SUBSCRIPTION OPENS: 21ST JULY, 1998

(A 100% EXPORT ORIENTED LEATHER TANNING PROJECT) PUBLIC OFFER OF 5,16,000 ORDINARY SHARES OF TK 100 EACH AT PAR TOTALLING TK 5,16,00,000 MANAGER TO THE ISSUE:

30TH JULY, 1998

AAA CONSULTANTS & FINANCIAL ADVISERS

AMIN COURT, 4TH FLOOR, 62-63, MOTIJHEEL C/A, DHAKA-1000

REGISTERED OFFICE 120, SHER-E-BANGLA ROAD HAZARIBAGH, DHAKA-1209

FACTORY LOCATION: AUTHORISED CAPITAL: 120, SHER-E-BANGLA ROAD HAZARIBAGH, DHAKA-1209

TK 50,00,000,000.00 DIVIDED **INTO 50,00,000 ORDINARY** SHARES OF TK 100/- EACH

thereof by the issuer.

For underwriters to the Issue

Managing Director

MRM Securities Ltd

Managing Director

KCEMMS Securities Ltd

Sd -

Managing Director

Indicate Securities

Consultants Ltd.

UNDERWRITERS:

MRM SECURITIES LTD, KCEMMS SECURITIES LTD, EQUITY MANAGEMENT & SERVICES LTD, SATCOM SECURITIES & MANAGEMENT LTD, INDICATE SECURITIES CONSULTANTS LTD, SWADESH INVESTMENT MANAGEMENT LTD, AAA CONSULTANTS & FINANCIAL ADVISERS, 24 MEMBERS OF DHAKA STOCK EXCHANGE LTD. INVESTMENT & MANAGEMENT ADVISORY SERVICES OF BANGLADESH LTD

If you are in doubt about this document, you may consult your stock broker, bank manager, solicitor, professional accountant or other professional advisers.

Samata Leather Complex Limited

(A 100% export oriented leather tanning project)
120, Sher-E-Bangla Road, Hazaribag, Dhaka, Bangladesh

Prospectus

Public offer of 5,16,000 Ordinary Shares of Tk. 100 each at par totalling Tk, 5,16,00,000

Subscription Opens : 21st July, 1998 Subscription Closes : 30th July, 1998

Underwriters: MRM Securities Ltd

KCEMMS Securities Ltd Equity Management & Services Ltd Satcom Securities & Management Ltd Indicate Securities Consultants Ltd Swadesh Investment Management Ltd AAA Consultants & Financial Advisers 24 Members of Dhaka Stock Exchange Ltd Investment & Management Advisory Services of Bangladesh Ltd

Manager to the issue: **AAA Consultants & Financial Advisers** Principal Banker to the Issue

Janata Bank

Imamgonj Corporate Branch, Dhaka

Contents **Key Information**

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Declarations

Section 1

Public Issue The project is seeking to raise Tk. 5,16,00,000 by issuing

Section 14 Memorandum of Association

5,16,000 ordinary shares of Tk. 100 each at par.

Subscription Opens on: 21st July, 1998 Closing on: 30th July, 1998

Activities of the company Samata Leather Complex Limited (SLCL) is a 100% export oriented quality leather producer and one of the pioneer leather tanning project in Bangladesh. SLCL exports its high value added products in the Europe and Asian market.

Directors' control The Director/Sponsor shareholders of the company will hold interest in the issued

capital is as follows: No of share= Shareholder Sponsor/Director 5,16,000 51,600 General Public 4.64,400

10,32,000

5% 45%

our country.

Key Information

Purpose of the issue

Stock Exchange Listing

two decades in this arena.

Significant of the issue

The significant of the issue is to

Technical knowhow

To upgrade the production capacity from

8,760,000 sft. of crust leather (including

To meet the working capital requirement

Application will be made for the shares of

The key management personnel are very

much conversant and experienced in the

wide business experience for more than

encourage general public, Non resident

Bangladeshi, financial institutions and

other to take part in industrialisation of

field of leather industry. They have a

the Company to be listed in the Stock

12% of 8,760,000 sft, finished leather)

to 9,000,000 sft. of finished leather

To go to the public.

annually.

Exchange.

Disclaimer: The issuer accepts no responsibility for statements made otherwise than in the prospectus or in the advertisement or any other material issued by or at the instance of the issuer and that anybody placing reliance on any other source of information would do so at their own risk.

