

“If you have any query about this document, you may consult issuer, issue manager and underwriter”

## Prospectus



### Zaheen Spinning Limited

House # 59/A, Road # 12/A (6<sup>th</sup> & 7<sup>th</sup> floor), Near Takwa Masjid  
Dhanmondi, Dhaka-1209, Bangladesh

Phone: +88-02-8191588, 8191522, Fax: +88-02-8191522

Email: [info@zaheenspinningltd.com](mailto:info@zaheenspinningltd.com), Web: [www.zaheenspinningltd.com](http://www.zaheenspinningltd.com)

Public Offer for 12,000,000 ordinary shares of Tk. 10.00 each (at par) amounting to Tk. 120,000,000.00

For Resident Bangladeshis - Opening Date: December 28, 2014 Closing Date: January 04, 2015

For Non-Resident Bangladeshis - Opening Date: December 28, 2014 Closing Date: January 13, 2015

### Issue Manager



MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka -1000

Phone: +88 02 8321714, Fax: +88 02 8321543

Email: [info.mtbcap@mutualtrustbank.com](mailto:info.mtbcap@mutualtrustbank.com), Web: [www.mtbcap.com](http://www.mtbcap.com)

### Underwriters

<b>MTB Capital Limited</b> MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000	<b>AFC Capital Limited</b> Tanaka Tower (2 <sup>nd</sup> Floor) 42/1/Gha, Segun Bagicha, Dhaka-1000
<b>Prime Finance Capital Management Ltd</b> 63 Dilkusha C/A (3rd Floor), Dhaka-1000	<b>ICB Capital Management Limited</b> BSB Bhaban, (Level 16), 8 Rajuk Avenue, Dhaka-1000

### Credit Rating Status

Particulars	Long Term	Short Term
Entity Rating	BBB <sub>3</sub>	ST- 3
Date of Rating	December 18, 2013	
Validity of Rating	June 30, 2014	
Rating By	Credit Rating Agency of Bangladesh Limited (CRAB)	

Date of BSEC consent for prospectus: November 11,2014

The issue shall be placed in “N” Category

“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.”



## Availability of Prospectus

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

SL.	Name & Address	Contact Person	Tel. & Fax No.
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### *Issuer Company*

<b>Zaheen Spinning Limited</b> House No. 59/A, Road No. 12/A (7 <sup>th</sup> & 8 <sup>th</sup> floor), Near Takwa Masjid Dhanmondi, Dhaka- 1209.	<b>M. Badruzzaman Khashroo</b> Managing Director & Director	Phone: +88 02 8191588, 8191522 Fax: +88 02 8191522
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### *Issue Manager*

<b>MTB Capital Limited</b> MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000	<b>Md. Kamrujjaman</b> Manager Public Issue & Corporate Advisory & FAVP	Phone: +88 02 8321714 Fax: +88 02 8321543
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### *Underwriters*

1.	<b>MTB Capital Limited</b> MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000	<b>Khairul Bashar Abu Taher Mohammed</b> Chief Executive Officer & SVP	Phone: +88 02 8321714 Fax: +88 02 8321543
2.	<b>ICB Capital Management Limited</b> BSB Bhaban, (Level 16) 8 Rajuk Avenue, Dhaka-1000	<b>Mr. Md. Moshir Rahman</b> Chief Executive Officer	Phone: +88 02 9585691,958569 Fax: +88 02 9555707 Email: <a href="mailto:ceomcl@accessstel.net">ceomcl@accessstel.net</a>
3.	<b>Prime Finance Capital Management Limited</b> 63 Dilkusha C/A (3 <sup>rd</sup> Floor), Dhaka-1000	<b>M. Mosharraf Hossain PhD, FCA</b> Managing Director & CEO	Phone: +88 02 9563883 Fax: +88 02 9563692
4.	<b>AFC Capital Limited</b> Tanaka Tower (2 <sup>nd</sup> Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000	<b>Mr. Mahbub H. Mazumdar</b> FCMA Chief Executive Officer	Phone: +88 02 7120795, 7121348 Fax: +88 02 9550040, 7121348 Email: <a href="mailto:capital.afc@gmail.com">capital.afc@gmail.com</a>

### **Stock Exchanges**

01.	Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C/A, Dhaka-1000.	DSE Library	+88-02-9564601-7 +88-02-9666944-8
02.	Chittagong Stock Exchange Limited (CSE). CSE Building, 1080 Sheikh Mujib Road, Chittagong.	CSE Library	+88-031-714632-3 +88-031-720871-3

Prospectus would also be available on the web site of BSEC ([www.sec bd.org](http://www.sec bd.org)), DSE ([www.dse bd.org](http://www.dse bd.org)), CSE ([www.cse bd.com](http://www.cse bd.com)), Zaheen Spinning Limited ([www.zaheenspinningltd.com](http://www.zaheenspinningltd.com)) Issue Manager ([www.mtbcap.com](http://www.mtbcap.com)) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

### **Auditor's information**

<b>Mohammad Ata Karim &amp; Co.</b> Chartered Accountants Paltan Tower (7 <sup>th</sup> floor), Suit# 706 87, Purana Paltan Line, Dhaka Phone: +88-02-8333047, 9343430
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## Definition and elaboration of the abbreviated Words and technical terms used in the Prospectus

ZSL	: Zaheen Spinning Limited
IPO	: Initial Public Offering
SEC /Commission	: Securities and Exchange Commission
The Company/Issuer	: Zaheen Spinning Limited
Issue	: Public Issue of Shares of ZSL
DSE	: Dhaka Stock Exchange Limited
CSE	: Chittagong Stock Exchange Limited
SC	: Share Certificate
RJSC	: Registrar of Joint Stock Companies & Firms
ICB	: Investment Corporation of Bangladesh.
Stockholder	: Shareholder
NRB	: Non-Resident Bangladeshi
NBR	: National Board of Revenue
Allotment	: Letter of allotment for shares
FC Account	: Foreign Currency Account
STD Account	: Short Term Deposit Account
Securities	: Shares of Zaheen Spinning Limited
Securities Market	: The Share Market of Bangladesh
Offering Price	: Price of the share of Zaheen Spinning Limited being offered
Subscription	: Application money
Certificate	: Share Certificate
NAV	: Net Asset Value of the Company
Sponsors	: The Sponsor Shareholders of Zaheen Spinning Limited
MP	: Market Price
Registered Office	: Head Office of the Company
BO	: Beneficiary Owner
CDBL	: Central Depository Bangladesh Limited
CIB	: Credit Information Bureau
FID	: Financial Institutions Department of Bangladesh Bank

## CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

### PART-A

1. The company shall go for Initial Public Offer (IPO) for 1,20,00,000 Ordinary Shares of Tk. 10.00 each at par worth Tk. 12,00,00,000.00 (Tk. Twelve Crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. **The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 5 (Five) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the Issuer's website and shall also put on the websites of the Commission, Stock Exchanges, and the Issue Manager, within 5 (Five) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The Issuer shall submit to BSEC, the Stock Exchanges and the Issue Manager a diskette containing the text of the vetted prospectus in "MS -Word" format.**
3. Sufficient copies of prospectus shall be made available by the Issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the Issuer and the Issue Manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The Company shall submit 40 (Forty) copies of the printed prospectus to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The Issuer company and the Issue Manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **5 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the Issuer and the Issue Manager within **2 (Two) working days** from the date of said dispatch of the prospectus and the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2 above**, shall be submitted to the Commission within **24 hours** of the publication thereof.
7. The Company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The Company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for travelling to Bangladesh.
8. The Issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to BSEC, to the Stock Exchanges.

9. The following declaration shall be made by the Company in the prospectus, namely: -

**“Declaration about Listing of Shares with the Stock Exchange(s):**

None of the Stock Exchange(s), if for any reason, grants listing within 75 (Seventy Five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the Company shall refund the subscription money within 15 (Fifteen) days from the date of refusal for listing by the Stock Exchanges, or from the date of expiry of the said 75 (Seventy Five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (Fifteen) days, the Directors of the Company, in addition to the Issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **7 (Seven) days** of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **05 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. The NRB applicants shall send applications to the Issuer company within the closing date of the subscription so as to reach the same to the Company by the closing date plus 9 (Nine) days. Applications received by the Company after the above time period will not be considered for allotment purpose.
12. The Company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank Ltd, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The Company and the Issue Manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the Issue Manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within **5 (Five) working days**, in respect of the following matters, namely: -
- Total number of securities for which subscription has been received;
  - Amount received from the subscription; and
  - Amount of commission paid to the bankers to the issue.
15. The Issuer and the Issue Manager shall jointly provide the Commission and the Stock Exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (Two) CDs and final status of subscription to the Commission within **3 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **05 (Five) weeks** from the date of the subscription closure), if any of the following events occur:
- Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the

minimum requirement as specified in the listing regulations of the Stock Exchange(s) concerned; or

(b) At least 50% of the IPO is not subscribed.

17. **20% of total public offering shall be reserved for the general public, in the manner/procedure as directed by the Commission, 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 60% shall be open for subscription by the general public. In case of under-subscription under any of the 20% and 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the Issuer and the Manager(s) to the Issue shall jointly conduct an open lottery of all the applicants added together.**
18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000/- (Taka Five Thousand only)**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the Issuer and the Issue Manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the Stock Exchanges and the applicants, if there be any.
19. **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.**
20. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the applicant.**
21. **The applicants who have applied for more than two applications using same bank account, their applications will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**
22. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.
23. The Company shall issue share allotment letters to all successful applicants within **5 (Five) weeks** from the date of the subscription closing. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/Account Payee Cheque/Refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition no. 19 and 21 above.  
  
Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.  
  
A compliance report in this regard shall be submitted to the Commission within **7 (Seven) weeks** from the date of closure of subscription.
24. The Company shall furnish the List of Allotees to the Commission and the Stock Exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The Issuer must notify the underwriters to take up the underwritten shares within **10 (Ten) days** of the closing of subscription on full payment of the share money within **15 (Fifteen) days** of the issuer's notice.



The underwriter shall not share any underwriting fee with the Issue Manager, other underwriters, issuer or the sponsor group.

26. All issued shares of the issuer at the time of according this consent shall be subject to a lock-in period of 3 (Three) years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons (other than Directors and those who hold 5% or more shares in the company), who have subscribed to the shares of the Company within immediately preceding two years of according consent shall be subject to a lock-in period of 1 (One) year from the date of issuance of prospectus or commercial operation, whichever comes later.

27. If any existing sponsor or director of any company transfers any share to any person other than existing shareholders, within preceding 12 months of submitting any application for raising of capital or Initial public offering, all shares held by those transferee shareholders shall be subject to a lock-in period of three years from the date of issuance of prospectus of IPO.
28. In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with BSEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the Commission jointly by the Issuer and Issue Manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the Stock Exchange(s). Or they (shares of Sponsors/Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the Company along with lock-in confirmation with BSEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the Issuer will ensure their lock-in of those shares and submit a statement to this effect to BSEC.
29. The Company shall apply to the Stock Exchanges for listing within 07 (Seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the Stock Exchanges.
30. The Company shall not declare any benefit/dividend before listing of its capital with stock exchange(s).

#### PART-B

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 Bangladeshi (NRB) and Foreign applicants for public issue of securities shall submit application/instruction, within the subscription period, 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 preserved by the same Stockbroker/Merchant Banker up to 6 months from listing 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 an amount equivalent to the aggregate application money

and to issue a certificate in this regard. In case of application submitted by the Stock-dealer 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 for, issue a certificate confirming the same and provide it to the respective Stockbroker/Merchant Banker. The Stockbroker/Merchant Banker shall prepare category wise lists 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 tilde '~' 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 tilde '~' separator) format in a CDROM to CDBL for verification. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not. Along with the verification report, CDBL shall provide the issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account Information and Bank Account Information. After receiving verification report and information from CDBL, 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 the consent letter.

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 tilde '~' 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 letters in the names of successful applicants in electronic format 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 CDBL.

### **Step-4 (Intermediary)**

a. On the next working day of receiving the documents from the issuer and issue 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 Stockbrokers/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 stockbrokers/Merchant Bankers shall unblock the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions.

### **Miscellaneous:**

a. The issuer and Issue Manager shall jointly ensure compliance of the above.

b. The Stockbroker/Merchant Banker shall be entitled to service charge at a rate of 0.05% on the total amount of application money received by them. The service charge shall be paid by the issuer and deducted 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.e. investors can apply either following new process through stockbroker/merchant banker or in existing process through banker to the issue.

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.

#### PART-C

1. The Issuer and the Issue Manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The Issue Manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/inconsistency is found, both the Issuer and the Issue Manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the Stock Exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with BSEC.
3. Both the Issuer company and the Issue Manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with Stock Exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. **No Issuer of listed securities shall utilize more than 1/3<sup>rd</sup> (one-third) of the fund raised through IPO for the purpose of the loan repayment.**
6. The Company shall furnish status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the Board of Directors to the Commission and to the stock exchanges within 15 (Fifteen) days of the closing of each month until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at Issuer's cost, to examine whether the Issuer has utilized the proceeds for the purpose disclosed in the prospectus.
7. While auditing the utilization of IPO proceeds, the auditors' shall perform their jobs under the followings terms of references (TOR) and confirm the same in their report/certificate:
  - a. Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;
  - b. Whether IPO proceeds have been utilized in line with the conditions (Condition No. may be specified) of the Commission's consent/ approval letter for the IPO Issue;
  - c. Whether utilization of IPO proceeds have been completed within the time schedule/ implementation schedule as specified in the prospectus;
  - d. Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/ specified in the prospectus/ and
  - e. The auditors should also confirmed that: (i) assets have been procured/imported/ constructed maintaining proper/ required procedure as well as at a reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with Bank Statement.
8. All transactions, excluding petty cash expenses, shall be effected through the Company's bank account(s).
9. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders meeting under intimation to BSEC and Stock Exchanges.

10. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.
11. The financial statements should be prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.
12. **A compliance report on Corporate Governance Guideline as per the provision of the Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/129/ADMIN/44 Dated 7 August 2012 shall be submitted to the Commission before 07 (seven) working days of the IPO subscription opening.**
13. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and the section 13 of the Securities and Exchange Rules, 1987.
14. In the event of arising issues concerning Price Sensitive Information as defined under the Securities and Exchange Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000 after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.
15. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

#### PART-D

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Issuer Company.

#### PART-E

1. As per provision of the Depository Act, 1999 & regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including Rights/Bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.

2. The Company and the Issue Manager shall ensure due compliance of all the above conditions and the Securities and Exchange Commission (Public Issue) Rules, 2006.

### Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

## General information

**MTB Capital Limited**, the Issue Manager have prepared this prospectus based on the information provided by **Zaheen Spinning Limited**, Issuer and also upon several discussions with the Managing Director and concerned executives of the issuer company. The Directors, including Managing Director, of **Zaheen Spinning Limited and MTB Capital Limited** collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus, and if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer Company or Issue Manager.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

## Declaration about the Responsibility of the Directors, including the CEO of the Issuer Company in respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-  
**Mrs. Farida Khanam**  
Director & Chairman

Sd/-  
**Md. Mahmudur Rahman**  
Director

Sd/-  
**Mrs. Sadia Amneen**  
Director

Sd/-  
**Mrs. Nusrat Jahan**  
Director

Sd/-  
**A. M. Badruzzaman Khashroo**  
Director & Managing Director

## Consent of directors to serve as directors

We hereby agree that we have been serving as Directors of Zaheen Spinning Limited and continue to act as Directors of the Company:

Sd/-  
**Mrs. Farida Khanam**  
Director & Chairman

Sd/-  
**Md. Mahmudur Rahman**  
Director

Sd/-  
**Mrs. Sadia Amneen**  
Director

Sd/-  
**Mrs. Nusrat Jahan**  
Director

Sd/-  
**A. M. Badruzzaman Khashroo**  
Director & Managing Director

### Declaration about filing of prospectus with the registrar of joint stock companies and firms

A vetted and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh as required under Section 138 (1) of the Companies Act, 1994 on or before the date of publication of this prospectus in the newspaper.

### Declaration by the issuer about the approval from Bangladesh Securities and Exchange Commission for any material changes regarding prospectus of Zaheen Spinning Limited

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

For Issuer:

Sd/-

**A. M. Badruzzaman Khashroo**  
Director & Managing Director

### Declaration regarding suppression of material information

This is to declare that, to the best of our knowledge and belief, no information, facts or circumstances, which should be disclosed have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

For Issuer:

Sd/-

**A. M. Badruzzaman Khashroo**  
Director & Managing Director

### Declaration by the issue manager about the approval from Bangladesh Securities and Exchange Commission for any material changes regarding prospectus of Zaheen Spinning Limited

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Manager to the Issue

Sd/-

**Khairul Bashar Abu Taher Mohammed**  
Chief Executive Officer & SVP

## Due Diligence Certificate of Manager to the Issue

**Sub: Public offer of 12,000,000 Ordinary Shares of Tk. 10.00 each (at par) of Zaheen Spinning Limited**

**Dear Sir,**

We, the under-noted Manager to the Issue to the abovementioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

**WE CONFIRM THAT:**

- a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b) all the legal requirements connected with the said issue have been duly complied with; and
- c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

**For Manager to the Issue**

Sd/-

**Khairul Bashar Abu Taher Mohammed**  
Chief Executive Officer & SVP



## Due diligence certificate of the underwriters

### Sub: Public offer of 12,000,000 Ordinary Shares of Tk. 10.00 each (at par) of Zaheen Spinning Limited

Dear Sir,

We, the under-noted Underwriter to the abovementioned forthcoming issue, state individually and collectively 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 to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

#### WE CONFIRM THAT:

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

#### For Underwriter

Sd/-  
Chief Executive Officer & SVP  
**MTB Capital Limited**

Sd/-  
Chief Executive Officer  
**ICB Capital Management Limited**

Sd/-  
Chief Executive Officer  
**AFC Capital Limited**

Sd/-  
Managing Director & CEO  
**Prime Finance Capital Management Limited**

## Risk factors and Management's perception about the risks

There are risks associated with all investment decision. The investors should be aware of those risks. These risks could result in loss of income or capital investment. Before making any investment decision the investors should carefully consider the following risks in addition to the information contained in the Prospectus for evaluating the said offer and whether to invest in the company or not.

### **a) Interest rate risk:**

Interest rate risk is associated with the fluctuations in market interest rates which cause a company's cost of debt to increase. A company having significant borrowed fund faces interest rate risks when the rate of interest fluctuates unfavourably due to volatility in money market. Changes in the Government's monetary policy also tend to increase the interest rates. High rate of interest may adversely affect the operating results and financial performance of companies having borrowed fund of significant volume. Increase in the interest rate burdens the company with additional financial charges and squeezes the profit of the company.

### **Management perception:**

Since the company has not borrowed funds at flexible interest rate, hence the company is not exposed to the interest rate risk. However, the company has been repaying borrowed funds on a continuous basis. The management of the Company emphasizes on equity based financing to reduce the dependency on borrowings. The management strongly believes that fluctuation of interest rate would have a little impact upon the performance of the Company.

### **b) Exchange Rate Risk**

Movement in the exchange rate adversely may expose the company to risks of foreign currency loss.

### **Management Perception:**

Spinning Limited procures raw materials against Back to Back L/C and hence fluctuation of foreign currency does not have much impact on the profitability of the Company. Most of the products of the Company are sold through export. In case of increase of exchange rate the Company will be in a position to enhance its profitability.

### **c) Industry Risks**

Industry risk could have an adverse impact on the business, financial condition and results of operation.

### **Risk of volatility of raw materials costs:**

The cost of cotton is volatile. Presently, the cost of raw cotton in the global market falls drastically. Rising of raw cotton price may hamper the profitability of the company significantly.

### **Management Perception:**

The management of ZSL is aware of the continuing market situation of its raw materials. They believe that long term planning for raw material management, exploring number of global markets and truthful relations with the suppliers will mitigate the risk of rising of materials cost.

### **Labour Unrest:**

At present, textile and garments sector of Bangladesh is heavily affected by labour unrest. Any incident of labour unrest would adversely affect the operation of the company. More importantly, the company's reputation in the industry and among its buyers will be affected. This may affect its financial performance as well.

### **Management Perception:**

Due to current labour crisis, there may be a possibility of temporary shutdown of operation, which can affect the shareholder's interest. Different types of employee benefits including workers profit participation fund (WPPF), Group insurance, medical benefit etc. reduce the risk of labour unrest within the company.

**d) Market and Technology related risk:**

Changes in technologies may affect the cost efficiency and profitability of the company.

**Management Perception:**

ZSL has setup its project with modern brand new imported machineries. It has a plan for BMRE/expansion every 3 to 4 years if necessary. It will continuously upgrade its machines and technology. So, the risk of obsolete technology is mitigated. ZSL will continuously incorporate marginal changes through BMRE/Expansion, if needed.

**e) Potential or existing Government regulations:**

The Company operates under Companies Act, Taxation policy adopted by NBR, Security and Exchange Commission rules and rules adopted by other regulatory bodies. Any abrupt changes of the policies formed by those bodies may impact the business of the Company adversely.

**Management perception:**

Unless any adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected.

Government emphasizes on the growth of Yarn Industry to boost up the export of RMG. Yet the promoters and the sponsors have endeavour to convince the policy makers for adopting favourable terms & conditions, which will eventually help the yarn manufacturers of Bangladesh to compete with the low cost locations in the global arena.

**f) Potential change in Global or National Policies**

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike or global or national policy change may hamper the profitability.

**Management perception:**

Political turmoil and the disturbance are bad for the economy and so also for the company. The company can prosper in situation of political stability and a congenial business environment. The management of ZSL is always concerned about the prevailing and upcoming future changes in the global or national policy and shall response appropriately and timely to safeguard its interest.

**g) History of non-operation**

The Company does not have any history of non- operation. So, no risk has arisen in this respect.

**h) Operational risks**

Shortage of power supply, labour unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone, earthquake etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

**Management perception**

The compensation as well the benefit package will restrain the employees to leave their assignment and go for any employee movement for higher benefit packages. The project of the Company is situated at a high land having less record of flood. The factory building has strong RCC foundation, RCC floor, pre-fabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance.

## Capital structure of the Company

The capital structure of Zaheen Spinning Limited as per audited financial statements is as under:

(Amount in Taka)

Authorized Capital	1,000,000,000
Paid-up capital before IPO	528,000,000
Initial Public Offer (IPO)	120,000,000
Paid-up capital after IPO	648,000,000

## Use of proceeds and implementation schedule and terms of contract

Total cost for implementation of the planned expansion estimated to Tk. 685,000,000 out of which Tk. 430,000,000 will be utilized for plant and machineries. Due to political unrest, the importation of machineries delayed. This amount will be financed through pre-IPO capital raising (already received), bank loan and from net proceeds of IPO. Net proceeds received through capital raising is utilized mostly for raw material purchase. The Company also used the fund for land & land development, building & other civil works, repayment of high interest bearing bank loan and an amount of Tk. 68,000,000 is kept in the Companies bank account to meet immediate payments.

Considering the present scenario major portion of IPO proceeds will be utilized for plant & machinery and to meet capital issue expense and others, which is as under:

Particulars	Amount (BDT)	Implementation Schedule
Plant & machineries	108,000,000	Within 4 months of getting IPO fund
Capital issue expenses and others	12,000,000	Immediately
<b>Total</b>	<b><u>120,000,000</u></b>	

There are no contracts covering any of the activities of the issuer company for which the proceeds of sale of securities are to be used.

Sd/-  
**Mohammad Kamal Hossen**  
Manager (Accounts & Finance)

Sd/-  
**A. M. Badruzzaman Khashroo**  
Director & Managing Director

## Description of Business

Zaheen Spinning Limited was incorporated on July 22, 2007 as a private limited company under the Companies Act 1994 vide registration no. C-67789(340)/07 and started trial run of operation on December 08, 2008. The Company started its commercial operation in February 15, 2010. Subsequently, ZSL was converted into a public limited company on August 14, 2012. The registered office of the Company is situated at House# 9, Road# 10, Flat# A/1, Dhanmondi, Dhaka 1205, Bangladesh and the factory is located at Jhawgara, Araihasar, and Narayanganj, Bangladesh.

### Important dates:

Date of incorporation: July 22, 2007

Date of trial run of operation: December 08, 2008

Date of commencement of commercial operation: February 15, 2010

Converted to Public Limited Company: August 14, 2012

Change of face value from Tk. 1,000 to Tk. 10 per share: July 29, 2012

RJSC certified amended Memorandum & Articles of Association: September 18, 2012

**Zaheen Spinning Limited is not a subsidiary of any company and it has no subsidiaries.**

### Nature of business

Zaheen Spinning Limited is engaged in production of 100% cotton yarn of different counts.

### Project Expansion / BMRE of Factory

After successful implementation of the existing Project, the management planned expand the project at the same location and will procure 20,694 spindles which will increase its capacity of production by 5,656 Kg/day based on 50s/1 woven yarn. For this expansion the Company has already made necessary expenditure for land & land development, building & other civil works and procured an electrical transformer of 33,000 KVA line for 1, 500 KVA electricity, it has also kept an amount of Tk. 68 million in its bank account to meet immediate payments. Other machineries are in the process of procurement. Mutual Trust Bank Limited, Dilkusha Branch will sanction Long Term Finance amounting to Tk. 130 million for the expansion of the project.

### Synopsis on financial feasibility report of Zaheen Spinning Limited

Name of the project	:	Zaheen Spinning Limited
Location of the project	:	Jhawgara, Araihasar, Narayangonj.
Status of the project	:	Private Limited Company
Total project cost	:	854,441 Thousand Taka
Life of the project	:	10 Years
Total project capacity	:	Existing 13,560 ring spindles Expansion 20,694 ring spindles
Production Capacity	:	3,706 Kg/ day based on 50s/1 woven yarn (for existing) 5,656 Kg/ day based on 50s/1 woven yarn (for expansion)
Market of the products	:	100% export oriented
No. of working days in a year	:	350 days
Employment Generation	:	446 persons after expansion
Sources of Utilities	:	Captive power generation utilizing natural gas

Financial Summary Particulars	Fig in Tk. '000'				
	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
Sales at attainable capacity	1,210,411	1,210,411	1,210,411	1,210,411	1,210,411
Capacity utilization	90%	95%	95%	95%	95%
Sales at utilization capacity	1,021,829	1,144,788	1,149,789	1,149,889	1,149,891
Gross income/profit	402,794	475,233	476,275	474,705	472,988
Net income after Tax	316,970	380,279	385,408	389,390	394,119
Gross income to sales (%)	39.42%	41.51%	41.42%	41.28%	41.13%
Net income to sales (%)	31.02%	33.22%	33.52%	33.86%	34.27%
Return on investment - ROI (%)	38.21%	32.15%	25.97%	21.74%	18.73%
Return on equity - ROE (%)	29.97%	26.45%	21.14%	17.60%	15.12%
BEP on utilization capacity (%)	39.08%	33.22%	31.82%	30.34%	28.57%
BEP on attainable capacity (%)	35.17%	31.56%	30.23%	28.82%	27.15%
Break-even sales (Tk.)	258,548	248,491	239,787	229,252	216,753
Payback period (Years)	2.75				
Project loan period	5 Years				
Profit rate of project loan	16% for Project Loan & 16% for W.C Loan				
Mode of loan repayment	Equal Quarterly Installment (EQI)				
Internal rate of return (IRR) - %	53%				
Debt service coverage ratio (Times)	4.80	5.01	5.02	5.01	5.00
GDP contribution based on 3rd year	547,746				

**b. Information in respect of its business operation****(1) Principal Products and services:**

The company produces fine quality cotton yarn from different counts, 100% cotton yarn normal or high bulk.

**(2) Relative contribution of the products and services contributing more than 10% of total revenue:**

The Company has only one product (i.e. 100% cotton yarn) that contributes 100% to its revenue.

**(3) Associates, subsidiary/related holding company and their core areas of business:**

Zaheen Spinning Limited has no associate/subsidiary/related holding companies.

