



ABRIDGED VERSION OF PROSPECTUS

HAMID FABRICS LIMITED

Hamid Tower (5th & 6th Floor) 24, Gulshan C/A, Circle-2, Dhaka-1212. Email: info@mahingroup.com, Web site: www.mahingroup.com

PUBLIC ISSUE OF 30,000,000 ORDINARY SHARES OF TK. 10.00 EACH AT AN ISSUE PRICE OF TK.35.00 INCLUDING A PREMIUM OF TK.25.00 PER SHARE TOTALING TK. 1,050,000,000.00

Opening date for subscription

Manager to the Issue

Closing date for subscription

Opening Date: September 28, 2014

Closing Date: October 02, 2014

ICB CAPITAL MANAGEMENT LIMITED (A SUBSIDIARY OF ICB) BDBL Bhaban (Level-16), 8, Rajuk Avenue, Dhaka-1000. Phone: 9585691-92, Fax: 02-9555707, Website: www.icbcm.com.bd

Opening Date: September 28, 2014

Closing Date: October 11, 2014

JANATA CAPITAL & INVESTMENT LIMITED 48, Motijheel Commercial Area (3rd Floor), Dhaka-1000

ICB CAPITAL MANAGEMENT LIMITED BDBL Bhaban (Level-16), 8 Rajuk Avenue, Dhaka-1000

SONALI INVESTMENT LIMITED Sara Tower (11th floor), 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka-1000.

The issue shall be placed in "N" category Issue Date of Prospectus : September 02, 2014

CREDIT RATING STATUS table with columns: Entity Rating, Long Term, Short Term, Date of Rating, Rated By, Validity of the Rating

Disclaimer: CONSENT OF THE BANGLADESH 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) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.

"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনেও বুঝে বিনিয়োগ করুন।"

Company Status and Background

Hamid Fabrics Ltd is the flagship Company of Mahin Group. It is a Public Limited Company registered in Bangladesh and incorporated under the Companies Act, 1994. It is engaged in the manufacturing of solid dyed fabrics for the 100% export oriented Ready Made Garment (RMG) industry of Bangladesh. After the planned expansion, the Company will step into a more value added segment by introducing yarn dyed fabrics to its product line.

Availability of Prospectus

The Prospectus of the Company may be available at the following addresses:

Table with 3 columns: Company, Contact Person, Contact Number. Lists various agents and stock exchanges.

Prospectus will also be available on the website of BSEC (www.sec.gov.bd), DSE (www.dse.gov.bd), CSE (www.cse.com.bd), Issue Manager (www.icbcm.com.bd), issuer (www.mahingroup.com) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and study.

Auditor's Information

Table with 2 columns: Name and Address of Auditor, Telephone. Auditor: Howladar Yunus & Co.

Use of IPO Proceeds

Hamid Fabrics Ltd plans to utilize the IPO proceeds in the following manner

Table with 5 columns: SL, Purpose, Amount in BDT, Indicative Implementation Timeline, Remarks

Note: Settlement of Loans: The Company plans to settle following loans with the IPO proceeds:

Table with 3 columns: SL, Lenders, As per Outstanding as at 31 Dec, 2013 (in BDT)

Project Implementation Schedule

Table with 5 columns: SL, Stage, Amount in BDT, Total Taka, Remark

Note: Presently, there are no contracts related to use of proceeds of the Initial Public Offering.

\* Summary of Total Cost of Machinery to be procured for the new project

Table with 3 columns: Imported Plant and Machinery: A, Local Plant or Equipment: B, Total Cost

Abdullah Al Mahmud Managing Director

Hamid Fabrics Limited

Auditors' Report Under Section 135(1) and Paragraph 24(1) of Part-I of Third Schedule of the Companies Act 1994 For the period from 01 July 2008 to 30 June 2013

We have examined the financial statements of Hamid Fabrics Limited (the "Company") for the years ended 30 June 2009, 2010, 2011 audited by Huda Vast Chowdhury & Co. Chartered Accountants and 30 June 2012 and 2013 by Howladar Yunus & Co. Chartered Accountants which have been produced by the management of the company to us. The preparation of these financial statements is the responsibility of the Company's management. In pursuance of Section 135(1) and Paragraph 24(1) of Part-I of Third Schedule of the Companies Act 1994 our report is as under:

