SUBSCRIPTION OPENS:

AUGUST 4, 1997

SUBSCRIPTION CLOSES:

AUGUST 13, 1997

CMC-KAMAL TEXTILE MILLS LIMITED A Public Company Limited by Shares PUBLIC OFFER OF 360,000 ORDINARY PROSPECTUS

Manacerto the issue

rahman Chamber (3rd -Loor), 12-13, Moill-Eeloya, Dhaka, Bangladesh

Rad Charad (O) a lua GUISHAN-I, DHAKA BANGLADESH

PROJECT LOCATION KAICHA BARI, BASHBARI SAVAR, DHAKA

AUJUTUORISED CAPITAL TAKA 500,000,000 DIVIDED 1X1760 5,0000,000 (ORD) NARY SAHRES OF TAKA 100 EACH

6: MEMBERS OF DIE 11 MEMBERS OF CSE 2 INSTRANCE COMPANIES AND 6 SECURITIES COMPANIES

UNDERWALLERBRY

all the legal requirements connected with the said issue have been duly complied with; and the disclousures made in the draft prospectus/offer are true, fair and adequate to enable the investors to make a well informed decision as to investment in the proposed issue. Płace: Dhaka

(A.R. Atique) Managing Director

Date: 23 April 1997

Issue Manager(s) to the Issue

SUBSCRIPTION OF 8,60,000 ORDINARY SHARES OF TK 100 EACH AT PAR BEING HEREBY OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 4TH AUGUST, 1997 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON 13TH AUGUST, 1997. LIST OF DOCUMENTS AND REPORTS

Under section 138(3) of the Companies Act 1994, the list of documents referred to in the prospectus is as follows:

Underwriting Agreements.

Issue Management Agreement between the Company and Capital Roots Limited.

Auditors' Report under Para 24 of Para-II 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 as of 31st December, 1996. Memorandum and Articles of Association.

Sanction letter of loan and equity capital from SABINCO. Consent Order of Securities and Exchange Commission.

SPONSORS CONTRIBUTION AND CONTROL:

Mr Md Kutubuddin, Managing Director

DIRECTORS:

Managing Director

Dr Arifur Rahman

Mr Golam Sarwar

Mr Sanwer Dito

Ms. Kashfi Kamal

Chairman

Mrs. Kashmiri Kamal

Mr. A H M Mustafa Kamal, FCA, MP

SABINCO Nominated Directors:

Mr A H M Moffazzal Karim, Deputy

Company's strategic decision making vested with the Board of Directors of the company. Under the inspiring guidance of the Managing Director, the Board exercises its wisdom whenever necessary. A dedicated management and technical team is always there to assist the Board.

PROSPECTUS

COMPANY PROFILE

AUDITORS

BANKERS:

C/A, Dhaka.

Rahman Mustafiz & Co

85, Naya Paltan, Dhaka, Bangladesh.

Branch, Dhaka, Bangladesh

1. The City Bank Limited, Gulshan

2. Sonali Bank Local Office, Motijheel

3. American Express Bank Limited,

18-20, Motijheel C/A Dhaka, Bangladesh.

Chartered Accountants

MANAGEMENT (TECHNICAL, ADMINISTRATION AND MARKETING): The day to day operation of the company is vested with the management organ. The chief is the

Managing Director, Mr. A H M Mustafa Kamal, FCA, MP. A team of MBAs of Finance, Marketing & Management discipline is always at his beck and call, Chartered Accountants, Electrical & Civil Engineers and Textile Engineers besides other professionals remain handy. The chief executive, the senior executives and executives at all levels are having defined job responsibilities and set goals and objectives with adequate financial and administrative authorities to realize and accomplish the predetermined objectives. In order to coordinate management's efforts at all levels effectively and to establish vertical & horizontal integration of the management efforts and communication systems the whole communication system including feed back vests on Novel network connected through modem to modem communication between the departments.