**(4) Distribution of products or services:**

The company sells its products through agents and the customers of the company collect the finished products and carry them to their sites at their own risk from the agents. Present customers list with percentage of their consumption is stated below:

Sl. No.	Customer list	Product	Percentage of consume
01.	Alpha Composite Towels Ltd.	Yarn	24%
02.	M/S Shakib Traders	Yarn	18%
03.	M/S Sonali Traders	Yarn	17%
04.	Four Design Pvt. Ltd.	Yarn	12%
05.	M/S Bongo Luxmi Trading	Yarn	11%
06.	M/S Pasgaw Traders	Yarn	11%
07.	M/S Younos Traders	Yarn	07%
<b>Total:</b>			<b>100%</b>

**(5) Competitive conditions in the business:**

Zaheen Spinning Limited operates in a highly competitive environment. It has to compete with other spinning mills in and outside the country. The company needs to ensure competitive pricing, acceptable quality and on-time delivery. Local spinning mills have a few competitive advantages over foreign spinners such as, shorter lead-time, low cost local procurement, lower transportation costs and requires less management involvement. Zaheen has uninterrupted power supply to its factory plant. Major competitors are as under:

Sl. No.	Competitor list	Product	% market share
01.	Bhai Bhai Spinning Mills Ltd.	Yarn	19%
02.	Raya Spinning Mills Ltd.	Yarn	09%
03.	Intimate Spinning Ltd.	Yarn	10%
04.	Pakiza Spinning Mills Ltd.	Yarn	17%
05.	R.K. Spinning Ltd.	Yarn	06%

**(6) Sources and availability of raw materials and the names of the principal suppliers**

Sl#	Name of suppliers	Name of raw materials	Address of suppliers
01	Four Star International	Raw Cotton	DL-58, Sector- II, Saltake City Kolkata-700 091, India
02	Panasian Impex Pvt. Ltd	Raw Cotton	4K,Block-11, Diamond Chambers, 4 Chowringhee Line, Kolkata, India
03	P.D. Sekhsaria Trading Corp. Pvt. Ltd	Raw Cotton	Mumbai-400021, India
04	Bhadresh Trading Corporation	Raw Cotton	Mumbai-400004, India
05	M/S. United Trading Company	Raw Cotton	Tanbazar, Narayanganj.
06	M/S. Provati Traders	Packing Materials	Bangla Bazar, Dhaka.
07	Dana Engineer International Ltd.	Spare parts & Lubricant	H-59, R-13 & 15, Block-d, Banani, Dhaka.

**(7) Sources of, and requirement for, power, gas and water; or any other utilities.**

All required utility facilities are available at the project site and those are stated below:

**Power:**

**Zaheen Spinning Limited** has own Gas Generated power plant namely Wakesha Gas Generator with a capacity of 2 MW which is imported in brand new condition from USA. The company also has an agreement with REB for power supply. Operating load of power requirement for existing project is 600 KW. For expansion of the project additional power requirement will be covered by the excess capacity of Gas generator and from REB.

**Water:** The project is required 125,000 Liter <sup>3</sup>/hr of water which is met up from own deep tube-well. Check with feasibility report.

**Gas:** The project is using required gas from Titas Gas Transmission and distribution Company Ltd.

**(8) Names of the customers who purchase 10% or more of the company's products /services.**

Accounts Receivable :	Address	Transaction (USD)	%
M/S Bongo Luxmi Trading	Narayanganj	652,596	11.17%
M/S Pasgaw Traders	Narayanganj	645,585	11.05%
M/S Kalak Hazi Traders	Narayanganj	633,901	10.85%
M/S Ramisha Enterprise	Narayanganj	615,205	10.53%
<b>Total</b>		<b>2,547,287</b>	<b>43.60%</b>

**(9) Contract with principal suppliers or customers:**

There is no contract with principal suppliers or customers other than the normal course of business.

**(10) Material patents, trademarks, licenses or royalty agreements:**

The Company has acquired no patents, trademark and do not have any royalty agreement.

**Licenses:** The Company has obtained certificate of incorporation from the Registrar of Joint Stock Companies and Firms (RJSC). It is a member of Bangladesh Chamber of Industries. The Company has also obtained Export and Import license, certificates from the কলকারখানা ও প্রতিষ্ঠান পরিদর্শন পরিদপ্তর for factory construction and registration/license, Environment clearance certificate in respect of the factory from the Department of Environment, certificate from the Department of fire of the Peoples Republic of Bangladesh and certificate from the Energy Regulatory Commission of Bangladesh. All of the licenses are updated excepting environment certificate which expires on 28-03-2014 and application for renewal is submitted.

**(11) Number of total employees and number of full-time employees:**

Employees' position as on June 30, 2014 is as under:

Monthly Salary Range	Employees		Total Employee
	Full time	Part time	
Tk. 3,000 and above	498	Nil	498
Below Tk. 3,000	Nil	Nil	Nil
<b>Total</b>	<b>498</b>	<b>Nil</b>	<b>498</b>

**(12) Production or service rendering capacity and current utilization is as under:**

	30-June-2014
Installed capacity (yearly)	4,105,200 lbs
Capacity utilization (yearly)	3,924,291 lbs
Capacity utilization %	95.59%
Break-even production: 1,443,799 lbs (35.17% of installed capacity & 39.08% of utilized capacity).	

## Description of Property

### (a) Principal plants and other property of the company and the condition thereof:

Zaheen Spinning Limited is located at Jhawgara, Araihasar, Narayanganj, Bangladesh. The company possesses the following assets which are in good condition as on June 30, 2014:

Particulars	Cost	Depreciation	W.D.V.
	Total Amount 30.06.2014	Total Amount 30.06.2014	As at 30.06.2014
Land & Land Development	85,799,217	-	85,799,217
Plant & Machinery	311,625,806	96,841,917	214,783,889
Building	44,204,290	7,947,286	36,257,004
Office Equipment	2,420,290	633,603	1,786,687
Furniture & Fixture	1,716,576	538,481	1,178,095
Generator	1,814,062	503,191	1,310,871
Vehicles	4,525,300	2,146,355	2,378,945
Electrical Equipment	6,893,940	1,053,174	5,840,766
<b>Total :</b>	<b>458,999,481</b>	<b>109,664,007</b>	<b>349,335,474</b>

The company physically possesses 356.04 decimal of lands. The entire lands are mutated in the name of the company.

(b) Entire above-mentioned properties are owned by the Company.

(c) Entire area of lands (i.e. 356.04 decimal), factory building and machineries are mortgaged to Mutual Trust Bank Limited, Dilkusha Branch against term loan as stated in the financial statements.

(d) All the machineries are acquired from India, China, Italy, Taiwan, Malaysia, Turkey and USA as brand new condition.

(e) None of the abovementioned properties is taken on lease.

## Plan of operation and discussion of financial condition

### (b) The Issuer's financial position, changes in financial position, results of operation including revenue from operation

#### (1) Internal & external sources of cash (As per audited accounts)

(Amount in Taka)

Internal sources of cash	01.01.14 to 30.06.14	01.01.13 to 30.06.13	01.01.13 to 31.12.13	01.01.12 to 31.12.12	01.01.11 to 31.12.11	Inception to 31.12.10
Paid-up Capital	528,000,000	93,000,000	528,000,000	93,000,000	10,000,000	10,000,000
Share money deposit	-	235,000,000	-	235,000,000	300,000,000	-
Tax holiday reserve	29,022,195	24,123,803	24,123,803	18,455,087	12,646,034	4,213,886
Reserves & surplus	107,608,437	54,505,935	54,505,935	25,061,868	29,507,412	9,832,399
<b>Sub total</b>	<b>664,630,632</b>	<b>406,629,738</b>	<b>606,629,738</b>	<b>371,516,955</b>	<b>352,153,446</b>	<b>24,046,285</b>
<b>External sources of cash</b>						
Short term loan (current liabilities)	18,235,612	18,227,454	24,764,181	95,366,776	74,841,633	-
Long term Loan	65,693,250	74,827,062	74,827,062	84,207,089	87,894,810	127,089,294
<b>Subtotal:</b>	<b>83,928,862</b>	<b>93,054,516</b>	<b>99,591,243</b>	<b>179,573,865</b>	<b>162,736,443</b>	<b>127,089,294</b>
<b>Grand total:</b>	<b>664,630,632</b>	<b>499,684,254</b>	<b>706,220,981</b>	<b>551,090,820</b>	<b>514,889,889</b>	<b>151,135,579</b>



**(2) Material commitment for capital expenditure**

Zaheen Spinning does not have any material commitment for capital expenditure.

**(3) Causes for any material changes from period to period in income, cost of goods sold, other operating expenses and net income.**

(As per audited accounts)

Particulars	30-Jun-14	30-Jun-13	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
			<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Revenue	439,645,854	227,853,670	455,707,340	399,719,712	377,848,150	214,184,756
Less: Cost of goods sold	369,786,127	191,757,577	383,515,154	337,472,785	319,261,687	180,986,118
<b>Gross Profit / (Loss)</b>	<b>69,859,727</b>	<b>36,096,093</b>	<b>72,192,186</b>	<b>62,246,927</b>	<b>58,586,463</b>	<b>33,198,638</b>
Less: Operating expenses :	9,741,587	8,703,231	17,406,462	11,408,110	11,676,604	4,192,468
Administrative expenses	9,305,987	8,227,021	16,454,042	10,839,754	11,124,004	4,192,468
Marketing expenses	435,600	476,210	952,420	568,356	552,600	-
<b>Profit from Operations</b>	<b>60,118,140</b>	<b>27,392,862</b>	<b>54,785,724</b>	<b>50,838,817</b>	<b>46,909,859</b>	<b>29,006,170</b>
Add: Other income	8,871,795	2,372,940	4,745,880	1,845,800	426,294	3,050,350
Less: Financial expenses	6,604,990	10,870,081	21,740,162	33,321,108	19,228,992	18,010,235
<b>Net Profit / (loss)</b>	<b>62,384,945</b>	<b>18,895,721</b>	<b>37,791,442</b>	<b>19,363,509</b>	<b>28,107,161</b>	<b>14,046,285</b>
Add: Income from investment in securities	2,926,950	87,500	174,999	-	-	-
<b>Net Profit / (loss) before tax</b>	<b>65,311,895</b>	<b>18,983,221</b>	<b>37,966,441</b>	<b>19,363,509</b>	<b>28,107,161</b>	<b>14,046,285</b>
Less: Tax holiday reserve	4,898,392	2,834,358	5,668,716	5,809,053	8,432,148	4,213,886
Less: Income tax provision	7,311,001	1,426,829	2,853,658			
<b>Net profit/ (loss) after tax</b>	<b>53,102,502</b>	<b>14,722,033</b>	<b>29,444,067</b>	<b>13,554,456</b>	<b>19,675,013</b>	<b>9,832,399</b>

Main reasons for material changes of net profit over last reporting period are increased paid-up capital (Tk. 93,000,000 to Tk. 528,000,000 from July 16, 2013), increased revenue, reduction in financial expenses due to repayment of high interest bearing short-term loan and regular payment of long-term loan, increased capacity utilization, better yarn price and management efficiency compare to the same period of last year.

**(4) Seasonal aspect of business**

Zaheen Spinning does not have any seasonal aspect in its business.

**(5) Known trends, events or uncertainties**

Political unrest, hartal, flood, natural calamities and power crisis are the known events that may affect the company's future business.

**(6) Changes in the assets of the company used to pay off any liabilities**

No asset of the Company has been disposed to pay off the liabilities.

**(7) Loans taken or given by the company either from or to its holding/parent or subsidiary company**

The company has no subsidiaries. No loan has been taken from or given to holding/parent/subsidiary Company.

**(8) Future contractual liabilities**

The company has no plan to enter into any contractual liabilities within next one year other than the normal course of business.

**(9) Future capital expenditure**

The company has is no other plan in near future for any capital expenditure other than the capital expenditure mentioned in the caption "Use of proceeds".

**(10) VAT, income tax, customs duty or other tax liability including contingent liabilities which is yet to be paid with reason for non-payment**

**(I) VAT:**

There is no VAT liability by the Company as on December 31, 2013.

**(II) Income Tax**

Zaheen Spinning Limited is enjoying tax holiday facilities for a period of 5 (five) years starting from February 01, 2010 to January 31, 2015; first two years 100%, next two years 50% and last one year 25% tax holiday as per approval granted by the National Board of Revenue (NBR) vide their letter নথি নং-১১(২৩) অনূ-১/২০১০/ dated 27/06/2010 under section 46A & 46(A) (1A)(I) of Income Tax Ordinance 1984.

The Company has no tax liabilities as on December 31, 2012 and its assessment position is as under:

Income Year	Assessment Year	Status	Remarks
2010	2011-2012	The company is enjoying Tax Holiday	Assessment complete
2011	2012-2013		Assessment complete
2012	2013-2014		Assessment complete
2013	2014-2015		Income Tax return submitted

**(III) Custom duty or other Tax and contingent liabilities**

There is no custom duty or any other tax & contingent liability by the Company.

**(11) Operating lease agreement during last five years**

The company has no record of operating lease commitment with anybody during last five years.

**(12) Any financial commitment, including lease commitment and details of liquidation**

Zaheen Spinning Limited does not have any financial lease commitments now and did not have any during last five years.

**(13) Personnel related schemes**

There is no personnel related schemes for which the company has to make provision for in future years. As per decision of the Board of Directors of Zaheen Spinning Limited taken in their 32<sup>nd</sup> board meeting the Company is maintaining worker's profit participation fund @ 5% of profit before Tax, a contributory (5% of basic) provident fund and gratuity fund from January 2014.

**(14) Break down of all expenses connected with the public issue**

The breakdown of all expenses connected with the public issue is as follows:

Particulars	Nature of Expenditure	BDT
<b>Issue Management Fees</b>		
Manager to the Issue fee	Lump sum	1,200,000.00
VAT against issue management fees	@ 15 % of Issue management fees	180,000.00
<b>Listing Related Expenses</b>		
Application fee for DSE	Fixed	5,000.00
Listing fees for stock exchanges (DSE & CSE)	@ 0.25% on Tk. 100 million and 0.15% on the rest amount of paid up capital; maximum Tk. 2 million for each exchange	2,144,000.00
Annual fee for DSE & CSE	Fixed	200,000.00
<b>BSEC Fees</b>		
Application fee	Fixed	10,000.00
BSEC Consent fee	@ 0.15% on the public offering amount	180,000.00

<b>IPO related fees &amp; commission</b>		
Underwriting commission	@ 0.50% on underwritten amount	300,000.00
Bankers to the Issue commission	@ 0.10% of amount collected (at actual)	120,000.00
Credit rating fees		300,000.00
Auditor certification fees		100,000.00
<b>CDBL Fees and Expenses</b>		
Security deposit		500,000.00
Documentation fee		2,500.00
Annual fee		100,000.00
Connection fee		6,000.00
IPO fees	@0.0175% of paid up capital	113,400.00
<b>Printing and Post IPO Expenses</b>		
Publication of Prospectus	Estimated (to be paid at actual)	600,000.00
Abridged version of Prospectus and notice in 4 daily newspaper	Estimated (to be paid at actual)	500,000.00
Notice for Prospectus, lottery, refund etc. in 4 daily news paper	Estimated (to be paid at actual)	100,000.00
Printing of Forms	Estimated (to be paid at actual)	700,000.00
Lottery conducting expenses & BUET fee	Estimated (to be paid at actual)	700,000.00
Data processing, distribution	Estimated (to be paid at actual)	2,000,000.00
Courier expenses	Estimated (to be paid at actual)	500,000.00
Allotment and refund	Estimated (to be paid at actual)	700,000.00
Stationeries and other expenses	Estimated (to be paid at actual)	300,000.00
<b>Grand Total</b>		<b>11,560,900.00</b>

N.B.: Actual costs will vary if above mentioned estimates differ and will be adjusted accordingly.

**(15) Revaluation of Assets**

The company has not revalued its assets any time since inception.

**(16) Transaction between the Issuer and its holding/subsidiary/associate company**

Zaheen Spinning Limited is not a holding/subsidiary/associate company and has no such transaction with anybody.

**(18) Auditors' report regarding allotment of shares to the directors and subscribers for any consideration otherwise than for cash**

**To whom it may concern**

This is to certify that the Company does not issue any shares otherwise than for cash excepting bonus shares issued in 2012 and the books of accounts of the Company have been verified & found in order.

We also certify that the allotment of share of Zaheen Spinning Limited is as under:

Allotments	Date of Allotment	Consideration	No. of Shares issued	Face value per share (Taka)	Share Capital Amount (Taka)
As per MOA	11-07-2007	Cash	10,000	1,000	10,000,000.00
1st Allotment	15-07-2012	Cash	6,500,000	10	65,000,000.00
2 <sup>nd</sup> Allotment	20-09-2012	Bonus	1,800,000	10	18,000,000.00
3 <sup>rd</sup> Allotment	16-07-2013	Cash	43,500,000	10	435,000,000.00
<b>Total</b>					<b>528,000,000.00</b>

The company commenced its business as a private limited company on July 22, 2007. The legal status has been changed into public limited company on August 14, 2012 and the face value of the shares has been changed into Taka 10/- per share from Taka 1,000/- per share on July 29, 2012 and necessary amendments in the capital clause of the Memorandum and Articles of Association were made accordingly.

Dhaka: November 20, 2013

Sd/-  
**Mohammad Ata Karim & Co.**  
Chartered Accountants

### (19) Declaration regarding suppression of material information

This is to declare that, to the best of our knowledge and belief, no information, facts or circumstances, which should be disclosed have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

For Issuer,

Sd/-

**A. M. Badruzzaman Khashroo**  
Director & Managing Director

### Directors and Officers

Information in respect of its directors and officers of the company is given below:-

#### (a) & (b) Directors of Zaheen Spinning Limited

Name	Age (years)	Qualification	Experience	Position	Date of Becoming Director for the 1 <sup>st</sup> time	Expiry of current term
Mr. A. M. Badruzzaman Khashroo	65 years	SSC	Business & welfare activities 35 years.	Director & Managing Director	From inception	Next AGM
Mrs. Farida Khanam	55 years	SSC	Business & welfare activities 15 years.	Director & Chairman	From inception	Next AGM
Md. Mahmudur Rahman	33 Years	MBA	Business & welfare activities 10 years	Director	From inception	Next AGM
Mrs. Sadia Amneen	35 Years	MBA	Business & welfare activities 05 years	Director	15/07/2012	Next AGM
Mrs. Nusrat Jahan	30 Years	CSE (Hons)	Business & welfare activities 05 years	Director	15/07/2012	Next AGM

(a) **Directors' involvement in other organization:** None of the above directors are also a director of another company or owner or partner of any other concerns.

### (d) Family relationship among directors and top officials

No family relationship exists between the members of the Board of Directors and top officers of the Company excepting the Director & Managing Director Mr. A. M. Badruzzaman Khashroo.

The relationship among board of directors is given below:

Name of the Director	Position in the Company	Relationship
Mr. A. M. Badruzzaman Khashroo	Director & Managing Director	Husband of Farida Khanam
Mrs. Farida Khanam	Director & Chairman	Wife of Mr. A. M. Badruzzaman Khashroo
Mr. Mahmudur Rahman	Director	Son of Mr. A. M. Badruzzaman Khashroo and Mrs. Farida Khanam
Mrs. Sadia Amneen	Director	Wife of Mr. Mahmudur Rahman
Mrs. Nusrat Jahan	Director	Daughter of Mr. A. M. Badruzzaman Khashroo and Mrs. Farida Khanam

## (e) Short bio data of the Directors

### 1. Mrs. Farida Khanam, Chairman

Mrs. Farida Khanam, daughter of late Kulsum Akter & late Dewan Ali Bhuiyan, was born in a very respectable Muslim Family in 1957. She is one of the sponsor directors and the Chairman of Zaheen Spinning Limited. Mrs. Farida has more than 15 years of experience in textile industry. She looks after administration and other matters of the company. She is involved in many social activities.

### 2. Mr. A. M. Badruzzaman Khashroo, Director & Managing Director

Mr. A. M. Badruzzaman Khashroo, son of late Mahmuda Begum & Afiquir Rahman Khan was born in a very respectable Muslim Family of Araihasar, Narayanganj in 1947. Mr. Khashroo is one of the sponsor directors of Zaheen Spinning Limited. He is also the Managing Director of the company. Mr. Khashroo is one of the pioneers in Garments & Textile industry in Bangladesh. He has a vast experience of more than 35 years in Textiles industry and has sound knowledge on cotton growing areas and its technical specifications. He is the Chairman of the Peoples University of Bangladesh. He is also involved in many social and cultural organizations.

### 3. Mr. Mahmudur Rahman, Director

Mr. Mahmudur Rahman, son of Mrs. Farida Khanam & Mr. A. M. Badruzzaman Khashroo. He was born in a respectable Muslim family in 1979. Mr. Mahmud is one of the sponsor directors of the company having more than 10 years of experience. He worked in different capacities in the company and is presently looking after production. He is in-charge of technical matters, overall administration and finance of the company. At present, he is also focusing on exports markets. He is an MBA. Mr. Mahmud is also involved in many social welfare organizations.

### 4. Mrs. Sadia Amneen, Director

Mrs. Sadia Amneen, daughter of Mrs. Tasnis Haque & wife of Mr. Mahbubur Rahman Khan, was born in a respectable Muslim family in 1977. She is one of the directors of the company having more than 05 years of experience in the textile industry. She has obtained B.A. & M.A. in English from Dhaka University and MBA from California University of USA.

### 5. Mrs. Nusrat Jahan, Director

Mrs. Nusrat Jahan, daughter of Mrs. Rina Akter & wife of Mr. Mahmudur Rahman, was born in a respectable Muslim family in 1982. She is one of the directors of the company. She has obtained Honours in Computer Science and Engineering.

## (f) CIB report

Neither Zaheen Spinning Limited nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter. The CIB status of the Company and its directors as stated by Bangladesh Bank in their CIB report is, Quote - তফসিলী ব্যাংক ও আর্থিক প্রতিষ্ঠান থেকে প্রাপ্ত অত্র ব্যুরোর ডাটাবেইজে সংরক্ষিত সর্বশেষ জানুয়ারী, ২০১৪ ইং এর ঋণতথ্য অনুযায়ী প্রতিষ্ঠানটির "Loan status" এর উপর মহামান্য হাইকোর্টের "Stay order"বহাল আছে এবং উক্ত প্রতিষ্ঠানের সাথে সংশ্লিষ্টতার কারণে এর যাচিত ০৫ (পাঁচ) জন পরিচালকের "Loan status" এর উপরও মহামান্য হাইকোর্টের "Stay order"বহাল আছে। তবে উক্ত পরিচালকগণ অন্যান্য ক্ষেত্রে ঋণ খেলাপী থেকে মুক্ত। - Unquote.

### (g) Description of top executives and departmental heads of the company

Sl#	Name	Position	Education	Date of joining	Last 5 years experience
01	Mr. A. M. Badruzzaman Khashroo	Director & Managing Director	SSC	Since Inception	Zaheen Spinning Ltd.
02	Mr. Nurul Amin	General Manager	B.Sc Textile Engineer	17.12.2009	Naheed Spinning Ltd.
03	Mr. Razib Mahmud	Electric Engineer	Dep. Engineer	12.06.2012	Suruj Mia Spinning Ltd.
04	Mr. Harunar Rashid	In-charge Quality Control	BA	19.09.2009	Naheed Spinning Ltd.
05	Mohammad Kamal Hossen	Manager (Accounts & Finance)	M. Com	01.04.2013	Mabco Foods Limited

### (9) Involvement of Directors and officers in certain legal proceedings

No Director or officer of Zaheen Spinning Limited was involved in any of the following types of legal proceedings in the last 10 (ten) years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer director in any type of business, securities or banking activities.

### (10) Certain Relationships and Related Transactions

The Company has neither entered into during the last 2 (two) years nor have any plan to enter into any transaction with the following parties:

(a) Any director or executive officer of the issuer.

(b) Any director or officer.

(c) Any person owning 5% or more of the outstanding shares of the issuer.

(d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus.

(f) Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan.

(g) Any director holding any position, apart from being a director in the issuer company, in any company, society, trust, organization, or proprietorship or partnership firm.

(h) All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary.

## (11) Executive Compensation

### a) Remuneration paid to top five salaried officers during last accounting year

As per audited accounts

Name	Designation	30-Jun-14	31-Dec-13
Mr. A. M. Badruzzaman Khashroo	Managing Director	1,200,000	2,400,000
Mr. Nurul Amin	General Manager	648,000	972,000
Mrs. Farida Khanam	Chairman	300,000	600,000
Mr. Mahmudur Rahman	Director	300,000	600,000
Mr. Md. Ikramul Kabir	Company Secretary	160,000	240,000
Mr. Mohammad Kamal Hossen	Manager (Accounts & Finance)	210,000	315,000
Mr. Razib Mahmud	Electric Engineer	176,000	264,000
Mr. Harunar Rashid	In-charge Quality Control	120,000	180,000

### (b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year.

The honorarium and board meeting attendance fees paid by the company during the period under review is as under:

Particulars	30-Jun-14	31-Dec-13
Managing Director's remuneration	1,200,000	2,400,000
Other Directors' Remuneration	600,000	1,200,000
Salary and allowances to other Officers and Staffs	2,956,800	5,856,500
<b>Total</b>	<b>4,756,800</b>	<b>9,456,500</b>

Board of Directors of Zaheen Spinning Limited have decided to increase the remuneration of Managing Director & other Directors for their engagement in company and fix up remuneration for Mr. A. M. Badruzzaman Khashroo Tk. 200,000.00, Mrs. Farida Khanam Tk. 50,000.00 and Mr. Mahmudur Rahman Tk. 50,000.00 in their 28th Board Meeting held on 27-12-2012 with effect from 1st January 2013. The Board of Directors of the company receiving no meeting attendance fees.

### (c) Remuneration paid to any director who was not an officer during the last accounting year.

The Company did not pay any remuneration to any directors who were not an officer during the last accounting year.

### d) Contract with any director or officer providing for the payment of future compensation.

There is no contract with any Director or officer providing for the payment of any future compensation.

### e) Intention to substantially increase the remuneration paid to its directors and officers in the current year.

Except for normal annual increment and allowances, there is no plan for substantial pay increase to its directors and officers in the current year.

## (12) Options granted to Directors, Officers and Employees

The Company did not grant any option to any Officer, Director and all other officers of the Company or to any other person involved with the Company.

### (13) Transaction with the Directors and Subscribers to the Memorandum

#### (a) Benefit from the Company

The Directors and subscribers to the memorandum have not received any benefit except dividend and Honorarium. In the year 2013, Directors received honorarium Tk. 3,600,000.00 for their services rendered to the Company. The Company also has not received anything from its Promoters except fund against allotment of Shares. Till now the Board of Directors of the company receiving no meeting attendance fees.

#### (b) Promoters' Asset to Company

Directors and subscribers to the memorandum have not transferred any asset to the Company except Mr. A. M. Badruzzaman Khashroo and Mrs. Farida Khanam sold their 354.59 decimals of land to the Company for Tk. 20,677,000.00 based on the acquisition cost price of the aforesaid area of land.

### (14) Tangible assets per share

#### Auditors' Certificate on Net Tangible Assets Value per Share

We have examined the calculation of Net Tangible Asset per share of the Company as of June 30, 2014 which has been prepared by the management of Zaheen Spinning Limited. The preparation of the aforesaid calculation of Net Tangible Asset per share is the responsibility of the company's Management. Our responsibility is to review it and opinion as to whether it has been properly prepared using acceptable principles and based on Audited Financial Statements for the period ended June 30, 2014.

