

# PROSPECTUS

## LEGACY FOOTWEAR LIMITED

(A JOINT VENTURE PUBLIC COMPANY LIMITED BY SHARES)

Public Issue of 1,500,000 Ordinary Shares of Tk. 10 Each (At Par) Amount Tk. 15,000,000.00

Offered Price: Tk. 10 Each (At Par) Total Amount Tk. 15,000,000.00

Manager to the Issue: AAA Consultants & Financial Advisers, Amin Court, 4th Floor, 62-63, Motijheel C/A, Dhaka-1000

### REGISTERED OFFICE:

64, Bijoy Nagar, Kakrail, Dhaka

### Opening Date of Subscription

7th November 1999

### UNDERWRITERS:

AAA Consultants & Financial Advisers  
Capital Market Services Ltd.  
Swadesh Investment Management Ltd.  
MRM Securities Ltd.  
Mohammadi Securities Ltd.  
Tasnim Securities Ltd.  
49 Members, Dhaka Stock Exchange Ltd.

### FACTORY

Vannara, Mouchak,  
Kaliakoir, Gazipur

### Closing Date of Subscription

16th November 1999

If you have any queries about this document, you may consult your stock broker or dealer, bank manager, lawyer, professional accountant or other professional adviser

LEGACY FOOTWEAR LIMITED

(A JOINT VENTURE PUBLIC COMPANY LIMITED BY SHARES)

### PROSPECTUS

PUBLIC OFFER OF 1,500,000 ORDINARY SHARES  
OF TK. 10.00 EACH AT PAR TOTALING TK. 15,000,000.00

Underwriting Commission @ 2.5% on Tk. 15,000,000.00 aggregating Tk. 375,000.00

OPENING DATE FOR SUBSCRIPTION: 7<sup>th</sup> NOVEMBER, 1999

CLOSING DATE FOR SUBSCRIPTION: 16<sup>th</sup> NOVEMBER, 1999

### Fully Underwritten By

Name of Underwriters  
AAA Consultants & Financial Advisers  
Capital Market Services Ltd.  
Swadesh Investment Management Ltd.  
MRM Securities Ltd.  
Mohammadi Securities Ltd.  
Tasnim Securities Ltd.  
49 Members, Dhaka Stock Exchange

### Manager to the Issue

AAA Consultants & Financial Advisers  
Amin Court, 4th Floor, 62-63, Motijheel C/A, Dhaka-1000

documents, materials and papers to the issue;

- b. all the legal requirements connected with the said issue have been duly complied with;
- c. 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;

### For Manager to the Issue:

Sd/-  
Managing Partner  
AAA Consultants & Financial Advisers

### Due Diligence Certificate

To  
Securities and Exchange Commission  
Dhaka

Dear Sir,

Sub : Public Offer of 1,500,000 Ordinary Shares of Taka 10/- each at par by Legacy Footwear Limited.

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

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant for our underwriting decision;
2. 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 June 17 and 28, 1999;

### WE CONFIRM that

- a. all information as is relevant for our underwriting decision has been received by us and that the draft prospectus forwarded to the Commission has been approved by us;
- b. we shall take up on payment any under-subscribed securities against the above-mentioned public issue within 15(fifteen) days of calling up thereof by the issuer;
- c. this underwriting commitment is unequivocal and irrevocable;

### For Underwriter(s):

Sd/-  
AAA Consultants & Financial Advisers  
Capital Market Services Ltd  
Swadesh Investment Management Ltd.  
MRM Securities Ltd.  
Mohammadi Securities Ltd.  
Tasnim Securities Ltd.  
49 Members, Dhaka Stock Exchange Ltd.  
(Please see Section "Plan of Distribution")

