

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

PROSPECTUS

Of

HAMID FABRICS LIMITED

For



Public Issue of 30,000,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk.35.00 including a premium of Tk.25.00 per share totaling Tk. 1,050,000,000.00 of Hamid Fabrics Limited.

Opening date for subscription: September 28, 2014

Closing date for subscription: October 02, 2014

For Non-Resident Bangladeshi quota, subscription closes on: October 11, 2014



MANAGER TO THE ISSUE

ICB CAPITAL MANAGEMENT LIMITED

(A SUBSIDIARY OF ICB)

8, Rajuk Avenue, BDBL Bhaban (Level-16), Dhaka - 1000.

Phone: 9585691-2, Fax: 880-2-9555707, E-mail: ceocmcl@accesstel.net

Website: www.icbcm.com.bd

UNDERWRITERS

ICB Capital Management Limited

8, Rajuk Avenue, BDBL Bhaban, (Level-16), Dhaka - 1000.

Janata Capital and Investment Limited

48, Motijheel C/A (3rd Floor), Dhaka-1000.

Sonali Investment Limited

Sara Tower (11th Floor), 11/A, Toyenbee Circular Road, Motijheel C/A, Dhaka-1000.

CREDIT RATING STATUS

	Long Term	Short Term
Entity Rating	AA ₃	ST-2
Date of Rating	December 31, 2013	
Rated by	CREDIT RATING AGENCY OF BANGLADESH LTD. (CRAB)	
Validity of the Rating	December 30, 2014	

The issue shall be placed in “N” category

Issue date of the Prospectus: September 02, 2014



HAMID FABRICS LIMITED

Hamid Tower (5th & 6th Floor)


24, Gulshan C/A, Circle-2, Dhaka-1212.

Email: info@mahingroup.com, Web site: www.mahingroup.com

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

AVAILABILITY OF PROSPECTUS

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

Name & Address	Contact Person	Contact Number
Issuer Company		
 Hamid Fabrics Limited Hamid Tower (5th & 6th Floor) 24, Gulshan C/A, Circle-2, Dhaka-1212.	Abdullah Al Mahmud Managing Director	(+8802) 8834564-5, 8834104, (+8802) 9894589, 8814775, (+8802) 8833549, Fax: (+8802) 8813077 E-Mail: info@mahingroup.com

Issue Manager

ICB Capital Management Limited 8, Rajuk Avenue, BDBL Bhaban (Level-16), Dhaka - 1000.	Md. Moshir Rahman Chief Executive Officer	+880-2-9585691-2 Fax: +880-2-9555707 E-Mail: ceocmcl@accesstel.net
--	--	--

Underwriters

1	Janata Capital and Investment Limited 48, Motijheel C/A (3 rd Floor) Dhaka-1000.	Swapan Kumar Saha FAGM	+880-2-9584979, 9585029 Fax: +880-2-7114374 E-Mail: info@jcil.com.bd
2	Sonali Investment Limited Sara Tower (11th Floor), 11/A, Toyenbee Circular Road, Motijheel C/A, Dhaka-1000.	Md. Ali Arshad Chief Executive Officer	+880-2-9568777 Fax: +880-2-7170001(Ext-126) E-Mail: sbimbub@yahoo.com
3	ICB Capital Management Limited 8, Rajuk Avenue, BDBL Bhaban (Level-16), Dhaka - 1000.	Md. Moshir Rahman Chief Executive Officer	+880-2-9585691-2 Fax: +880-2-9555707 E-Mail: ceocmcl@accesstel.net

Stock Exchanges

Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C/A, Dhaka-1000.	DSE Library	+880-2-9564601-7 +880-2-9666944-8
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad, Chittagong.	CSE Library	+880-31-714632-3 +880-31-720871 +8802-9513911-15

Prospectus would also be available on the web site of BSEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.cse.com.bd), **Hamid Fabrics Limited** (www.mahingroup.com) and Issue Manager (www.icbcmcl.com.bd) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

Name and address of the Auditors:	Howladar Yunus & Co. Chartered Accountants House-14(4 th floor) Road-16A, Gulshan-1, Dhaka-1212. Telephone: 9883863
--	---

Contents

	PARTICULARS	PAGE
Section I :	Statutory Condition	
	Disclosure in respect of Issuance of Security in Demat Form	01
	Conditions Under 2CC of the Securities and Exchange Ordinance,1969	01-08
	General Information	08
Section II :	Declarations and Due Diligence Certificates	
	Declaration about the Responsibility of Directors	09
	Due Diligence Certificate of Manager to the Issue	11
	Due Diligence Certificate of the Underwriters	12
Section III :	Risk Factors and Management Perception Regarding Risk	13-17
Section IV :	Capital Structure and Purpose of the Public Offering	
	Total Capital Structure	18
	Use of Proceeds	18-19
Section V :	Description of Business	20-26
Section VI :	Description of Property	26-30
Section VII :	Plan of Operation and Discussion of Financial Condition	31
Section VIII :	Information about Directors and Officers	
	Directors and Officers of the Company	37
	Short Bio-data of Directors	38-39
	Involvement of officers and directors in certain legal proceedings	39-40
	Certain relationship and related transactions	40-41
	Executive Compensation	41
	Option Granted to Directors, Officers and Employees	42
	Transactions with the Directors and Subscribers	42
	Tangible assets per Share	43
	Ownership of the Company's Securities	44
Section IX :	Determination of Offering Price	44-45
	Market for the Securities being Offered	46
	Description of Securities Outstanding or being Offered	46-47
	Debt Securities	47
	Lock in Provision	47-49
Section X :	Plan of Distribution	
	Availability of securities	50
	Underwriting	53
	Principal Terms and Conditions of Underwriting Agreements	53
Section XI :	Allotment, Subscription and Market	54
Section XII :	Material Contracts and Others	54
Section XIII :	Corporate Directory	55
	Bankers to the issue	56
Section XIV :	Auditors' Report to the Shareholders of HFL	
	Auditors' Reports & Accounts for the Year 2012-2013	57-95
	Auditors' Reports in pursuance of section 135(1) and Auditors' additional disclosures	96-102
	Credit Rating Report	103-113
	Auditors' Reports & Accounts for the Year 2013-2014	114-150
	Application Form	151-152
	Application Form (NRB)	153-154
	Application Form (Affected Small Investors)	155-156
	New IPO Application Process	157-169