SAMATA LEATHER COMPLEX LIMITED Public Company Limited by Shares

Public offer of 5,16,000 Ordinary Shares of Tk. 100/- each at par Registered Office **Authorised Capital** 120, Sher-E-Bangla Road, Tk. 50,00,00,000.00 divided into Hazaribag, Dhaka-1209. 50,00,000 Ordinary Shares of Tk. 100/-

Section 1

Declarations

Date of Prospectus: 29th June, 1998 Subscription Opens on: 21st July, 1998. Closes on: 30th July, 1998.

Declaration about the responsibility of the SEC The prospectus has been submitted to the Securities & Exchange Commission in accordance with the Securities & Exchange Ordinance 1969 by order of which complete copy is open to public inspection at the registered office of the Company. It must be distinctly understood that in reviewing this prospectus the commission does not take nay responsibility for the financial soundness of the company, any of its projects or the issue price of its shares or for the correctness of any of the statements made or opinion expressed with regard to them; responsibility for which lies with the issuer, its directors, issue manager, valuer and/or auditor. Any representation, statement made to the contrary is a criminal offence. It is however the commission's responsibility to ensure that full and fair disclosures are made in the prospectus on the basis of document/papers submitted, so that the investors can make informed investment decision.

Filing of Prospectus with the Registrar of Joint Stock Companies A dated and signed copy of this prospectus has been filed for registration with the Registrar of Joint Stock Companies and firms, Bangladesh, as required by Section 138(1) of the Companies Act 1994 vide RJSC's Receipt No 081440 dated 28.06.98.

Listing of securities with recognised Stock Exchange(s) Application will be made to both the Dhaka and Chittagong Stock Exchanges (DSE) and (CSE) for admission of the shares of the company for dealing in the stock market and for their quotation on the stock exchanges within 10 (ten) days of first issuance of the prospectus as per requirement under section 140 of the Company's Act 1994. If for any reason, the application for listing is not accepted by DSE and CSE within 6 (six) weeks of the closing of the 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 5% above bank rate.

Responsibility of the Directors in respect of prospectus

This prospectus has been prepared, seen and approved by us; and we collectively and individually accept full responsibility for the accuracy of the information given in the prospectus or documents or financial statements submitted to the

Commission in support thereof, and confirm, after making all reasonable enquiries, that all conditions concerning this public issue and prospectus have been met, and that there are no other information or documents, the omission of which make any information or statements therein misleading; for which the Commission may take any civil, criminal or administrative action as it may deem fit. We also confirm that full and fair disclosure has been made in this prospectus, to enable the investors to make an informed decision for investment.

Md. Munsur Ahmed

Md. Shajahan Md. Habibur Rahman Managing Director Director

All information contained in this prospectus give adequate details, to ensure full and fair disclosure to enable investors to make informed decisions regarding investment in these shares. Any misrepresentation, suppression in any part or portion of the prospectus will render to the company and its Directors/Sponsors jointly and severally to criminal liability.

Md. Habibur Rahman Managing Director

Responsibility of the Issue Manager This prospectus has been prepared by us, and we confirm, after due examination, that the prospectus constitutes full and fair disclosures about the issue and issuer; and complies with the requirements of the Securities and Exchange Commission; and that the issue price is justified with reference to (i) net asset value per share, and (ii) earning-based value per share.

For the Issue Manager AAA Consultants & Financial Advisers

Managing Partner Khwaia Arif Ahmed

Responsibility of the Underwriters

This prospectus has been reviewed by us; and we confirm, after due examination, that the issue price is justified with reference to (i) net asset value per share, and (ii) earning-based value per share; and that we shall subscribe for or procure subscription for any undersubscribed shares within 15 (fifteen) days of calling thereof by the issuer.

For underwriters

Managing Director MRM Securities Ltd. Managing Director Equity Management & Services Ltd. Managing Director KCEMMS Securities Ltd. Managing Director Satcom Securities & Management Ltd. **Managing Director** Managing Director Indicate Securities Consultants Ltd Swadesh Investment Management Ltd. Khwaja Abdul Quddus & Co. Managing Partner

Managing Director

Lead Manager,

Investment & Management Advisory Services of Bangladesh Ltd

LISTS OF DOCUMENTS AND REPORTS REFERRED TO IN THE PROSPECTUS OR ANNEXED THERETO UNDER SECTION 138 (3) OF THE COMPANIES ACT, 1994 (ACT NO. 18 OF 1994):

Underwriting agreements. Issue Management Agreement between the company and AAA Consultants &

24 Members of Dhaka Stock Exchange Ltd

Financial Advisers (manager to the issue) Auditors' Report under para 24 (1) of part 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 for the year ended 30th June, and for

the first three months ended at 31st December 1997. Memorandum of Association of the company. Consent Order of the Securities and Exchange Commission.

