
22. M. Hafizur Rahman & Co.	17,700
23. Enayetur Rahman & Co.	17,700
24. United Securities Consultant Ltd.	17,700
25. Shetu Corporation Ltd	17,700
26. Jamilur Rahman & Co.	17,700
27. Manzurur Rahman & Co.	17,700
28. ALOCO	17,700
29. Kamal Edher & Co.	17,700
30. Shahed Abdul Khaleque & Co.	17,700
31. Khwaja Ghulam Rasul & Co.	17,700
32. Sarwar Sons & Co.	17,700
33. A. F. M. Shamsuddin & Co.	17,700
34. Quazi Kamal Securities	17,700
35. Ahmed Iqbal Hossain & Co.	17,700
36. Asrar Rahman & Co.	17,700
37. M. Shamsul Haq & Co.	17,700
38. Abdullah Al Hossain	17,700
39. Bulbul Securities Consultant	17,700
40. Gateway Equity Resources Ltd.	17,700
41. Syed Shahidul Alam & Co.	17,700
42. Adarsha Securities (pvt) Ltd.	17,700
43. Md. Shahidullah (Shyamol)	17,700
44. Shamsul Huda & Co.	17,700
45. Md. Salimullah & Co.	17,700
46. Kazi Enayetur Rahman & Co.	17,700
47. Alhaj Md. Muckbul Hossain	17,700

### CORPORATE DIRECTORY

<b>DIRECTORS</b>	<b>BANKERS</b>
Mr. Jamaluddin Ahmed 97/3, Santinagar, Dhaka.	IFIC Bank Limited
<b>COMPANY LAW ADVISOR</b>	
Mr. Aminur Rasul Olympia Tower, 153/1, Monipuripara, Dhaka.	S. K. Sikder, Advocate Nahar Mansion (1st Floor) 150, Motijheel C/A, Dhaka.
<b>AUDITOR</b>	
Md. Mashukur Rasul Olympia Tower, 153/1, Monipuripara, Dhaka.	M. A. Fazal & Co. 29, Bangabandhu Avenue (2nd Floor, Dhaka-1000)
<b>UNDERWRITERS TO THE ISSUE</b>	
Mr. Iftekhar Mohammad 97/3, Santinagar, Dhaka.	
<b>REGISTERED OFFICE</b>	
20th Floor, Sena Kalyan	