INDUSTRIAL UNITS UNDER "LOTUS-KAMAL GROUP" MANAGEMENT:

The names, m below:	ain activities, natur	e, ownership and s	tatus of each industrial unit a	re presente
Company/ Corporation	Activities	Nature of the Organization	Ownership	<u>Status</u>
Lotus Bangladesh (Pvt) Ltd	A General Marketing Company	Private Limited Company	100% owned by Mr. Kamal and his family members	In operatio
Lotus Eng. Industries Ltd	Manufacturer of Jute and Textile Mills Machinery & spares and Agricultural implements	Private Limited Company	100% owned by Mr. Kamal and his family members	do
Hardwood Dimensions (BD) Ltd	Industrial Wood processing	Private Limited company (A joint-venture with England)	49% owned by Hardwood Dimensions Limited, UK, 51% by Mr Kamal and his family members	do
Tivoli Bangladesh Ltd	Manufacturer of Finished Leather	Private Limited Company (A joint- venture with UK)	45% owned by Globe Leisure Ltd, UK & 55% owned by Mr. Kamal and his family members	do
Feather Touch Leather Garments Ltd.	Manufacturer of Leather Apparels	Private Limited Company	100% owned by Mr Kamal and his family members	do
Orbitals Enterprise	Manpower Development and Exports	Partnership firm	100% owned by Mr. Kamal and his family members	do
Orbitals Travels	Travels and Tourism	Partnership firm	100% owned by Mr. Kamal and his family members	do
Gulshan Medicare	Medical Operations	Private Limited Company (A joint- venture unit of Saudi Bangladesh Cont. Co. Ltd. with Saudi Arabia)	33% owned by Saudi National and 67% owned by Mr. Kamal and his family members	do
Royal Medical Services	Medical Operations	Private Limited Company (A joint- venture unit of Saudi Bangladesh Marketing Co. Ltd. with Saudi Arabia)	49% owned by Saudi National and 51% owned by Mr. Kamal and his family members	do
Lotus-Kamal Knitwear Limited	Knitting and Knit Dyeing and Finishing unit	Public Limited Company	50% by Mr. Kamal and his family members, and 50% by general public.	Under construction
Lotus-Kamal Sweaters	100% Sweater factory	Private Limited Company	100% owned by Mr. Kamal and his family members	Machiner under

Disclosures: Information contained in "Company Profile" is intended for the readers to have an overview of th Lotus Kamal group's contribution to the industrial field since 1970 and its contribution to the country's industrial and business sector in terms of growth and poverty alleviation.

DIRECTORS PROFILE

Mr. A H M Mustafa Kamal, FCA, MP Managing Director

Mr. A H M Mustafa Kamal, FCA, MP is a distinguished Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Bangladesh. He is the President of Lotus-Kamal Group of Companies. The group successfully operates nine companies involved in manufacturing of jute and textile mills spare parts, wood processing, leather and leather goods, general marketing, travel and tourism, manpower export and medical diagnostic centre. Four of the projects are successfully operating with equity and technical collaboration with UK and Saudi Arabia. Mr. A H M Mustafa Kamal, FCA, MP is also a dedicated philanthropist and promoter of sports. He is actively involved with a number of organizations in the field of trade, education, sports and social services. He is a widely travelled person who visited most of the countries of the world in connection with international trade and business. He is, at present, a Member of Parliament, Government of the People's Republic of Bangladesh, Senate Member of Chittagong University, Member, Bangladesh Academy For Rural Development, Comilla, Member, Public Accounts Committee, Bangladesh National Parliament, Member, Board of Investment, Executive Member of Bangladesh Association of International Recruiting Agencies (BAIRA), Member, Association of Travel Agencies in Bangladesh (ATAB) and also active member to a number of Trade Organisations. He is a pioneer as well as organiser of sporting club in the country. At present, he is an active director of Abahani Limited and Chairman of Abahani Cricket.

Mrs. Kashmiri Kamal Director

Limited

(Proposed)

Mrs. Kashmiri Kamal is the wife of Mr. A H M Mustafa Kamal, FCA, MP. She is Masters in Commerce and completed C.A. course. She is an active Director of the enterprises of Lotus-Kamal Group. She is an experienced business woman and has been involved herself in business since the inception of the enterprises of Lotus-Kamal Group. She also visited most of the countries of the world in connection with international trade and business.

Dr. Arifur Rahman Director

Dr. Arifur Rahman is an M.B.B.S, who passed from Dhaka Medical College & Hospital. Dr. Arifur Rahman worked as a Journalist in the Dainik Bangla and Bichitra. He is also a dedicated social worker and served for refugees in Palestinian as a voluntary doctor. He is an experienced business man and in this connection he extensively visited almost all parts of the world. Now he is working as a physician of Royal Family of Saudi Arabia.

Mr. Golam Sarwar

Director Mr. Golam Sarwar is a Masters in Commerce. He successfully completed Chartered Accountancy course for 03 (three) years under the Institute of Chartered Accountants of Bangladesh and he passed part-1 of the Chartered Accountancy final examination. He is the Executive Director of Lotus-Kamal Group. He also visited several countries of the world in connection with international trade, business and industrial training.