Based on our review, we hereby certify that the Company has properly prepared the calculation of Net Tangible Asset per share using acceptable principles and based on Audited Financial Statements for the period ended June 30, 2014, as below:

Particulars	Amount in BDT
Non-current assets	349,335,474
Current assets	412,552,459
<b>Total assets</b>	<b>761,887,933</b>
Non-current liabilities	65,693,250
Current liabilities	31,564,051
<b>Total liabilities</b>	<b>97,257,301</b>
<b>Net assets</b>	<b>664,630,632</b>
Number of ordinary shares outstanding	52,800,000
<b>Net tangible assets value per share of Tk. 10.00 each</b>	<b>12.59</b>

Dhaka: July 12, 2014

Sd/-  
(Mohammad Ata Karim & Co.)  
Chartered Accountants



### (15) Ownership of the company's securities

Name of Shareholder	Position	Address	Shares held	Pre-IPO holding	Post-IPO holding
A. M. Badruzzaman Khashroo	Director & Managing Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	11,680,000	22.12%	18.02%
Farida Khanam	Director & Chairman	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	4,920,000	9.32%	7.59%
Mahmudur Rahman	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	7,200,000	13.64%	11.11%
Sadia Amneen	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	2,482,500	4.70%	3.83%
Nusrat Jahan	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	2,482,500	4.70%	3.83%
Mahbubur Rahman Khan	Shareholder	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	1,842,500	3.49%	2.84%
Masuma Khanam	Shareholder	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	1,842,500	3.49%	2.84%
ICB Securities Trading Co. Ltd.	Shareholder	BSB Building (13th Floor), 8 DIT Avenue, Motijheel, Dhaka.	1,000,000	1.89%	1.54%
Bangladesh Fund (ICB AMCL)	Shareholder	BDBL Bhaban (Level-17) 8, Rajuk Avenue, Dhaka-1000	2,000,000	3.79%	3.09%
ICB Capital Management Ltd. (ICML Fund)	Shareholder	BSB Bhaban, (14th Floor) 8 Rajuk Avenue, Dhaka-1000.	1,500,000	2.84%	2.31%
Janata Capital & Investment Limited	Shareholder	48, Motijheel C/A (3rd Floor), Dhaka-1000.	500,000	0.95%	0.77%
ICB Portfolio, Chittagong	Shareholder	Delwar Bhaban (3rd Floor), 104 Agrabad C/A, Chittagong.	100,000	0.19%	0.15%
GSP Finance Company (BD) Ltd.	Shareholder	1, Paribagh, Mymensingh Road, Romna, Dhaka-1000.	1,000,000	1.89%	1.54%
ICB Portfolio, Rajshahi	Shareholder	Rajshahi Branch (2nd Floor), Dr. Gaffar Plaza, Saheb Bazar.	100,000	0.19%	0.15%
ICB Unit Fund	Shareholder	BSB Building (14-17th Floor), 8 DIT Avenue, Motijheel, Dhaka.	2,000,000	3.79%	3.09%
Investment Corporation Bangladesh	Shareholder	BSB Building (14-17th Floor), 8 DIT Avenue, Motijheel, Dhaka.	3,000,000	5.68%	4.63%
Uttara Finance & Investment Ltd.	Shareholder	Jibon Bima Tower (6th floor), 10 Dilkusha, C/A, Dhaka-1000	500,000	0.95%	0.77%
data edge limited	Shareholder	139 Motijheel C/A (10th floor), Dhaka-1000	1,000,000	1.89%	1.54%
MTB Capital Limited Discretionary Portfolio Management	Shareholder	WW tower (Level-5), 68 Motijheel C/A, Dhaka-1000	780,000	1.48%	1.20%
Ashok Kumar Saha	Shareholder	NGS Chamber, 1674 Asadgonj, Chittagong.	200,000	0.38%	0.31%
Farhana Parvin	Shareholder	972, Shewrapara, Mirpur, Dhaka-1216.	50,000	0.09%	0.08%
Lutfur Rahman	Shareholder	Lanvin Vista Apt-B-4, Dilu Road, New Exkaton, Dhaka-1000.	500,000	0.95%	0.77%
Md. Fazlur Rahman Khan	Shareholder	LP Gas Ltd, North Patenga, Chittagong	10,000	0.02%	0.02%
Nuruzzaman Khan	Shareholder	Spondon, Plot-40, Block-F, Metro Politan Housing, Mirpur, Dhaka	10,000	0.02%	0.02%
Abul Hasan	Shareholder	I-A-15, Kazi Nazrul Islam Road, Mohammadpur, Dhaka-1207.	75,000	0.14%	0.12%
Farid Ahmed	Shareholder	Flat-B-7, Firoza Rose, 12, Eskaton, Dhaka-1000.	116,000	0.22%	0.18%
Kazi Shamsul Alam	Shareholder	27, Maya Kanan, Po- Basaboo, Dhaka-1214.	50,000	0.09%	0.08%
Syed A.T. Muzaffar Ali	Shareholder	888, East Kazipara, Mirpur, Dhaka-1216.	50,000	0.09%	0.08%
Akbar Hossain	Shareholder	14/24, Shajahan Road, Mohammadpur, Dhaka-1207.	74,000	0.14%	0.11%
Md. Golam Towhid	Shareholder	QTY No- 40/9, BAF Base KTL PO Air Base Dhaka Cant-1206	50,000	0.09%	0.08%
Hosne Ara	Shareholder	Pubali Bank Ltd. Head Office, Dhaka.	50,000	0.09%	0.08%

Md. Abdus Sultan	Shareholder	Vill-Nandina, Post-Nandina, Dist-Jamalpur.	160,000	0.30%	0.25%
Begum Sultana	Shareholder	888, East Kazipara, Mirpur, Dhaka-1216.	50,000	0.09%	0.08%
Sadia Ahmed Mukti	Shareholder	14/24, Shajahan Road, Mohammadpur, Dhaka-1207.	64,000	0.12%	0.10%
Md. Rejuanul Hoque Chowdhury	Shareholder	BNCC HQ 32, Isha Kha Avenue, Dhaka	20,000	0.04%	0.03%
Md. Saiful Islam Helaly	Shareholder	117/Ka, Azimpur Road, Dhaka-1205	100,000	0.19%	0.15%
Kabir Alam	Shareholder	ICB Head Office, DIT Avenue, Dhaka.	25,000	0.05%	0.04%
Shazia Afrin	Shareholder	1/15, North Jatrabari, Dhaka-1204.	50,000	0.09%	0.08%
Mahmuda Khanom	Shareholder	20, E. Goran, Khilgoan, Dhaka.	40,000	0.08%	0.06%
Mariam Akter	Shareholder	House - 28, Road-6/2, Polaspur, Shampur, Dhaka-1236.	50,000	0.09%	0.08%
Md. Toufiqur Rahaman	Shareholder	254, South Goran, 3rd Floor, Left Side Shantipur, Dhaka-1219.	50,000	0.09%	0.08%
Md. Ahad Sumon	Shareholder	Standard Bank Ltd, Head Office (3rd Floor), Chamber Building, 122-124 Motijheel, Dhaka	50,000	0.09%	0.08%
Md. Salim Mia	Shareholder	63/3 Sukrabad (4th floor), Dhanmondi, Dhaka-1207.	30,000	0.06%	0.05%
Taslina Chowdhury	Shareholder	House - 17, Chitashal Road, PO-Kutubpur-1421, PS- Kutubpur, Dist- Narayanganj.	50,000	0.09%	0.08%
Mafiq Uddin	Shareholder	Al- Aksa Sweets, 19 Biadit, Road Malibagh, Chowdhury Para, Dhaka-1219.	50,000	0.09%	0.08%
Md. Asraf Hossain Chowdhury	Shareholder	Flat - 3D, 14, Chamelibagh, Shantinagor, Dhaka-1217.	73,000	0.14%	0.11%
Md. Shariful Islam Chowdhury	Shareholder	147, West Dholairpur (2nd Floor), Shampur, Dhaka-1217.	88,000	0.17%	0.14%
Mohammad Habibul Karim Sarker	Shareholder	1/4, Kallayanpur, Mirpr Road, Dhaka-1207. (10th floor)	20,000	0.04%	0.03%
Humayunur Rashid	Shareholder	Feroza Monjil, 137. Central Basaboo, Dhaka-1214.	20,000	0.04%	0.03%
A. K. M. Harun-AR-Rashid	Shareholder	362/A, Dilu Road, Dhaka-1217.	50,000	0.09%	0.08%
Md. Sanoar Hossain	Shareholder	House- 7, Sher Mohammad's Home, R#23/C, Gulshan-1, Dhaka.	50,000	0.09%	0.08%
Dr. Parimal Kanti Debnath	Shareholder	295/Ka, Tally Office Road, Rayer Bazar, Dhaka-1209	50,000	0.09%	0.08%
G. M. Shariful Alam	Shareholder	28, MT Road, Khulna	50,000	0.09%	0.08%
F. M. Mizanur Rahman	Shareholder	Vill + Post - Miksimul, PS-Dumuria, Khulna.	100,000	0.19%	0.15%
Mohammaed Reaz Uddin	Shareholder	52, Abdul Gaffar Chy Bari, Demapara By-lane, CTG	100,000	0.19%	0.15%
Md. Mohiuddin	Shareholder	Provashi Foods, 25, Katalgonj Road, Panchlaish, CTG.	50,000	0.09%	0.08%
Md. Mohiuddin & Mrs. Tafura Begum	Shareholder	Provashi Foods, 25, Katalgonj Road, Panchlaish, CTG.	50,000	0.09%	0.08%
Mahmud Uddin	Shareholder	M/S Purabi Securities, Kushfia Plaza, 923, SK Road, Agrabad, CTG.	50,000	0.09%	0.08%
Dr. Md. Jahangir Alam	Shareholder	Ma- Moni Diagnostic Center, Dovashi Bazar, Rangunia, CTG.	50,000	0.09%	0.08%
Mohammed Akbar Hossain	Shareholder	527, Mohural Para, North Agrabad, CTG.	50,000	0.09%	0.08%
Md. Sahed Uddin	Shareholder	Antaranga Health House, East Mouhori Para, Masjid Lane, Agrabad, CTG.	50,000	0.09%	0.08%
Mahbulul Huda & Shamsul Karim	Shareholder	53, Battery goli , (Jobeda Manjil), Grand Floor, Dampara, CTG.	50,000	0.09%	0.08%
Mohammad Arman Uddin	Shareholder	Faiz Mansion (1st Floor), 81/A, Panchlaish R/A, P.O-Chawakbazar-4203, Chittagong.	50,000	0.09%	0.08%

Mohammad Reza Uddin & Mohammad Arman Uddin	Shareholder	Faiz Mansion (1st Floor), 81/A, Panchlaish R/A, P.O-Chawakbazar-4203, Chittagong.	50,000	0.09%	0.08%
Md. Abdul Latif	Shareholder	ICML, Rajshahi BR. (2nd Floor), Dr. Gaffar Plaza, Saheb Bazar.	50,000	0.09%	0.08%
Md. Mahabub Alam	Shareholder	ICML, Rajshahi BR. (2nd Floor), Dr. Gaffar Plaza, Saheb Bazar.	50,000	0.09%	0.08%
Dr. Mirza Wazed H. Begg	Shareholder	ICML, Rajshahi BR. (2nd Floor), Dr. Gaffar Plaza, Saheb Bazar.	50,000	0.09%	0.08%
Abdul Mosabbir	Shareholder	27, Aikkatan 2nd Floor, West Pir Moholla, Sylhet.	50,000	0.09%	0.08%
Zillur Rahman Zilu	Shareholder	30/2, Nirjar Lovely Road, West Subid Bazar, Sylhet.	50,000	0.09%	0.08%
Shuranjit Talukder	Shareholder	Uddam-7 (1st floor) , Lamabazar, Sylhet.	50,000	0.09%	0.08%
Md. Omar Ali	Shareholder	House - 44, Road- 03, Sector-11, Uttara	50,000	0.09%	0.08%
Md. Ruhul Amin	Shareholder	Rafiq Khan New Market, Bogra	50,000	0.09%	0.08%
Shamir Datta	Shareholder	Raja Bazar, Bogra Shadar, Bogra	100,000	0.19%	0.15%
Md. Azazul Islam	Shareholder	Rabeya Villa, Dhakshin Katnar Para, Bogra shadar, Bogra	50,000	0.09%	0.08%
Shamir Datta/ Subarna Datta	Shareholder	Raja Bazar, Bogra Shadar, Bogra	100,000	0.19%	0.15%
Sowkat Akbar	Shareholder	Maria Loms , M.M. Ali Road, Chittagong	50,000	0.09%	0.08%
Mohammad Mainul Islam	Shareholder	15, Badsha Meah Road, P.O-Dampara, Chittagong.	150,000	0.28%	0.23%
Mr. Fakir Kamrul Hussain Ahmed	Shareholder	Vill : Jamalpur, PS : Kaligang, Dist : Gazipur.	500,000	0.95%	0.77%
Md. Ruhul Amin Sarkar	Shareholder	Flat- 1303, Building -C, 45 New Eskaton (Near Biam)	200,000	0.38%	0.31%
Md. Azharul Islam Khan	Shareholder	56/KA, South Mugda, Dhaka-1214.	200,000	0.38%	0.31%
Md. Abu Bakr Siddique	Shareholder	BSB Building (14-17th Floor), 8 DIT Avenue, Motijheel, Dhaka.	50,000	0.09%	0.08%
Md. Ziaur Rahman Khan	Shareholder	817,Hathazari Road, Bibirhat, Ctg.	250,000	0.47%	0.39%
Rana Kumar Basak	Shareholder	WW tower (Level-5), 68 Motijheel C/A, Dhaka-1000	25,000	0.05%	0.04%
Md. Ziaul Hossain	Shareholder	Flat-FG-3, Rajanogondha, Karabi, 80 West Dhanmondi, Road-9A, Dhaka-1205.	500,000	0.95%	0.77%
Md. Saydul Islam	Shareholder	Crystal Insurance Co. Ltd, Lal Bhaban (10th floor), 18, Rajuk Avenue, Dhaka-1000	50,000	0.09%	0.08%
Muhammad Mahfuzur Rahman	Shareholder	House-673, Road-4, Section-7, Mirpur, Dhaka-1216	50,000	0.09%	0.08%
Md. Selim Howladar	Shareholder	House-54, Road-05, DIT Project, Badda, Dhaka	20,000	0.04%	0.03%
Mr. Sohel Parves	Shareholder	356, Elephant Road, Newmarket, Dhaka-1205.	200,000	0.38%	0.31%
Mr. Sohel Parves & Farhana Tasnim	Shareholder	356, Elephant Road, Newmarket, Dhaka-1205.	100,000	0.19%	0.15%
Mihin Akter	Shareholder	422/C, Khilgoan, Chowdhury Para, Dhaka-1219.	50,000	0.09%	0.08%
Abdus S. Majid	Shareholder	Flat No- 3042, Garden Tower, Upasahar, Sylhet-3100.	500,000	0.95%	0.77%
Mohammad Yusuf Jamil	Shareholder	15/B-1, Mirbagh, Dhaka -1217.	50,000	0.09%	0.08%
Mrs. Romana Rouf Chowdhury	Shareholder	Rangs Bhaban 2 <sup>nd</sup> floor, 117/A Old Airport Road, Tejgaon, Dhaka-1205	130,000	0.25%	0.20%
Khairul Motin	Shareholder	Finvest Services Limited, 26/1, HR Bhaban, Kakrail, Dhaka-1000	20,000	0.04%	0.03%
Md. Nuruzzaman	Shareholder	Doric Chandrima, Flat#B/2, 48 Siddeshwari Lane, Dhaka-1217.	50,000	0.09%	0.08%
<b>Total</b>			<b>52,800,000</b>	<b>100.00%</b>	<b>81.48%</b>

### Shareholders holding 5% or more shares

Name of Shareholder	Position	Address	Shares held	Pre-IPO holding	Post-IPO holding
A. M. Badruzzaman Khashroo	Director & Managing Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	11,680,000	22.12%	18.03%
Farida Khanam	Director & Chairman	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	4,920,000	9.32%	7.59%
Mahmudur Rahman	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	7,200,000	13.64%	11.11%
Sadia Amneen	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	2,482,500	4.70%	3.83%
Nusrat Jahan	Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	2,482,500	4.70%	3.83%
Investment Corporation Bangladesh	Shareholder	BSB Building (14-17th Floor), 8 DIT Avenue, Motijheel, Dhaka.	3,000,000	5.68%	4.63%
<b>Total</b>			<b>31,765,000</b>	<b>61.16%</b>	<b>49.02%</b>

### Securities owned by the officers

Name of Shareholder	Position	Address	Shares held	Holding pre-IPO	Holding post-IPO
A. M. Badruzzaman Khashroo	Director & Managing Director	House - 9, Road- 10, Flat-A/1, Dhanmondi, Dhaka-1205	11,680,000	22.12%	18.03%

### (16) Determination of offer price

The offering of the common stock of Zaheen Spinning Limited has been fixed at tk. 10.00 each (at par) and the management of the Zaheen Spinning Limited has believed that the offer price is justifiable.

Since the Net Asset Value (NAV) per shares of the Company is Tk. 12.59 and offering its shares to the public @ Tk. 10.00 each (at par), as per **Securities and Exchange Commission (Public Issue) Rules, 2006 Rule 16 (1) under fixed price method**, no other justification is required to be stated.

### (17) Market for the Securities Being Offered

The issuer shall apply to both the stock exchanges in Bangladesh namely;



**Dhaka Stock Exchange Limited**  
9/F, Motijheel Commercial Area, Dhaka 1000

**Chittagong Stock Exchange Limited**  
CSE Building, 1080, Sheikh Mujib Road, Agrabad, Chittagong 4100

within 7 (Seven) working days from the date of consent accorded by the Commission to issue prospectus.

### Declaration about Listing of Shares with the stock exchange(s)

None of the stock exchange(s), if for any reason, grants listing within 75 (seventy five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within 15 (fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (fifteen) days, the company's directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer Company, shall ensure due compliance of the above mentioned conditions and submit compliance report, thereon, to the Commission within 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time period allowed for refund of the subscription money.

**Trading and Settlement regulation of the Stock exchanges shall apply in respect of trading and settlement of the shares of the company.**

### Description of securities outstanding or being offered

#### Dividend, voting, pre-emption rights

The share capital of the company is divided into ordinary shares and is eligible to receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy or power of attorney in connection with, among others, selection of Directors and Auditors and other usual General Meeting whether ordinary or extraordinary. On a show of hands every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.



In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled in terms of the guidelines issued by BSEC time to time.

### **Conversion and liquidation rights**

If the Company at any time issues convertible preferences shares or debentures with the consent of BSEC or/and other regulatory authority, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the Company.

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant rules in force, the shares, if any, of the company are freely transferable. The company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mind.

### **Dividend Policy**

1. The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
2. The Company in General Meeting may declare dividend to be paid to the members according to their rights and interests in the profits and may fix the time of payment. But no larger dividend shall be declared than is recommended by the Directors, but the Company at its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
3. No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividend shall not carry interest as against the Company.
4. The Directors may, from time to time, pay the members, such interim dividend, as in their judgment, the financial position of the Company may justify.
5. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
6. There is no limitation on payment of dividends to common stockholders.

### **Other Rights of the Shareholders**

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the law and Bangladesh Accounting Standards (BAS). Financial Statements will be prepared in accordance with the Bangladesh Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and Bangladesh Accounting Standard to the shareholders regarding the financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it, in proportion to their shareholdings, on the date of book closure for the purpose.

The shareholder holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act, 1994.

## (19) Debt securities

The Company has not issued any debt securities and has no future plan as such within six months.

## 9. Lock in Period

SI#	Name of Shareholder	Position	No. of shares	Allotment date	Pre- IPO %	Lock-in period
1	A. M. Badruzzaman Khashroo	Director & Managing Director	500,000	Inception 02.7.2007	22.12%	3 years
			2,125,000	15.7.2012		
			630,000	20.9.2012		
			8,425,000	16.7.2013		
2	Farida Khanam	Director & Chairman	200,000	Inception 02.7.2007	9.32%	3 years
			925,000	15.7.2012		
			270,000	20.9.2012		
			3,525,000	16.7.2013		
3	Mahmudur Rahman	Director	300,000	Inception 02.7.2007	13.64%	3 years
			1,575,000	15.7.2012		
			450,000	20.9.2012		
			4,875,000	16.7.2013		
4	Sadia Amneen	Director	187,500	15.7.2012	4.70%	3 years
			45,000	20.9.2012		
			2,250,000	16.7.2013		
5	Nusrat Jahan	Director	187,500	15.7.2012	4.70%	3 years
			45,000	20.9.2012		
			2,250,000	16.7.2013		
			45,000	20.9.2012		
6	Mahbubur Rahman Khan	Shareholder	750,000	15.7.2012	3.49%	1 year
			180,000	20.9.2012		
			912,500	16.7.2013		
7	Masuma Khanam	Shareholder	750,000	15.7.2012	3.49%	1 year
			180,000	20.9.2012		
			912,500	16.7.2013		
8	ICB Securities Trading Co. Ltd.	Shareholder	1,000,000	16.7.2013	1.89%	1 year
9	Bangladesh Fund (ICB AMCL)	Shareholder	2,000,000	16.7.2013	3.79%	1 year
10	ICB Capital Management Ltd. (ICML Fund)	Shareholder	1,500,000	16.7.2013	2.84%	1 year
11	Janata Capital & Investment Limited	Shareholder	500,000	16.7.2013	0.95%	1 year
12	ICB Portfolio, Chittagong	Shareholder	100,000	16.7.2013	0.19%	1 year
13	GSP Finance Company (BD) Ltd.	Shareholder	1,000,000	16.7.2013	1.89%	1 year
14	ICB Portfolio, Rajshahi	Shareholder	100,000	16.7.2013	0.19%	1 year
15	ICB Unit Fund	Shareholder	2,000,000	16.7.2013	3.79%	1 year
16	Investment Corporation Bangladesh	Shareholder	3,000,000	16.7.2013	5.68%	3 year
17	Uttara Finance & Investment Ltd.	Shareholder	500,000	16.7.2013	0.95%	1 year
18	data edge limited	Shareholder	1,000,000	16.7.2013	1.89%	1 year
19	MTB Capital Limited Discretionary Portfolio Management	Shareholder	780,000	16.7.2013	1.48%	1 year
20	Ashok Kumar Saha	Shareholder	200,000	16.7.2013	0.38%	1 year
21	Farhana Parvin	Shareholder	50,000	16.7.2013	0.09%	1 year
22	Lutfur Rahman	Shareholder	500,000	16.7.2013	0.95%	1 year
23	Md. Fazlur Rahman Khan	Shareholder	10,000	16.7.2013	0.02%	1 year
24	Nuruzzaman Khan	Shareholder	10,000	16.7.2013	0.02%	1 year
25	Abul Hasan	Shareholder	75,000	16.7.2013	0.14%	1 year
26	Farid Ahmed	Shareholder	116,000	16.7.2013	0.22%	1 year
27	Kazi Shamsul Alam	Shareholder	50,000	16.7.2013	0.09%	1 year
28	Syed A.T. Muzaffar Ali	Shareholder	50,000	16.7.2013	0.09%	1 year
29	Akbar Hossain	Shareholder	74,000	16.7.2013	0.14%	1 year
30	Md. Golam Towhid	Shareholder	50,000	16.7.2013	0.09%	1 year
31	Hosne Ara	Shareholder	50,000	16.7.2013	0.09%	1 year
32	Md. Abdus Sultan	Shareholder	160,000	16.7.2013	0.30%	1 year
33	Begum Sultana	Shareholder	50,000	16.7.2013	0.09%	1 year
34	Sadia Ahmed Mukti	Shareholder	64,000	16.7.2013	0.12%	1 year
35	Md. Rejuanul Hoque Chowdhury	Shareholder	20,000	16.7.2013	0.04%	1 year

36	Md. Saiful Islam Helaly	Shareholder	100,000	16.7.2013	0.19%	1 year
37	Kabir Alam	Shareholder	25,000	16.7.2013	0.05%	1 year
38	Shazia Afrin	Shareholder	50,000	16.7.2013	0.09%	1 year
39	Mahmuda Khanom	Shareholder	40,000	16.7.2013	0.08%	1 year
40	Mariam Akter	Shareholder	50,000	16.7.2013	0.09%	1 year
41	Md. Toufiqur Rahaman	Shareholder	50,000	16.7.2013	0.09%	1 year
42	Md. Ahad Sumon	Shareholder	50,000	16.7.2013	0.09%	1 year
43	Md. Salim Mia	Shareholder	30,000	16.7.2013	0.06%	1 year
44	Taslima Chowdhury	Shareholder	50,000	16.7.2013	0.09%	1 year
45	Mafiq Uddin	Shareholder	50,000	16.7.2013	0.09%	1 year
46	Md. Asraf Hossain Chowdhury	Shareholder	73,000	16.7.2013	0.14%	1 year
47	Md. Shariful Islam Chowdhury	Shareholder	88,000	16.7.2013	0.17%	1 year
48	Mohammad Habibul Karim Sarker	Shareholder	20,000	16.7.2013	0.04%	1 year
49	Humayunur Rashid	Shareholder	20,000	16.7.2013	0.04%	1 year
50	A. K. M. Harun-AR-Rashid	Shareholder	50,000	16.7.2013	0.09%	1 year
51	Md. Sanoar Hossain	Shareholder	50,000	16.7.2013	0.09%	1 year
52	Dr. Parimal Kanti Debnath	Shareholder	50,000	16.7.2013	0.09%	1 year
53	G. M. Shariful Alam	Shareholder	50,000	16.7.2013	0.09%	1 year
54	F. M. Mizanur Rahman	Shareholder	100,000	16.7.2013	0.19%	1 year
55	Mohammaed Reaz Uddin	Shareholder	100,000	16.7.2013	0.19%	1 year
56	Md. Mohiuddin	Shareholder	50,000	16.7.2013	0.09%	1 year
57	Md. Mohiuddin & Mrs. Tafura Begum	Shareholder	50,000	16.7.2013	0.09%	1 year
58	Mahmud Uddin	Shareholder	50,000	16.7.2013	0.09%	1 year
59	Dr. Md. Jahangir Alam	Shareholder	50,000	16.7.2013	0.09%	1 year
60	Mohammed Akbar Hossain	Shareholder	50,000	16.7.2013	0.09%	1 year
61	Md. Sahed Uddin	Shareholder	50,000	16.7.2013	0.09%	1 year
62	Mahbulbul Huda & Shamsul Karim	Shareholder	50,000	16.7.2013	0.09%	1 year
63	Mohammad Arman Uddin	Shareholder	50,000	16.7.2013	0.09%	1 year
64	Mohammad Reza Uddin & Mohammad Arman Uddin	Shareholder	50,000	16.7.2013	0.09%	1 year
65	Md. Abdul Latif	Shareholder	50,000	16.7.2013	0.09%	1 year
66	Md. Mahabub Alam	Shareholder	50,000	16.7.2013	0.09%	1 year
67	Dr. Mirza Wazed H. Begg	Shareholder	50,000	16.7.2013	0.09%	1 year
68	Abdul Mosabbir	Shareholder	50,000	16.7.2013	0.09%	1 year
69	Zillur Rahman Zilu	Shareholder	50,000	16.7.2013	0.09%	1 year
70	Shuranjit Talukder	Shareholder	50,000	16.7.2013	0.09%	1 year
71	Md. Omar Ali	Shareholder	50,000	16.7.2013	0.09%	1 year
72	Md. Ruhul Amin	Shareholder	50,000	16.7.2013	0.09%	1 year
73	Shamir Datta	Shareholder	100,000	16.7.2013	0.19%	1 year
74	Md. Azazul Islam	Shareholder	50,000	16.7.2013	0.09%	1 year
75	Shamir Datta/ Subarna Datta	Shareholder	100,000	16.7.2013	0.19%	1 year
76	Sowkat Akbar	Shareholder	50,000	16.7.2013	0.09%	1 year
77	Mohammad Mainul Islam	Shareholder	150,000	16.7.2013	0.28%	1 year
78	Mr. Fakir Kamrul Hussain Ahmed	Shareholder	500,000	16.7.2013	0.95%	1 year
79	Md. Ruhul Amin Sarkar	Shareholder	200,000	16.7.2013	0.38%	1 year
80	Md. Azharul Islam Khan	Shareholder	200,000	16.7.2013	0.38%	1 year
81	Md. Abu Bakr Siddique	Shareholder	50,000	16.7.2013	0.09%	1 year
82	Md. Ziaur Rahman Khan	Shareholder	250,000	16.7.2013	0.47%	1 year
83	Rana Kumar Basak	Shareholder	25,000	16.7.2013	0.05%	1 year
84	Md. Ziaul Hossain	Shareholder	500,000	16.7.2013	0.95%	1 year
85	Md. Saydul Islam	Shareholder	50,000	16.7.2013	0.09%	1 year
86	Muhammad Mahfuzur Rahman	Shareholder	50,000	16.7.2013	0.09%	1 year
87	Md. Selim Howladar	Shareholder	20,000	16.7.2013	0.04%	1 year
88	Mr. Sohel Parves	Shareholder	200,000	16.7.2013	0.38%	1 year
89	Mr. Sohel Parves & Farhana Tasnim	Shareholder	100,000	16.7.2013	0.19%	1 year
90	Mihin Akter	Shareholder	50,000	16.7.2013	0.09%	1 year
91	Abdus S. Majid	Shareholder	500,000	16.7.2013	0.95%	1 year
92	Mohammad Yusuf Jamil	Shareholder	50,000	16.7.2013	0.09%	1 year
93	Mrs. Romana Rouf Chowdhury	Shareholder	130,000	16.7.2013	0.25%	1 year
94	Khairul Motin	Shareholder	20,000	16.7.2013	0.04%	1 year
95	Md. Nuruzzaman	Shareholder	50,000	16.7.2013	0.09%	1 year
96	Initial Public Offering	Shareholder	12,000,000		18.52%	N/A
	<b>Total</b>		<b>64,800,000</b>		<b>100.00%</b>	

The Company changed face value of its shares from Tk. 1,000/- to Tk. 10/- each on July 29, 2012 but shown all shares (equivalent shares) at Tk. 10/- each.