A. Statement of Financial Position

Table with 6 columns: Particulars, 30-06-2013 Taka, 30-06-2012 Taka, 30-06-2011 Taka, 30-06-2010 Taka, 30-06-2009 Taka

(B). Statement of Operating Results:

Table with 6 columns: Particulars, 30-06-2013 Taka, 30-06-2012 Taka, 30-06-2011 Taka, 30-06-2010 Taka, 30-06-2009 Taka

(C). Statement of Cash Flows:

Table with 6 columns: Particulars, 30-06-2013 Taka, 30-06-2012 Taka, 30-06-2011 Taka, 30-06-2010 Taka, 30-06-2009 Taka

(D). Dividends

Details of dividends declared by the company for the above mentioned years are as under:

Table with 6 columns: Year, Dividend per Share, Dividend per Share, Dividend per Share, Dividend per Share, Dividend per Share

\* Yet to be decided

(E). The Company was incorporated as a private company limited by shares under the Companies Act, 1994 on 27th April 1995, named as Siddique Fabrics Limited. Subsequently it was taken over by the company and accordingly registered as Hamid Fabrics Limited on 23rd May 2004. The Companies converted into "Public Limited" under the name Hamid Fabrics Limited vide special resolution passed in the extra-ordinary General Meeting held on 25.02.10.

(F). The Statement of Cash Flows for the years ended 30 June 2013, 2012, 2011 and 2009 of the Company are enclosed and certified by us;

(G). The Company has no subsidiaries.

(H). The Company did not prepare any financial statements for any period subsequent to 30 June 2013; and

(I). Figures related to previous years have been rearranged wherever necessary.

Sd/- Chartered Accountants

Hamid Fabrics Limited Statement of Financial Position For the period from 01 July 2008 to 30 June 2014

We have examined the following accounting ratios of Hamid Fabrics Limited (the "Company") for the years ended 30 June 2014, 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 years ended mentioned above.

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

Table with 7 columns: Ratios, 30-06-2014, 30-06-2013, 30-06-2012, 30-06-2011, 30-06-2010, 30-06-2009

A. Liquidity Ratios

Current ratio: 1.67, 1.29, 1.05, 1.10, 0.99, 0.88

Quick ratio: 1.36, 1.02, 0.92, 0.94, 0.87, 0.73

Debt-to-equity ratio: 0.73, 0.82, 1.81, 1.86, 1.84, 1.32

B. Operating Ratios

Accounts receivable turnover ratio: 1.56, 1.49, 1.08, 1.58, 1.47, 2.63

Assets turnover ratio: 0.61, 0.59, 0.43, 0.61, 0.57, 0.88

Inventory turnover ratio: 4.67, 5.48, 3.48, 6.10, 5.96, 7.82

Net Assets Value Per Share: 46.78, 41.14, 32.32, 19.91, 22.93, 12.39

C. Profitability Ratios

Gross margin ratio (%): 30%, 30%, 37%, 18%, 18%, 15%

Operating income ratio (%): 21%, 21%, 26%, 16%, 17%, 7%

Net income ratio (%): 8%, 7%, 5%, 5%, 3%, 2%

Return on assets ratio (%): 12%, 12%, 10%, 12%, 8%, 9%

Earnings per share (Taka): 5.58, 5.03, 3.27, 3.53, 1.62, 1.98

Fully Diluted Earning Per Share: 46.78, 41.14, 32.32, 19.91, 22.93, 12.39

Fully Diluted Net Assets Value Per Share: 46.78, 41.14, 32.32, 19.91, 22.93, 12.39

Sd/- Chartered Accountants

Dated: 28 August 2014 Dhaka

Short Bio-data of Directors including Managing Director

Mr. Mozammel Hossain, Chairman: Mr. Mozammel Hossain, 72, is the Chairman of HFL. He completed his Bachelors of Commerce degree from Jagannath College in 1960. He has actively involved in the textile sector for more than 15 years. Prior to joining HFL, he was the Deputy Chief Accountant in Bangladesh Jute Mill Corporation (BJMC) for 22 years after which he entered the RMG business in 1993. Apart from being a founder director of HFL, Mr. Hossain is also a founder Director of Hamid Weaving Mills Ltd. and Crystal Insurance Company Ltd.