Mr. Sanwer Dito Director

Mr. Sanwer Dito is another director of the company. He has completed his Masters in Science in Maritime Administration from World Maritime University, Malmo, Sweden. He has also completed Engineering Economics and Operational Research applied to Maritime industries. He also visited several countries in connection with the training & business.

Miss. Kashfi Kamal Director

She is the daughter of Mr. A H M Mustafa Kamal, FCA, MP and completed Bachelor of Business Administration. She is actively engaged in the business and visited extensively many countries in the world.

SABINCO Nominated Directors:

Mr. A.H. M. Moffazzal Karim

Mr. A H M Moffazzal Karim is another active director of the company. He is Acting Deputy Chairman of SABINCO and Director of Saudi Bangla Fish Feed Limited, Impress Leather Process Limited and Tulip Dairy & Food Products Limited. He is a Secretary of Ministry of Shipping of the People's Republic of Bangladesh.

Mr. Md Kutubuddin Mr. Md Kutubuddin is another active director of the company. He is Managing Director of Period of Subscription: SABINCO. At present, he is holding the position of Director-in-Charge of Bangladesh Catfish Limited, S & M Shrimp Culture Limited, Tulip Dairy & Food Products Limited and Impress Leather

Process Limited. He is also Director of different companies.

KEY DATA SUMMARY Activities of the Company:

CMC-Kamal Textile Mills Ltd is a modern textile and spinning mill. CMC (China National Machinery Import and Export Corporation) is a state owned corporation of China, who has initiated to provide technical know-how. The capacity of the factory is 24,960 spindles and rotors spinning 2 nos. 200 spindles each. The expected yearly production capacity of the factory is 40's carded cotton yarn 56,37,500 lbs 60s & 80s combed cotton yarn 1,157,200 lbs and 40's blended yarn 1,004,300 lbs. i.e., 77,99,000 lbs i.e. 35,45,000 kgs based on 3 (three) shift operation of 8 hours per day and 300 working days per year.

The Issue:

The company is seeking to raise Tk 86 million by issuing of 860,000 ordinary shares of Tk 100.00 each at

Purpose of the Issue:

The purpose of offered share to the public is to raise fund as per approved capital structure of the company to meet the expenditure in connection with import of machinery as well as construction of building & other civil works.

The Public Offer: The company is now offering 860,000 ordinary shares of Tk 100.00 each at par for subscription in cash

in full on application. **Minimum Subscription:**

The minimum amount which in the opinion of the directors must be raised by the issue of shares

Key Dates:

offered for subscription by this prospectus.

Subscription Opens: 4th August 1997 Subscription Closes: 13th August 1997

Stock Exchange Listing

An application will be filed by the company for admission to the official list of Dhaka & Chittagong Stock Exchanges for the quotation of 860,000 ordinary shares being total of shares already issued to the sponsors and shares now offered according to this prospectus.

Management & Technical Experts:

The management of the company consists of persons with brilliant academic results and long experienced in running business enterprises and industrial units backed by technical support of China National Machinery Import and Export Corporation, a Public Sector Corporation of China. **Directors Control:**

The directors and other categories of shareholders will hold interest in the issued capital of the company after successful completion of this issue in the following percentage:-

	Total Ordinary Shares	Ordinary Shares in percentage
Promoters/Sponsors	7,00,000	40.70%
SABINCO Equity	1,60,000	9.30%
ICB Units/MF(s)	1,29,000	7.50%
NRBs' Quota	43,000	2.50%
Employees	43,000	2.50%
Public Offering	6.45.000	<u>37.50%</u>
To	tal: <u>17,20,000</u>	100.00%
Disclaimer:		

The key data summary is intended to provide readers with an overview of the information in the prospectus. Prior to making an investment decision, the prospectus must be examined in full.