### 10. Refund of subscription money

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:-

- (a) 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
- (b) 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.

### 11. Subscription by and refund to non-resident Bangladeshi (NRB)

(1) A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

(2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.

(3) Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.

### 12. Availability of Securities

(1) IPO will be for 12,000,000 ordinary shares of BDT 10/- each (at par) totalling to BDT 120,000,000 and minimum market lot must not be for less than 500 ordinary shares and must be for a multiple of 500 ordinary shares. The distribution of the abovementioned ordinary shares will be as under:

a)	20% of the Issue i.e. 2,400,000 ordinary Shares at an issue price of Tk. 10 at par shall be reserved for affected small investors (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী).	2,400,000
b)	10% of the Issue i.e. 1,200,000 ordinary Shares at an issue price of Tk. 10 at par shall be reserved for Non-resident Bangladeshis.	1,200,000
c)	10% of the Issue i.e. 1,200,000 ordinary Shares at an issue price of Tk. 10 at par shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	1,200,000
d)	The remaining 60% i.e. 7,200,000 Ordinary Shares at an issue price of Tk.10 at par shall be open for subscription by the general public.	7,200,000
<b>Total</b>		<b>12,000,000</b>

- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

### **Allotment**

The company reserves the right of accepting any application, either in whole, or in part, successful applicants will be notified by the dispatch on an allotment letter by registered post/courier. Letter of allotment and refund warrants will be issued within 5 (five) weeks from the closing of the subscription.

After allotment the company will have to transfer the shares to the allottees' Beneficiary Owners (BO) account, which has been mentioned in the application form.

The company shall issue share allotment letter to all successful applicants, within 5(five) weeks, from the date of the subscription closing date. At the same time, the unsuccessful application shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date, by Account Payee Cheque, without interest payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra as the case may be.

Where allotment is made, in whole or in part in respect of joint application, the allotment letter will be dispatched to the person whose name appears first in the application form notwithstanding that the shares have been allotted to the joint applicants. Where joint applicant is accepted in part, the balance of any amount paid on application will be refunded without interest to the person named first in the application form.

### **Application for subscription**

1. Application for shares may be made for a minimum lot of 500 units of shares to the value of BDT 5,000 (Taka five Thousands Only) and should be made on the company's Printed Application Forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, or from the Bankers to the issue. In case, adequate Forms are not available, applicants may use photocopied/ cyclostyled/ handwritten/typed copies of the Forms. Applications must not be for less than 500 units of share. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two (2) persons will not be accepted. In the case of joint application, each party must sign the application form.
3. Application must be in full name of individuals, or limited companies, or trusts or societies, and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association of that company.
4. **An applicant cannot submit more than two applications, one in his 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, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
5. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**

6. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.**
7. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by BSEC.
8. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and foreign nationals shall be entitled to apply for shares.
9. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/offices of the banks mentioned in the application forms in Cash/Cheque/Pay Order/Bank Draft. The Cheque/ Pay Order/ Bank Draft shall be made payable to the bank to which it is sent, be marked "Zaheen Spinning Limited", shall bear the crossing "A/C Payee Only" and must be drawn on a bank in the same town of the bank to which application form is deposited.
10. A Non-Resident Bangladeshi (NRB) shall apply against the Public Offer either directly by enclosing a foreign demand draft, drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollars, Great Britain Pounds or Euro at the spot buying (TT Clean) rate of exchange prevailing the date of opening of subscription. Refund against over subscription of shares shall be made in the currency, in which the value of shares, applied for, was paid by the applicant. Share application form against the quota for NRB shall be sent by the applicant directly along with a bank draft or cheque to the company at its registered office. Copies of application form and prospectus shall be available with the Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia, and South Korea and on the website of the BSEC, Issuer Company, Issue Manager, DSE and CSE.
11. All completed application forms together with remittances for the full amount, payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
12. The IPO subscription money collected from investors (other than non-resident Bangladeshis in USD/GBP/EURO) by the Bankers to the Issue will be remitted to the Account "**Zaheen Spinning Limited**" Account No. 0012-0320001356 with **Mutual Trust Bank Limited** for this purpose.
13. The subscription money collected from Non-Resident Bangladeshis in US Dollars or Great Britain Pounds or Euro shall be deposited to three FC accounts opened by the Company for IPO purpose as follows:

Name of FC Account	Currency	Account No.	Bank
Zaheen Spinning Limited	US Dollar	0012-0260001612	Mutual Trust Bank Limited
Zaheen Spinning Limited	GB Pound	0012-0260001621	Mutual Trust Bank Limited
Zaheen Spinning Limited	Euro	0012-0260001630	Mutual Trust Bank Limited

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by the Company out of the "FC Account for IPO". The Company has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription, if any.

15. স্কটিগ্রন্থ স্কুদ্র বিনিয়োগকারীগন সকল পাবলিক ইসুতে একক অথবা যৌথ হিসাবে যেকোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছে করলে স্কটিগ্রন্থ সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICANT FORM ARE LIABLE TO BE REJECTED.

### Trading and settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company

*The issue shall be placed in Category "N" with DSE and CSE*

### Bankers to the issue and their commission

Commission at the rate of 0.10% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

The following banks have agreed to work as bankers to the Issue for the IPO.

Mutual Trust Bank Limited	Bank Asia Limited
Mercantile Bank Limited	The City Bank Limited
Shahjala Islami Bank Limited	Standard Bank Limited
Investment Corp. Bangladesh (ICB)	Premier Bank Limited
South Bangla Agriculture & Com. Bank Ltd.	National Bank Limited

The designated branch list for collection of IPO subscription money is detailed in the application form part of the prospectus.

### Commission of bankers to the Issue services

Commission at the rate of 0.10% of the amount collected will be paid to the bankers to the Issue for the services to be rendered by them.

### Material contract

1. Underwriting Agreements between the Company and the Underwriters.
2. Issue Management Agreement between the Company and MTB Capital Limited
3. Contract between the company and the Central Depository Bangladesh Limited (CDBL).

The copies of the aforementioned contracts and documents and a copy of Memorandum of Association and Articles of Association of the Company and the Consent Letter from BSEC may be inspected, on any working day, during office hours, at the Registered Office of the Company and the Issue Manager.

### 13. Manager to the Issue

MTB Capital Limited, merchant banking license from BSEC bearing No. MB 55/2010, MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka -1000 is the Manager to the Issue for the public offering of Zaheen Spinning Limited.

The issuer shall pay an amount of Tk 1,200,000 (Taka one million two hundred thousand only) to MTB Capital Limited as issue management fee.

#### 14. Underwriting of shares

(1) Initial Public Offering (IPO) for 12,000,000 ordinary shares of BDT 10.00 each at an issue price of BDT 10.00 per share (at par) worth BDT 120,000,000 (Taka one hundred twenty million only). As per BSEC's guideline 50% of the said 12,000,000 ordinary shares i.e. 6,000,000 ordinary shares at an issue price of BDT 10.00 each (at par) amounting to BDT 60,000,000 (Taka sixty million only) has been underwritten by the following underwriters:

Name of Underwriter	No. of Shares	Amount (BDT)
<b>MTB Capital Limited</b> MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue Bangla Motor, Dhaka-1000	3,500,000	35,000,000
<b>Prime Finance Capital Management Ltd</b> 63 Dilkusha C/A (3rd Floor), Dhaka-1000	500,000	5,000,000
<b>ICB Capital Management Limited</b> BSB Bhaban, (Level 16) 8 Rajuk Avenue, Dhaka-1000	1,500,000	15,000,000
<b>AFC Capital Limited</b> Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000	500,000	5,000,000
<b>Total</b>	<b>6,000,000</b>	<b>60,000,000</b>

#### Principal terms and conditions of underwriting agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (Ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Bangladesh Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares within 15 (Fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account has been credited.
3. In any case within 7 (Seven) days after the expiry of the aforesaid 15 (Fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Bangladesh Securities and Exchange Commission under the law may be imposed on them.

#### Commission for the underwriters

The company shall pay to the underwriter an underwriting commission @ 0.50% on Tk. 60,000,000 of the issue value of shares underwritten by them out of the Public Issue.

#### Right of underwriters on company's board

Underwriters have not acquired any right to have their representatives in the Board of Directors of the Company.

#### Relationship of officers or directors of the underwriters with the member of board of the company

No officer or director of the underwriters is presently engaged as the director of the company.

## Corporate Directory

Registered Office	House#9, Road#10, Flat-A/1, Dhanmondi Dhaka-1205, Bangladesh Phone: +88-02-9133187 Email: <a href="mailto:info@zaheenspinningltd.com">info@zaheenspinningltd.com</a> Web: <a href="http://www.zaheenspinningltd.com">www.zaheenspinningltd.com</a>
Corporate Office	House # 59/A, Road # 12/A (6th & 7th floor) Near Takwa Masjid Dhanmondi, Dhaka-1209, Bangladesh Phone: +88-02- 8191588, 8191522 Fax: +88-02-8191522 Email: <a href="mailto:info@zaheenspinningltd.com">info@zaheenspinningltd.com</a> Web: <a href="http://www.zaheenspinningltd.com">www.zaheenspinningltd.com</a>
Auditors	<b>Mohammad Ata Karim &amp; Co.</b> Chartered Accountants Paltan Tower (7 <sup>th</sup> floor), Suit# 706 87, Purana Paltan Line, Dhaka Phone: +88-02-8333047, 9343430
Manager to the Issue	<b>MTB Capital Limited</b> MTB Tower (Level -3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000 Phone: +88 02 8321714 Fax: +88 02 8321543 Email: <a href="mailto:info.mtbcap@mutualtrustbank.com">info.mtbcap@mutualtrustbank.com</a> Web: <a href="http://www.mtbcap.com">www.mtbcap.com</a>
Lead Banker to the Issue	<b>Mutual Trust Bank Limited</b> Dilkusha Branch WW Tower (1st-3rd Floor) 68, Motijheel C/A Dhaka-1000, Bangladesh Phone : 7113237-38, 7119964, 7122049, 7122849 Fax : 880-2-7110930 Email : principal.br@mutualtrustbank.com <a href="mailto:info.mtbcap@mutualtrustbank.com">mailto:info.mtbcap@mutualtrustbank.com</a> Web: <a href="http://www.mtbcap.com">www.mtbcap.com</a>
Company's compliance officer	Mahmudur Rahman, Director-Zaheen Spinning Limited

**“শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন”**

“Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager”

## Zaheen Spinning Limited

### Application Form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

**Warning:** Please read the instructions at the back of this form. Incorrectly, filled applications or applications failing to comply with any of the instructions therein may be rejected.

**The Managing Director**

Zaheen Spinning Limited  
House No # 59/A, Road No # 12/A,  
(6<sup>th</sup> & 7<sup>th</sup> Floor), Dhanmondi,  
Dhaka-1209, Bangladesh.

Banker’s Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us ..... numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company’s Prospectus approved by the Bangladesh Securities and Exchange Commission subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said ordinary shares in my/our Beneficiary Owner (“BO”) account; I/we further authorize you to send a crossed (Account Payee only) cheque in respect of any Application money refundable to me/us by post/courier at my/our risk to the first applicant’s address stated below:

1. Number of Ordinary Shares ..... of Tk. 10.00 each at per.

2. Total subscription money of the amount of Tk. (in figures) ....., Taka (in words) ..... only deposited vide Cash/Cheque/ DD/ Pay Order No. .... Dated..... on ..... Bank ..... Branch.

3. Beneficiary Owner (BO) A/C No. [Table with 13 columns]

**(If you do not mention your valid BO account number your application will be treated as invalid)**

4. I/we agree to fully abide by the instruction given herein.

5. Particulars of Applicant(s):

**a) Sole/First Applicant**

Name: Mr./Mrs/Ms.		
Father’s/Husband’s Name:		
Mother’s Name:		
Mailing Address:		
Occupation:	Nationality:	Tel. No. (if any):
<b>For Refund: Please write the correct and full name of bank and branch (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank).</b>		
<b>For refund purpose:</b> I/we want refund through <input type="checkbox"/> Bank Account <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made).		
<b>The applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.</b>		
Applicant’s Bank A/C No.:		
Name of the Bank:	Branch:	

**b) Second Applicant**

Name:		
Father’s/Husband’s Name:		
Mother’s Name:		
Mailing Address:		
Occupation:	Nationality:	Tel. No. (if any):

6. I/we hereby declare that I/we have read the Prospectus of **Zaheen Spinning Limited** and have willingly subscribed for ..... No. of Ordinary Shares of Tk. 10.00 per at par.

7. Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		

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.

**BANKER’S ACKNOWLEDGEMENT**

Certified that this Bank has received Tk. (in figures) ..... (In word ..... ) only from Mr./Mrs./Ms. .... being the Application money for ..... Nos. of Ordinary Shares of **Zaheen Spinning Limited**.

Banker’s Sl. No.

Seal and Date

Authorized Signature  
(Name & Designation)

## INSTRUCTIONS

01	As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the application Form. If you do not mention your valid BO (beneficiary owner) account, your application will be treated as invalid.
02	All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
03	Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
04	Application must not be for less than 500 ordinary shares and must be for a multiple of 500 ordinary shares. Any application not meeting these criteria will not be considered for allotment purpose.
05	Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favouring "Zaheen Spinning Limited" and crossed "A/C Payee Only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
06	In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form and where amount is refundable in whole or in part the same will be refunded by account payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the prospectus.
07	Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
08	Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and certificate of incorporation.
09	<b>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.</b>
10	No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
11	In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO application forms are maintained with the bankers to the issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12	Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission.
13	Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
14	Applications, which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
15	The bankers' to the issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
16	<b>No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus have been published.</b>
17	The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen percent) of their subscription money too.



## Banker to the Issue

<p><b>Mutual Trust Bank Limited</b>  Agrabad Branch, Chittagong  Alankar Mour Branch, Chittagong  Aman Bazar Branch, Chittagong  Babu Bazar Branch, Dhaka  Banani Branch, Dhaka  Baridhara Branch, Dhaka  Bashundhara Branch, Dhaka  Bogra Branch, Bogra  Brahmanbaria Branch, Brahmanbaria  C D A Avenue Branch, Chittagong  Chandra Branch, Dhaka  Chawk Moghaltuli Branch, Dhaka  Chokoria Branch, Chittagong  Comilla Branch, Comilla  Cox's Bazar Branch, Cox's Bazar  Dagonbhuiyan Branch, Feni  Dhanmondi Branch, Dhaka  Dholaikhal Branch, Dhaka  Dilkusha Branch, Dhaka  Dinajpur Branch, Dinajpur  Elephant Road Branch, Dhaka  Feni Branch, Feni  Fulbaria Branch, Dhaka  Gobindaganj Branch, Gobindaganj  Gournadi Branch, Barisal  Gulshan Branch, Dhaka  Habigonj Branch, Habigonj  Ishwardi Branch, Ishwardi  Jessore Branch, Jessore  Joypurhat Branch, Joypurhat  Jubilee Road Branch, Chittagong  Kakrail Branch, Dhaka  Kamrangir Char Branch, Dhaka  Kapasia Branch, Gazipur, Dhaka  Khatungonj Branch, Chittagong  Khilpara Branch, Chatkhil, Noakhali  Kushtia Branch, Kushtia  Mohammadpur Branch, Dhaka  Moulvi Bazar Branch, Sylhet  MTB Corporate Center Branch, Dhaka  Mymensingh Branch, Mymensingh  Naogaon Branch, Naogaon  Narayanganj Branch, Narayanganj  Nazirhat Branch, Chittagong  Noria Branch, Shariyatpur  Oxygen Mor Branch, Chittagong  Pabna Branch, Pabna  Pallabi Branch, Dhaka  Panthapath Branch, Dhaka  Principal Branch, Dhaka  Progati Sarani Branch, Dhaka  Raipur Branch, Laxmipur  Rajshahi Branch, Rajshahi  Rangpur Branch, Rangpur  Sarulia Bazar Branch, Dhaka  Savar Branch, Dhaka  Shah Mokhdum Avenue Branch, Dhaka  Shahparan Gate Branch, Sylhet  Dania Branch, Dhaka  Sonargaon Branch, Dhaka  Sreenagar Branch, Dhaka  Syedpur Branch, Sunamganj  Sylhet Branch, Sylhet  Thakurgaon Branch, Thakurgaon  Tongi Branch, Dhaka  Uttara Model Town Branch, Dhaka</p>	<p><b>The City Bank Limited</b>  BB Avenue Branch, Dhaka  Principal Office Branch, Dhaka  Dhanmondi Branch, Dhaka  Shayamoli Branch, Dhaka  Imamgonj Branch, Dhaka  Johnson Road Branch, Dhaka  Karwan bazar Branch, Dhaka  New Market Branch, Dhaka  VIP Road Branch, Dhaka  Islampur Branch, Dhaka  Nawabpur Branch, Dhaka  Nawabganj Branch, Dhaka  Pragati Sarani Branch, Dhaka  Zinzira Branch, Dhaka  Bangabandhu Rd. Br., Narayanganj  Tongi Branch, Gazipur  Agrabad Branch, Chittagong  Jubilee Road Branch, Chittagong  Khatungonj Branch, Chittagong  Andarkilla Branch, Chittagong  Cox's Bazar Branch, Chittagong  Chawkbazar Branch, Chittagong  Pahartoli Branch, Chittagong  Comilla Branch, Chittagong  Narsingdi Branch, Narsingdi  Zinda Bazar Branch, Sylhet  Bandar Bazar Branch, Sylhet  Amborkhana Branch, Sylhet  Moulvi Bazar Branch, Sylhet  Rajshahi Branch, Rajshahi  Bogra Branch, Bogra  Rangpur Branch, Rangpur  Sirajgonj Branch, Sirajganj  Khulna Branch, Khulna  Jessore Branch, Jessore  Barisal Branch, Barisal</p> <p><b>Shahjalal Islami Bank Limited</b>  Dhaka Main Branch  Panthapath Branch  Dhanmondi Branch, Dhaka  Gulshan South Avenue Branch  Gulshan Branch, Gulshan  Eskaton Branch  Foreign Exchange Branch  Malibag Chowdhurypara Branch  Joydevpur Chowrasta Branch, Gazipur  Dania Branch, Dhaka  Kawran Bazar Branch, Dhaka  Agrabad Branch, Ctg  Uttara Branch, Uttara  Khatungonj Branch, Ctg  Narayanganj Branch, N. Gonj  Jubilee Road Branch, Ctg  Satmasjid Road Branch, Dhaka  Chawkbazar Branch, Dhaka  Banani Branch, Banani  Wasa Moor Branch, Ctg  Motijheel Branch, Dhaka  Sylhet Branch, Sylhet  Mirpur Branch, Mirpur-10, Dhaka  Dargah gate Branch, Sylhet  Bijoynagar Branch, Dhaka  Kashia Branch, Kashia</p>	<p><b>Bank Asia Limited</b>  Corporate Branch, Dhaka  Principal office Branch, Dhaka  Gulshan Branch, Dhaka  Scotia Branch, Karwan Bazar  MCB Dilkusha Branch  MCB Banani Branch  Mitford Branch, Dhaka  Uttara Branch, Dhaka  North South Branch, Dhaka  Dhanmondi Branch, Dhaka  Bashundhara Branch, Dhaka  Mohakhali Branch, Dhaka  Mirpur Branch, Dhaka  Shyamoli Branch, Dhaka  Shantinagar Branch, Dhaka  Paltan Branch, Dhaka  Progati Soroni Branch, Dhaka  Mogbazar Branch, Dhaka  Agrabad Branch, Chittagong  MCB Sk. Mujib Road Branch, Ctg  Khatungonj Branch, Ctg  CDA Avenue Branch, Ctg  Station Road Branch, Ctg  Anderkilla Branch, Ctg  Bahaddarhat Branch, Ctg  Kamal Bazar Branch, Ctg  Strand Road Branch, Ctg  Sylhet Main Branch, Sylhet  Rajshahi Branch, Rajshahi  Bogra Branch, Bogra  Khulna Branch, Khulna  Jessore Branch, Jessore</p> <p><b>Mercantile Bank Limited</b>  Main Branch, Dilkusha  Dhanmondi Branch, Dhanmondi  Kawran Bazar Branch, Dhaka  Agrabad Branch, Ctg  Banani Branch, Banani  Rajshahi Branch, Rajshahi  Naogaon Branch, Naogaon  Sylhet Branch, Sylhet  Nayabazar Branch, Dhaka  Mohakhali Branch, Dhaka  Mirpur Branch, Dhaka  Uttara Branch, Uttara  Elephant Road Branch, Dhaka  Motijheel Branch, Dhaka  Khulna Branch, Khulna  Rangpur Branch, Rangpur  Satmasjid Road Branch, Dhaka  Bogra Branch, Bogra  Gulshan Branch, Gulshan  Feni Branch, Feni  Bijoynagar Branch, Dhaka  Barisal Branch, Barisal  Comilla Branch, Comilla  Dinajpur Branch, Dinajpur  Jessore Branch, Jessore  Narayanganj Branch, N.gonj  Rampura Branch, Dhaka  Ring Road Branch, Shyamoli</p>
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## Banker to the Issue

<p><b>Standard Bank Limited</b> Principal Branch, Dhaka Foreign Exchange Br. Dhaka Topkhana Road Br. Dhaka Imamgonj Br, Dhaka Gulshan Br., Gulshan – 2, Dhaka Gulshan – 1 Branch, Gulshan, Dhaka Mohakhali Branch, Dhaka Malibagh Branch, Dhaka Dhanmondi Br., Dhaka Mirpur Branch, Dhaka Uttara Br., Dhaka Panthapath Br., Dhaka Banani Branch, Dhaka Pragoti Sarani Branch, Dhaka Nawabpur Road Branch, Dhaka Mohammadpur Branch, Dhaka Green Road Branch, Dhaka Narayanganj Br., Narayanganj Eskaton Branch, Dhaka Ekuria Branch, Dhaka Ring Road Branch, Shymoli, Dhaka Kanchpur Branch, Narayanganj Jubilee Road Br., Chittagong Agrabad Br., Chittagong Khatungonj Br., Chittagong CDA Avenue Branch, Chittagong Sadarghat Branch, Chittagong Bahaddarhat Branch, Chittagong Comilla Branch, Comilla Chaktai Branch, Chittagong Sylhet Br., Sylhet Pahartali Branch, Chittagong Chittagong EPZ Branch, Chittagong Beani Bazar Branch, Sylhet Oxygen More Branch, Chittagong Moulvi Bazar Branch, Sylhet Mymensingh Branch, Mymensingh Rajshahi Branch, Rajshahi. Bogra Branch, Bogra Rangpur Branch, Rangpur Dinajpur Branch, Dinajpur Jessore Branch, Jessore Khulna Br., Khulna Kushtia Branch, Kushtia Faridpur Branch, Faridpur Barisal Branch, Barisal</p> <p><b>S Bangla Agr &amp; Com Bank Ltd.</b> Principal Office Hemayetpur Branch Agrabad Branch Bhatiari Branch Khulna Branch Katakhal Branch Ashulia Branch Gulshan Branch Velanagar Branch Imamgonj Branch Uttara Branch Keranigonj Branch</p> <p><b>Investment Corp of Bangladesh (ICB)</b> Head Office Br., Dhaka Local Office Br., Dhaka Chittagong Branch Rajshahi Branch Khulna Branch Barisal Branch Sylhet Branch Bogra Branch</p>	<p><b>National Bank Limited</b> Agrabad Branch, Chittagong Anderkillah Branch, Chittagong Asadgate Branch, Dhaka Babubazar Branch, Dhaka Banani Branch, Dhaka Bangshal Road Branch, Dhaka Barisal Branch, Barisal Bogra Branch, Bogra CDA Avenue Branch, Chittagong Chawk Bazar Br, Chittagong Chowmuhan Branch, Noakhali Comilla Branch, Comilla Dhanmondi Branch, Dhaka Dilkusha Branch, Dhaka Elephant Road Branch, Dhaka Goalchamat Branch, Faridpur Feni Branch, Feni Foreign Ex. Branch, Dhaka Gazipur Branch, Gazipur Gulshan Branch, Dhaka Halihsahar Branch, Chittagong Imamgonj Branch, Dhaka Islampur Branch, Dhaka Jatrabari Branch, Dhaka Jubille Road Br, Chittagong Kawran Bazar Branch, Dhaka Khatungong Branch, Chittagong Khulna Branch, Khulna Kishorgonj Br, Kishorgonj Lake Circus Branch, Dhaka Malibagh Branch, Dhaka Mirpur Branch, Dhaka Mohakhali Branch, Dhaka Mohammadpur Branch, Dhaka Motijheel Branch, Dhaka Moulvibazar Br, Moulvibazar Muradpur Branch, Chittagong Mymensingh Br, Mymensingh Narayanganj Branch, N'Gonj Narsingdi Branch, Narsingdi Netaigonj Branch, N'gonj New Eskaton Branch, Dhaka North Brook Hall Branch, Dhaka Pagla Bazar Br, Narayanganj Pahartali Branch, Chittagong Pragoti Sarani Branch, Dhaka Rajshahi Branch, Rajshahi Rangpur Branch, Rangpur Rokeya Sarani Branch, Dhaka S.k. Mujib Road Br, Chittagong Savar Bazar Branch, Savar Simanto Square Branch, Dhaka Sunamgonj Branch, Sunamgonj Sylhet Branch, Sylhet Tangail Branch, Tangail Tongi Branch, Gazipur Uttara Branch, Dhaka Z. H. Sikder M.C. Br, Dhaka</p> <p><b>Premier Bank Limited</b> Dilkusha Branch, Dhaka Gulshan Branch, Dhaka Agrabad Branch, Ctg Banani Branch, Dhaka Ashugonj Branch, Rural Imamgonj Branch, Dhaka Karwan Bazar Branch, Dhaka Motijheel Branch, Dhaka Meghnaghat Branch, N. Nonj Dhanmondi Branch, Dhaka</p>	<p><b>Premier Bank Limited</b> Khatungonj Branch Ctg Uttara Branch, Dhaka Khulna Branch, Khulna Elephant Road Branch, Dhaka DEPZ Branch, Dhaka Mohakhali Branch Sylhet Branch, Sylhet Barisal Branch, Barisal Bangshal Branch, Dhaka Narayanganj Branch, N. Gonj Jaidevpur Branch, Gazipur Bhairab Branch, Keshorgoj O. R. Nizam road Branch, Ctg Kakrail Branch, Dhaka Moulavi Bazar Br., Moulivi bazar Tongi Branch, Gazipur Zinzira Branch, Dhaka Rajshahi Branch, Rajshahi Rokeya Sharani Branch, Dhaka Savar Branch, Savar Mymensingh Br, Mymensingh Pahartoli Branch, Ctg Bogra Branch, Bogra Kalabagan Branch, Dhaka Konabari Branch, Gazipur Rampura Branch, Dhaka Comilla Branch, Comilla Bhulta Branch, N. Gonj Noyabpur Road Br. Dhaka Rangpur Branch, Rangpur Pagla Branch, Narayanganj Feni Branch, Feni Ambarkhana Br. Sylhet Panthapath Br. Dhaka Jessore Branch, Jessore Board Bazar Br. Gazipur Jublee Road Br. Ctg Askona Branch, Dhaka Gulshan 2 Branch, Gulshan Shyamoli Branch, Dhaka Tangail Branch, Tangail Dilkusha Corp. Br. Dhaka Kodomtoli Br. Ctg Narshingdi Br. Narshingdi Bashundhara Br. Dhaka Bhaluka Br, Mymensingh Madanpur Branch, N. Gonj Munshigonj Br, Munshigonj Matuail Branch, Demra New market Br. Dhaka Danga Branch, Norshingdi Dhanmomdi Br. Dhaka Nazirhat Branch. Ctg Ashulia Branch, Savar Karwan Bazar, Dhaka Bangla Bazar, Dhaka Mouchac Branch, Dhaka Mohammadpur Br. Dhaka Banani Branch, Dhaka Bogra Agri Br. Bogra Brahmanbaria Agr branch Dania Agri Branch Choumohoni Br. Noakhali Keranigonj Br. Dhaka Shirajgonj Br. Shirajgonj Cox's Bazar, Cox's Bazar</p>
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**“শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন”**

“Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager”

**Zaheen Spinning Limited**

**Application Form**

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

(To be sent directly to the Company's Corporate Office)

**Warning:** Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected.

**The Managing Director**

Zaheen Spinning Limited  
House No # 59/A, Road No # 12/A  
(6<sup>th</sup> & 7<sup>th</sup> Floor), Dhanmondi,  
Dhaka-1209, Bangladesh.

