



SAIHAM COTTON MILLS LIMITED

House # 34; Road # 136; Gulshan-1; Dhaka - 1212, Bangladesh; Phone: 88-02-986 2284, 986 3323, 988 7441;
Fax: 88-02-989 4607, Website: www.saihamcotton.com, E-mail: siahmed@saiham.com

FOR PUBLIC OFFERING OF 47,500,000 ORDINARY SHARES OF TK. 10.00 EACH AT AN ISSUE PRICE OF TK. 20.00 EACH INCLUDING A PREMIUM OF TK. 10.00 PER SHARE TOTALING TK. 950,000,000

SUBSCRIPTION FOR GENERAL PUBLIC

Opening date:
March 04, 2012

Closing date:
March 08, 2012

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

CREDIT RATING STATUS

	Long Term	Short Term
Entity rating	A3	ST3
Date of Rating	August 21, 2011	
Validity of the Rating	August 20, 2012	
RATING ASSIGNED BY: CREDIT RATING AGENCY OF BANGLADESH (CRAB)		

SUBSCRIPTION FOR NRB APPLICANTS

Opening date:
March 04, 2012

Closing date:
March 17, 2012

MANAGER TO THE ISSUE



LANKABANGLA INVESTMENTS LIMITED
A-A Bhaban (Level-6) 23, Motijheel C/A, Dhaka-1000, Bangladesh
Phone: 88-02-956 1238, 711 35 66; Fax: 88-02-951 26 21;
Website: www.lankabangla-investments.com;
E-mail: info@lankabangla-investments.com

DISCLAIMER

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1989, 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 THE OTHER 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, 15% (FIFTEEN) OF THE APPLICATION MONEY WILL BE FORFEITED BY THE CORPORATION & THE BALANCE AMOUNT WILL BE REFUNDED TO THE APPLICANT."

CORPORATE STATUS AND BACKGROUND

Saiham Cotton Mills Limited (SCML) is a manufacturer of 100% export-oriented cotton yarn and has 30960 spindles at present. The company has been converted into a Public Limited Company on March 25, 2010. It is duly registered under the joint stock companies and firms, Dhaka and its Head Office is located at House # 34, Road # 136, Gulshan-1, Dhaka-1212. The production of SCML started from April 1, 2005 with an installed capacity of 30,960 spindles capable of producing 6,480,000 KGs of yarn per year. The mill is situated at Noyapara, Saihamnagar of Hobiagonj district. Total area of the factory is 5.725 acres, where almost 60% is covered area for main factory building, quality control, utility, store, workshop, dormitory, office and others. At present, the company has a wide reputation in the local and international market. SCML is fully committed to all aspects of legal compliance regarding Bangladesh Labor Law. Employees are fully covered with safety measures including standard in-house medical facilities. SCML also managed to comply with the international standard of its management. This is reflected in the attainment of ISO 9001:2000 Certificate conferred for fulfilling the norms of ISO standard.

NATURE OF BUSINESS

The main product of SCML of cotton yarn, made of raw cotton, SCML produces 100% cotton yarn both carded and combed. Carding is a mechanical process that breaks up locks and unorganized clumps of fiber and then aligns the individual fibers so that they are more or less parallel with each other.

NAME AND ADDRESS OF THE AUDITOR

Rahman Mostafa Alam & Co.

Chartered Accountants
Paramount Heights (7th Floor - D2); 65/2/1; Box Culvert Road; Purana Paltan, Dhaka-1000, Bangladesh
Phone: 88-02-9553449; Fax: 88-02-9551128; E-mail: rma@dhaka.net

AVAILABILITY OF PROSPECTUS

Prospectus is available on the websites of SEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.csebd.com), Issuer (www.saihamcotton.com), Issue Manager (www.lankabangla-investments.com) and Public Reference room of the Securities and Exchange Commission (SEC) for reading and study.

