



Matin Spinning Mills Limited

Public offer of 3,41,00,000 (Three Crore Forty One Lacs) ordinary shares of BDT 10 each at an issue price of BDT 37 each

including a premium of BDT 27 per share totaling to BDT 126,17,00,000 (Taka One Twenty Six Crore Seventeen Lacs Only)

SUBSCRIPTION FOR GENERAL PUBLIC (LOT SIZE: 200 SHARES)

Opening date:
January 26, 2014

Closing date:
January 30, 2014

MANAGER TO THE ISSUE



IDLC Investments Limited
Eunoos Trade Center (Level 21),
52-53 Dilkusha C/A, Dhaka 1000
Telephone: 9571170, Fax: 9571171,
Website: www.idlc.com

SUBSCRIPTION FOR NRB APPLICANTS (LOT SIZE: 200 SHARES)

Opening date:
January 26, 2014

Closing date:
February 08, 2014

CREDIT RATING STATUS

Particulars	Long Term	Short Term
Entity Rating	AA-	ST-3
Date of Rating	September 30, 2013	September 30, 2013
Validity of Rating	September 29, 2014	March 31, 2014
Rating By	Credit Rating & Information Services Limited	

DISCLAIMER

"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 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 percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant. The application shall provide with the same bank account number in the application form as it is in the BO account of the applicant.

"শেয়ারবাজারে বিনিয়োগ কুরিকৃত, জেনে ও বুকে বিনিয়োগ করুন।"

MATIN SPINNING MILLS LIMITED – COMPANY PROFILE

Matin Spinning Mills Limited (MSML), a Public Limited Company was envisaged by a group of dynamic entrepreneurs having immense contribution to development of the Textile and Garments sector of Bangladesh. Over the years, the sponsors of MSML have established several other concerns in the RMC sectors. All these companies including MSML that are run by the sponsors of MSML are commonly referred to as DBL Group (Dulal Brothers Group). MSML is an export oriented company engaged in manufacturing and sale of combed and carded yarn from raw cotton. The company was incorporated in Bangladesh on September 15, 2002 as a Private Limited Company. After incorporating in 2002, the company had to arrange for necessary financial picture, land, import machinery and set up the production facility. All these operations were completed within 6 months of its incorporation on October 01, 2006. The company was converted into a Public Limited Company on November 4, 2010. As on the date of this Prospectus, the authorized capital of the company is BDT 1,500 million and paid up capital is BDT 632.9 million.

Essentially, MSML provides backward linkage to the knitting, dyeing and sewing units under the DBL Group. It is equipped with state-of-the-art machinery mostly of US, German, Japanese and Swiss origins. The company is capable of producing yarn of many different specifications as per the requirement of the buyers. Due to its modern machinery, highly knowledgeable and skilled management with efficient workforce, the company has earned commendable reputation in the local spinning sector. The company's production facility is located at Sardagoni, Kashimpur, Gazipur. MSML's products have been very well accepted in the market. It has also been internationally well recognized for its production and quality. MSML has license from Cotton U.S.A issued by Cotton Council International, Washington DC, USA.

NATURE OF BUSINESS

Matin Spinning Mills Limited is engaged in manufacturing combed and carded yarn from raw cotton ranging from 10's (pronounced "10 single") to 55's count. The company produces very high quality of cotton yarn which has huge demand in the market. Most of its clients are export oriented knit garment manufacturing companies and its sales are export. At present, the company is utilizing 81.57% of its capacity of 10,000 spindles. During FY 2012-13, the company produced 7,000 tons of cotton at utilization of 81.57% based on average yarn count of 28's.

At present, Bangladesh does not produce enough cotton to meet the local demand. As a result, most of the cotton is imported from foreign sources. MSML procure 100% of the cotton from foreign sources. It imports mainly from Tajikistan, Zimbabwe, Mal, Thailand, India and other local sellers, who imports raw cotton from other countries. It purchase raw material through letter of credit (LC) in case of import and through purchase order in case of local procurement. The company sells its products to its customers against US Dollar denominated letter of credit (LC). Hence, it receives its payments in US Dollar although it sells to companies operating within the country. It also makes its payments in US Dollars.