Dear Sir,

I/we apply for and request you to allot me/us ..... numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's Prospectus approved by the Securities and Exchange Commission and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said ordinary shares in my/our Beneficiary Owner ("BO") account; I/we further authorize you to send a crossed (Account Payee only) cheque in respect of any Application money refundable to me/us by post/courier at my/our risk to the first applicant's address stated below:

1. Number of Ordinary Shares ..... of Tk. 10.00 each at par.
2. Total subscription money of the amount of Tk. (in figures) ....., Taka (in words) ..... only convertible into USD at the rate of US Dollar 1.00 = Tk. .... / UK Pound Sterling 1.00 = Tk. .... / EURO 1.00 = Tk. ....
3. Payment by Cheque/Draft No..... date..... for US Dollar/UK Pound Sterling/Euro/ TK. .... drawn on ..... Bank ..... branch.....

4. Beneficiary Owner (BO) A/C No.

**(If you do not mention your valid BO account number your application will be treated as invalid)**

5. I/we agree to fully abide by the instruction given herein.

6. Particulars of Applicant(s):

**a) Sole/First Applicant:**

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing Address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	Tel No (if any):
<b>For Refund: Please write the correct and full name of bank and branch (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, applicants are requested not to use the name of any non-scheduled bank).</b>	
For Refund: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

The applicant shall provide the same Bank Account number in the application form as it is in the BO account of the applicant. **Otherwise the application will be considered invalid and the subscription money may be forfeited.**

**b) Second Applicant:**

Name:	
Father's/Husband's Name:	
Mother's Name:	
Mailing address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	Tel No (if any):
Nominee's Name:	
Mailing Address:	

7. I/we hereby declare that I/we have read the Prospectus of **Zaheen Spinning Limited** and have willingly subscribed for ..... Nos. of Ordinary Shares of Tk. 10.00 per share.

8. Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		

\*Please see the instructions in paragraphs 14 & 15 for the evidence required to establish Non-Resident Bangladeshis Status.

## Instructions

01	As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (beneficiary owner) account number in the Application Form. If you do not mention your valid BO (beneficiary owner) account, your application will be treated as invalid.
02	All information must be written or typed in block letters in English and must not be abbreviated.
03	An application must not be for less than <b>500</b> Ordinary Shares and must be for a multiple of <b>500</b> ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
04	An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring <b>“Zaheen Spinning Limited”</b> and crossed <b>“Account Payee Only”</b> .
05	Application shall be sent by the applicant directly to the Company within 04/01/2015 so as to reach the Company within 13/01/2015. Any applications sent after 04/01/2015 or received by the Company after 13/01/2015 will not be considered for allotment purpose.
06	Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant through A/C Payee Cheque payable at Dhaka with bank account number, bank’s name and branch.
07	In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission.
08	Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
09	Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant. Note that a Non-Resident Bangladeshi (NRB) applicant cannot submit more than two applications. One in his/her own name and the other jointly with another person by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate) will not be allowed.
10	Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11	Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
12	The intending NRB applicants shall deposit the share subscription money by US\$/UK Pound Sterling/EURO demand draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking <b>“Account Payee only”</b> . So that the issuer’s collecting bank can clear the proceeds and deposit the same into issuer bank’s account in time.
13	The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14	<b>The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him/her to travel to Bangladesh.</b>
15	In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).
16	<b>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.</b>
17	<b>No issue of ordinary shares shall be made nor shall any money be taken from any person, in connection with such issue and subscription, until 25 (twenty five) days after the prospectus have been published.</b>
18	In the case of non-allotment of ordinary shares, if the applicants’ bank accounts as mentioned in their application forms are maintained with any of the bankers to the issue, the amount refunded of those applicants will be directly credited into the respective bank accounts as mentioned in their Application Forms. Otherwise, refund will be made only through <b>“Account Payee”</b> cheque(s) with bank account number and name of bank branch as mentioned in the application form payable at Dhaka, Chittagong, Khulna, Barisal, Rajshahi or Sylhet as the case may be.
19	<b>The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen percent) of their subscription money too.</b>

**THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY’S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA-5.**

**“শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন”**

“Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager”

**Zaheen Spinning Limited**

**Application Form**

APPLICATION FOR SHARES BY AFFECTED SMALL INVESTORS (ক্ষতিগ্রস্থ ক্ষুদ্র বিনিয়োগকারী)

**Warning:** Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected.

**The Managing Director**  
Zaheen Spinning Limited  
House No # 59/A, Road No # 12/A,  
(6<sup>th</sup> & 7<sup>th</sup> Floor), Dhanmondi,  
Dhaka-1209, Bangladesh.

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us ..... numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's Prospectus approved by the Bangladesh Securities and Exchange Commission subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said ordinary shares in my/our Beneficiary Owner ("BO") account; I/we further authorize you to send a crossed (Account Payee only) cheque in respect of any Application money refundable to me/us by post/courier at my/our risk to the first applicant's address stated below:

1. Number of Ordinary Shares ..... of Tk. 10.00 each at per.
2. Total subscription money of the amount Of Tk. (in figures) ..... Taka (in words) .....only deposited vide Cash/Cheque/DD/Pay Order No. .... Dated..... on ..... Bank ..... Branch.

3. Beneficiary Owner (BO) A/C No. 

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**(If you do not mention your valid BO account number your application will be treated as invalid)**

4. I/we agree to fully abide by the instruction given herein.
5. Particulars of Applicant(s):

**a) Sole/First Applicant**

Name:		
Father's/Husband's Name:		
Mother's Name:		
Mailing Address:		
Occupation:	Nationality:	Tel. No. (if any):
<b>For Refund: Please write the correct and full name of bank and branch (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank).</b>		
<b>For refund purpose: I/we want refund through <input type="checkbox"/> Bank Account <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made). The applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.</b>		
Applicant's Bank A/C No.:		
Name of the Bank:	Branch:	

**b) Second Applicant**

Name:		
Father's/Husband's Name:		
Mother's Name:		
Mailing Address:		
Occupation:	Nationality:	Tel. No. (if any):

6. I/we hereby declare that I/we have read the Prospectus of **Zaheen Spinning Limited** and have willingly subscribed for ..... No. of Ordinary Shares of Tk. 10.00 each at par.

7. Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		

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.

**BANKER'S ACKNOWLEDGEMENT**

Certified that this Bank has received Tk. (in figures) ..... (in word ..... ) only from Mr./Mrs./Ms. .... being the Application money for ..... Nos. of Ordinary Shares of **Zaheen Spinning Limited**.

Banker's Sl. No.

Seal and Date

Authorized Signature  
(Name & Designation)

## Instructions

01	As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the application form. If you do not mention your valid BO (beneficiary owner) account, your application will be treated as invalid.
02	All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
03	Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
04	Application must not be for less than 500 ordinary shares and must be for a multiple of 500 ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
05	Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the bankers' to the Issue favouring "Zaheen Spinning Limited" and crossed "A/C Payee only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
06	In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form and where amount is refundable in whole or in part the same will be refunded by account payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the prospectus.
07	Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and certificate of incorporation.
08	<b>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.</b>
09	No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
10	In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the bankers to the issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
11	Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
12	Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
13	Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
14	The bankers' to the issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
15	<b>No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus have been published.</b>
16	The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen percent) of their subscription money too.
17	তালিকাভুক্তকর্তৃপক্ষ ফুদ বিনিয়োগকারীগণ তাদের জন্য সংরক্ষিত ২০% কোটায় নিজ নামে ও যৌথভাবে আবেদন করতে পারবেন। তিনি ইচ্ছা করলে সংরক্ষিত কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীর জন্য নির্ধারিত কোটায় নিজ ও যৌথ নামে আবেদন করতে পারবে।

### **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 Bangladeshi (NRB) and Foreign applicants for public issue of securities shall submit application/instruction, within the subscription period, 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 preserved by the same Stockbroker/Merchant Banker up to 6 months from listing 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 an amount equivalent to the aggregate application money and to issue a certificate in this regard. In case of application submitted by the Stock-dealer 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 for, issue a certificate confirming the same and provide it to the respective Stockbroker/Merchant Banker. The Stockbroker/Merchant Banker shall prepare category wise lists 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 tilde '~' 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 tilde '~' separator) format in a CDROM to CDBL for verification. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not. Along with the verification report, CDBL shall provide the issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account Information and Bank Account Information. After receiving verification report and information from CDBL, 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 the consent letter.
- 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 tilde '~' 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 letters in the names of successful applicants in electronic format 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 CDBL.

#### **Step-4 (Intermediary)**

- a. On the next working day of receiving the documents from the issuer and issue 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 Stockbrokers/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 stockbrokers/Merchant Bankers shall unblock the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions.

**Miscellaneous:**

- a. The issuer and Issue Manager(s) shall jointly ensure compliance of the above.
- b. The Stockbroker/Merchant Banker shall be entitled to service charge at a rate of 0.05% on the total amount of application money received by them. The service charge shall be paid by the issuer and deducted 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.e. investors can apply either following new process through stockbroker/merchant banker or in existing process through banker to the issue.
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**

<b>DSE Stockbrokers</b>		
<b>Sl. No.</b>	<b>Name of TREC Holder</b>	<b>TREC No.</b>
1	A. K. Khan Securities Ltd.	6
2	International Leasing Securities Limited	9
3	Brac epl stock brokerage ltd.	11
4	MAH Securities Limited	13
5	Adil Securities Ltd.	17
6	Greenland Equities Ltd.	18
7	Royal Capital Ltd.	21
8	Vision Capital Management Ltd.	24
9	ETBL Securities & Exchange Ltd.	31
10	Daulatunnessa Equities Limited	37
11	Haji Ahmad Brothers Securities Ltd.	41
12	Rapid Securities Limited	42
13	AB & Company Limited	43
14	M-Securities Ltd.	44
15	SAHCO Securities Limited	46
16	Imtiyaz Husain Securities Limited	50
17	Mian Abdur Rashid Securities Ltd.	53
18	Shahjahan Securities Limited	64
19	ASENZ Securities Ltd.	65
20	Popular Equities Ltd.	68
21	Mohammad Talha & Co Ltd.	69



22	HAC Securities Limited	74
23	Asia Securities Ltd.	88
24	Uniroyal Securities Ltd.	89
25	Md. Fakhruul Islam Securities Ltd.	90
26	SIBL Securities Ltd.	94
27	Salta Capital Limited	95
28	Jamal Ahmed Securities Ltd.	97
29	Howlader Equity Services Limited	102
30	Islami Bank Securities Limited	107
31	Ettihad Securities Ltd.	110
32	A N F Management Company Limited	117
33	K-Securities and Consultants Ltd.	122
34	Rose Securities Ltd.	125
35	Dynamic Securities Consultants Ltd.	126
36	LankaBangla Securities Ltd.	132
37	Moshihor Securities Ltd.	134
38	Cosmopolitan Traders (Pvt.) Ltd.	146
39	Joytun Securities Intl. Ltd.	148
40	Shakil Rizvi Stock Ltd.	149
41	EMES Securities Ltd.	155
42	Standard Bank Securities Ltd.	156
43	Trustee Securities Ltd.	162
44	Mona Finan. Consultancy & Sec. Ltd.	164
45	Tobarrak Securities Ltd.	172
46	T. A. Khan Securities Co. Ltd.	174
47	BLI Securities Limited	175
48	Peoples Equities Ltd.	176
49	Commerce Bank Securities and Investment Ltd.	180
50	UCB Capital Management Limited	181
51	Razzak Securities Ltd.	184
52	Delta Capital Limited	185
53	G M F Securities Ltd.	186
54	Globe Securities Limited	189
55	Eminent Securities Ltd.	191
56	DBL Securities Limited	193
57	Parkway Securities Ltd.	194
58	MTB Securities Ltd.	197
59	AD Holdings Limited	213
60	Pubali Bank Securities Ltd.	214
61	Mika Securities Ltd.	215
62	BRB Securities Limited	220
63	Modern Securities Ltd.	229
64	IIDFC Securities Limited	238
65	A N W Securities Ltd.	240

66	One Securities Ltd.	241
67	Apex Investments Limited	7
68	Alpha Equities Ltd.	56
69	IDLC Securities Ltd.	58
70	Square Securities Management Ltd.	76
71	R. N. Trading Limited	78
72	Alhaj Securities & Stocks Limited	93
73	Remons Investment & Securities Ltd.	108
74	Midway Securities Ltd.	142
75	Investment Promotion Services Limited	158
76	Oshadhi Securities Ltd.	208
77	United Financial Trading Co. Ltd.	227
78	Expo Traders Ltd.	230
79	Popular Life Insurance Company Ltd.	232
80	Dhaka Securities Ltd.	239
81	NLI Securities Ltd.	244
82	Shyamol Equity Management Limited	3
83	Phoenix Securities Limited	4
84	Crest Securities Ltd.	8
85	Khwaja Equity Services Limited	10
86	Pasha Capital Ltd.	12
87	ACE Capital Management Service Ltd.	16
88	Azam Securities Limited	19
89	BDBL Securities Ltd.	20
90	Ershad Securities Limited	23
91	Arena Securities Ltd.	25
92	EBL Securities Limited	26
93	SAR Securities Ltd.	27
94	Sadeque Finance Management Ltd.	28
95	Kazi Firoz Rashid Securities Limited	29
96	Ibrahim Securities Limited	33
97	B & B Enterprise Limited	34
98	Rashid Investment Services Limited	35
99	Quayum Securities Limited	38
100	Aries Securities Ltd.	48
101	S. B. Securities Limited	51
102	M. Zubair Securities Limited	52
103	UGC Securities Limited	54
104	Global Securities Ltd.	60
105	NCCB Securities & Financial Services Ltd.	61
106	E- Securities Ltd.	66
107	Sinha Securities Limited	67
108	First Capital Securities Ltd.	70
109	Multi Securities & Services Limited	75

110	Md. Sahidullah Securities Limited	91
111	Dhanmondi Securities Ltd.	98
112	Island Securities Ltd.	106
113	Nouvelle Securities Ltd.	112
114	CMSL Securities Limited	113
115	Ahmed Iqbal Hasan Securities Ltd.	114
116	Nabiul Karim Securities Limited	115
117	Murshed Securities Limited	116
118	Saad Securities Ltd.	118
119	Dragon Securities Limited	119
120	Sheltech Brokerage Limited	120
121	SCL Securities Limited	121
122	Shahed Securities Ltd	123
123	ICB Securities Trading Company Limited	129
124	Thea Securities Ltd.	130
125	Harpoon Securities Ltd.	131
126	Kazi Equities Ltd.	135
127	Securities Broking & Management Services Ltd.	136
128	Al-Haja Jahanara Securities Ltd.	138
129	K.H.B. Securities Ltd.	143
130	City Brokerage Limited	145
131	Indicate Securities Consultants Ltd.	154
132	Anwar Securities Ltd.	160
133	Haji Mohammad Ali Securities Ltd.	165
134	Subvalley Securities Ltd.	168
135	Merchant Securites Limited	169
136	Shah Mohammad Sagir & Co. Ltd.	171
137	Hazrat Amanat Shah Securities Ltd.	173
138	Anchor Securities Ltd.	177
139	JKC Securities Ltd.	179
140	Nur-E-Alam Siddique & Company Ltd.	182
141	C-Maart Securities Limited	183
142	Jahan Securities Ltd.	195
143	Stock & Bond Limited	199
144	Total Communication Ltd.	200
145	AB Securities Ltd.	201
146	Prilink Securities Ltd.	202
147	Modern Equity Limited	206
148	United Enterprises & Co. Ltd.	207
149	Mondol Securities Ltd.	209
150	Wifang Securities Ltd.	210
151	Sharp Securities Limited	216
152	Rasti Securities Consultant Ltd.	217
153	A. L. Securities Ltd.	222

154	Mercantile Bank Securities Limited	224
155	Shohrab Securities & Trade Ltd.	225
156	FAREAST Stocks & Bonds Ltd.	226
157	Akij Securities Ltd.	231
158	Shahjalal Islami Bank Securities Ltd.	233
159	AIBL Capital Market Services Ltd.	234
160	PHP Stock & Securities Ltd.	235
161	Premier Bank Securities Ltd.	236
162	Bank Asia Securities Limited	237
163	Trust Bank Securities Ltd.	242
164	BD Sunlife Securities Ltd.	248
165	Sterling Stocks & Securities Ltd.	249
166	S & H Equities Limited	2
167	Federal Securities And Investment Limited	45
168	H R Securities & Investments Limited	72
169	Prime Islami Securities Ltd.	104
170	PFI Securities Limited	79
171	Ali Securities Co. Limited	105
172	R N I Securities Ltd.	128
173	Aloco Securities Ltd.	139
174	A. B. Ispahani Securities Ltd.	1
175	A. R. Chowdhury Securities Ltd.	22
176	BD Finance Securities Ltd.	30
177	Bulbul Securities Ltd.	32
178	AI-Muntaha Trading Co. Ltd.	49
179	Green Delta Securities Ltd.	59
180	Desa Securities Limited	85
181	Country Stock (Bangladesh) Ltd.	99
182	ARC Securities Ltd.	100
183	Alliance Securities & Management Ltd.	137
184	Bali Securities Ltd.	153
185	Gateway Equity Resources Ltd.	157
186	SES Company Limited (Unicap Securities Limited)	163
187	Times Securities Limited	166
188	Habibur Rahman Securities Limited	187
189	IFIC Securities Ltd.	192
190	M & Z Securities Ltd.	196
191	Synthia Securities Ltd.	204

#### CSE Stockbrokers

Sl. No.	Name of the TREC Holder	TREC Holders No.
01	Alpha Securities Ltd.	CSE 001
02	ISPI Securities Limited	CSE 002
03	Meenhar Securities Limited	CSE 003
04	South Asia Securities Limited	CSE 004
05	Island Securities Ltd.	CSE 005
06	Chittagong Capital Ltd.	CSE 006
07	British Bengal Securities Limited	CSE 008
08	Saya Securities Ltd.	CSE 010
09	First Capital Securities Limited.	CSE 011
10	BREC EPL Stock Brokerage Ltd.	CSE 013
11	UCB Capital Management Ltd.	CSE 015
12	Adams Securities Limited	CSE 016
13	North West Securities Ltd.	CSE 019

14	EBL Securities Ltd.	CSE 021
15	Salta Capital Limited	CSE 022
16	Uttara Exchange And Securities Limited	CSE 024
17	Be Rich Limited	CSE 027
18	RAK Capital Ltd.	CSE 028
19	PHP Stocks & Securities Ltd.	CSE 031
20	Synet Securities Ltd.	CSE 033
21	Pioneer Shares & Securities Ltd.	CSE 034
22	Hillcity Securities Ltd.	CSE 037
23	S.R.Capital Ltd.	CSE 038
24	Remons Investment & Securities Ltd.	CSE 042
25	United Financial Trading Company Ltd.	CSE 043
26	Kishwar Securities Investment Ltd.	CSE 047
27	Impel Shares & Securities Ltd.	CSE 049
28	Mirpur Securities Limited	CSE 050
29	E-Securities Limited	CSE 052
30	Royal Capital Limited	CSE 053
31	Prime Financial Consultants & Equities Limited	CSE 055
32	Kabir Securities Limited	CSE 056
33	Eastern Shares & Securities Ltd.	CSE 058
34	Reliance Securities Consultant Ltd.	CSE 059
35	Chittagong Shares & Securities Ltd.	CSE 060
36	CMSL Securities Limited	CSE 061
37	Prudential Capital Ltd.	CSE 062
38	Associated Capital Securities Ltd.	CSE 063
39	Platinum Securities Limited	CSE 064
40	Finvest Services Limited	CSE 066
41	T.K. Shares & Securities Ltd.	CSE 069
42	Ahmed Securities Services Ltd.	CSE 070
43	Sohel Securities Ltd.	CSE 076
44	International Leasing Securities Limited	CSE 080
45	DBL Securities Limited	CSE 081
46	SES Company Limited	CSE 082
47	Skys Securities Limited	CSE 084
48	Purabi Securities Ltd.	CSE 087
49	D. N. Securities Ltd.	CSE 089
50	LankaBangla Securities limited	CSE 091
51	Square Securities Management Ltd.	CSE 092
52	Holy City Securities Ltd.	CSE 093
53	Inter Continental Securities Ltd.	CSE 094
54	PFI Securities Limited	CSE 095
55	International Securities Co. Ltd.	CSE 096
56	Multi Securities & Services Limited	CSE 097
57	Mona Financial Consultancy and Securities Ltd.	CSE 103
58	Pubali Bank Securities Ltd.	CSE 105
59	NC Securities Limited	CSE 107
60	Ten Stars (pvt.) Ltd.	CSE 100
61	Cordial Securities Limited	CSE 113
62	Hassan Shares & Securities Ltd.	CSE 114
63	Vantage Securities Ltd.	CSE 115
64	Hallmark Securities Ltd.	CSE 117
65	IDLC Securities Ltd.	CSE 119
66	Western Securities Investment Management Ltd.	CSE 120
67	Far East Shares & Securities Ltd.	CSE 123
68	Amin Securities & Consultants Ltd.	CSE 128
69	Green Delta Securities Ltd.	CSE 130

70	Phoenix Securities Limited	CSE 131
71	NCCB Securities and Financial Services Ltd.	CSE 132
72	City Brokerage Ltd.	CSE 133
73	Shahjalal Islami Bank Securities Limited	CSE 134
74	Popular Life Insurance Company Ltd.	CSE 135
75	Premier Leasing Securities Ltd.	CSE 136
76	Fareast Stocks & Bonds Limited.	CSE 138
77	AIBL Capital Market Services Ltd.	CSE 139
78	SIBL Securities Limited	CSE 142
79	Islami Bank Securities Ltd.	CSE 146
80	ONE Securities Limited	CSE 148

#### Merchant Bankers

Sl. No.	Name of the Merchant Bankers
1	ICB Capital Management Ltd.
2	IDLC Investments Ltd.
3	EXIM Islami Investment Ltd.
4	Imperial Capital Limited
5	AFC Capital Ltd.
6	Prime Finance Capital Management Ltd.
7	FAS Capital Management Ltd.
8	Trust Bank Investment Limited
9	City Bank Capital Resources Ltd.
10	UniCap Investments Limited
11	SBL Capital Management Ltd.
12	Jamuna Bank Capital Management Ltd.
13	LankaBangla Investments Ltd.
14	EC Securities Limited
15	BLI Capital Limited
16	Prime Bank Investment Ltd.
17	AIBL Capital Management Ltd.
18	BRAC EPL Investments Limited
19	MTB Capital Ltd.
20	BMSL Investment Ltd.
21	EBL Investments Ltd.
22.	AAA Finance & Investment Limited.
23	PLFS Investments Ltd.
24.	Sonali Investment Ltd.
25.	IIDFC Capital Ltd.
26.	IL Capital Ltd.
27.	Grameen Capital Management Ltd.
28	Alpha Capital Management Ltd.
29	Rupali Investment Ltd.
30	Uttara Finance and Investment Ltd.
31	Green Delta Capital Ltd.
32	First Securities Services Ltd.
33	Southeast Bank Capital Services Ltd.
34	Janata Capital and Investment Ltd.
35	First Security Islami Capital & Investment Ltd.
36	Swadesh Investment Management Ltd.
37	BD Finance Capital Holdings Ltd.

## Auditor's report and financial statements

Revised Auditors' Report to the Shareholder of

### Zaheen Spinning Limited

Statement of financial position as at June 30, 2014 along with Statement of Comprehensive income, Statement of Changes in equity and Statement of Cash flows for the period ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give true and fair view of the financial position of Zaheen Spinning Limited As at June 30, 2014 and of its financial performance for the year ended in accordance with Bangladesh Financial Reporting Standards and comply with The Companies Act 1994, Securities and Exchange Rules 1987 and all other applicable laws and regulations.

#### Report on Other Regulatory Requirements

We also report that,

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books.
- c) the company's statement of financial position, statements of comprehensive income, statement of changes in equity and statement of cash flows dealt with by the reports are in agreement with the books of accounts.
- d) the expenditure incurred was for the purposes of the company's business.

