



Abridged Version of Prospectus

# Rangpur Dairy & Food Products Ltd.



Head Office: 22/19 Khiljee Road, Mohammadpur, Dhaka-1207, Factory: Salaipur, Baldipukur, Rangpur-5460  
Phone: 88-02-9115227, 9134387, 9120975, Fax: 88-02-9114865, e-mail: [rdpl@dhaka.net](mailto:rdpl@dhaka.net), Web: [www.rdmilk.org](http://www.rdmilk.org)

Public offering of 16,341,400 ordinary shares of Tk. 10/- at an issue price of Tk. 18/- each including premium of Tk. 8/- per share totaling of Tk. 294,145,200/-

## Subscription for general public:

**Opening date:**  
September 11, 2011

**Closing date:**  
September 15, 2011

## Credit Rating

CREDIT RATING AGENCY OF BANGLADESH LIMITED (CRAB)	
	Long Term
Entity Rating	A3
Date of Rating 16 June 2010	

## Subscription for NRB applicants:

**Opening date:**  
September 11, 2011

**Closing date:**  
September 24, 2011

## Manager to the Issue

### ■■■ Alliance Financial Services Limited

Rahman Chamber (3rd floor) 12-13 Motijheel C/A, Dhaka-1000  
Tel: 9515468, 9515469, Fax: 88-02-9515467, web: [www.allfin.org](http://www.allfin.org)

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

**Special Note:**  
Please read the prospectus carefully which includes 'Risk Factors' before taking your investment decision.

"An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission."

## Corporate Status and Background

Rangpur Dairy & Food Products Limited commonly known as **RD Milk** was incorporated in Bangladesh on March 6, 2004 with registration no-C-52012(2307)/2004, as a Private Limited Company under The Companies Act 1994. It has started commercial operation on 14th April, 2007 by establishing its factory at Salaipur, Baldipukur, Rangpur on 935 decimal land owned by the Company. The location of the factory is on the Dhaka-Rangpur Highway and 15 KM to the Rangpur Municipality. The company was established under the EEF assistance of Bangladesh Bank and project loan from NCC Bank. Presently authorized capital of the Company is BDT 1,000 Million and paid up capital stands at BDT 236.586 Million. The Company introduced Aseptic Pouch Packaging for the first time in Bangladesh in manufacturing and marketing of fresh milk, flavored milk and other by-products are using UHT technology. In 2008 it introduced candy production under the same brand name. Its annual milk processing capacity is 21.90 million liters under two shifts of operation at processing stage. The brand names of the products are "RD Milk".

## Nature of Business

To produce or manufacturer Ultra High Temperature or UHT Fresh milk, pasteurized and flavored milk, ghee, butter, milk candy and chocolate candy and milk products and marketing the same in the domestic market.

## Availability of Prospectus

Prospectus of Rangpur Dairy & Food Products Limited may be obtained from the Issuer Company, Issue Manager, Underwriters and the Stock Exchanges as follows:

Company	Contact Person	Telephone number
<b>Rangpur Dairy &amp; Food Products Limited</b> Head Office: 22/19 Khiljee Road Mohammadpur, Dhaka-1207 Factory: Salaipur, Baldipukur, Rangpur-5460	Mr. Yeasin Arafat CFO	88-02-9120975, 9115227, 9134387
<b>Manager to the Issue</b>		
<b>Alliance Financial Services Limited</b> Rahman Chamber (3rd Floor) 12-13 Motijheel C/A, Dhaka-1000	Mr. Abdullah Shaleh Arafat Assistant Manager	88-02-9515468, 9515469
<b>UNDERWRITERS</b>		
<b>FAS Capital Management Limited</b> Suvestu Imam Square (4th Floor), 65 Gulshan Avenue, Gulshan, Dhaka - 1212	Mr. Md. Maniruzzaman Akan SAVP & Head of Merchant Bank	88-02-9860594, 9860273
<b>Eastern Bank Limited</b> Jibon Bima Tower (2nd floor) 10 Dilkusha C.A, Dhaka-1000	Mr. Md. Saydur Rahman Head of Investment Banking	880-2-7120464, 7118975
<b>Bangladesh Mutual Securities Limited</b> Shareef Mansion (7th Floor), 56-57 Motijheel C/A, Dhaka-1000	Mr. Suman Chandra Modak Assistant Vice President	880-2-7169428, 9570624
<b>STOCK EXCHANGES</b>		
<b>Dhaka Stock Exchange Limited</b> 9/F, Motijheel C/A, Dhaka-1000	DSE Library	88-02-9564601-7
<b>Chittagong Stock Exchange Limited</b> CSE Building, 1080 Sheikh Mujib Road, Agrabad, Chittagong-4100	CSE Library	(031)714632-3 (031)720871-3