Since his involvement in business, he dedicated himself towards control and maintenance of accounts and finance. He oversees total management operations for all companies he is involved with. His guidance and supervision is one of the main reasons behind Mahin Group's success.

Mr. Abdullah Al Mahmud, Managing Director: Mr. Abdullah Al Mahmud, 50, the Managing Director of HFL. He is the founder and majority shareholder of Hamid Fabrics Ltd., which is a concern of Mahin Group. Upon completion of his graduation from the USA in 1992, Mr. Mahmud returned to Bangladesh with a vision to set up his own business. In the following year, he established and set up an RMG unit, he named Mahin Apparel Ltd. which was specialized in making blouses. During that time, he acknowledged the need for backward linkage in the industry. With his vision, he eventually set up Hamid Fabrics Ltd. with its Weaving Unit in Shilkhani, Narail, in 1996, and subsequently the Dyeing and Finishing Unit in 2003.

Mr. Mahmud is the Executive Director of HFL. He is the Chairman of Crystal Insurance Company Ltd., Chairman of Hamid Weaving Mills Ltd. and Director of Tazian Weaving Mills Ltd. which is the latest addition to Mahin Group.

Mr. Mahmud was elected as a Director of BGEA (Bangladesh Garment Manufacturers & Exporters Association) for the year 2013-14. He took part in many business dialogues as delegate member representing Bangladesh. He is also involved in many business forums and social activities for the benefit of the country's GDP.

Mr. Mahmud is one of the well-known business personalities in Bangladesh. As an enthusiastic and dynamic young entrepreneur he has been involved in the RMG and Textile sector for over 17 years. The Group has experienced a rapid yet steady growth under his leadership and vision.

Mr. Salina Mahmud, Director: Mr. Salina Mahmud, 42, is a shareholder Director of Hamid Fabrics Ltd. She graduated from Finedy College and from then onwards was involved in various social activities in Dhaka. Her enduring inspiration and support nurtured the growth of Hamid Fabrics Ltd. from its inception in 1993 to date.

Mr. Nusrat Mahmud, Director: Mr. Nusrat Mahmud, 27, is a director of HFL and joined the management team of the RMG and Textile division of the Group in 2010. She has successfully completed a Bachelors of Science in Marketing from Bentley University, Waltham, Massachusetts, in 2008 after which completed her Masters in Management from Cass Business School, City University in London with a Merit in 2009.

Mr. Mahmud is a dynamic and avid learner and it is expected that she will further enhance and build on the "Hamid" brand. She is also a founder Director of Hamid Weaving Mills Ltd. Mr. Nabil Mahmud, Director: Mr. Nabil Mahmud, 22, is a director of Hamid Fabrics Ltd. She was exposed to the family business from a very early age. She is expected to actively work for the company after her graduation from the USA.

Mr. Farhan Danish, Director: Mr. Farhan Danish, 42, has become a director of HFL. She is also a Director of Crystal Insurance Company Limited. She has business experience of 15 years in different Garments, Garments accessories, Insurance and other business areas.

Mr. Syed Anwar Hossain, Independent Director: Mr. Syed Anwar Hossain, 69, is an Independent Director of HFL. At present he is a director of PIC Bank Limited. He has 42 years of experience as a successful banker. He was the Managing Director of Bank Asia Limited. He served in top managerial levels in different banks of Bangladesh.

BANKERS TO THE ISSUE

Table with 2 columns: Bank Name, Branches. Lists various banks and their branches across Bangladesh.

New IPO Application Process

1. In addition to the existing IPO application process, applicants can also apply through their Stockbroker/Merchant Bankers in the following process:

Step-1 (Applicant): a. Applicants other than Non-Resident Bangladeshis (NRB) and Foreign applicants for public issue of securities shall submit application/instruction, within the stipulated time, to the Stockbroker/Merchant Banker where the applicant maintains BO account.

b. The application/instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time, the applicant shall make the application money available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose.