Dated: Dhaka  
August 28, 2014

Sd/-  
**Mohammad Ata Karim & Co.**  
Chartered Accountants

**Zaheen Spinning Limited**  
Statement of Financial Position  
As at June 30, 2014

<b><u>APPLICATION OF FUND:</u></b>	<b>Notes</b>	<b>30 June 2014 Taka</b>	<b>31 Dec 2013 Taka</b>
<b><u>Fixed Assets:</u></b>			
Property, Plant and Equipment:	04	<b>349,335,474</b>	<b>361,033,632</b>
At Cost		458,999,481	456,688,966
Less: Accumulated Depreciation		109,664,007	95,655,334
		<b>412,552,459</b>	<b>345,187,349</b>
<b><u>Current Assets:</u></b>			
Inventories	05	158,641,240	226,597,624
Accounts Receivables	06	49,923,861	24,223,390
Investment in Listed Company Shares	07	36,584,000	16,225,400
Advances, Deposits & Prepayments	08	62,054,168	8,560,830
Cash & Cash Equivalents	09	105,349,190	69,580,105
		<b>31,564,051</b>	<b>24,764,181</b>
<b><u>Current Liabilities:</u></b>			
Accounts Payable	10	1,546,810	1,932,540
Short Term Bank Loan	11	18,235,612	18,227,454
Income Tax Provision	12	10,164,659	2,853,658
Liabilities for Expenses	13	1,616,970	1,750,529
Net Current Assets/(Liabilities)		380,988,408	320,423,168
<b>TOTAL APPLICATION OF FUND</b>		<b>730,323,882</b>	<b>681,456,800</b>
<b><u>SOURCES OF FUND:</u></b>			
<b><u>Share Holders' Equity:</u></b>			
Share Capital	14	528,000,000	528,000,000
Tax Holiday Reserve	15	29,022,195	24,123,803
Retained Earnings	16	107,608,437	54,505,935
		<b>65,693,250</b>	<b>74,827,062</b>
<b><u>Non-Current Liabilities:</u></b>			
Long Term Loan	17	65,693,250	74,827,062
<b>TOTAL SOURCES OF FUND</b>		<b>730,323,882</b>	<b>681,456,800</b>
<b>Net Asset Value Per Share</b>	18	<b>12.59</b>	<b>11.49</b>

The annexed notes from 1 to 33 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on July 12, 2014 and were signed on its behalf by:

Sd/-  
**(Mrs. Farida Khanam)**  
Chairman

Sd/-  
**(A. M. Badruzzaman Khashroo)**  
Managing Director

Sd/-  
**(Mahmudur Rahman)**  
Director

Sd/-  
**(Md. Ikramul Kabir)**  
Company Secretary

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

Dated: Dhaka  
July 12, 2014



**Zaheen Spinning Limited**  
Statement of Comprehensive Income  
For the period ended June 30, 2014

Particulars	Notes	30 June 2014 Taka	30 June 2013 Taka
Revenue	19	439,645,854	227,853,670
Less: Cost of Goods Sold	20	369,786,127	191,757,577
<b>Gross Profit / (Loss)</b>		<b>69,859,727</b>	<b>36,096,093</b>
Less: Operating Expenses :		9,741,587	8,703,231
Administrative Expenses	21	9,305,987	8,227,021
Marketing Expenses		435,600	476,210
		-	-
<b>Profit from Operations</b>		<b>60,118,140</b>	<b>27,392,862</b>
Add: Other Income	22	8,871,795	2,372,940
Less: Financial Expenses	23	6,604,990	10,870,081
<b>Net Profit / (Loss)</b>		<b>62,384,945</b>	<b>18,895,721</b>
Income from investment in securities	12.01	2,926,950	87,500
<b>Net Profit / (Loss) for the year before Tax</b>		<b>65,311,895</b>	<b>18,983,221</b>
Less: Tax Holiday Reserve		4,898,392	2,834,358
Less: Income Tax Provision	12	7,311,001	1,426,829
<b>Net profit/ (loss) after Tax</b>		<b>53,102,502</b>	<b>14,722,033</b>
Earnings Per Share (EPS)	24	1.01	0.504

The annexed notes from 1 to 33 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on July 12, 2014 and were signed on its behalf by:

Sd/-  
**(Mrs. Farida Khanam)**  
Chairman

Sd/-  
**(A. M. Badruzzaman Khashroo)**  
Managing Director

Sd/-  
**(Mahmudur Rahman)**  
Director

Sd/-  
**(Md. Ikramul Kabir)**  
Company Secretary

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

Dated: Dhaka  
July 12, 2014

**Zaheen Spinning Limited**  
Statement of cash flows  
For the period ended June 30, 2014

Particulars	Notes	30 June 2014 Taka	30 June 2014 Taka
<b>A. Cash Flows from Operating Activities:</b>			
Cash receipts from customers	25	425,744,128	226,160,359
Payment to suppliers	26	(289,002,795)	(190,588,457)
Payment against advance, deposits & prepayments		(53,493,338)	(3,967,790)
<b>Cash generated from operating activities</b>		<b>83,247,995</b>	<b>31,604,112</b>
Cash payment for expenses	27	(9,990,453)	(10,333,485)
<b>Net cash flows from operating activities</b>		<b>73,257,542</b>	<b>21,270,627</b>
<b>B. Cash flows from investing activities:</b>			
Acquisition of fixed assets		(2,310,515)	(29,036,908)
Investment in listed company securities		(20,358,600)	(8,112,700)
<b>Net cash flows from investing activities</b>		<b>(22,669,115)</b>	<b>(37,149,608)</b>
<b>C. Cash flows from financing activities:</b>			
Share money deposits		-	(117,500,000)
Share capital		-	217,500,000
Payment of short term bank loan		8,158	(35,661,622)
Payment of long term loan		(9,133,812)	(4,690,014)
Finance cost (long term)		(5,693,688)	(9,099,641)
<b>Net cash flows from financing activities</b>		<b>(14,819,342)</b>	<b>50,548,724</b>
Net cash and cash equivalent (a+b+c)		35,769,085	34,669,743
Cash & cash equivalent at the beginning of the year		69,580,105	120,309
<b>Cash &amp; cash equivalent at the end of the year</b>		<b>105,349,190</b>	<b>34,790,053</b>

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Company Secretary

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

Dated: Dhaka  
July 12, 2014

**Zaheen Spinning Limited**  
Statement of changes in equity  
For the period ended June 30, 2014

Particulars	Share Capital	Share Money Deposited	Tax Holiday Reserve	Retained Earnings	Total Equity
<b>Balance As On January 01, 2014</b>	528,000,000	-	24,123,803	54,505,935	606,629,738
Share allotted/share money deposited	-	-	-	-	-
Net Profit after tax for the Year	-	-	-	53,102,502	53,102,502
Transfer to Tax Holiday Reserve	-	-	4,898,392	-	4,898,392
<b>Balance as on June 30, 2014</b>	<b>528,000,000</b>	<b>-</b>	<b>29,022,195</b>	<b>107,608,437</b>	<b>664,630,632</b>

The annexed notes from 1 to 33 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on July 12, 2014 and were signed on its behalf by:

Sd/-  
**(Mrs. Farida Khanam)**  
Chairman

Sd/-  
**(A. M. Badruzzaman Khashroo)**  
Managing Director

Sd/-  
**(Mahmudur Rahman)**  
Director

Sd/-  
**(Md. Ikramul Kabir)**  
Company Secretary

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

Dated: Dhaka  
July 12, 2014

**Zaheen Spinning Limited**  
**Notes to the accounts**  
For the period ended June 30, 2014

**Note: 01: The background and activities of the Company:**

**a) Legal Status of the Company:**

Zaheen Spinning Limited was incorporated on July 22, 2007 as a private limited company under the Companies Act, 1913 now repealed and re-enacted as the Companies Act, 1994. The Company was converted into a Public Ltd Company on August 14, 2012.

**b) Registered Office & Location of the Factory of the Company:**

The registered office of the Company is located at House - 9, Road - 10, Flat - A/1, Dhanmondi, Dhaka-1205 and factory at Jhawgara, Araihasar, Narayongonj.

**c) Nature of Business activities & Production Capacity:**

The Company is a 100% cotton yarn manufacturer of different counts. Production or service rendering capacity and current utilization is as under:

	<b>31-Dec-2011</b>
Installed capacity (yearly)	4,105,200 lbs
Capacity utilization (yearly)	3,924,291 lbs
Capacity utilization %	95.59%
Break-even production: 1,443,799 lbs (35.17% of installed capacity & 39.08% of utilized capacity).	

**Note: 02: Bases of Financial Statements-Its Preparation and Presentation:**

The Accounting Policies adopted by the Company are as follows: -

**a) Measurement bases and going concern:**

The financial statement have been prepared on historical cost convention under mercantile system, accounting for all accruals and pre-payments, on the assumption that the Company will function as a going concern in the foreseeable future.

**b) Reporting Framework and Compliance thereof:**

The financial statement have been prepared in compliance with the requirements of the companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulation of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable, and in accordance with the applicable Bangladesh Financial Reporting Standard (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

**c) Presentation of Financial Statements:**

The Presentation of these financial statements is in accordance with the guidelines provided by BAS: 1 Presentation of Financial Statement. The Financial Statement Comprises:

- (a) a statement of financial position As at June 30, 2014.
- (b) a statement of comprehensive income for the period ended June 30, 2014.
- (c) a statement of changes in equity for the period ended June 30, 2014.
- (d) a statement of cash flows for the period ended June 30, 2014; and
- (e) notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information;

**d) Reporting Period:**

The financial statements cover (6 months) from January 01, 2014 to June 30, 2014..

**e) Authorization for Issue:**

The financial statements have been authorized for issue by the Board of Directors on July 12, 2014.

**f) Functional and Presentation Currency:**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

**g) Use of Estimates and Judgments:**

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting policies, changes in Accounting Estimates and Errors. In particular, significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses and other payables.

**h) Statement of Cash Flows:**

The statements of cash flows has been prepared in accordance with the requirements of BAS 7: Statement of cash Flows. The cash generating from operating activities has been reported using the Direct Method as prescribed by the securities and Exchange Rules,1987 and as the benchmark treatment of BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed. Cash generating from operating activities has also been reported using indirect method in separate note.

**i) Related Party Disclosures:**

The information as required by BAS 24: "Related party Disclosure" has been disclosed separately in notes to the accounts (Note 29).

**j) Events after the Reporting Period:**

In compliance with the requirements of BAS 10: Events After the Reporting Period, events after the reporting period that provided additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

**k) Comparative Information**

"Comparative information has been disclosed as required by BAS 34: 'Interim Financial Reporting' in respect of the previous period for all numerical information in the current financial statements as below:

- Statement of Financial Position as of the end of the preceding financial period.
- Statement of Comprehensive Income for the comparable Interim period of preceding financial period.
- Statement of Changes in Equity for the comparable Interim period of preceding financial period.
- Statement Cash Flows for the comparable Interim period of preceding financial period.

Narrative and descriptive information for comparative information have also been disclosed whenever it is relevant for understanding of the current half year's financial statement."

**l) Revaluation Reserve**

The company has not revalued its assets any time since inception.

**m) Impairment of Assets**

The company has not conducted impairment review of any of its assets since inception.

**n) Personnel related schemes**

"There is no personnel related schemes for which the company has to make provision. For the welfare and benefit of the employees, the Board of Directors of the Company in their 32nd meeting has decided to comply with the Labor Act 2006 and unanimously resolved to introduce works profit participation fund (5% of profit before tax), 5% contributory provident fund and gratuity fund. The board of directors also decided to form a trusty body for operation of provident fund with effect from January 2014 and due approval of relevant authority.

It is working to establish a Contributory Provident Fund, Workers Profit Participation Fund (WPPF) that will be implemented very soon."

**Note: 03 Significant Accounting Policies:**

**a) Principal Accounting Policies:**

The Accounting policies and methods of computation used in preparation of the financial statements for the period ended June 30, 2014 are consistent with those adopted in the financial statements for the year ended December 31, 2012 except for change in accounting policy.

**b) Revenue Recognition:**

In compliance with the requirements of BAS 18 : Revenue, revenue represent the export proceeds which are recognized when delivery were made from factory godown to carriers that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

**c) Property, Plant and Equipment:**

**1. Recognition and Measurement:**

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of BAS16: Property, Plant and Equipment. The Cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. Capital work-in-progress represents cost of Effluent Treatment Plant & civil work-in-progress for such plant. No depreciation is charged on Land and Land Development and Capital Work-in-Progress.

**2. Pre-Operating Expenses and Borrowing Costs:**

In respect of major project involving construction, related pre-operational expenses from part of the value of assets capitalized. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS 23: Borrowing Costs.

**3. Subsequent Expenditure:**

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

**4. Disposal of Fixed Assets:**

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

## 5. Depreciation:

As per BAS 16, Property, Plant & equipment, each part of an item of property plant & equipment with cost that is significant in relation to the total cost of the item has been depreciated separately. Depreciation is a systematic allocation of depreciable assets over its useful life and charge to profit and loss unless it is included in the carrying amount of another assets. Depreciation has been calculated using diminishing balance method at the following rates:

(i) Depreciation is charged on reducing balance method at the following rates:

<u>Item</u>	<u>Rate</u>
Land & Land Development	-
Plant & Machinery	10%
Building	10%
Office Equipment	15%
Furniture & Fixture	15%
Other Assets	15%
Vehicles	15%
Electrical Equipment	10%

No depreciation is charged in the year of additions irrespective of date of acquisition and use. Depreciation is provided on all fixed assets except land and Land Development.

### d) Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables.

#### 1. Accounts Receivables:

Accounts receivables are created at original invoice amount less any provision for doubtful debts. Provision are made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the statement of comprehensive income.

#### 2. Advance, Deposits And Sundry Receivables:

Advance is initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposit are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

#### 3. Cash and cash Equivalents:

Cash and cash equivalents are carried in the statement of financial position at cost and include cash in hand and with banks on current deposit and marginal deposits accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

### e) Financial Liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

**f) Inventories:**

Inventories are valued at the lower of cost or net realizable value with cost determined by weighted average cost basis. The cost of inventories comprises of expenditure incurred (raw materials, work-in process, dyes & chemicals, packing materials, store and spares and stock-in transit.) in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale. Stock in hand at year end date have been physically verified by the management in the presence of the auditors' representatives and duly reconciled.

**g) Provision:**

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation.

**h) Tax Holiday:**

The National Board of Revenue (NBR) has granted Tax Holiday for a period of 5 (Five) years vide Ref. No. ১১(২৩) অত্র-১/২০১০ dated-27-06-2010 with effect from 1st February 2010 to 31st January 2015 under Income Tax Ordinance 1984 (XXXVI of 1984) section 46A(3) as such no tax was provided.

**i) Tax Holiday Reserve:**

This is being created out of tax holiday profit to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of listed companies or in government bonds or securities or for other purposes as required by the Income Tax Ordinance 1984.

**j) Deferred Tax:**

Deferred tax arises due to temporary difference deductible or taxable for the events or transaction which is recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the balance sheet. Deferred tax assets or liability is the amount of income tax recoverable or payable in future period's recognized in the current period. The company is enjoying Tax holiday and a tax holiday reserve is maintaining in the statement of financial position. The calculation of deferred tax is not required for the company.

**k) Earnings per Share (EPS):**

This has been calculated by dividing the earnings attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The company calculated Earning per share (EPS) in accordance with BAS 33 "Earning per Share" which has been shown on the face of profit and loss account and the computation of EPS is stated in Note: 22.

**l) Basic Earnings:**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax holiday reserve for the period has been considered as fully attributable to the ordinary shareholders.

**m) Diluted Earnings per Share:**

No diluted EPS is required to be calculated for the period as there was no scope for dilution during the period under audit.

**n) Foreign Currencies:**

Foreign currency has been converted into Taka at the rate ruling on the transaction dates.



**Note: 04 Property, Plant and Equipment:**

The details of Fixed Assets and allocation of depreciation has been shown in Annexure-A of the enclosed Financial Statement. The Break up is given below:

Particulars	Cost	Depreciation	W.D.V.
	Total Amount 30.06.2014	Total Amount 30.06.2014	As at 30.06.2014
Land & Land Development	85,799,217	-	85,799,217
Plant & Machinery	311,625,806	96,841,917	214,783,889
Building	44,204,290	7,947,286	36,257,004
Office Equipment	2,420,290	633,603	1,786,687
Furniture & Fixture	1,716,576	538,481	1,178,095
Generator	1,814,062	503,191	1,310,871
Vehicles	4,525,300	2,146,355	2,378,945
Electrical Equipment	6,893,940	1,053,174	5,840,766
<b>Total :</b>	<b>458,999,481</b>	<b>109,664,007</b>	<b>349,335,474</b>

**Note: 05 Inventories: (Item wise breakup given in Annexure - B)**

Particulars	30-Jun-2014	31-Dec-2013
Closing Stock of Raw Materials	153,642,450	220,477,954
Work-in-Process-Closing	1,856,420	2,356,980
Finished Goods - Closing	2,456,950	2,965,840
Wastage Goods - Closing	685,420	796,850
<b>Total:</b>	<b>158,641,240</b>	<b>226,597,624</b>

- The company has conducted a test (physical verification/ stock taking) of above inventories as on 30.06.2014.
- Quantity reconciliation of products were done properly.
- The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IFRS-2.

**Note: 06 Accounts Receivable:**

Accounts Receivable :	Purpose	30 June 2014	31 Dec 2013
Alpha Composite Towels Ltd.	Yarn	3,856,950	1,523,658
Four Design Pvt. Ltd.	Yarn	4,254,650	1,852,665
M/S Bongo Luxmi Trading	Yarn	-	2,895,420
M/S Sonali Traders	Yarn	2,895,650	2,542,520
M/S Shakib Traders	Yarn	3,104,200	1,302,500
M/S Younos Traders	Yarn	3,958,632	1,956,214
M/S Pasgaw Traders	Yarn	6,895,240	1,576,353
M/S Kalak Hazi Traders	Yarn	3,196,875	3,626,300
M/S Asraful Islam Traders	Yarn	2,856,950	1,163,080
M/S Borkot Traders	Yarn	1,356,925	1,425,632
M/S Kamrul Enterprise	Yarn	4,989,584	1,396,525
M/S Ramisha Enterprise	Yarn	3,695,850	2,962,523
M/S Provati Yarn Trading	Yarn	2,845,200	-
M/S Sun Textile	Yarn	2,685,925	-
M/S SM Textile	Yarn	965,746	-
M/S Alam Traders	Yarn	2,365,484	-
<b>Total</b>		<b>49,923,861</b>	<b>24,223,390</b>

No amount has been due by the Directors, Managing Director, Manager & Other Officers of the company and any of them severally or jointly with any other person.

<b>Particulars (details are shown in Annexure -C)</b>	<b>30 Jun 14</b>	<b>31 Dec 13</b>
Dues within three months	42,198,521	16,425,273.00
Dues over three months but within six month	4,029,520	4,421,794.00
Dues over six months	3,695,820	3,376,323.00
<b>Total:</b>	<b>49,923,861</b>	<b>24,223,390.00</b>

The Amount is considered good and collectible within one year.

There is no such debt due by or to directors or other officers of the company.

**Note: 07: Investment in securities**

Investment in securities has been shown at cost which is less than market price.

<b>Portfolio statement as on June 30, 2014</b>			<b>30 Jun 14</b>		<b>31 Dec 13</b>
<b>Name of the Company</b>	<b>No. of shares</b>	<b>Cost per share</b>	<b>Total cost (BDT)</b>	<b>Market value (BDT)</b>	<b>Total cost (BDT)</b>
Square Textile	427,600	85.56	36,584,000	36,816,360	-
Lafarge Surma Cement	491,000	33.05	16,225,400	16,595,800	16,225,400
<b>Total</b>			<b>36,584,000</b>	<b>36,816,360</b>	<b>16,225,400</b>

**Note: 08 Advance, Deposit & Prepayments:**

<b>Particulars</b>		<b>30 Jun 14</b>	<b>31 Dec 2013</b>
Salary Advance	Note-08:01	542,850	685,740
Advance Income Tax		234,972	168,994
LC Margin		57,416,346	3,762,096
Advance Against Office Rent		332,000	416,000
Advance against share issue expenses		2,500,000	2,500,000
Accommodation Advance	Note-08:02	878,000	878,000
Others Advances	Note-08:03	150,000	150,000
<b>Total</b>		<b>62,054,168</b>	<b>8,560,830</b>

There is no amount of loans advances due for payment for a period of more than 12 months from the date of Balance Sheet.

There is no aggregate amount due from Directors.

There are no claims against the company, which can be acknowledged as bad debt.

**Note: 08.01 Salary Advance:**

<b>Department</b>	<b>Purposes</b>	<b>30 Jun 14</b>	<b>31 Dec 2013</b>
Employee-Factory Office	Advance against salary	386,430	458,900
Employee-Head Office	Advance against salary	156,420	226,840
<b>Total:</b>		<b>542,850</b>	<b>685,740</b>

**Note: 08.02 Accommodation Advance:**

<b>Particulars</b>	<b>Purposes</b>	<b>30 Jun 14</b>	<b>31 Dec 2013</b>
Advance against rented shed for worker	Advance Rent	878,000	878,000
<b>Total:</b>		<b>878,000</b>	<b>878,000</b>

**Note: 08.03 Others Advances:**

<b>Particulars</b>	<b>Purposes</b>	<b>30 Jun 14</b>	<b>31 Dec 2013</b>
Dana Engineering Int. Ltd	Gen. Maintenance	15,000	35,000
M/S United Trade Centre	Chemical Purchase	46,950	37,000
M/S Bengal Roots	Ring Traveller	32,400	78,000
<b>Total:</b>		<b>94,350</b>	<b>150,000</b>

- All advance and deposit amount considered good and recoverable.
- There is no agreement with director and officers of the company regarding advance or due amount

**Note: 09 Cash & Cash Equivalents:**

	<u>30-Jun-2014</u>	<u>31-Dec-2013</u>
Cash in Hand	2,254,629	577,888
Cash at Bank:		
MTBL A/C No - 4589	2,222	41,570
MTBL A/C No - 4920	31,470	7,305
MTBL A/C No -01356	75,283,230	68,842,384
Shahjalal Islami Bank A/C No-6383	217	217
Bank Asia A/C No - 0032	888	888
Brac Bank Ltd. A/C No- 02001	164	164
Brac Bank Ltd. A/C No-249001	16,825	31,489
Basic Bank Ltd A/C No. 2810-01-0002809	808	1,325
Janata Bank Ltd. A/C No- '001029586	18,562	19,425
UCBL A/C No- 01221110001608	8,505	9,080
Exim bank Ltd A/C No-597322	27,731,670	48,370
<b>Total:</b>	<b>105,349,190</b>	<b>69,580,105</b>

Cash in hand was physically verified and certified. Bank Balances were reconciled & confirmed.

**Note: 10 Accounts Payable:**

<b>Accounts Payable:</b>	<b>Purpose</b>	<b>June 30, 2014</b>	<b>31 Dec 2013</b>
M/S Provati Traders	Packing Materials	456,920	757,566.00
Power man Bangladesh	Transformer	496,520	496,520.00
Multi Trade	C & F Charge	196,520	245,020.00
J.S Enterprise	Poly bag	396,850	433,434.00
<b>Total:</b>		<b>1,546,810</b>	<b>3,075,047.00</b>

**Note: 11 Short Term Loan:**

<b>Short Term Loan:</b>	<b>June 30, 2014</b>	<b>31 Dec 2013</b>
MTBL A/C No - 0398 (Cash Credit)	18,235,612	18,227,454
<b>Total:</b>	<b>18,235,612</b>	<b>18,227,454</b>

Above facility has been enjoyed against working capital sanctioned from Mutual Trust Bank Ltd., Dilkusha, Dhaka and secured by hypothecation of stock & stores and collateral security of land.

Nature:	CC (Hypoo) Cash
Sanction Limit	17.50 mn only
Purpose of Loan	Working Capital
Margin	25 % on Stock in Trade
Rte of Interest	16 % p.a & Late Payment Interest @ Tk. 2%.
Execution Date	14.05.2008
Mode of Adjustment	Within 90 days from the date of advance and account outstanding.
Security	Stock of Imported raw materials, work-in- process and finished goods (yarn), spare parts of machineries stores in office /factory located at Jhawgara, Araihasar, Narayanganj & security clause of term loan.

**Note: 12 Income tax provision:**

<b>Income tax provision:</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
The Company is under 15% tax bracket but enjoying tax holiday which is 25% of income in 2014.		
Net profit before tax for the Period ended June 30, 2014	62,384,945	18,895,721
Less: Exemption (25% in 2014 and 50% on 2013)	15,596,236	9,447,861
<b>Taxable business income for the year</b>	<b>46,788,709</b>	<b>9,447,861</b>

**12.01 Income from investment in securities:**

	<b>30 June 2014</b>	<b>30 June 2013</b>
Capital gain on sale of securities	2,926,950	87,500

**Calculation of income tax provision:**

Business Income Tk. 46,788,709.00 @ 15%	7,018,306	1,417,179
Capital gain on sale of securities Tk. 2,926,950.00 @ 10%	292,695	7,850
Dividend income on investment in securities Tk. 18,000.00 @ 20%	-	1,800
<b>Total income tax provision</b>	<b>7,311,001</b>	<b>1,426,829</b>

**12.02 Breakdown of total Income Tax Provision is given below:**

	<b>30 June 2014</b>	<b>31 Dec 2013</b>
Opening Balances as on 31-12-2013	2,853,658	-
Add: Provision for current period	7,311,001	2,853,658
<b>Closing balance</b>	<b>10,164,659</b>	<b>2,853,658</b>

**Note: 13 Liabilities for Expenses:**

	<b>30 June 2014</b>	<b>31 Dec 2013</b>
Salary & Allowance Payable	254,500	125,420
Wages & Salary Payable	315,860	115,850
Gas Bill Payable	985,420	1,423,075
AIT on Gas Bill Payable	36,540	58,770
Audit Fee Payable including VAT	11,500	11,500
Electricity Bill Payable	3,650	6,414
Accommodation Expenses Payable	9,500	9,500
<b>Total:</b>	<b>1,616,970</b>	<b>1,750,529</b>

AIT deducted on Gas bill Payable, which has not yet been paid.

**Note: 14 Share Capitals:**

<b>Share Capital:</b>	<b>June 30, 2014</b>	<b>31 Dec 2012</b>
This represents the followings :		
<b>Authorized :</b>	<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>
100,000,000 Ordinary Shares of Taka10.00 each		
<b>Issued, Subscribed and Paid up Capital :</b>	<b>528,000,000.00</b>	<b>93,000,000.00</b>
52,800,000 Ordinary Shares of Tk. @ 10.00 each fully paid in cash		

<b>Shareholding Position</b>	<b>No. of Shares</b>	<b>Pre-IPO holding %</b>	<b>Post IPO holding %</b>
Sponsors	32,800,000	50.62%	50.62%
Other shareholders including IPO	32,000,000	30.86%	49.38%
<b>Total</b>	<b>64,800,000</b>	<b>81.48%</b>	<b>100.00%</b>

\*The management of the company has decided to issue 12,000,000 ordinary shares @ 10.00 each (at par) to the public through IPO.

**Note: 15 Tax Holiday Reserve:**

This have been provided as per provisions of Section 46(A) of the Income Tax Ordinance, 1984 which is arrived as under:

Particulars	June 30, 2014	31 Dec 2013
Opening Balances	24,123,803	12,646,034
Add: Provision for current period	4,898,392	5,809,053
<b>Total:</b>	<b>29,022,195</b>	<b>18,455,087</b>

**Note: 16 Retained earnings**

	30 June 2014	31 Dec 2013
Opening balance	54,505,935	25,061,868
Add: Net profit/(loss) during the year	53,102,502	29,444,067
<b>Closing retained earnings</b>	<b>107,608,437</b>	<b>54,505,935</b>

**Note: 17 Long Term Loan:**

Name of Bank	Type of A/C	Branch	Account No	30 June 14	31 Dec 13
MTBL	Term Loan	Dilkusha	0012-5161000314	5,362,442	6,383,937
MTBL	Term Loan	Dilkusha	0012-5161000225	9,653,624	11,015,915
MTBL	Term Loan	Dilkusha	0012-5161000252	50,677,184	57,427,210
<b>Total:</b>				<b>65,693,250</b>	<b>74,827,062</b>

The Co. is enjoying this facility against working capital sanctioned from Mutual Trust Bank Ltd., Dilkusha Br. , Dhaka and secured by hypothecation of stock & stores Imported Factory machinery.

Nature:	Term loan
Sanction Limit	84.21 mn
Purpose of Loan	For adjustment purposes only.
Rte of Interest	16 % p.a & Late Payment Interest @ Tk. 2%.
Mode of Adjustment	Quarterly Instalment
Security	The loan are secured by registered mortgage of 58.75 decimals office building , 217 decimals , 79.50 decimals & 109 decimals land owned by company and its Managing Director, Chairman respectively A.M Badruzzaman Khashroo & Farida Khanam, Hypothecation Import & Local machineries, Master cheque covering the total loan amount.

**Note:18 Calculation of Net Asset Value (NAV) per share:**

	30 June 2014	31 Dec 2013
Share Capital	528,000,000	528,000,000
Tax Holiday Reserve	29,022,195	29,792,519
Retained Earnings	107,608,437	54,505,935
<b>Total shareholders equity</b>	<b>664,630,632</b>	<b>612,298,454</b>
No. of ordinary shares outstanding	52,800,000	52,800,000
<b>Net Asset Value (NAV) per share</b>	<b>12.59</b>	<b>11.60</b>

<b>Note: 19 Revenue:</b>	30 June 2014	30 June 2013
Turnover	439,986,400	228,304,021
Less: VAT	340,546	450,351
<b>Total:</b>	<b>439,645,854</b>	<b>227,853,670</b>

**Note: 20 Cost of Sales:**Raw Material Consumed (20.01)  
Work-in-process- Opening

	30 June 2014	30 June 2013
	<b>319,123,184</b>	<b>152,510,600</b>
	2,356,980	862,550
	321,480,164	153,373,150
	(1,856,420)	(1,178,490)
<b>Material consumed</b>	<b>319,623,744</b>	<b>152,194,660</b>
Add: Factory overhead (Note: 20.02)	49,542,063	40,169,830
<b>Cost of goods manufactured</b>	<b>369,165,807</b>	<b>192,364,490</b>
Finished goods - Opening	2,965,840	812,683
Wastage goods - Opening	796,850	461,750
<b>Cost of Goods available for Sale</b>	<b>372,928,497</b>	<b>193,638,922</b>
Finished goods - Closing	(2,456,950)	(1,482,920)
Wastage goods - Closing	(685,420)	(398,425)
<b>Cost of Sales</b>	<b>369,786,127</b>	<b>191,757,577</b>

**Note: 20.01 Raw material consumed (Annexure B):**Opening Stock  
Add: Purchase  
Raw Material available for consumption  
Less: Closing Stock  
**Raw Material Consumed**

	30 June 2014	30 June 2013
	220,477,954	99,924,329
	252,287,680	162,825,248
	472,765,634	262,749,577
	(153,642,450)	(110,238,977)
<b>Raw Material Consumed</b>	<b>319,123,184</b>	<b>152,510,600</b>

**Note: 20.02 Factory Overhead:**Wages & Salary  
Over Time  
Gas Bill  
Packaging Expenses  
Spare Parts  
Daily Labour  
Loading & Unloading Expenses  
Fire Protection  
Worker Transport  
Miscellaneous Expenses  
Electricity bill  
General Repair & Maintenance  
Mobil & Gear oil  
Workshop Expenses  
Gas Line  
Depreciation  
**Factory Overhead**

	30 June 2014	30 June 2013
	16,988,500	15,726,375
	950,400	712,800
	10,018,551	4,632,176
	2,665,750	1,978,410
	543,500	407,739
	1,216,883	912,663
	398,846	299,135
	152,778	114,584
	550,120	412,595
	280,150	211,197
	81,967	45,906
	425,605	312,710
	1,550,250	1,014,030
	390,845	293,163
	115,240	118,475
	13,212,678	12,977,875
<b>Factory Overhead</b>	<b>49,542,063</b>	<b>40,169,830</b>

**Note: 21 Administrative Expenses:**

	30 June 2014	30 June 2013
Directors Remuneration	1,800,000	1,800,000
Salaries and Allowances	2,956,800	2,928,250
Vehicle Fuel & Lubricants	214,920	161,193
Vehicle Maintenance	93,245	69,925
Stationery Charges	89,680	67,260
Medical Expenses	54,685	46,295
Insurance	466,026	349,520
Travelling and Conveyance	400,568	300,426
Fax , Telephone & Photocopy Expenses	108,365	81,274
Electric Expenses	170,280	127,710
Renewal Fees	29,025	66,328
Audit Fee	11,500	5,750
Office Rent	320,000	240,000
C & F Charge	810,280	607,710
Office Expenses	100,880	75,660
Fooding	156,986	117,740
Electric Bill	5,690	4,268
News Paper, Books & Forms	14,940	11,206
Business Promotional Expenses	376,945	282,710
Entertainment	129,249	98,435
Repairs & Maintenance	199,928	149,926
Depreciation	795,995	635,438
<b>Total:</b>	<b>9,305,987</b>	<b>8,227,021</b>

**Note:22 Other Income:**

Other income includes wastage sales of the under stated scraped items against which no cost is ascertained.