Prospectus is also available on the websites [www.secbd.org](http://www.secbd.org), [www.allfin.org](http://www.allfin.org), [www.dsebd.org](http://www.dsebd.org), [www.csebd.com](http://www.csebd.com), [www.rdmilk.org](http://www.rdmilk.org) and Public Reference room of the Securities and Exchange Commission (SEC) for reading and study.

## Name & address of the Auditor

### SYFUL SHAMSUL ALAM & CO.

Paramount Heights, (level-6) 65/2/1, Box Culvert Road,  
Purana Paltan, Dhaka-1000, Bangladesh.  
Phone: +880-2-9555155, 9515431, Fax: +880-2-9560332

## Use of proceeds

The proceeds from the proposed IPO shall be utilized for the following purpose:

Sl No.	Description	Amount Tk. in Million (approx.)	Implementation Schedule
1.	Expansion/BMRE of Factory	209.14	Within 7 months of getting IPO proceeds
2.	Milk Tanker - 2nos	8.00	Within 7 months of getting IPO proceeds
3.	Covered Van-7 ton capacity - 3 nos	7.30	Within 7 months of getting IPO proceeds
4.	WC for packaging materials	19.50	
5.	Repayment of Term Loan (As of 30 April, 2010)	50.20	Immediately
<b>Total</b>		<b>294.14</b>	

Sd/ Yeasin Arafat  
Chief Financial Officer

Sd/ M.A. Kabir  
Managing Director

## Refund of subscription money

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form:-

- Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or
- Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription;

Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

## Auditors' Report in pursuant to section 135(I) under para 24(I) of part-II of the Third Schedule of the Companies Act 1994

A. The statement of assets and liabilities of the company are as under:		30.04.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006	30.06.2006
<b>Particulars</b>							
<b>Non Current Assets</b>		<b>425,183,759</b>	<b>297,661,413</b>	<b>305,751,494</b>	<b>279,947,905</b>	<b>213,317,159</b>	<b>140,273,612</b>
Property, Plant & Equipment		425,183,759	289,321,998	300,419,185	278,115,596	208,343,102	138,430,238
Construction WIP		—	8,339,415	5,332,309	1,832,309	—	—
Preliminary Expenses		—	—	—	—	140,500	36,200
Pre-Operating Expenses		—	—	—	—	4,833,557	1,807,174
<b>Investment in Government bond</b>		<b>3,630,000</b>	<b>3,630,000</b>	<b>925,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Current Assets</b>		<b>98,366,982</b>	<b>108,164,294</b>	<b>84,024,125</b>	<b>53,480,004</b>	<b>51,605,717</b>	<b>110,013,236</b>
Inventory		37,330,423	38,371,795	43,062,491	27,192,877	—	—
Receivable from GOB, EEF Unit, BB		—	—	—	—	5,000,000	15,000,000
Inter Company Receivable		—	—	—	—	29,449,061	16,329,472
Investment in FDR		—	—	—	—	—	5,000,000
Accounts Receivable		28,955,440	24,439,611	643,412	—	—	—
Advance, Deposits & Pre-Payments		31,194,290	44,937,518	39,411,430	20,290,671	16,589,532	66,707,382
Cash & Cash Equivalents		886,829	415,370	906,792	5,996,456	567,124	6,976,382
<b>Current Liabilities &amp; Provisions</b>		<b>72,171,573</b>	<b>80,496,018</b>	<b>103,261,990</b>	<b>69,225,481</b>	<b>13,349,626</b>	<b>2,909,626</b>
Sundry Creditors		5,042,334	8,715,922	18,246,436	10,400,000	10,400,000	—
Short Term Bank Loan		17,566,844	19,857,529	16,522,491	—	—	—
Inter Company Payable		47,469,188	49,754,488	65,570,407	55,875,855	—	—
Liabilities for other Finance		—	294,872	383,314	—	—	—
Accrued Expenses		2,093,207	1,873,207	2,539,342	2,949,626	2,949,626	2,909,626
<b>Net Current Assets</b>		<b>26,195,409</b>	<b>27,668,276</b>	<b>(19,237,865)</b>	<b>(15,745,477)</b>	<b>38,256,091</b>	<b>107,103,610</b>
<b>NET ASSETS</b>		<b>455,009,168</b>	<b>328,959,689</b>	<b>287,438,629</b>	<b>264,202,428</b>	<b>251,573,250</b>	<b>247,377,222</b>
<b>Shareholders' Equity</b>		<b>404,786,813</b>	<b>278,409,348</b>	<b>233,427,360</b>	<b>206,393,829</b>	<b>197,155,000</b>	<b>197,155,000</b>
Share Capital		197,155,000	197,155,000	197,155,000	197,155,000	197,155,000	197,155,000
Share Money Deposit		3,414,000	3,414,000	—	—	—	—
Revaluation Reserve		109,112,305	—	—	—	—	—
Retained Earnings		95,105,508	77,840,348	36,272,360	9,238,829	—	—
<b>Non-Current Liabilities</b>		<b>50,222,355</b>	<b>50,550,341</b>	<b>54,011,269</b>	<b>57,808,599</b>	<b>54,418,250</b>	<b>50,222,222</b>
Loan from NCC Bank		50,222,355	50,550,341	54,011,269	57,808,599	54,418,250	50,222,222
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>455,009,168</b>	<b>328,959,689</b>	<b>287,438,629</b>	<b>264,202,428</b>	<b>251,573,250</b>	<b>247,377,222</b>