ISSUER COMPANY	CONTACT PERSON	PHONE NUMBER
SAIHAM COTTON MILLS LIMITED House # 34, Road # 136, Gulshan-1, Dhaka - 1212, Bangladesh	Md. Sahinur Kabir Company Secretary	Tel: 880-2-9862284, 9863323 Fax: 88-02-9894607, 882 6254

MANAGER TO THE ISSUE	CONTACT PERSON	PHONE NUMBER
Lankabangla Investments Limited A-A Bhaban (Level-6) 23, Motijheel C/A, Dhaka-1000	M Shakil Islam Bhuiyan Chief Executive Officer	Tel: 88-02-9561238, Fax: 88-02-9561107

UNDERWRITERS	CONTACT PERSON	PHONE NUMBER
Karnafuli Insurance Company Limited Bina Bhaban (3rd Floor), 100 Motijheel C/A, Dhaka-1000	F. J. M. Hafiza Sultana Company Secretary	Tel: 88-02-9564808-9 9564810-11 Fax: 880-02-9555802

MEGHA LIFE INSURANCE COMPANY LIMITED	CONTACT PERSON	PHONE NUMBER
Megha Life Insurance Company Limited Bina Bhaban (2nd Floor), 100 Motijheel C/A, Dhaka-1000	Mian Mohd. Mashhur Rahman Company Secretary	Tel: 88-02-9558297, 9558993 Fax: 88-02-7171942

PRIME FINANCE CAPITAL MANAGEMENT LIMITED	CONTACT PERSON	PHONE NUMBER
Prime Finance Capital Management Limited 63 Dilkusha C/A (3rd Floor), Dhaka-1000	M. Mosharrar Hossain PhD, FCA Managing Director & CEO	Tel: 88-02-9563883 9563883 Fax: 88-02-9563692

MTB CAPITAL LIMITED	CONTACT PERSON	PHONE NUMBER
MTB Capital Limited 68 Dilkusha (6th Floor) C/A, Dhaka-1000	Md. Ashadul Islam (Ashad) Board Secretary and Compliance Officer	Tel: 88-02-7170138-9, 01818 416 284 Fax: 88-02-9555654

UNION CAPITAL LIMITED	CONTACT PERSON	PHONE NUMBER
Union Capital Limited Noor Tower (5th Floor), 1/F Free School Street, 73 Sonargaon Road, Dhaka-1205	Abdul Munim Khan EVP & Head of Business	Tel: 88-02-9662888 9662888 Fax: 880-2-8616878

IDLC INVESTMENTS LIMITED	CONTACT PERSON	PHONE NUMBER
IDLC Investments Limited Eurocos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka 1000	Md. Moniruzzaman, CFA Managing Director	Tel: 88-02-9571170 9571171 Fax: 88-02-9571171

LANKABANGLA FINANCE LIMITED	CONTACT PERSON	PHONE NUMBER
Lankabangla Finance Limited Safura Tower (Level-11), 20 Kemal Ataturk Avenue, Dhaka-1213	M A Faisal Mahmud Assistant Manager	Tel: 88-02-9883701-10 9883701 Fax: 88-02-8810998

STOCK EXCHANGES	AVAILABLE AT	PHONE NUMBER
Dhaka Stock Exchange Limited 9/F Motijheel C/A, Dhaka-1000	DSE Library	Tel: 88-02-7175705-9
Chittagong Stock Exchange Limited CSE Building, 1080, St. Mujib Road, Ctg-4100	CSE Library	Tel: 88-031-714632-3 714632-3

USE OF PROCEEDS FROM IPO AND SCHEDULE OF IMPLEMENTATION

With the proceeds from Initial Public Offering (IPO), Saiham Cotton Mills Limited (SCML) plans to expand its existing business by increasing its capacity by setting up another 30,000 spindles state of the art Spinning Unit with machineries of Europe and Japan origin with latest technology. With the installation of this factory the production is expected to double. With the growing demand for good quality Export Yarn and Bangladesh becoming a dominant apparel and garments producer of the world, the requirement of export quality Yarn will further enhance in the future. With SCML's reputation for producing, equipment of quality Yarn and timely delivery, the management is confident in marketing this extra 550 MT of Yarn.