Due Diligence Certificate of Issue Mañager on Prospectus

Securities and Exchange Commission Dhaka

Dear Sirs,

Public Issue of 5,16,000 Ordinary Shares of Taka 100/- each at per by Samata Leather Complex Limited.

We, the under-noted Issue Manager(s) to the abovementioned forthcoming

issue, state as follows:

We, while finalising the draft prospectus pertaining to the said issue, have

examined various documents and other materials (as per attached list), as relevant for adequate disclosures to the investors; On the basis of such examination, and the discussion 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;

WE CONFIRM that:

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

all the legal requirements connected with the said issue have been duly complied

the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision as to investment in the

proposed issue, and the price of securities is justified with reference to (i) net asset value per share, (ii) earning-based-value per share.

> For Manager to the issue Managing Partner AAA Consultants & Financial Advisers

Due Diligence Certificate of Underwriters(s)

Securities and Exchange Commission

Dear Sirs.

Public Issue of 5,16,000 Ordinary Shares of Taka 100/- each at per by Samata Leather Complex Limited

We, the under-noted Underwriter(s) to the above mentioned forthcoming issue, state as follows:

We, while underwriting the above-mentioned Issue on a firm commitment/best effort basis, have examined the draft prospectus, project feasibility report, other documents and materials (as per attached list), as relevant for our underwriting

On the basis of such examination; and the discussion with the Company; its directors and other officers, and other agencies; and the contents of the documents and other materials furnished by the Company; and our underwriting agreement(s) dated 4.3.98, 22.3.98, 9.3.98, 4.3.98, 23.3.98, 22.3.98, 4.3.98, 18.3.98, 10.2.98 respectively.

WE CONFIRM that: the price of securities is justified with reference to (i) net asset value per share;

and (ii) earning based value per share; all information as are relevant for our underwriting decision has been received by us and that draft prospectus forwarded to the Commission has been approved misleading; for which the Commission may take any civil, criminal or administrative action as it may deem fit. Sd/-Director Managing Director Chairman Samata Leather Complex Ltd. Samata Leather Complex Ltd Samata Leather Complex Ltd

Project

Banker

Auditor

Advisers

Janata Bank

M. Ahmed & Co.

Chartered Accountants

Manager to the Issue

120, Sher-E-Bangla Road,

Imamganj Corporate Branch, Dhaka.

67, Bangabandhu Avenue, Dhaka-

AAA Consultants & Financial

Amin Court, 4th floor, 62-63,

Motijheel, Commercial Area, Dhaka-

Hazaribag, Dhaka-1209

we shall take up or procure subscription for taking up any under-subscribed securities against the abovementioned public issue within 7 days of calling up

Managing Director

Equity Management &

Managing Director

Swadesh Investment

Management Ltd.

Managing Director

Investment & Management

Advisory Services of

Bangladesh Ltd.

Due Diligence Certificate by the Directors About the

Personal Responsibility in Respect of Prospectus

and individually accept full responsibility for the accuracy of the information given in the

prospectus of documents or financial statements submitted to the Commission in support

thereof, and confirm, after making all reasonable enquiries, that all conditions concerning

this public issue and prospectus have been met, and that there are no other information

or documents the omission of which make any information or statements therein

This prospectus has been prepared, seen and approved by us; and we collectively

Managing Director

Satcom Securities &

Management Ltd

Managing Partner

AAA Consultants & Financial

Advisers

Khwaja Abdul Quddus & Co.

Lead Manager, 24 Members

of Dhaka Stock Exchange

Bank Loan Status Company as well as its Sponsors/Directors have no overdue loan as on the date.

Summarized Information 1. Particulars of the Key Personnel and the Company related with the Issue.

Registered & Head Office Directors & Key Manager 120, Sher-e-Bangla Road Md. Munsur Ahmed 41/23/1, Salek Road, Hazaribag, Dhaka-1209 Phone: 861102, 509485, 9662731 Zigatola, Dhaka-1209 Fax: 880-2-868360

Mr. Habibur Rahman 10, Tallabag, Zigatola, Dhaka-1209 Md. Shaiahan 133/3, Hazaribag, Dhaka-1209 Company Secretary Mohd Mohashin, M, Com, AICS Advisor

Mandal & Co Chartered Accounts 113, Fakirapool (1st floor), Dhaka-1000.