PART-I **PROSPECTUS**

CMC-KAMAL TEXTILE MILLS LIMITED

(A PUBLIC COMPANY WITH LIMITED LIABILITY OF SHAREHOLDERS **INCORPORATED ON 25TH MAY 1995 UNDER THE COMPANIES ACT 1994)** PUBLIC ISSUE OF 8,60,000 ORDINARY SHARES OF TK 100.00 EACH AT **PAR AMOUNTING TO TAKA 8,60,00,000.00**

DECLARATION

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 statement made or opinion expressed with regard

Filing of Prospectus with Registrar of Joint Stock Companies and Firm:

A dated and signed copy of this prospectus has been filed for registration with the Registrar of the Joint Stock Companies, Bangladesh as required by section 138(1) of the Companies Act, 1994. Listing of Shares with Stock Exchanges: Applications have been filed to the Dhaka and Chittagong Stock Exchanges (DSE and CSE) for

admission of shares of the company for dealings in the stock market and for their quotation on the DSE and CSE. Refund of Subscription Money:

If for any reason the application for listing is not accepted by DSE and CSE within six weeks of the

selection

closure of the subscription lists, the subscription money received from the applicants shall be refunded within 30 (thirty) days of the expire of the said six weeks. In case of failure to refund the subscription an oney to the applicants, within the said thirty days the Directors in addition to the above the bank rate. Due Diligence Certificates

A) Sponsors/Directors

This is to certify that Information/Documents/Financial Statements submitted by us and the Auditors in support of our Application to raise Share Capital is correct and true to the best of our knowledge and belief and we hold ourselves liable individually and collectively for any falsification and/or concealment in any such Information, Documents and Financial Statements and the SEC may take such appropriate action as per law as deemed fit and we have complied the condition stated in the Consent order issued by SEC under Ref. No. SEC/Section-1 CI-32/96-2 dated 4.1.97.

. Mr. A H M Mustafa Kamal, FCA, MP Managing Director

5. Mr. Sanwer Dito Director Sd/

6. Ms. Kashfi Kamal

2. Mrs. Kashmiri Kamal Director Sd/ 3. Dr. Arifur Rahman

7. Mr. A H M Moffazzal Karim Nominating Director

Director

4. Mr Golam Sarwar Issue Manager

Director

8. Mr. Md. Kutubuddin Nominating Director

The Chairman

Securities and Exchange Commission Dhaka

Dear Sirs,

WE CONFIRM that,

Sub: Public issue of 8,60,000 ordinary shares of Tk 100.00 each at par by CMC-Kamal Textile We the under-noted Issue Manager(s) to the above mentioned forthcoming issue state as follow: We, while finalising the draft prospectus/offer for sale pertaining to the said issue, have

examined various documents and other materials (as per list attached) as relevant for adequate disclosures to the investors. On the basis of such examination, and the discussions with the company, its directors and other officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the company

the draft prospectus/offer for sale forwarded to the Commission is in conformity with the documents, materials and papers to the issue;

PART-II

Highlights on Textile Spinning Industries in Bangladesh

The Textile Industry in Bangladesh until 1977-78 was basically a domestic-oriented one. Bangladesh first entered into export market of RMG in 1977-78 and since then the Export-oriented Ready Made Garments (EORMG) industry of the country made a spectacular growth over the last few years. Moreover, the direct export of fabric and hosiery products have also been added with the export of textile products during the last decade. The composite textile project under consideration envisages to feed the export-oriented RMG industry of the country with the required type and quality of fabrics which are now being imported under back-to-back letter of credit. Due to the dependence on imported fabrics and accessories, the real foreign exchange earnings from export of garments from Bangladesh is only 20-30% of the total value of exports of woven garments while that of knit garments is upto 80%. Bangladesh Textile Mills Corporation (BTMC) is managing the spinning textile sector from 1971. During the period from 1977-78 to 1985-86, the textile sector was made open for private sector investment. In this light, some of the spinning mills managed under BTMC were disinvested to promote and encourage the private sector for more investment and accordingly, the investment climate was created by the GOB for investment. From 1985-86 to date, BSB, ICB, IPDC and SABINCO have sanctioned and approved a good number of mills in this sector. BTMC has also established about eight mills at different locations of the country.

The industrial sector is now preferential to the GOB and prospective investment climate has been created for more investment in the private sector. A few days ago, GOB has declared that the source of finance of investment shall not be questioned if the investment is made in the industrial sector. The structure of textile industries in Bangladesh comprising of more than 36 sub-sectors of which the

main sub-sectors are: Spinning Mills operating in both public and private sectors;

The projected domestic demand for cloth and yarn is as follows:

Weaving Mills operating both in public and private sectors; Specialized textile and small power loom units under private sector;

Hand looms; Hosiery Units;

Knitting and Knit Dyeing units;

Dyeing, Printing & Finishing Units; and Export-Oriented Ready Made Garments Units.