Utilization of Fund	Amount in BDT (Core)	Schedule of Implementation
Land & Land Development	5.00	Within 3 months of getting IPO proceeds.
Building	10.00	Within 7 months of getting IPO proceeds.
Infrastructural Development (Plant and Machinery)	80.00	Within 12 months of getting IPO proceeds.
Total	95.00	

Approximate date of completion of the project	Projected date of commercial operation
Within 12 months of getting IPO proceeds.	After 12 months of getting IPO proceeds.

Sd/-
Syed Ishtiaq Ahmed
Managing Director/Director

Sd/-
Abu Bakar Siddique
Chief Financial Officer

Auditors' Certificate Regarding Calculation of EPS and Ratios

Saiham Cotton Mills Limited
We have examined the following earnings per share (EPS) and other ratios of Saiham Cotton Mills Ltd. for the year ended April 30, 2011, for the period ended April 30, 2010 and for the year ended June 30, 2009, 2008 and 2007, which have been produced by the management of the company to us. The preparation of the EPS and other ratios is the responsibility of the Company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the year mentioned above.

Particulars	Amount in Taka				
	01.05.2010 to 30.04.2011	01.07.2009 to 30.06.2010	01.07.2008 to 30.06.2009	01.07.2007 to 30.06.2008	01.07.2006 to 30.06.2007
1. Liquidity Ratios :					
Current Ratio (Times)	1.50	1.22	1.21	1.22	1.21
Quick Ratio (Times)	1.10	0.96	0.94	0.82	0.94
Time Interest Earned Ratio (Times)	1.92	1.37	0.57	0.75	1.09
Debt Equity Ratio (Times)	0.29	0.83	1.28	1.40	1.67
2. Operating Ratios :					
Accounts Receivable Turnover Ratio (Times)	2.21	1.94	2.68	3.38	2.99
Inventory Turnover Ratio (Times)	4.19	4.17	5.16	5.87	7.45
Asset Turnover Ratio (Times)	0.63	0.53	0.79	0.87	0.71
3. Profitability Ratios :					
Gross Margin Ratio (%)	18.66	18.58	17.30	19.39	19.31
Operating Income Ratio (%)	10.91	9.77	5.67	7.61	9.44
Net Income Ratio (%)	10.66	9.36	4.41	6.59	9.44
Return on Assets Ratio (%)	6.76	4.94	3.51	5.72	6.72
Return on Equity Ratio (%)	12.22	10.67	9.05	15.37	19.36
Earnings per Share (EPS)	3.02	2.95	1.35	2.04	2.16
Earnings per Share (EPS) Restated	3.02	2.97	0.90	1.36	1.44

Sd/-
Rahman Mostafa Alam & Co.
Chartered Accountants

Auditors' Report under section - 135, Para 24 (i), of Part II of Third Schedule of the Companies Act, 1994

We have examined the Financial Statements of Saiham Cotton Mills Ltd. for the year ended May 01, 2010 to April 30, 2011; for the period ended July 01, 2009 to April 30, 2010 and for the year ended July 01, 2008 to June 30, 2009 audited by us and those for the years ended June 30, 2008 and June 30, 2007 audited by M. A. Malek Siddiqui Wall & Co., Chartered Accountants in pursuance of Section 135 (i) under para 24 (i) of Part-II of the Third Schedule of the Companies Act 1994 and reported that :