## B. The statement of operating result of the company is as follow:

Particulars	January 01, 2010 to April 30, 2010	January 01, 2009 to December 31, 2009	January 01, 2008 to December 31, 2008	January 01, 2007 to December 31, 2007
Net Sales Revenue	97,503,905	292,769,822	243,539,975	117,108,321
Less: Cost of Goods Sold	69,412,697	214,120,413	182,111,559	80,152,868
<b>Gross Profit</b>	<b>28,091,208</b>	<b>78,649,409</b>	<b>61,428,416</b>	<b>36,955,453</b>
Less: Operating Expenses	8,263,838	27,392,545	24,294,691	18,495,374
Office & Administrative Expenses	4,679,178	14,958,064	14,375,287	10,567,764
Marketing & Distribution Expenses	3,584,660	12,434,481	9,919,407	7,927,610
<b>Profit from Operation</b>	<b>19,827,370</b>	<b>51,256,864</b>	<b>37,133,725</b>	<b>18,460,079</b>
Less: Financial Expenses	2,629,623	10,210,899	10,174,687	9,261,282
Add: Non Operating Income	67,413	527,023	74,493	40,033
Net Profit before Income Tax	17,265,160	41,572,988	27,033,531	9,238,830
Provision for Income tax	—	5,000	—	—
<b>Net Profit/(Loss) after Income Tax</b>	<b>17,265,160</b>	<b>41,567,988</b>	<b>27,033,531</b>	<b>9,238,830</b>
<b>Earning Per Share (EPS)</b>	<b>87.57</b>	<b>210.84</b>	<b>137.12</b>	<b>46.86</b>