AAA Consultants &

Financial Advisers

Underwriters MRM Securities Ltd. KCEMMS Securities Ltd Equity Management & Services Ltd. Satcom Securities & Management Ltd. Indicate Securities Consultants Ltd. AAA Consultants & Financial Advisers Swadesh Investment & Management Ltd. investment & Management Advisory Services of Bangladesh Ltd. 24 Members of Dhaka Stock Exchange

HIGHLIGHTS FOR THE POTENTIAL INVESTORS Project Characteristics, Products, Capacity and Technology Samata Leather Complex Limited is a 100% export oriented leather processing industry in Bangladesh. The finished leather of this project has sufficient access in the foreign market. The annual production capacity of the project will be 90,00,000 sft. of finished leather after expansion. Whereas presently the plant is producing 87,60,000 sft. of crust as well as an insignificant quantity of finished leather.

The technology involved with this project consists of four main processing section: Wet Blue Section (Beam House) Retanning Section (Dyed and Fatliquoring)

Crust Section and Finishing Section The selected raw hides are put into the Wet Blue Section where chemical and

mechanical operations are done with a view to pass it for further operation in Retanning Section. In this section the leather is processed for softer, harder, thinner, thicker and other physical shape according to the customer's choice, then it comes to Crusting Section where the leather requires shamming, setting, rolling, vacuum drying, humidity control drying, buffing, toggling and trimming. Finally the Crust leather is transferred to Finished Section to get its colour of different kind as per requirement of the foreign buyers.

The actual and forecasted profitability of Samata Leather Complex Ltd. is given below:

Particulars	Actual as at 31.12.97	Forecas t Yr-1	Forecas t Yr-2	Forecast Yr-3		Forecast Yr-5
Gross Profit	17548	34901	52491	60319	72452	82434
Operating Profit	4096	26698	42766	49659	60948	70269
Profit before Tax	3901	17445	33456	40463	52187	62491
Profit after Tax	3121	13956	26765	32371	41750	49993

Past 5 (five) years profitability of Samata Leather Complex Ltd.:

			anning sawage.	TOTAL POST CANADA SAN	(Tk. in '000
Particulars	30th June 1997	30th June 1996	30th June 1995	30th June 1994	30th June 1993
Export Sales	303,732	327,405	339,426	204,865	127,042
Gross Profit	31,343	32,186	32,140	20,623	11,168
Net Profit/(Loss)	6,525	15,284	9,486	4,802	(9,114)

Pay-back Period Pay-back period of the project has been calculated to be 4.06 years. Detailed calculations have been given in Annexure-X. Internal Rate of Return

The Internal Rate of Return (IRR) of the project has been calculated at 28.49%. Detailed calculation has been shown in Annexure-IX. iii) Major-Financial Ratios

Forecast Actual as Forecast Forecast Forecast Forecast **Particulars** Yr-5 at 31.12.97 18.01 1529 15.52 13.34 **Gross Profit** 9.34 percentage 10.92 9.73 8.33 Net Profit 780 5.33 1.66 48.44 25.94 31.37 40.46 Earning Per 13.52 Share (Tk.) 010 Dividend Yield 000 3.19 206 2.47 3.86 16.54 7.39 Price Earning Ratio Current Ratio 0.02 **Debt Equity** 0.06 Ratio 697 13.74 3.82 Times Interest 1.14

Break-even Capacity & Sensitivity Analysis Break-even Analysis

Eamed

The break-even point of the project is 14.71% of rated capacity and 26.52% of attainable capacity in 5th year against sales volume of Tk 457,633,000. Detailed calculation has been given in the Annexure-VIII.

Sensitivity Analysis The financial viability of any project is very sensitive to two major variables, allowed to general public in the manner as determined by the SEC.

namely, Cost of Raw Materials and Sales Price of the products. Even in bad situation tike 5% reduction in sales price or 5% increase in Raw Materials price, the Company's financial condition remains viable for investment. Detailed calculations have been given in Arinexure-VII

The company has a substantial reliance on local raw hides which is subject to the availability and procurement price.

The company has also full reliance on export in the international market. Any new technology which drastically reduces the labour input may change the competitiveness of Bangladesh.

Significant disruption arising from any political, industrial and labour disputes that may affect the operation or productivity of the company. Any adverse change in the government policy regarding export may affect

PURPOSE OF THE ISSUE

MANAGEMENT PERCEPTION The company's management expects a more diversified supplier base and is also exploring foreign source which may reduce the risk of scarcity and unfavourable

The management is exploring a more diversified export market and is also negotiating local export oriented leather crafts and shoe industries working under EPZ which requires finished leather.

The project is capable to balance its technological gap and thereby it can upgrade its technology when required.

The global trend today is towards free market and open economy. So it is unlikely that any government will change policies that adversely effect export.