Items	Quantity(Kg)	Rate	30 June 2014	30 June 2013
Drofig -1	44,325	51.00	2,260,575	1,118,354
Drofig -2	40,070	29.00	1,162,030	393,632
Filter - 1	8,459	74.00	625,966	243,830
Filter - 2	3,645	32.00	116,640	77,696
Tuckering	2,960	74.00	219,040	105,598
Sweeping	2,965	25.00	74,125	49,775
Roving	35,650	116.00	4,135,395	212,164
Hardwest	2,968	86.00	255,248	153,725
Old PP Bag (Pcs)	1,752	13.00	22,776	18,168
<b>Total:</b>			<b>8,871,795</b>	<b>2,372,940</b>

**Note:23 Financial Expenses:**

	30 June 2014	30 June 2013
Bank Charge & Commission	32,932	71,572
Interest on Long Term Loan	5,693,688	9,099,641
Interest on LTR & Demand Loan	-	326,721
Interest on Loan against Bill Purchases	-	502,419
Interest on CC Hypoo	1,538,158	1,432,836
	<b>7,264,778</b>	<b>11,433,188</b>
Less: Interest Income	659,788	563,107
<b>Total:</b>	<b>6,604,990</b>	<b>10,870,081</b>

**Note: 24 Earning per share (EPS):**

Earnings attributable to Ordinary Shareholders during the period  
Total number of Ordinary Shares outstanding\*

	30 June 2014	30 June 2013
Earnings attributable to Ordinary Shareholders during the period	53,102,502	14,722,033
Total number of Ordinary Shares outstanding*	52,800,000	29,237,500
<b>Earnings Per Share (EPS)</b>	<b>1.01</b>	<b>0.504</b>

The face value of the ordinary Shares of Zaheen Spinning Ltd. is Tk. 10/- each.

\*The company have issued 6,500,000 shares of Tk. 10/- each at par and 1,800,000 bonus shares on 16-07-2012.

It also issued 43,500,000 ordinary shares of Tk. 10/- each at par on 16-07-2013.

Calculation of weighted average no. of ordinary shares outstanding:

Particulars	Outstanding period	Length in Month	Annualized	Annualized
Ordinary shares- opening	Jan-Dec	12	1,000,000	1,000,000
New Issue at face value	July 15 - Dec 31	12	6,500,000	6,500,000
Bonus issue	July 16 - Dec 31	12	1,800,000	1,800,000
New Issue at face value	Sep 2 - Dec 31	12	43,500,000	19,937,500
<b>Weighted average no. of ordinary shares outstanding*</b>			<b>52,800,000</b>	<b>29,237,500</b>

**EPS on fully diluted basis:**

Earnings attributable to Ordinary Shareholders during the period  
Total number of Ordinary Shares before IPO

Earnings attributable to Ordinary Shareholders during the period	53,102,502	14,722,033
Total number of Ordinary Shares before IPO	52,800,000	52,800,000
<b>Fully diluted earning per share</b>	<b>1.01</b>	<b>0.28</b>

**EPS excluding extra ordinary income:**

Earnings attributable to Ordinary Shareholders during the period  
Less: Other income  
Earnings excluding extra ordinary income during the period  
Weighted average no. of Ordinary Shares outstanding\*

Earnings attributable to Ordinary Shareholders during the period	53,102,502	14,722,033
Less: Other income	8,871,795	4,745,880
Earnings excluding extra ordinary income during the period	44,230,707	9,976,153
Weighted average no. of Ordinary Shares outstanding*	52,800,000	29,237,500
<b>EPS excluding extra ordinary income</b>	<b>0.84</b>	<b>0.34</b>

**Note:25 Cash Receipts from Customers:**

Revenue  
Add: Other Income  
Add: Income from investment in securities  
Less: Increase in Accounts Receivable  
**Total cash inflow**

	30 June 2014	30 June 2013
Revenue	439,645,854	227,853,670
Add: Other Income	8,871,795	2,372,940
Add: Income from investment in securities	2,926,950	87,500
Less: Increase in Accounts Receivable	(25,700,471)	-
<b>Total cash inflow</b>	<b>425,744,128</b>	<b>230,314,110</b>

**Note:26 Cash Paid to Suppliers:**

Cost of Goods Sold  
Add: Increase in Inventory  
Add: Decrease in Accounts Payable  
Less: Depreciation  
**Total Cash outflow**

Cost of Goods Sold	369,786,127	191,757,577
Add: Increase in Inventory	(67,956,384)	11,237,501
Add: Decrease in Accounts Payable	385,730	571,254
Less: Depreciation	(13,212,678)	(12,977,875)
<b>Total Cash outflow</b>	<b>289,002,795</b>	<b>190,588,457</b>



**Note: 27 Cash Payment for Expenses:**

<b>Cash Payment for Expenses:</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
Administrative, Selling & Distribution Expenses	9,305,987	8,227,021
Bank Charge & Commission	32,932	71,572
Interest Payment on Short Term Loan	1,538,158	2,261,976
Less: Interest Income	(659,788)	(563,107)
Add: Marketing Expenses	435,600	476,210
Add: Decrease in Liabilities for Expenses	133,559	-
Less: Depreciation	(795,995)	(635,438)
<b>Total:</b>	<b>9,990,453</b>	<b>9,838,234</b>

**Note: 28 Proposed dividend**

The Board of Directors of the company in their 33rd Board meeting held on 22-02-2014 have recommended cash dividend @ 5% from the net profit for the year 2013.

**Note: 29 Board of Directors:**

The composition of the Board of Directors is as Under:

<b>Name</b>	<b>Position</b>
Mr. A.M Badruzzaman Khashroo	Managing Director
Mrs. Farida Khanam	Chairman
Mr. Mahmuddur Rahman	Director
Mrs. Sadia Amneen	Director
Mrs. Nusrat Jahan	Director
Dr. Md. Abbas Ali Khan (proposed independent director)	Independent Director

**Note: 30 Employees position:**

Employees' position as on June 30, 2014 is as under:

<b>Monthly salary range</b>	<b>Employees</b>		<b>Total employees</b>
	<b>Full time</b>	<b>Part time</b>	
Tk. 3,000 and above	473	25	498
Below Tk. 3,000	Nil	Nil	

**Remuneration paid to top five Salaried officers during last accounting year**

Mr. A. M. Badruzzaman Khashroo	Managing Director	1,200,000
Mr. Nurul Amin	General Manager	648,000
Mrs. Farida Khanam	Chairman	300,000
Mr. Mahmudur Rahman	Director	300,000
Mr. Md. Ikramul Kabir	Company Secretary	160,000
Mr. Mohammad Kamal Hossen	Manager (Accounts & Finance)	210,000
Mr. Razib Mahmud	Electric Engineer	176,000
Mr. Harunar Rashid	In-charge Quality Control	120,000

**Note: 31 Related party transaction:**

The Company has no related parties and thus no such transactions with related parties as per BAS 24: Related party disclosures exist except the amount paid/ provided during the reporting period in aggregate in respect of "Directors" & "Officers" of the company as defined in the Security & Exchange Rules 1987, are disclosed below:

	30 June 2014	31 Dec 2013
Managing Director's remuneration	1,200,000.00	2,400,000.00
Other Directors' Remuneration	600,000.00	1,200,000.00
Board meeting attendance fees	-	-
Salary and allowances to other Officers and Staffs	2,956,800.00	5,856,500.00
<b>Total</b>	<b>4,756,800.00</b>	<b>9,456,500.00</b>

Board of Directors of Zaheen Spinning Limited have decided to increase the remuneration of Managing Director & other Directors for their engagement in company and fix up remuneration for Mr. A. M. Badruzzaman Khashroo Tk. 200,000.00, Mrs. Farida Khanam Tk. 50,000.00 and Mr. Mahmudur Rahman Tk. 50,000.00 in their 28th Board Meeting held on 27-12-2012 with effect from 1st January 2013. Till now the Board of Directors of the company receiving no meeting attendance fees.

**Note: 32 VAT, income tax, customs duty or other tax liability including contingent liabilities which is yet to be paid with reason for non-payment**

(I) VAT: There is no VAT liability by the Company as on June 30, 2014.

(II) Income Tax: Zaheen Spinning Limited is enjoying tax holiday facilities for a period of 5 (five) years starting from February 01, 2010 to January 31, 2015; first two years 100%, next two years 50% and last one year 25% Tax Holiday as per approval granted by the National Board of Revenue (NBR) vide their letter bw\_ bs-11(23) Aby-1/2010/ dated 27/06/2010 under section 46A & 46(A) (1A)(I) of Income Tax Ordinance 1984.

The Company has no tax liabilities as on June 30, 2014 and its assessment position is as under:

Income year	Assessment year	Status	Remarks
2010	2011-2012	The company is enjoying Tax holiday.	Assessment completed
2011	2012-2013		Assessment completed
2012	2013-2014		Assessment completed
2013	2014-2015		Assessment Under Process

(III) Custom duty or other Tax and contingent liabilities:

There is no custom duty or any other tax & contingent liability by the Company.

**Note: 33 General:**

- Figures of the current year have been rounded off to the nearest Taka.
- Previous year's figures have been re-arranged wherever considered necessary to confirm the current year's presentation.
- There was no brokerage/commission paid against sales during the financial year.
- There was no claim against the company not acknowledged as debt on June 30, 2014.
- There was no credit facilities available to the company under any contract nor availed of as on 31st December, 2013 other than trade credit available in the ordinary course of business.
- Other than the above amount, there was no expenses incurred in foreign exchange on account of Royalty, Technical Experts, Professional and Advisory Fee, Interest, Brokerage and Commission etc.
- No transaction was made with the Associated companies during the year.
- No amount of money was spent by the company for compensation to any member of the Board for special services rendered.
- There was no bank guarantee issued by the company on behalf of their directors.

**Zaheen Spinning Limited**  
Schedule of Fixed Assets  
As on Jun 30, 2014

Annexure A

SI#	Particulars	Cost			Depreciation			W.D.V.	Rate
		As at 01.01.2014	Addition During the period	Total Amount 30.06.2014	As at 01.01.2014	Charged During the period	Total Amount 30.06.2014	As at 30.06.2014	%
1	Land & Land Development	85,799,217	-	85,799,217	-	-	-	85,799,217	
2	Plant & Machinery	311,625,806	-	311,625,806	85,537,502	11,304,415	96,841,917	214,783,889	10%
3	Building	44,204,290	-	44,204,290	6,039,023	1,908,263	7,947,286	36,257,004	10%
4	Office Equipment	1,879,640	540,650	2,420,290	488,736	144,867	633,603	1,786,687	15%
5	Furniture & Fixture	1,380,596	335,980	1,716,576	442,961	95,520	538,481	1,178,095	15%
6	Generator	1,348,697	465,365	1,814,062	396,904	106,287	503,191	1,310,871	15%
7	Vehicles	4,525,300	-	4,525,300	1,953,468	192,887	2,146,355	2,378,945	15%
8	Electrical Equipment	5,925,420	968,520	6,893,940	796,740	256,434	1,053,174	5,840,766	10%
	<b>Total :</b>	<b>456,688,966</b>	<b>2,310,515</b>	<b>458,999,481</b>	<b>95,655,334</b>	<b>14,008,673</b>	<b>109,664,007</b>	<b>349,335,474</b>	

\* No depreciation was charged on Land and land Development.

<b>Allocation of Depreciation:</b>	
Note: Depreciation Charged in the following Manner:	
Factory Overhead	13,212,678
Administrative Expenses:	795,995
<b>Total:</b>	<b>14,008,673</b>

**Zaheen Spinning Limited**  
Schedule of accounts receivable  
As at June 30, 2014

Annexure B

**Raw Materials:**

Items Name	Opening Balance as on 01.01.2014		Purchased		Consumed/Used		Closing Balance as on 30.06.2014	
	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount
MCU-5	1,089,688	81,726,600.00	1,616,272	124,452,944.00	2,385,091	183,652,007.00	320,869	22,527,537.00
Sankar-6	1,149,366	90,379,639.00	1,056,703	84,536,240.00	1,081,210	86,496,800.00	1,124,859	88,419,079.00
Australia	494,878	40,085,118.00	478,714	39,733,262.00	559,145	46,409,035.00	414,447	33,409,345.00
CIS	99,999	8,286,597.00	41,944	3,565,234.00	30,179	2,565,342.00	111,764	9,286,489.00
<b>Sub Total:</b>	<b>2,833,931</b>	<b>220,477,954.00</b>	<b>3,193,633</b>	<b>252,287,680.00</b>	<b>4,055,625</b>	<b>319,123,184.00</b>	<b>1,971,939</b>	<b>153,642,450.00</b>

**Finish Goods:**

Items Name	Opening Balance as on 01.01.2014		Production		Delivered		Closing Balance as on 30.06.2014	
	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount
50 (Auto) Yarn	15,245	2,256,190.00	2,694,240	409,524,520.00	2,698,308	410,126,460.00	11,177.00	1,654,250.00
60 Normal Yarn	4,731	709,650.00	255,459	38,574,250.00	254,839	38,481,200.00	5,351.00	802,700.00
<b>Sub Total:</b>	<b>19,976</b>	<b>2,965,840.00</b>	<b>2,949,699</b>	<b>448,098,770.00</b>	<b>2,953,147</b>	<b>448,607,660.00</b>	<b>16,528.00</b>	<b>2,456,950.00</b>

**Work in Process:**

Items Name	Opening Balance as on 01.01.2014		Production		Delivered		Closing Balance as on 30.06.2014	
	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount	Quantity(LBS)	Amount
Blowroom : Mixing	2,404	180,300	98,570	7,392,750	98,899	7,417,425	2,075	155,625
Lap	3,266	245,000	25,950	1,946,250	26,872	2,015,375	2,344	175,825
Carding Lap	1,103	82,725	115,680	8,676,000	115,987	8,699,025	796	59,700
Silver	612	45,900	21,365	1,602,375	21,137	1,585,275	840	63,000
D/Breaker :Card Silver	241	18,075	236,540	17,740,500	236,445	17,733,375	336	25,200
B/ Silver	1,232	92,400	17,850	1,338,750	18,102	1,357,650	980	73,500
D/Finisher: B/ Silver	575	43,125	36,520	2,739,000	36,300	2,722,500	795	59,625
F/Silver	1,243	93,225	325,650	24,423,750	325,913	24,443,475	980	73,500
Simplex : F/ Silver	6,287	471,525	834,991	62,624,325	838,425	62,881,875	2,853	213,975
Roving	3,214	241,050	985,420	73,906,500	985,536	73,915,200	3,098	232,350
Ring : Roving	5,421	314,725	255,680	19,176,000	255,681	19,176,080	5,420	406,495
Ring Cops	4,130	309,780	542,650	40,698,750	543,530	40,764,780	3,250	243,750
Finishing : Cone	871	65,325	22,960	1,722,000	23,408	1,755,600	423	31,725
Ring Cops	927	69,525	10,363	777,225	10,964	822,300	326	24,450
Pneumafil	1,124	84,300	2,580	193,500	3,468	260,100	236	17,700
<b>Sub Total:</b>		<b>2,356,980</b>		<b>264,957,675</b>			<b>24,752</b>	<b>1,856,420</b>

**Wastage Goods:**

Items Name	Opening Balance as on 01.01.2014		Production/Production Loss		Delivered		Closing Balance as on 30.06.2014	
	Quantity(Kg)	Amount	Quantity(Kg)	Amount	Quantity(Kg)	Amount	Quantity(Kg)	Amount
Drofig -1	4,258	217,158	41,276	2,134,092	44,325	2,260,575	1,209	90,675
Drofig -2	3,215	93,235	39,305	1,252,545	40,070	1,162,030	2,450	183,750
Filter - 1	1,689	124,986	8,095	600,355	8,459	625,966	1,325	99,375
Filter - 2	1,117	35,744	3,513	154,771	3,645	116,640	985	73,875
Tackering	615	45,510	2,943	218,380	2,960	219,040	598	44,850
Sweeping	686	17,150	2,911	104,375	2,965	74,125	632	47,400
Roving	1,721	199,636	35,469	4,045,395	35,650	4,129,531	1,540	115,500
Hardwest	714	61,404	2,579	218,214	2,968	255,248	325	24,370
Old PP Bag (Pcs)	124	2,027	1,703	32,238	1,752	28,640	75	5,625
<b>Sub Total:</b>		<b>796,850</b>		<b>8,760,365</b>		<b>8,871,795</b>		<b>685,420</b>
<b>Total Amount:</b>		<b>226,597,624</b>						<b>158,641,240</b>

**Zaheen Spinning Limited**  
Schedule of accounts receivable  
As at June 30, 2014

**Annexure C**

Sl#	Name of the Customer	30-Jun-14				30-Jun-14	31-Dec-13
		Items	Less than 3 months	Over 3 months less than 6 months	Over 6 Months	Total BDT	Total BDT
1	Alpha Composite Towels Ltd.	Yarn	2,966,110	565,420	325,420	3,856,950	1,523,658
2	Four Design Pvt. Ltd.	Yarn	3,833,757	254,968	165,925	4,254,650	1,852,665
3	M/S Bongo Luxmi Trading	Yarn	-	-	-	-	2,895,420
4	M/S Sonali Traders	Yarn	2,895,650	-	-	2,895,650	2,542,520
5	M/S Shakib Traders	Yarn	3,104,200	-	-	3,104,200	1,302,500
6	M/S Younos Traders	Yarn	2,201,652	-	1,756,980	3,958,632	1,956,214
7	M/S Pasgaw Traders	Yarn	5,638,282	1,256,958	-	6,895,240	1,576,353
8	M/S Kalak Hazi Traders	Yarn	1,501,025	1,695,850	-	3,196,875	3,626,300
9	M/S Asraful Islam Traders	Yarn	1,905,710	-	951,240	2,856,950	1,163,080
10	M/S Borkot Traders	Yarn	860,670	-	496,255	1,356,925	1,425,632
11	M/S Kamrul Enterprise	Yarn	4,733,260	256,324	-	4,989,584	1,396,525
12	M/S Ramisha Enterprise	Yarn	3,695,850	-	-	3,695,850	2,962,523
13	M/S Provati Yarn Trading	Yarn	2,845,200	-	-	2,845,200	-
14	M/S Sun Textile	Yarn	2,685,925	-	-	2,685,925	-
15	M/S SM Textile	Yarn	965,746	-	-	965,746	-
16	M/S Alam Traders	Yarn	2,365,484	-	-	2,365,484	-
<b>Total:</b>			<b>42,198,521</b>	<b>4,029,520</b>	<b>3,695,820</b>	<b>49,923,861</b>	<b>24,223,390</b>

## Zaheen Spinning Limited

Auditors' report in pursuance of section 135(1) under Para 24(1) of Part-II of the Third Schedule of the Companies Act, 1994

We, as the auditors having examined the financial statements of Zaheen Spinning Limited for the period ended June 30, 2014 and year ended December 31, 2013, 2012, 2011 and 2010 in pursuance of section 135(1) under Para 24(1) of Part the Third Schedule of the Companies Act, 1994 report that:

A) Statement of assets and liabilities:

Particulars	30-Jun-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
<u>APPLICATION OF FUND:</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b><u>Fixed Assets:</u></b>					
Property, Plant and Equipment:	<b>349,335,474</b>	<b>361,033,632</b>	<b>330,186,442</b>	<b>336,364,357</b>	<b>126,724,076</b>
At Cost	458,999,481	456,688,966	398,615,151	374,808,793	131,915,936
Less: accumulated depreciation	109,664,007	95,655,334	68,428,709	38,444,436	5,191,860
Preliminary and deferred expenses		-	-	20,500	762,162
<b><u>Current Assets:</u></b>	<b>412,552,459</b>	<b>345,187,349</b>	<b>220,904,378</b>	<b>178,505,032</b>	<b>26,946,332</b>
Inventories	158,641,240	226,597,624	204,122,622	176,171,472	11,262,828
Accounts Receivables	49,923,861	24,223,390	15,915,888	1,052,335	4,525,500
Investment in Listed Company Share	36,584,000	16,225,400	-	-	-
Advances, Deposits & Prepayments	62,054,168	8,560,830	625,250	325,096	11,052,500
Cash & Cash Equivalents	105,349,190	69,580,105	240,618	956,129	105,504
<b><u>Current Liabilities:</u></b>	<b>31,564,051</b>	<b>24,764,181</b>	<b>95,366,776</b>	<b>74,841,633</b>	<b>3,296,991</b>
Accounts Payable	1,546,810	1,932,540	3,075,047	-	3,296,991
Short Term Bank Loan	18,235,612	18,227,454	89,550,697	72,019,179	-
Income Tax Provision	10,164,659	2,853,658	-	-	-
Liabilities for Expenses	1,616,970	1,750,529	2,741,032	2,822,454	-
Net Current Assets/(Liabilities)	380,988,408	320,423,168	125,537,602	103,663,399	23,649,341
<b>TOTAL APPLICATION OF FUND</b>	<b>730,323,882</b>	<b>681,456,800</b>	<b>455,724,044</b>	<b>440,048,256</b>	<b>151,135,579</b>
<b><u>SOURCES OF FUND:</u></b>					
<b><u>Share Holders' Equity:</u></b>	<b>664,630,632</b>	<b>606,629,738</b>	<b>371,516,955</b>	<b>352,153,446</b>	<b>24,046,285</b>
Share Capital	528,000,000	528,000,000	93,000,000	10,000,000	10,000,000
Share Money Deposit		-	235,000,000	300,000,000	-
Tax Holiday Reserve	29,022,195	24,123,803	18,455,087	12,646,034	4,213,886
Retained Earnings	107,608,437	54,505,935	25,061,868	29,507,412	9,832,399
<b><u>Non-Current Liabilities:</u></b>	<b>65,693,250</b>	<b>74,827,062</b>	<b>84,207,089</b>	<b>87,894,810</b>	<b>127,089,294</b>
Long Term Loan	65,693,250	74,827,062	84,207,089	87,894,810	127,089,294
<b>TOTAL SOURCES OF FUND</b>	<b>730,323,882</b>	<b>681,456,800</b>	<b>455,724,044</b>	<b>440,048,256</b>	<b>151,135,579</b>

**B) Statements of operating results:**

<b>Particulars</b>	<b>30-Jun-14</b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>31-Dec-11</b>	<b>31-Dec-10</b>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Revenue	439,645,854	455,707,340	399,719,712	377,848,150	214,184,756
Less: Cost of goods sold	369,786,127	383,515,154	337,472,785	319,261,687	180,986,118
<b>Gross Profit / (Loss)</b>	<b>69,859,727</b>	<b>72,192,186</b>	<b>62,246,927</b>	<b>58,586,463</b>	<b>33,198,638</b>
Less: Operating expenses :	9,741,587	17,406,462	11,408,110	11,676,604	4,192,468
Administrative expenses	9,305,987	16,454,042	10,839,754	11,124,004	4,192,468
Marketing expenses	435,600	952,420	568,356	552,600	-
<b>Profit from Operations</b>	<b>60,118,140</b>	<b>54,785,724</b>	<b>50,838,817</b>	<b>46,909,859</b>	<b>29,006,170</b>
Add: Other income	8,871,795	4,745,880	1,845,800	426,294	3,050,350
Less: Financial expenses	6,604,990	21,740,162	33,321,108	19,228,992	18,010,235
<b>Net Profit / (loss)</b>	<b>62,384,945</b>	<b>37,791,442</b>	<b>19,363,509</b>	<b>28,107,161</b>	<b>14,046,285</b>
Add: Income from investment in securities	2,926,950	174,999	-	-	-
<b>Net Profit / (loss) before tax</b>	<b>65,311,895</b>	<b>37,966,441</b>	<b>19,363,509</b>	<b>28,107,161</b>	<b>14,046,285</b>
Less: Tax holiday reserve	4,898,392	5,668,716	5,809,053	8,432,148	4,213,886
Less: Income tax provision	7,311,001	2,853,658			
<b>Net profit/ (loss) after tax</b>	<b>53,102,502</b>	<b>29,444,067</b>	<b>13,554,456</b>	<b>19,675,013</b>	<b>9,832,399</b>



**C. Statement of cash flows:**

<b>Particulars</b>	<b>30-Jun-14</b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>31-Dec-11</b>	<b>31-Dec-10</b>
<b>a. Cash Flows from Operating Activities:</b>					
Cash receipts from customers	425,744,128	452,320,717	386,701,959	381,747,609	212,709,606
Payment to suppliers	(289,002,795)	(381,176,913)	(333,488,665)	(454,716,878)	(184,866,848)
Payment against advance, deposits & prepayments	(53,493,338)	(7,935,580)	(300,154)	10,727,404	(11,052,500)
<b>Cash generated from operating activities</b>	<b>83,247,995</b>	<b>63,208,224</b>	<b>52,913,140</b>	<b>(62,241,865)</b>	<b>16,790,258</b>
Cash payment for expenses	(9,990,453)	(20,666,970)	(29,437,631)	(11,987,776)	(3,772,877)
<b>Net cash flows from operating activities</b>	<b>73,257,542</b>	<b>42,541,254</b>	<b>23,475,509</b>	<b>(74,229,641)</b>	<b>13,017,381</b>
<b>b. Cash flows from investing activities:</b>					
Acquisition of fixed assets	(2,310,515)	(58,073,815)	(23,806,358)	(242,892,857)	(36,243,436)
Investment in listed company securities	(20,358,600)	(16,225,400)	-	-	-
<b>Net cash flows from investing activities</b>	<b>(22,669,115)</b>	<b>(74,299,215)</b>	<b>(23,806,358)</b>	<b>(242,892,857)</b>	<b>(36,243,436)</b>
<b>c. Cash flows from financing activities:</b>					
Share money deposits	-	(235,000,000)	-	300,000,000	-
Share capital	-	435,000,000	-	-	-
Payment of short term bank loan	8,158	(71,323,243)	17,531,518	(16,333,190)	-
Payment of long term loan	(9,133,812)	(9,380,027)	(3,687,721)	49,157,886	40,753,527
Finance cost (long term)	(5,693,688)	(18,199,282)	(14,228,459)	(14,851,573)	(18,010,235)
<b>Net cash flows from financing activities</b>	<b>(14,819,342)</b>	<b>101,097,448</b>	<b>(384,662)</b>	<b>317,973,123</b>	<b>22,743,292</b>
Net cash and cash equivalent (a+b+c)	35,769,085	69,339,487	(715,511)	850,625	(482,763)
Cash & cash equivalent at the beginning of the year	69,580,105	240,618	956,129	105,504	588,267
<b>Cash &amp; cash equivalent at the end of the year</b>	<b>105,349,190</b>	<b>69,580,105</b>	<b>240,618</b>	<b>956,129</b>	<b>105,504</b>

**D. Dividend declared:**

Particulars	30-Jun-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
Cash dividend %			-	-	-
Stock dividend %		-	24.00%	-	-

E. Zaheen Spinning Limited was incorporated as a private limited company on July 22, 2007 under Company Act 1994. Subsequently it has been converted into a public limited company on August 14, 2012 and the Registrar of Joint Stock Company's & Firms (RJSCF) of Bangladesh has certified the amended copy of Memorandum and Articles of Association on September 18, 2012. The Company has changed the denomination of its shares from Tk. 1,000 to Tk. 10 each on July 29, 2012.

F. The Company has no Subsidiary company.

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.