The technology of the spinning machinery is such that the machines should be operated round the clock. In case the production is stopped for any mechanical or technical failure, restarting the production involves significant cost overrun. As a result, it is very essential for the management to maintain a smooth procurement and delivery channel. This makes procurement of the raw materials at the right price and quantity a significant management challenge. Besides, uninterrupted power supply is a must for any spinning industry to run profitably.

One of the major success factors for this industry is to control raw material pricing. The price of raw cotton fluctuates in the international market due to fluctuation in production in the major cotton producing countries and several other factors. As a result, it is essential to be able to reasonably forecast the pricing of raw cotton from time to time.

Unlike manufacturing RMG products, spinning industry is highly capital intensive and requires comparatively less labor input. The quality of the yarn is directly correlated with the sophistication of the machinery in place. MSML committed a substantial amount of initial investment in installing very sophisticated and updated textile machinery. Most of the machinery of MSML are of US, Swiss, German and Japanese origin. The major brands include Retter, Toyota, Wakita, Gossen, Gossen, etc. Compared to Chinese and Indian manufacturers, these machines require much less maintenance cost but last considerably longer.

MSML operates as a backward linkage to the RMG existing companies in DBL Group. These companies need to comply with all necessary requirements set forth by the international apparel buyers. As a result, MSML also needs to comply with these requirements. These compliance procedures cover several aspect of the business ranging from labor practices to conservation of environment. One of the key factors of competitiveness in this sector is the level of compliance with such practices. MSML and all the companies within DBL Group are quite capable to comply with the requirements of the buyers. Some of the major international buyers of the companies within DBL Group include H&M, Puma, Esprit etc.

On a stand-alone perspective, spinning constitutes a small portion of the apparel value chain. The profitability of a spinning mill is highly dependent on raw cotton pricing in the international market. However, companies with significant forward integration can mitigate this risk more effectively. MSML is such a company with high forward integration. Through several concerns, DBL Group covers a large portion of the apparel value chain.

As a backward linkage, MSML serves several essential purposes for the garment manufacturing units within DBL Group. Firstly, it ensures steady and almost certain supply of yarn within very short lead time. Secondly, it allows the entire group to have a greater control on raw material pricing. Thirdly, it allows the garment manufacturing units to keep very low inventory levels, thereby lowering working capital requirements. For all these reasons, MSML plays a very important role in the overall operation of DBL Group.

NAME AND ADDRESS OF THE AUDITOR

Mashih Muhith Haque & Co.

Chartered Accountants

UTC Building (Level 13) 8 Panthapath, Dhaka 1215, Bangladesh Tel: 9144357, 9130657; Fax: 8119252

AVAILABILITY OF PROSPECTUS

Prospectus of Matin Spinning Mills Limited may be obtained from following addresses

Company	Contact person	Contact Number
Matin Spinning Mills Limited	Mr. Abdul Matin, ACA Chief Financial Officer	Tel: 8140207-12 Fax: 8140214 Email: matin@hdb-group.com
Manager to the Issue	Mr. Md. Moniruzzaman, CFA Managing Director	Tel: 9571167-70 Fax: 9571171 Email: mzaman@idlc.com
1. BMSL Investment Limited	Mr. Md. Golam Sarwar Bhuiyan Managing Director	Tel: 9570624, 9567002 Fax: 712380 Email: gsbhuiyan@gmail.com
2. EC Securities Limited	Mr. Mohammad Khurshid Alam Head of Monitoring & Settlement	Tel: 8818108-9 Fax: 8818107 Email: khurshid@icsbd.com
3. Green Delta Insurance Company Limited	Mr. Syed Moiinuddin Ahmed Company Secretary	Tel: 9851902, Ext. 207 Fax: 9851124 Email: ahmed.moiin@yahoo.com
4. IDLC Investments Limited	Mr. Md. Moniruzzaman, CFA Managing Director	Tel: 9571167-70 Fax: 9571171 Email: mzaman@idlc.com
5. Mutual Trust Bank Limited	Mr. Meher Saeed-Ul-Bashar Group Financial Officer	Tel: 8817563, 88269662 ext 2450 Email: saeed@mutualtrustbank.com
6. Paramount Insurance Company Limited	Mr. Hari Pada Deb Deputy Managing Director	Tel: 9893290, 9893276, 8829570 Fax: 8829502, 9893270 Email: pic@dhaka.agni.com
7. Prime Finance Capital Management Limited	M. Mosarrat Hossain, PhD, FCA Managing Director & CEO	Tel: 9563883 Fax: 9563962
8. Sonali Investment Limited	Dr. Md. Waliar Rahman Chief Executive Officer	Tel: 9568777 Fax: 7170001 (Ext 126) Email: sbml@yahoo.com
Stock Exchanges	Available at	Contact Number
Dhaka Stock Exchange Limited	DSE Library	9564601, 7175703-11
Chittagong Stock Exchange Limited	CSE Library	031-720871 031-714632-3