Application instructions shall be processed by the respective Stockbroker/Merchant Banker up to 6 months from the date of issue of the securities with exchange.

Step-2 (Intermediary): a. The Stockbroker/Merchant Banker shall maintain separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall verify the availability of fund and if find in order, block the customer account for an amount equivalent to the application money, accumulate all the application/instructions received up to the subscription closing date, deposit the amount in the "Public Issue Application Account" maintained with its bank, instruct the banker to block the account for the aggregate application money and send a certificate in this regard. In case of application submitted by the Stockbroker or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account".

b. Banker of the Stockbroker/Merchant Banker shall block the account(s) as requested, issue a certificate confirming the same and provide it to the respective Stockbroker/Merchant Banker. The Stockbroker/Merchant Banker shall prepare, collect, verify and list of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within 03 (three) working days from the subscription closing date, send it to the issuer both in electronic (text format with title ~ separator) and printed format along with the certificate issued by its banker.

Step-3 (Issuer): a. The issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text format with title ~ separator) format in a CDROM to CBIL for verification. CBIL shall verify the BOIDs as to whether the BO account of the applicant is blocked or not. Along with the verification report, CBIL shall provide the issuer with an updated database of the applicants containing BOID, Name, Address, Parents' Name, Joint Account Information and Bank Account Information. After receiving verification report and information from CBIL, the issuer shall scrutinize the applications, prepare category wise consolidated lists of the valid and invalid applications, submit status reports of subscription to the Commission and the stock exchanges and conduct lottery in line with the conditions of prospectus.

b. Within 02 (two) working days of conducting lottery, the issuer shall:

i. send the lists of the successful and unsuccessful applicants (other than NRB and foreign) in electronic (text format with title ~ separator) and printed format to the Stockbroker/Merchant Banker, request them to unblock the amount blocked earlier and remit the amount of successful applicants to the issuers respective Escrow Account opened for subscription purpose.

ii. issue allotment instructions to the respective Stockbroker/Merchant Bankers in electronic form with digital signatures and send those to respective Stockbroker/Merchant Bankers. To credit the allotted shares to the respective BO accounts, the issuer shall send consolidated allotment data (BOID and number of securities) in text format in a CDROM to CBIL.

Step-4 (Intermediary): a. On the next working day of receiving the documents from the issuer and issuer manager, the stockbroker/merchant Banker shall request its banker to release the amount blocked earlier and remit the aggregate amount of successful applicants deducting service charge to the Escrow account of the issuer opened for the subscription purpose.

b. On the next working day of receiving request from the Stockbroker/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the issuer's Escrow account. Simultaneously, the stockbroker/merchant Bankers shall unblock the customer accounts; informed with its bank, instruct the banker to block the account for the aggregate application money and send a certificate in this regard. In case of application submitted by the Stockbroker or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account".

Step-5 (Intermediary): a. The issuer and issuer manager(s) shall jointly ensure completion of the above.

b. The Stockbroker/Merchant Banker shall be entitled to a fee of 0.05% on the total amount of application money received by them. The service charge shall be paid by the issuer and shall be debited by the Stockbroker/Merchant Banker from the amount of successful applicants while remitting to the issuer. In case of shortage of the service charge, the Stockbroker/Merchant Banker shall send a bill to the issuer and the issuer shall pay it within 02 (two) working days. The Stockbroker/Merchant Banker shall provide the issuer with a statement of the remittance amount and the processing fee.

2. The above application process is a pilot project and optional for investors. i. investors can apply either following new process through stockbroker/merchant Bankers or the existing process through their own BO account.

3. List of the Stockbroker/Merchant Bankers participating in the pilot project is given below. Only the applicants maintaining accounts with the Stockbroker/Merchant Bankers name contained in the list can apply through the new process.

List of the Stockbroker/Merchant Bankers to receive IPO applications

Table with 3 columns: DSE Stockbrokers, TREC, Merchant Bankers. Lists various financial institutions and their services.