H. The company did not prepare any statements for the period subsequent to June 30, 2014.

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

J. The Board of Directors of the Company in their 33rd board meeting held on 22-02-2014 have recommended cash dividend @ 5% from the net profit for the year 2013.

Sd/-  
**(Mrs. Farida Khanam)**  
Chairman

Sd/-  
**(A. M. Badruzzaman Khashroo)**  
Managing Director

Sd/-  
**(Mahmudur Rahman)**  
Director

Sd/-  
**(Md. Ikramul Kabir)**  
Company Secretary

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

Dated: Dhaka  
July 12, 2014

**(c) Ratio analysis****Auditor's certificate regarding calculation of EPS and Ratios**

This is to certify that Zaheen Spinning Limited Has maintained the following ratios as computed on the basis of the audited financial statements For the period ended June 30, 2014 and for the year ended December 31, 2013, 2012, 2011 and 2010.

Particulars	30-Jun-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	
	Result	Result	Result	Result	Result	
<b>A. Liquidity Ratio</b>						
1 Current Ratio (Times)	<u>Current Assets/</u>	13.07	13.94	2.32	63.24	8.17
	Current Liability					
2 Quick Ratio (Times)	<u>(Current Assets - Inventory)/</u>	8.04	4.79	0.18	0.83	4.76
	Current Liability					
3 Times Interest Earned Ratio (Times)	<u>Operating Profit/</u>	9.10	2.52	1.53	2.44	1.61
	Net Interest Expenses					
4 Debt to Equity Ratio (Times)	<u>Long Term Debt/</u>	0.10	0.12	0.23	0.45	5.29
	Total Share Holders equity					
<b>B. Operating Ratio</b>						
1 Accounts Receivable Turnover Ratio	<u>Sales/</u>	11.86	22.71	47.11	135.48	94.66
	Average Receivables					
2 Inventory Turnover Ratio (Times)	<u>Cost of Goods Sold/</u>	1.92	1.78	1.77	3.41	32.14
	Average Inventory					
3 Fixed Assets Turnover Ratio	<u>Sales/</u>	1.24	1.32	1.20	1.63	1.93
	Average Fixed Assets					
4 Assets Turnover Ratio (Times)	<u>Sales/</u>	0.60	0.72	0.75	1.13	1.71
	Average Total Assets					
<b>C. Profitability Ratio</b>						
1 Gross Margin Ratio (%)	<u>Gross Profit/</u>	15.89	15.84	15.57	15.51	15.50
	Sales					
2 Operating Income Ratio (%)	<u>Operating Profit/</u>	13.67	12.02	12.72	12.42	13.54
	Sales					
3 Net Income Ratio (%)	<u>Profit after Tax/</u>	12.08	6.46	3.39	5.21	4.59
	Sales					
4 Return on Assets Ratio (%)	<u>Profit after Tax/</u>	7.23	4.68	2.54	5.89	7.87
	Average Total Assets					
5 Return on Equity Ratio (%)	<u>Profit after Tax/</u>	7.99	4.85	3.65	5.59	40.89
	Shareholders' Equity					
6 Earnings Per Share (EPS)	<u>Profit after Tax/</u>	1.01	1.00	2.35	19.68	9.83
Restated earnings per share	No. of shares outstanding	1.01	0.504	2.35	7.03	9.83

We have examined the calculation of the above ratios of M/s. Zaheen Spinning Limited for the period ended June 30, 2014 and for the years ended December 31, 2013, 2012, 2011 & 2010, and found them correct.

Dated: Dhaka  
July 12, 2014

Sd/-  
**(Mohammad Ata Karim & CO.)**  
Chartered Accountants

### Auditors' certificate on fund utilization

We have examined the books and record relating to fund received during 2011 against share money deposit and 2013 as paid-up capital from its investors and subsequent utilization of such funds. The management of the company provided us the following status of fund received and utilized.

Particulars	Amount in BDT	
Share money deposit received in 2011	300,000,000	
<b>Fund utilized for:</b>		
Addition to fixed assets	209,640,281	
Purchase of raw materials	90,359,719	
<b>Total</b>	<b>300,000,000</b>	

Particulars	Amount in BDT	
Subscription money received in 2013	200,000,000	
<b>Fund utilized for:</b>		
Addition to fixed assets	25,000,000	
Purchase of raw materials	15,120,000	
Repayment of high interest bearing short term loan	71,179,243	
Repayment of term loan	20,700,757	
Cash at Bank against import L/C	68,000,000	
<b>Total</b>	<b>200,000,000</b>	

Our examination for the purpose of issuing this certification was limited to the checking books and record and procedures thereof, adopted by the Company for ensuring the faithful presentation on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, the aforesaid status of fund received and utilized give a true and fair.

Dhaka: February 22, 2014

Sd/-  
(Mohammad Ata Karim & Co.)  
Chartered Accountants

## Credit Rating Report Zaheen Spinning Limited (Surveillance)

Particulars	Ratings	Remarks
BDT 73.3 million aggregate Long Term Outstanding (LTO)	BBB <sub>3</sub> (Lr)	Please see Appendix-1 for details
BDT 17.5 million Cash Credit (Pledge) limits	BBB <sub>3</sub> (Lr)	
BDT 46.3 million short term non funded limit	ST-3	

Lr- Loan rating; ST-Short Term

\*Due to its revolving nature, CRAB views Cash Credit (CC) as long-term facility.

**Date of Rating:** 18 December 2013

**Validity:** The loan ratings are valid up to limit expiry date of respective credit facilities or 30 June 2014 whichever is earlier.

**Rating Based on:** Audited financial statements up to 31 December 2012, bank liability position as on 30 November 2013, and other relevant quantitative & qualitative information up to the date of rating declaration.

**Methodology:** CRAB's Corporate Rating Methodology ([www.crab.com.bd](http://www.crab.com.bd))

### Analysts:

**Hussain Md. Yasin,**

[yasin@crab.com.bd](mailto:yasin@crab.com.bd)

**Nishat Naila**

[nishat@crabrating.com](mailto:nishat@crabrating.com)

### ■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has upgraded the rating of BDT 73.3 million aggregate Long Term Outstanding (LTO) and BDT 17.5 million Cash Credit (Hypo) limits of Zaheen Spinning Limited to BBB<sub>3</sub> (Lr) (Triple B Three Loan Rating). CRAB has also upgraded rating of BDT 46.3 million non-funded limit in the Short Term to ST-3.

Following the escalating revenue growth over the years, shifting of business strategy and practice of purchasing raw materials prior to receiving of production order positively impacted the up gradation of rating. The rating also considered improvement of flow of information between factory office and head office as well as harmonization of staff with machineries achieved during the surveillance period.

The ratings are supported by reasonably good leverage position (debt to equity: 0.47x) and more than 90% capacity utilization in 2012. Again, the equity of the Company has been increasing supporting of continuously gaining profit under the period of review. The overall coverage indicators were also moderate to support favorable financial risk profile of the Company.

The business nature of spinning sector is highly working capital intensive, having pressure on liquidity and cash flows. The liquidity situation of ZSML is quite stringent due to very high inventory processing period. The poor liquidity position (considering quick ratio) along with more than 7 months long cash cycle and increasing trend of receivable collection period & inventory processing period eventually reveal stringent liquidity position of the Company to timely honor short term obligation. On the other hand overall cash flows and

Financial Highlights	-Year ended on December 31-		
	2012	2011	2010
(Mil. BDT)			
Net Sales	399.7	377.8	214.2
EBITDA	82.7	80.6	37.3
EBITDA Margin (%)	20.7	21.3	17.4
Net Profit Margin (%)	3.4	5.2	4.6
Return on Average Assets (%)	2.5	6.0	13.5
Quick Ratio (x)	0.2	0.0	0.2
Cash Conversion Cycle (Days)	212	109	12
Debt to Equity (x)	0.5	0.5	8.4
Borrowed Fund to EBITDA (x)	2.1	2.0	3.4
Cash Flow from Operation	3.4	(106.5)	(0.3)
Free Cash Flow	(20.4)	(348.7)	(36.5)
EBIT/Interest (x)	1.6	2.5	1.8

### ■ PROFILE

Zaheen Spinning Ltd. (hereinafter also referred to as ZSL or the Company), was incorporated in 2007 as a private limited company and converted into public limited company in 2012. Corporate office of the Company is situated at Dhanmondi, Dhaka and the factory is located at Jhawgara, Araihasar, Narayanganj. The Company produces cotton yarn of different counts from raw cotton. Final product of the Company is used by several manufacturers of knitwear, fabrics, socks as well as weaving.



coverage position of the Company is marginal revealing difficulty in paying the debt obligation.

In the nine month interim financial statement of 2013 revenue of ZSL was reported as BDT 349.0 million gives a positive indicator of growth in the year end. The leverage position was also improved in the interim period which may deteriorate if the Company will expand by utilizing credit.

The ratings are constrained by the current stressed industry scenario, huge inventory, Company's inability to pass on any price hikes in input costs to customers and stringent liquidity position to timely meet the short term obligations. Other risks include fluctuating trend of raw cotton prices, power shortage and price risks of inventories.

The ratings reflect the small size of business operation with only 12,000 spindles, huge operating leverage considering number of spindles, operation in tax holiday period, setup of auto cone and yarn conditioning facilities without optimum alignment, quality of machine along with chiller & dust controller, testing of raw cotton through third party and comparatively poor quality control system as well.

■ BACKGROUND

Zaheen Spinning Ltd. was incorporated as a private limited company in July 22, 2007 and started trial production in December 2008. Commercial operation of the Company was started in February 2010 with the facility of manufacturing cotton yarn of different counts which ranged from 10c to 80c and ZSL was converted into public limited company on August 14, 2012. Initially face value of each share of the Company was BDT 1,000 which was changed to BDT 10 per share on July 29, 2012. At present, ZSL has 12,000 spindles having annual production capacity of 4.1 million LBs yarns of different counts. Production facility of the Company is on 300 decimal of land of which 78,000 sft is utilized for manufacturing leaving opportunity for further expansion within the premise. In 2012, capacity utilization of the Company was approximately 91% with a net profit margin of 3.4%. The Company is enjoying 5 years tax holiday facilities granted by the National Board of Revenue (NBR) for the period from February 01, 2010 to January 31, 2015. The tax holiday is settled as 100% for the first 2 years, 50% for next 2 years and 25% for the last year.

Zaheen Spinning Ltd. plans to be listed in the capital market and for this purpose it employed MTB Capital Ltd. as issue manager. The Company will raise paid-up capital totalling to BDT 555.0 million by issuing 55.5 million ordinary shares of BDT 10.0 each through capital raising of BDT 435.0 million (BDT 235.0 million from sponsors as share money deposit and BDT 200.0 million from the general public as issuing placement shares) and BDT 120.0 million through IPO. ZSL has already raised BDT 435.0 million from sponsors and placement.

■ BUSINESS, OPERATION AND FINANCIAL OVERVIEW

Operation	

Zaheen Spinning Ltd. produces 100% cotton yarn from raw cotton by an identical process named carding. Though it has the flexibility to produce different counts of cotton yarn the Company mainly produces 50/1 auto count in last two years. Installed capacity of ZSL is 4.1 million LBs against which it produced 3.7 million LBs of cotton yarn in 2012. On an average process loss of the Company lies between 15% and 18%. In 2010 and 2011 the Company struggled severely with its imported raw cottons and several short term loans was rescheduled and converted into long term. To cope with volatile industry nature ZSL changed its procurement policy. At present the Company procures raw cotton after receiving the Back to Back L/C from its customers. It also produces yarns for local use which is insignificant in amount.

In 2012 total raw cotton was procured from two local suppliers (Bongo Laxmi Trading, Provati Yarn Trading) while in 2011 around 21.7% raw cotton was directly imported by ZSL. Over the year procurement from selected sources created concentration risk following the sourcing dependency. In 2012 and 2013 the Company only uses Indian raw cotton (mostly MCU 5 and Sankar 6) causes slightly higher process loss.

Machineries of Zaheen Spinning Ltd. were imported from China, Japan, Italy and India. The quality of dust controller & chiller system is a great challenge for the Company to achieve more efficiency and producing better yarn. Auto cone and yarn conditioning machines were not set in optimum arrangement which eventually created higher lead time. Again, the low quality of spindles, made in China, having less life expectancy assists to attain cost efficiency. The Company runs for 350 days in a year with 3 shifts per day. To maintain smooth production of spinning mills, power supply is a crucial factor. Total operation of ZSL is operated through gas procured from Titas Gas Transmission and Distribution Company Limited. For the major source of power, the Company has 1 gas based generator made by USA of Wakesa brand having 900 KW of capacity against required operating load of 600 KW. The factory uses 60% to 65% power of total capacity. Apart from this, ZSL has taken an electricity line (1,500 KW) from Siddhirgonj 33/11 kv station of REB ensuring stable power source, yet to get connection. The Company has deep tube-well, and underground water reservoir for supplying necessary water for both the factories and the related residential accommodation. As the Company does not have any rotor unit it sold the wastage to different local customers.

In conformance with industry norms, ZSL has established laboratory facilities. The machineries of quality control unit are from India and China. There are quality checks at every stage of production starting from raw cotton. However, the raw cotton test is done through third party such as BEXIMCO, and Sinha Textile. It tests the raw cotton by taking sample from every bale. The quality control unit is run by unskilled staff although it is directly observed by the general manger, a textile engineer having 32 years of experience, of the factory.

Zaheen Spinning Ltd. sold its products to different garments, textile and weaving factories to produce knitwear, socks, fabrics and weaving of cloths. At present sales price of 1 LBs of 50 count cotton yarn produced by ZSL is BDT 156. The sales and marketing system is directly monitored by the Director Mr. Mahmudur Rahman. More than 98% of the carded yarns produced by the Company are directly sold to some selected export oriented garments and knitting industries. The Company also sold its products to the two suppliers of raw cotton. Small numbers of selected customers have also created concentration risk for ZSL. The price is determined on the basis of current market price, demand-supply situation and market trend.

Zaheen Spinning Limited is exposed to foreign currency risk to some extent as it procures raw cotton against Back to Back L/C. Increased competition from foreign and domestic sources may lead ZSL to sale in lower prices resulting decline of revenue and skinned profit margins. Development of new technology may outmode the current set up to cope up with future trend and needs. Any unexpected changes of the global or national policies formed by international leaders in the industry, Government and regulatory bodies may impact the business of the Company adversely. ZSL is also exposed to local and global political turmoil. Shortage of power supply, labour unrest, unavailability or price increase of raw material, natural calamities may disrupt the production of the Company and can adversely impact the profitability of the Company. ZSL has fire insurance facility with Pioneer Insurance Company Limited to cover the risk aroused from fire &/or lightning, R&SD, flood & electrical on machineries and generator. The sum insured is BDT 84.3 million having validity till 28 July 2014.

The Textiles industry of Bangladesh, which includes knit and woven garments along with specialized textile products, is the nation's prime export generating sector. The global market for knit garments is mostly concentrated in the North America and EU; however, other Asian and South American markets emerge as new export

	Industry/ Market

destinations. Due to relatively cheaper labor cost and shift of orders from other countries where cost of production factors are going up, Bangladeshi exporters may receive more orders from the latter part 2012. However rise in energy costs in the country and fluctuations in international cotton prices may heighten the lead time and exert greater cost pressure on the local spinning mills, which solely contributes as the source of cotton yarn to local RMG companies.

Additionally, uninterrupted gas supply is a pre-requirement for knit-garments industry. However, in recent time, there has been a huge shortfall in the supply of gas, which hampers the uninterrupted production. Moreover, labour unrest in the ready-made garments industry is a very alarming issue leading to a high migration rate among RMG workers. The International buyers have considerable bargaining power as there is intense competition from neighbouring countries like China, Vietnam and India. The buyers are also quoting for lower prices and asking for greater compliance standards which are increasing the cost of production, thus gradually minimizing the profit margin of the garments sector. However bulk and consistent order is compensating for the lower margin. Moreover there are risks associated with foreign currency fluctuations, potential supply disruptions, monitoring of quality standards, changes in fuel & transportation prices and international trade policies.

Management	

Zaheen Spinning Limited has 9.3 million shares (BDT 10.0 each) held by seven industrialists and the board of directors consists of five members. Mr. A. M. Badruzzaman Khashroo is the Managing Director of the Company having substantial experience of more than 35 years in textile sector. The overall operational activities are mainly monitored and controlled by the Managing Director who holds 35% of shares. He is also the Chairman of the Peoples University of Bangladesh. Mrs. Farida Khanam is the Chairman of the Company, holding 15% shares, looks after the administrative functions of ZSL. Mr. Mahmudur Rahman, one of the Directors, who mainly looks after production, holds 25% shares. He is also in charge of technical matters, overall administration, finance, and export market. The Managing Director is also supported by few experienced employees. Other two directors, Mrs. Sadia Amneen and Mrs. Nusrat Jahan hold 2.5% shares each who do not participate in the operation. Two shareholders, Mr. Mahbubur Rahman Khan and Mrs. Masuma Khan hold 10% shares each.

The overall management of ZSL is separated into factory office and head office. The Company has 20 officers and staff combined with head office and factory, and 420 workers in the factory. ZSL provides 100% accommodation facilities only for the officers and staff in the factory arena to continue smooth production with its own cost. The workers are recruited locally; as a result the Company has not to bear the expenses for accommodation, though transportation facility is provided. Extra labor forces are always maintained to adjust leave of workers.

Currently the Company has no MIS to keep its management informed on daily basis though installation of Oracle based software is on progress. The Head Office maintains the communication with factory through hard copy files and internet to control and monitor the operation on regular basis. There are normal flows of information, regarding production, labor, stocks and sales related issues through hotline which helps the management moderately monitor factory operation.

	Financial

The revenue sources of Zaheen Spinning Limited are the deemed export of carded yarn of different counts. Strategic shifting to use solely Indian raw cotton along with sliding price of cotton yarn, sales revenue of the Company stood at BDT 399.7 million in 2012 from BDT 377.8 million in 2011, an increase of 5.8% where sales volume increased by around 26%. Tactical way of doing business along with operating efficiency helped the Company to achieve better gross and operating



profit margin while repayment of huge debt reduces the bottom line in 2012. The marginal liquidity position along with more than 7 months long cash cycle and increasing trend of receivable collection period & inventory processing period eventually reveal stringent liquidity position of the Company to timely honor short term obligation. Because of share money deposit of BDT 235.0 million, leverage position shows a good shape otherwise it will be marginal. The overall cash flow and coverage position of the Company are marginal revealing difficulty in paying the debt obligation. The Company reported negative cash flow coverage considering FCF as it made CAPEX in the last three years. From the nine month interim financial statement it is expected that the revenue will increase in the upcoming year.

Credit Facility	

Zaheen Spinning Limited (ZSL) has banking relation with Mutual Trust Bank Limited (MTBL) from its inception. From the Banker's confidential report it is found that the business dealings of the Company were satisfactory. However, in December 30, 2012 the financier rescheduled two LTRs and two demand loans. MTBL also extended the validity and re-fixed the installment size of three term loans. Detail bank loan liabilities of the Company are given in the appendix-1.

	Collateral

In favor of lender - Registered mortgage on land measuring total 464.25 decimals located at Narayangonj valued BDT 93.4 million as per lender estimation. Registered hypothecation of both imported and local machineries installed at factory along with stocks, charge on Company's fixed and floating assets with RJSC, master cheque covering the total loan amount, post dated cheques for each installment against the sanctioned facilities was also kept. ZSL's securities and collateral also includes personal guarantee of all directors of the Company, personal guarantee of the spouses of all the directors of the Company, D.P note, corporate guarantee, 20% cash margin and lien on shipping documents.

#### APPENDIX - 1: Details of Credit Facilities of Zaheen Spinning Limited

Details of Credit Facilities as of 30 November 2013 (Mil. BDT)						
Loan Type	Funded/ Non Funded	Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Long Term	Funded	Mutual Trust Bank Ltd.	Term Loan	-	10.8	22-Jan-2017
			Term Loan	-	56.3	02-May-2017
			Term Loan	-	6.2	25-Aug-2017
			<b>Total Long Term</b>	<b>-</b>	<b>73.3</b>	
Short Term	Funded	Mutual Trust Bank Ltd.	CC Hypo	17.5	17.5	31-Dec-2013
			<b>Total Short Term Funded</b>	<b>17.5</b>	<b>17.5</b>	
Short Term	Non-Funded	Mutual Trust Bank Ltd.	L/C	45.0	3.2	31-Dec-2013
			BG	1.3	1.3	18-Oct-2014
<b>Total Short Term Non-Funded</b>				<b>46.3</b>	<b>4.5</b>	

## Financial Highlights

–Year ended December 31–

	(Mil. BDT)	2012	2011	2010
Earnings & Stability	Net Sales	399.7	377.8	214.2
	Sales Growth (%)	5.8	76.4	n.a.
	CoGS as % of Sales	84.4	84.5	84.5
	EBITDA (Mil. BDT)	82.7	80.6	37.3
	EBITDA Growth (%)	2.6	116.3	n.a.
	EBITDA Margin (%)	20.7	21.3	17.4
	Net Profit after tax	13.6	19.7	9.8
	Net profit after tax growth (%)	-31.1	100.0	n.a.
Profitability	Gross Profit Margin (%)	15.6	15.5	15.5
	Operating Profit Margin (%)	12.7	12.4	13.5
	Net Profit Margin (%)	3.4	5.2	4.6
	Return on Average Asset (%)	2.5	6.0	n.a.
	Return on Average Equity (%)	3.7	10.7	n.a.
Liquidity	Current Ratio (x)	2.3	2.4	0.6
	Quick Ratio (x)	0.2	0.0	0.2
	Inventory +AR to TA (%)	39.9	34.4	10.9
	Net Working Capital to TA (%)	39.0	33.9	10.5
	Inventory Turnover Ratio (x)	1.8	3.4	n.a.
	Average Inventory Processing Period (Days)	206	108	n.a.
	Receivable Turnover Ratio (x)	47.1	135.5	n.a.
	Average Receivable Collection Period (Days)	8	3	n.a.
	Payable Turnover Ratio (x)	219.5	193.7	n.a.
	Average Payable Payment Period (Days)	2	2	n.a.
	Operating Cycle (Days)	214	111	n.a.
	Cash Conversion Cycle (Days)	212	109	n.a.
	Leverage & Capital Structure	Equity Capital	371.5	352.2
Total Borrowed Fund		173.8	159.9	127.1
Total Long Term Debt		84.2	87.9	100.5
EBITDA		82.7	80.6	37.3
Fund Flow from Operation (FFO)		43.5	52.9	15.0
Cash Flow from Operation (CFO)		3.4	-106.5	n.a.
Retained Cash Flow (RCF)		3.4	-106.5	n.a.
Free Cash Flow (FCF)		-20.4	-348.7	n.a.
Ratios				
Debt to Equity (x)		0.47	0.45	8.45
Borrowed Fund/EBITDA (x)		2.1	2.0	3.4
FFO/Debt (%)		25.1	33.1	11.8
CFO/Debt (%)		2.0	-66.6	n.a.
RCF/Debt (%)		2.0	-66.6	n.a.
FCF/Debt (%)		-11.7	-218.0	n.a.
Coverage	EBIT to Interest expense (x)	1.6	2.5	1.8
	FCF to Interest expense (x)	-0.6	-18.1	n.a.
	(EBITDA-CAPEX) to Interest expense (x)	1.8	-8.4	0.1

### CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long term rating	Definition
<b>AAA Triple A</b>	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
<b>AA1, AA2, AA3* Double A</b>	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
<b>A1, A2, A3 Single A</b>	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
<b>BBB1, BBB2, BBB3 Triple B</b>	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
<b>BB1, BB2, BB3 Double B</b>	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
<b>B1, B2, B3 Single B</b>	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
<b>CCC1, CCC2, CCC3 Triple C</b>	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
<b>CC Double C</b>	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
<b>C Single C</b>	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
<b>D (Default)</b>	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

**CRAB RATING SCALES AND DEFINITIONS**  
**LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS**  
 (All loans/facilities with original maturity exceeding one year)

Rating	Definition
<b>AAA (Lr)</b> <b>(Triple A) Highest Safety</b>	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
<b>AA (Lr)* (Double A)</b> <b>High Safety</b>	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
<b>A (Lr)</b> <b>Adequate Safety</b>	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
<b>BBB (Lr)</b> <b>(Triple B) Moderate Safety</b>	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
<b>BB (Lr)</b> <b>(Double B) Inadequate Safety</b>	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
<b>B (Lr)</b> <b>High Risk</b>	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
<b>CCC (Lr)</b> <b>Very High Risk</b>	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favourable circumstances continue.
<b>CC (Lr)</b> <b>Extremely High Risk</b>	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
<b>C (Lr)</b> <b>Near to Default</b>	Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
<b>D (Lr)</b> <b>Default</b>	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

**SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS**  
(All loans/facilities with original maturity within one year)

<b>Rating</b>	<b>Definition</b>
<b>ST-1 Highest Grade</b>	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
<b>ST-2 High Grade</b>	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
<b>ST-3 Adequate Grade</b>	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
<b>ST-4 Marginal</b>	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
<b>ST-5 Inadequate Grade</b>	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
<b>ST-6 Lowest Grade</b>	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

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## Additional disclosure by the Auditor

The management of Zaheen Spinning Limited has given the following explanation in response to the BSEC's query regarding their proposed IPO.

**Query no. 7 (a): From the statement of financial position as on 30 June 2014 it appears that long term bank loan was Tk. 6,56,93,250 although cash and cash equivalent was Tk. 10,53,49,190. Reasons for holding such huge amount of cash compared to last three years average cash and cash equivalent;**

**Reply:** As per the proposed expansion plan, the Company requires total Tk. 540,000,000 out of which Tk. 435,000,000 is already received through capital raising and utilized mostly for raw material purchase. The fund is also used for land & land development, building & other civil works, repayment of high interest bearing bank loan. After getting the fund from IPO rest of the proposed plant and machineries will be imported. The fund is kept to meet the immediate payment and will be utilized for procuring plant and machineries import.

**Query no. 7 (b): Accounts Receivables increased by 106% (from 2.42 to 4.99 crores) and inventories decreased by 43% (from 22.66 to 15.86 crores) in the period 30 June 2014 over the period 30 June 2013. Specific reason(s), with explanation;**

**Reply:** Zaheen Spinning Limited sells its finished products both is cash and credit. Credit sales create accounts receivables. More or less 10% of total sales produce A/R which is subsequently encased. As on 30-06-2013 account receivable was 10.63% of revenue and as on 30-06-2014 it was 11.36% of revenue.

Since, the importation of plant and machineries delayed due to political unrest there were some ideal money after receiving the fund from capital raising. Then the market price of raw cotton was comparatively lower, the company excessively invested in inventory. Regular consumption is reducing the inventory.

**Query no. 7 (c): Financial expenses decreased significantly from Tk. 1,08,70,081 to Tk. 66,04,990 in the period 30 June 2014 over the period 30 June 2013 but long term loan balance reduced only by Tk. 91 lacs from Tk.7.48 crores to Tk.6.57 crores;**

**Reply:** A major portion of financial expenses were born of short-term high interest bearing loan. After repayment of short-term loan, the interest on it reduced total financial expenses heavily. Long-term loan is repaying in accordance with the repayment schedule. Therefore, the long-term loan balance reduced only Tk. 91 lacs.

We have examined their explanation, the relevant facts, events and related books and documents as required for our jobs and can draw our opinion that the explanation given by the management of Zaheen Spinning Limited is correct.

Dhaka: August 28, 2014

Sd/-  
(Mohammad Ata Karim & Co.)  
Chartered Accountants

Revised Auditors' Report to the Shareholder of  
**Zaheen Spinning Limited**

Statement of financial position as at June 30, 2014 along with Statement of Comprehensive income, Statement of Changes in equity and Statement of Cash flows for the period ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give true and fair view of the financial position of Zaheen Spinning Limited As at June 30, 2014 and of its financial performance for the year ended in accordance with Bangladesh Financial Reporting Standards and comply with The Companies Act 1994, Securities and Exchange Rules 1987 and all other applicable laws and regulations.

**Report on Other Regulatory Requirements**

We also report that,

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books.
- c) the company's statement of financial position, statements of comprehensive income, statement of changes in equity and statement of cash flows dealt with by the reports are in agreement with the books of accounts.
- d) the expenditure incurred was for the purposes of the company's business.

Dated: Dhaka  
August 28, 2014

Sd/-  
**Mohammad Ata Karim & Co.**  
Chartered Accountants