### AVAILABILITY OF PROSPECTUS

The Prospectus may be obtained from the Company, the Underwriters and the Stock Exchange named below:

| Company   | Contact Person                             | Tel. No.                      |
|---|--|-------------------------------|
| Legacy Footwear Ltd.<br>64, Bijoy Nagar, Kakrail, Dhaka.  | Shafiqul Islam<br>Accounts Officer         | 404384                        |
| AAA Consultants & Financial Advisers,<br>Amin Court, 4 <sup>th</sup> Floor, 62-63, Motijheel C/A,<br>Dhaka-1000 | Sharmin Naseem<br>Financial Analyst        | 9559602,<br>956726            |
| Capital Market Services Ltd.<br>Suit No. 702 (7 <sup>th</sup> Floor), 28, Diluksha C/A,<br>Dhaka-1000           | Md. Zahir Hossain<br>Market Analyst        | 9562715,<br>9566499           |
| Swadesh Investment Management Ltd.<br>3/1, Bijoy Nagar, VIP Road, Dhaka-1000                                    | Md. Sayedur Rahman<br>Asst. Vice President | 9345853-4                     |
| MRM Securities Ltd.<br>Sena Kalyan Bhaban, Suit # 1312,<br>195, Motijheel C/A, Dhaka-1000                       | Md. Akhteruzzaman<br>Senior Executive      | 880-2-9553144                 |
| Mohammadi Securities Ltd.<br>9/E, Motijheel C/A, 2 <sup>nd</sup> Floor, Dhaka-1000                              | Mofizur Rahman<br>Officer                  | 9667370,<br>95660690          |
| Tasnim Securities Ltd.<br>9/E, Motijheel C/A, 2 <sup>nd</sup> Floor, Dhaka-1000                                 | Abdul Hakim<br>Manager                     | 9667370,<br>95660690          |
| Shahid Khan & Co., Dhaka Stock Exchange,<br>9/F, Motijheel C/A, Dhaka-1000                                      | Syed Rezauddin Ahmed<br>Accounts Officer   | 9564601-7 Ext<br>603, 9551407 |

Prospectus is also available on the web site ([www.secbd.org](http://www.secbd.org)) of the Securities and Exchange Commission (SEC)

Prospectus is also available with the 49 Members of Dhaka Stock Exchange Limited

### RISK FACTORS

#### a) Poor Financial Condition

The Company requires finance through IPO to pay off Bridge Loan, to complete civil works at factory site and to meet working capital requirement for smooth functioning.

#### b) Industry Risk

Bangladesh has not long industrial experience in footwear. The unit falls under this new industrial sector.

#### c) Currency Risks

Any adverse fluctuation in the exchange rate of Taka may increase foreign exchange liability of the Company.

#### d) Market and Technology Related Risks

Marketing the product of this project depends upon fashion trend and choice of users of importing countries. On the other hand, technology involves with the production of technical nature.

#### e) Potential or Existing Government Regulations

Any imposition of duties or taxes either on finished product or on the basic raw material by the Government of Bangladesh in future may have adverse effect on profitability of the Company.

#### f) Potential Changes in Global or National Policies

Withdrawal of GSP facilities in importing countries may adversely affect Company's turnover and profitability.

WE CONFIRM that

the draft prospectus forwarded to the Commission is in conformity with the

#### b) No Operating History

The Project has no operating track record till the Balance Sheet date of 30-04-99 as it is newly established one and has started commercial production from June, 1999.

#### MANAGEMENT PERCEPTION ABOUT RISK AND WAYS AND MEANS OF REDUCTION OF SUCH RISKS

a) After infusion of working capital the project will be capable of touching optimum production. Besides, repayment of Bridge Loan will reduce debt-service load. Therefore, these will keep the project in a healthy financial position. Moreover Company has started commercial production from June 1999 and successfully produced and exported 7,200 pairs of shoes in July 1999, the value of which is US \$ 53,280.00. No production and sale were made in August and September 1999. Up coming orders are also being negotiated. The Company has a production and sale target for the year 1999-2000 for an amount of 225,000 pairs of shoes which is equivalent to 50% of the annual capacity.

b) Bangladesh has a good prospect in export oriented Footwear Industry as there is availability of labour at a very competitive rate. Simultaneously, quality leather for footwear is available in our country which can ensure more value addition in export. Therefore, management foresees favourable picture of the project.