The installed and annual production capacity of the spinning textile mills in public and private

sectors are given below: Annual Production Installed capacity No. of unit Class of capacity (Million kgs) (Spindles) spinning Ring spinning: 12,94,022 i) Private sector 56.35 7,73,000 ii) Public sector Rotor Spinning: 31,580 rotor units i) Private sector 171.55

The annual production capacity of 108 spinning textile mills in private and public sectors is 171.55 MKGs but actual production from 108 mills was 95.46 MKGs in the financial year 1992-1993 when annual demand of yarn was 163.57 MKGs and per capita cloth consumption was 11.37 metres. The demand of textile fabrics in Bangladesh is increasing day by day but its demand measurement is and intricate task. The demand can be projected based on the demand at normal price, annual rate of growth of per capita income (3.8%), elasticity of demand, growth of population and other factors.

Per capita uses Cloth of cloth 217.16 MKG 13.44 MM 1997-1998 1737.30 MM 13.89 MM 1837.22 MM 229.65 MKG 1998-1999 14.37 MM 242.99 MKG 1943.91 MM 1999-2000 The major demand of fabrics will come from export-oriented RMGI in Bangladesh. Bangladesh first

entered into export market of RMG in 1977-1978 with 9 enterprises having annual production capacity of 8.01 million pieces of RMG. In 1992-1993, the total number of units increased to 1481 from 9, in 1977-78 with annual production capacity of 961.78 million pieces from 8.01 million pieces. The annual growth rate is 15.8%. The above growth rate may decline by 1% every year as RMG export may face severe competition from other developing countries of the world. However, the demand of fabrics and yarn for export

oriented RMG may be as follows: Yarn Fabrics 1747.87 MM 258.69 MKG

1997-1998 289.22 MKG 1998-1999 1954.12 MM 320.45 MKG 2165.17 MM 1999-2000

The total demand of yarn in 1997-1998, 1998-1999 and 1999-2000 will be as follows: 1998-1999 1999-2000 1997-1998 229.65 MKG 242.99 MKG 217.16 MKG Domestic demand 289.22 MKG 320.45 MKG 258.69 MKG Demand for RMG

475.85 MKG

The attainable production capacity of existing and under implementation spinning mills will be 109.98 mkg per year. As a result, the total demand and supply gap of yarn in the country will be 365.87 mkg, 408.89 mkg and 453.46 mkg in 1997-1998, 1998-1999 and 1999-2000 respectively. Even if all the spindles in the spinning sector are brought into service, it is doubtful if they achieve effective production, that the domestic demand will not be met out. At present, the shortfall of the demand of varn for the domestic market is now being met out of import

518.87 MKG

563.44 MKG

Conclusion: From the above discussion, the conclusion may be drawn that the proposed project will help in

higher value addition providing considerable quantity of yarn to the domestic market by replacing the import of such products.

intelligent and experienced professional personnel.

Total Demand

HIGHLIGHT OF THE PROJECT CMC-Kamal Textile Mills Limited is a modern spinning mill, which has been established with the technical know-how of China. CMC-Kamal Textile Mills Limited is a sister concern of Lotus-Kamal Group which is a renowned local trading business house who have vast knowledge and experience in the textile and spinning sector. The group is a combination of

Capacity of the project is 24,960 spindles and rotor spinning 2 nos. 200 spindles each, total 25,360 spindles with all necessary back processing machinery to produce cotton and blended yarn of various counts and specification. Plant and Machinery will be procured from China, Japan, Thailand and West Germany.

Annual capacity of the project is carded cotton yarn (10,20,30,32 & 40's)=56,37,500 lbs, combed

cotton yarn (60s & 80s)=11,57,200 lbs and blended yarn (40's)=10,04,300 lbs per year i.e. 77 99,000 Easy liquidity as the shares will be listed with the Dhaka and Chittagong Stock Exchanges.

Sponsors are highly qualified and experienced in trade and industrial and business units profitably for a long period. The product-mix and the annual attainable production capacity of the project based on 3

(three) shifts operation of 8 (eight) hours each per day and 300 working days per year is shown Annual attainable capacity Item of Product

=3545,000 kgs

5637,500 lbs 40's carded cotton yarn 1157,200 lbs 60's & 80's combed cotton yarn 1004,300 lbs 40's blended yarn 7799,000 lbs

The management of the company will be governed by Mr. A H M Mustafa Kamal, FCA, MP under the guidance of the Board of Directors in accordance with its Articles of Association. Mr A H M Mustafa Kamal, FCA, MP will assume overall responsibility of implementation and successful operation of the project. He will be assisted by other directors and key executives of the company. Required technical, administrative, commercial, accounting and supporting personnel will be recruited locally.

Continued on Page 14