Prospectus would also be available on the web site of BSEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.csedbd.com), Matin Spinning Mills Limited (www.dbl-group.com) and Issue Manager (www.idlc.com) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

AUDITORS' CERTIFICATE ON CALCULATION OF VARIOUS ACCOUNTING RATIOS

Auditors Certificate on Calculation of Various Accounting Ratios for the Years ended 30 June, 2013, 2012, 2011, 2010 and 2009. We have examined the following accounting ratio of Matin Spinning Mills Limited for the years ended June 30, 2013, 2012, 2011, 2010 and 2009 as submitted to us by its management. The preparation of these 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 ended June 30, 2013, 2012, 2011, 2010 and 2009.

Based on our review, we hereby certify that the Company has properly prepared the following ratios for the years as stated below:

2012-2013 2011-2012 2010-2011 2009-2010 2008-2009

Name of Ratio Equation Result Result Result Result Result

Audited Audited Audited Re-stated Audited Re-stated Audited

A. Liquidity Ratios Current Assets Current Liability 1.47 1.25 1.17 1.21 1.59 1.09 1.51

Current Assets-Inventory 1.07 0.92 0.79 0.95 1.21 0.72 0.91

Times Interest Eamed Profit before interest 4.42 2.59 3.61 2.23 2.13 1.67 1.61

Debt to Equity Ratio (Times) Net Interest Expenses 0.53 0.93 1.11 1.09 0.82 3.46 3.13

Interest bearing debts Total Shareholder's Equity

B. Operating Ratios Sales Average Receivable 3.39 2.95 3.44 3.26 3.27 3.54 3.54

Inventory Turnover Cost of Goods Sold 3.65 3.55 4.08 4.03 4.01 3.65 3.62

Ratio (Times) Average Inventory Sales 0.60 0.64 0.69 0.61 0.65 0.75 0.81

Average Total Assets Sales

Profit after Tax 6.31 5.00 7.73 4.75 5.09 3.59 4.21

Return on Assets Ratio (%) Average Total Assets Profit after Tax

Return on Equity Ratio (%) Average Total Assets Profit after Tax

Earning per share (EPS) Basic Earning per share (EPS) - Restated Basic

Earning per share (EPS) - Restated Basic

Dhaka Sales

Dated: 11th December, 2013

(Mashih Muhith Haque & Co.) Chartered Accountants

ABRIDGED VERSION OF PROSPECTUS

Matin Spinning Mills Limited

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including a premium of BDT 27 per share totaling to BDT 126,17,00,000 (Taka One Twenty Six Crore Seventeen Lacs Only)

As per BSEC 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:

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SHORT BIO-DATA OF THE DIRECTORS

Abdul Wahed, Chairman

Abdul Wahed is a renowned business personality in the Textile Sector of Bangladesh. After completion Bachelor of Science, he started his professional life with construction business in the year 1986. Later in the year 1991, he along with his other brothers ventured into Ready Made Garments export business by setting up a factory named 'Eunoos' in Chittagong. He is the founder of Textile technology inspired Dulal Brothers Ltd. The company has won several international awards and recognition which finally culminated in the formation of Matin Spinning Mills Ltd., a state-of