## C. The statement of cash flow of the company was as under:

Particulars	January 01, 2010 to April 30, 2010	January 01, 2009 to December 31, 2009	January 01, 2008 to December 31, 2008	January 01, 2007 to December 31, 2007	July 01, 2006 to December 31, 2006
Cash flow from operating activities	92,988,076	268,973,623	242,896,563	117,108,321	—
Cash received from customers	—	—	—	—	—
Cash paid to Suppliers, Employees and Others	(76,324,768)	(224,842,958)	(205,336,606)	(115,950,396)	(1,347,873)
AIT Paid	—	(5,000)	—	(126,000)	—
Income tax paid	67,413	527,023	74,493	40,033	—
Other Income	—	—	—	—	—
<b>a. Net Cash Flow from Operating Activities</b>	<b>16,730,720</b>	<b>44,652,688</b>	<b>37,634,450</b>	<b>1,071,958</b>	<b>(1,347,873)</b>
Cash Flow from Investing Activities	(8,457,101)	(11,703,621)	(39,397,494)	(78,310,233)	(11,137,824)
Purchase of fixed assets	—	(2,705,000)	(925,000)	—	—
Investment in Government Bond	—	(3,007,106)	(3,500,000)	(1,832,309)	—
Capital work in progress	—	—	—	5,000,000	10,000,000
Received from GOB EEF Unit, BB	—	—	—	—	5,000,000
Proceeds from encashment of FDR	—	—	—	—	—
<b>b. Net cash used in Investing Activities</b>	<b>(8,457,101)</b>	<b>(17,415,727)</b>	<b>(43,822,494)</b>	<b>(75,142,542)</b>	<b>3,862,176</b>
Cash Flow from Financing Activities	(2,285,300)	(20,835,353)	(2,231,441)	85,324,916	(13,119,589)
Inter-Company debts received/(paid)	—	3,414,000	—	—	—
Share Money Deposit	—	(294,875)	383,314	—	—
Received from other finance source	(2,350,000)	(11,615,000)	(12,850,000)	(5,825,000)	4,196,028
Long term loan received/(paid)	(2,871,986)	1,396,412	15,796,507	—	—
Short term loan received/(paid)	—	—	—	—	—
<b>c. Net Cash Flow from Financing Activities</b>	<b>(7,802,161)</b>	<b>(27,728,383)</b>	<b>1,098,380</b>	<b>79,499,916</b>	<b>(8,923,561)</b>
<b>Net cash surplus for the year/period (a+b+c)</b>	<b>471,459</b>	<b>(491,422)</b>	<b>(5,089,664)</b>	<b>5,429,332</b>	<b>(6,409,258)</b>
Cash and cash equivalents beginning of the year/period	415,370	906,792	5,996,456	567,124	6,976,382
<b>Cash and cash equivalents end of the year/period</b>	<b>886,829</b>	<b>415,370</b>	<b>906,792</b>	<b>5,996,456</b>	<b>567,124</b>
<b>D. Dividend declared:</b>					
<b>Particulars</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Cash dividend-%	Taka	Taka	Taka	Taka	Taka
Stock dividend (Bonus share)-%	20%	—	—	—	—
<b>E. Rangpur Dairy &amp; Food Products Limited was incorporated as a Private Limited Company on 06 March 2004. Subsequently it has converted into a Public Limited Company on 24 June 2010 and the Registrar of Joint Stock Company's &amp; Firms (RJSCF) of Bangladesh has certified the amendment copy of Memorandum and Articles of Association on 12 August 2010.</b>					
<b>F. The company had no subsidiary company as on the balance sheet date.</b>					
<b>G. No proceeds or part of the proceeds of the issue of shares would be applied directly by the company in the purchase of any business.</b>					
<b>H. The company did not prepare any statement of accounts for the period subsequent to 30 April 2010.</b>					

Place: Dhaka  
Dated: 14 August 2010

\* Note: Due to share split, on 22.05.2010 of face value per share from Tk. 1000 to Tk. 10, the restated EPS stands Tk. 0.8757 for the period ended 30 April 2010 (four month period). Restated EPS (per share of Tk.10) for the years ended 2007, 2008, & 2009 stood at Tk. 0.4686, Tk. 1.3712 and Tk. 2.1084 respectively.

## KEY FINANCIAL RATIOS

		Expressed In	30.04.2010 4 Months	31.12.2009 12 Months	31.12.2008 12 Months	31.12.2007 12 Months	31.12.2006 12 Months
<b>1. Liquidity Ratios:</b>							
Current Ratio	Ratio		1.36	1.34	0.81	0.77	3.87
Quick Ratio	Ratio		0.85	0.87	0.40	0.38	3.87
Times Interest Earned Ratio	Times		7.57	5.07	3.66	2.00	N/A
Debt to Equity Ratio	Ratio		0.17	0.25	0.30	0.28	0.28
<b>2. Operating Ratios:</b>							
Accounts Receivable Turnover	Times		10.96	23.34	757.03	N/A	N/A
Inventory Turnover	Times		5.50	5.26	5.18	5.90	N/A
Fixed Asset Turnover	Times		0.81	0.97	0.83	0.47	N/A
Total Asset Turnover	Times		0.63	0.74	0.67	0.39	N/A
<b>3. Profitability Ratios:</b>							
Gross Margin	%		28.81	26.86	25.22	31.56	N/A
Operating Income	%		20.33	17.51	15.25	15.76	N/A
Net Income	%		17.71	14.20	11.10	7.89	N/A
Return on Assets	%		9.89	10.24	6.94	2.77	N/A
Return on Equity	%		12.80	14.93	11.58	4.48	N/A
*Earning Per Share (EPS)	Taka		87.57	210.84	137.12	46.86	N/A