c) Adverse fluctuation in the exchange rate of Taka may be adjusted with the sales price of the Company's finished product.

d) The Company has a joint venture agreement with ENGENHARIA, P. E. MADEIRA S. A., PORTUGAL, which is technically competent in the sector and has a world wide marketing network of leather craft and footwear. According to the agreement, joint venture partner will provide relevant information in improvement or in connection with the latest fashion trend and mechanical and technical development so as to enable the Company to keep in touch of the latest trends. Salient feature of this agreement is given in the Section "Description of Business".

e) Bangladesh is signatory of WTO agreement according to which tariff barriers would be gradually lowered. Bangladesh is pursuing this policy strongly. Meanwhile, Government has declared 10% export incentive for leather products in the current fiscal budget.

f) In case of withdrawal of GSP facilities the sector will not be affected in marketing as our country's product will remain competitive due to its cheap labour and energy as well as availability of good quality leather.

g) The Company is sharing experience of its joint venture partner ENGENHARIA, in production, technical know how and marketing, as mention in the Section of "Description of Business".

### Use of Proceeds

Sources : The total funds from all sources of IPO for the project is Tk. 35.0 million. The break down is as follows:

| Sources of Fund              | Tk. in '000   |
|------------------------------|---------------|
| Private Placement            | 20,000        |
| Initial Public Offering(IPO) | 15,000        |
| <b>Total</b>                 | <b>35,000</b> |

#### Use :

| Use of Proceeds           | (Tk. in '000) |
|---------------------------|---------------|
| Building & Civil Works    | 5,258         |
| Repayment of Bridge Loan  | 10,330        |
| IPO Expenses              | 3,558         |
| Others                    | 1,645         |
| <b>Total Use of Fund:</b> | <b>14,109</b> |
| <b>Total Use of Fund:</b> | <b>35,000</b> |

#### IMPLEMENTATION SCHEDULE

| Item of Works                                  | Date of Completion | Target date of Completion | Percentage of Completion (%) |
|--|--------------------|---------------------------|------------------------------|
| a) Acquisition of Land                         | 28-10-96           | —                         | 100%                         |
| b) Development of Land                         | 31-03-99           | —                         | 100%                         |
| c) Construction of Factory Building            | 31-03-99           | —                         | 100%                         |
| d) Other Civil Works (Office, Staff Off. Etc.) | 31-03-99           | 3 months after IPO        | 30%                          |
| e) Opening of Letters of Credit                | 14-08-97           | —                         | 100%                         |
| f) Shipment & Delivery                         | Dec, 1997          | —                         | 100%                         |
| g) Erection & Installation                     | Dec, 1998          | —                         | 100%                         |
| h) Acquisition of other Fixed Assets           | 31-03-99           | 3 months after IPO        | 56%                          |
| i) Trial Operation                             | —                  | May, 1999                 | 100%                         |
| j) Commercial operation                        | —                  | June, 1999                | 100%                         |

#### Details of IPO expenses are shown as follows:

| Particulars   | Taka in Lacs |
|---|--------------|
| Manager to the Issue fee  | 5.25         |
| Underwriting Commission   | 3.75         |
| Fees to Securities & Exchange Commission                          | 1.05         |
| Brokerage Commission  | 1.50         |
| Banker to the Issue (say, 3 times of IPO)                         | 1.13         |
| Printing of prospectus and forms                                  | 1.50         |
| Advertisement in two daily news papers/full prospectus            | 7.50         |
| Advertisement of abridged version of prospectus and notices, etc. | 1.50         |
| Listing fee to DSE & CSE  | 4.40         |
| Stamp Fee   | 2.80         |
| Post Issue Expenses   | 3.70         |
| Others  | 1.50         |
| <b>Total</b>  | <b>35.58</b> |

#### COMPANY BACKGROUND & THE PROJECT

**Legacy Footwear Limited (LFL)** was incorporated as a Joint Venture Public Limited Company on the day of July 23, 1996. The Authorized capital of the Company is Tk 200.00 million comprising of 20.00 million