The purpose of the issue is to finance expansion programme of the production capacity of value added finished leather and to meet the working capital requirement partly

6 FINANCIAL PLAN FOR UTILISATION OF IPO FUND

		Existing project	er a vina per arriva per pro-	(Ek in 1000
		cost already incored	Expansion project	
	Particulars	- va 31-12-97	Cost to be incurred	Iotal Cost
	Land & land development	36631	0	36631
	Building & civil works	25536	0	25536
	Plant, machineries & equipts	34857	20000	54857
	Furniture & fixture	169	0	169
	Other auxiliary equipts.	316	0	316
	Gas & water line	202	0	202
	Motor vehicle	247	U	247
	Fixed Cost	97958	20000	117958
	Working Capital	9115	27600	36715
	Preliminary & IPO expense	_ 71	_4000	4071
19	Total Cost	107144	51600	158744
2553	7.5%	1/4	75 76 76 76 71 60	- AMY PORTS
	Means of finance			
	1-1	Raised	To be Raised	Lutal
	Sponsors/Directors	51600	0	51600
	General public	0	51600	51600
	Total share capital	51600	51600	103200
	Capital reserve	35198	O	35198
	Long term loan	10487	0	10487
	Retained earnings	9859	0	9859
	Total finance	107144	51600	158744
	The state of the s	20 4 5 5 4 10 7 10 7 10 7 1 1	PACIFIC SOUNDS	

Utilization of IPO Fund

Particulars	/k_in_'00
Plant, machineries and equipme	ents 20,000
Working Capital	27,600
Preliminary & IPO Expenses	4,000
STEEL MEG.	0.87(0.04) 4 (2.04)
Total Utilization of Fund	51,600

IMPLEMENTATION SCHEDULE

a) Land and land development b) Building and civil works c) Opening of L/C for machineries for expansion d) Installation and trial run for expanded capacities e) Commercial production of the complete project

Completed Completed Within 30th September, 1998 Within 30th March, 1999. Within 30th April, 1999

Taka

51,600,000.00

5,160,000.00

32,508,000.00

13,932,000.00

Section 3 CAPITAL STRUCTURE

Authorised Capital 5,000,000 Ordinary Shares of Tk. 100/- each 500,000,000.00 Share Issue Issue of 1,032,000 Ordinary shares of Tk. 100/- each at part 103,200,000.00 Out of the Issue 516,000 Ordinary Shares of Tk. 100/- each 51,600,000,00

have been subscribed and paid in full by the sponsors. The securities which are subscribed by the Sponsors/Promoters/Directors as described in the prospectus, shall be subject to a lock-in-period as under: Three years in case of companies intending to go for initial public offering (IPO) from the date of its approval increof by

the commission or from the start of its commercial production after BMRE which ever is later." jumbo share (one for each existing Sponsors/Promoters/Directors/existing shareholders) are to be issued covering their respective total holdings. Their share

holdings may be converted into market lot only after the expiry of the lock-in-period of three years. 516,000 Ordinary Shares of Tk. 100/- each are being

offered to the public for subscription in cash in full on application Out of the Public Offer: Non-Resident Bangladeshis shall have the right of

preferential allotment to the extent of 51,600 Ordinary Shares. In case of over-subscription, the allotment will be made by the Company on a pro-rata basis subject to the nearest Multiple of the Minimum Market Lot The balance 464,400 Shares of the total amount of

IPO shall be available for subscription by the applications resident in Bangladesh in the following 70 (seventy) per cent 325,080 shares is available for

the applicants applied for Minimum Market Lot i.e., 50 (fifty) shares. In case of over-subscription, the shares will be distributed through public lottery. The balance 30 (thirty) per cent i.e., 139,320 shares is

available for applicants other than those for Minimum Market Lot (more than 50 shares). In case of oversubscription the allotment will be done on pro-rata basis subject to the nearest Multiple of the Minimum Market Lot.

Total

51,600,000.00

CONDITIONS OF OFFER AND ALLOTMENT Consent of SEC for the issue of ordinary shares has been received in the following manner: 5,16,000 ordinary shares of Tk. 100 each has to be issued in the following

Section 4

Non-Resident Bangladeshis will have the right to receive 51,600 ordinary shares of Tk. 100 each at par of Tk. 51,60,000 fully paid. Resident Bangladeshis will have the right to receive, 4,64,400 ordinary shares of

Tk. 100 each at par of Tk. 4,64,40,000 fully paid. Any part of such allotment not taken up by the Non-Resident Bangladeshis will be

Continued on page 18