A. The summarized statements of financial position of the company are as under :

Particulars	Amount in Taka				
	30.04.2011	30.04.2010	30.06.2009	30.06.2008	30.06.2007
Assets :					
Non-Current Assets :					
Property, Plant and Equipment	1,351,164,332	1,327,541,267	628,010,178	635,915,233	694,287,305
Investment in Shares	124,897,095	109,312,444	88,699,861	72,912,500	-
Preliminary and Pre-operating expenses	-	-	-	5,220,199	10,440,398
Total Non-Current Assets	1,476,061,427	1,436,853,711	716,710,039	714,047,932	704,727,703
Current Assets :					
Inventories	463,252,332	278,692,735	151,804,813	192,683,218	104,970,827
Goods in Transit	-	-	-	-	37,164,577
Current Account with Sister Concern	107,867,756	229,421,180	-	39,000,000	-
Short Term Loan	-	127,400,000	-	-	-
Trade Debtors	1,072,048,705	654,246,867	478,819,421	321,995,993	318,771,712
Advance, Deposits and Pre-payments	50,939,963	6,147,341	8,550,698	9,841,696	6,080,151
Cash and Bank Balances	70,711,469	48,675,947	40,815,173	23,458,126	2,914,414
Total Current Assets	1,764,820,225	1,344,584,207	679,790,103	586,879,033	469,901,681
Trial Production Loss	-	-	-	5,902,522	11,805,044
Total Assets	3,240,881,652	2,781,437,918	1,396,500,162	1,306,929,487	1,166,434,428
Equity & Liabilities :					
Shareholders' Equity :					
Share Capital	675,000,000	350,000,000	350,000,000	350,000,000	350,000,000
Proposed Stock Dividend	-	175,000,000	-	-	-
Share Premium	291,000,000	-	-	-	-
Tax Holiday Reserve	153,254,293	61,401,660	72,400,626	53,445,476	24,912,137
General Reserve	60,400,000	60,400,000	123,000,000	95,000,000	-
Retention Surplus (Restated)	586,177,552	736,017,058	-	-	-
Retained Earnings	180,050,513	3,580,466	1,807,315	1,374,590	53,574,581
Total Shareholders' Equity	1,945,882,358	1,386,399,184	547,207,941	499,820,066	428,486,718
Non-Current Liabilities :					
Deferred Tax Liabilities (Restated)	115,335,770	289,181,589	285,721,636	325,105,687	370,887,135
Total Non-Current Liabilities	115,335,770	289,181,589	285,721,636	325,105,687	370,887,135
Current Liabilities :					
Bank Loan and Overdraft	566,473,854	866,182,738	416,697,992	375,424,497	343,583,822
Loan from Directors	-	-	-	-	38,121,559
Liabilities for Goods	583,892,909	221,862,088	130,471,901	97,170,591	-
Income Tax Provision	2,297,546	-	-	-	-
Liabilities for Expenses and Other Finance	26,999,215	17,812,182	16,400,692	9,408,466	5,355,194
Total Current Liabilities	1,179,663,524	1,105,857,008	563,570,585	482,003,734	387,060,575
Total Liabilities	1,294,999,294	1,395,038,597	849,292,221	807,109,421	757,947,710
Total Equity & Liabilities	3,240,881,652	2,781,437,918	1,396,500,162	1,306,929,487	1,166,434,428

B. The summarized statements of operating results of the company are as under :

Particulars	Amount in Taka				
	01.05.2010 to 30.04.2011	01.07.2009 to 30.04.2010	01.07.2008 to 30.06.2009	01.07.2007 to 30.06.2008	01.07.2006 to 30.06.2007
Turnover	1,909,861,303	1,101,803,486	1,074,210,128	1,083,230,585	801,484,134
Less: Cost of Goods Sold	1,553,568,407	897,088,398	888,418,325	873,139,857	646,689,604
Gross Profit	356,292,896	204,715,088	185,791,803	210,090,728	154,794,530
Less : Operating Expenses:					
Administrative and Marketing Expenses	29,152,697	18,083,858	18,566,628	17,066,249	9,441,807
Financial Expenses	118,718,004	79,003,514	106,346,185	110,568,410	69,709,832
Operating Profit	208,422,195	107,627,716	60,679,990	82,456,069	75,642,891
Less : Written off	-	-	11,122,721	-	-
Trial operation loss written off	-	-	5,902,522	-	-
Preliminary expenses written off	-	-	5,220,199	11,122,721	-
Non-operating income	10,035,345	671,606	-	-	-
Operating					