Acronyms

Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

Allotment	:	Letter of Allotment for Shares
BB	:	Bangladesh Bank
BO A/C	:	Beneficial Owner Account or Depository Account
Certificate	:	Share Certificate
Commission	:	Bangladesh Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
FC Account	:	Foreign Currency Account
FI	:	Financial Institution
GOB	:	The Government of People's Republic of Bangladesh
ICML	:	ICB Capital Management Limited
IPO	:	Initial Public Offering
Issue	:	Public Issue
Issuer	:	Hamid Fabrics Limited
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NRB	:	Non Resident Bangladeshi
Offering Price	:	Price of the securities of Hamid Fabrics Limited being offered
PVC	:	Polyvinyl Chloride
PP	:	Poly Propylene
Registered Office	:	Head Office of the Company
RJSC	:	Registrar of Joint Stock Companies & Firms
HFL	:	Hamid Fabrics Limited
SC	:	Share Certificate
BSEC	:	Bangladesh Securities and Exchange Commission
Securities	:	Shares of Hamid Fabrics Limited
Share Market	:	Market of the Securities
Sponsors	:	The sponsor shareholders of Hamid Fabrics Limited
SND Account	:	Short Notice Deposit Account
Stockholders	:	Shareholders
Subscription	:	Application money
The Company	:	Hamid Fabrics Limited

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only and for this purpose the HAMID FABRICS LIMITED has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only.

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

PART-A

1. The company shall go for Initial Public Offer (IPO) for **30,000,000** ordinary shares of Tk. 10.00 each at an issue price of Tk.35.00 including a premium of Tk.25.00 per share worth Taka **1,050,000,000.00** (One Hundred five Crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations issued there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bengali and two English), within 05 (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 web sites of the Commission, stock exchanges, and the issue manager within 05 (five) working days from the date of issuance of this letter which 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 e-mail, 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 BSEC jointly by the issuer and the issue manager within 2 (two) working days from the date of said dispatch of the prospectus & 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 (twenty four) 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 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 abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. 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 07(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 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 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 fifteen days, the company 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 shall submit compliance report thereon to the Commission within 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 **5 (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”. Application shall be sent by the NRB applicants 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 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, 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-Bangladeshis, 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 05 (five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker 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 5 (five) weeks from the date of the subscription closure) if any of the following events occur:

- (a) 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 ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী 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 managers 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 200 shares worth Tk. 7000/- (Taka Seven 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 application 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.
21. 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% 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 , 20 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 underwriter to take up the underwritten shares within 10 (ten) days of the subscription closing date 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, 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. **In respect of shares of Sponsor/ 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 the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchanges(s). Or they (shares of Sponsor/ 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 the Managing Director of the company along with lock-in confirmation to BSEC within one week of listing of the shares with the stock exchanges(s). In respect of shares other than Sponsor/ Directors/ Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to BSEC.**
28. The company shall apply to the stock exchanges for listing within 7(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.
29. The company shall not declare any benefit/dividend based on the financial statements for the year ended on **June 30, 2013** 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(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.

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 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 prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers 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 IPO 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. 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. **While certifying fund utilization the auditors have to confirm that asset have been procured / imported / constructed at reasonable price.**
6. All transactions, excluding petty cash expenses, shall be effected through the company’s bank account(s).
7. 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 EGM under intimation to BSEC and stock exchanges.
8. Directors on the Company’s Board will be in accordance with applicable laws, rules and regulations.
9. 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.

10. 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 7 (seven) working days of the IPO subscription opening.
11. 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/03-34dated September 27, 2009 and the section 13 of the Securities and Exchange Rules, 1987.
12. In the event of arising issues concerning price sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ 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.
13. 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.
14. While auditing the utilization of IPO proceeds, the auditors' shall perform their jobs under the following 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/rights share offer document;
 - (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/rights share offer document;**
 - (d) Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/ specified in the prospectus/rights share offer document; and
 - (e) The auditors should also confirm that: (i) assets have been procured/imported/constructed maintaining proper/required procedure as well as at a reasonable price; and (ii) auditor's report has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with Bank Statement.

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 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/split 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.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (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.

GENERAL INFORMATION

ICB Capital Management Limited (the Issuer Manager) has prepared the prospectus on the basis of information supplied by **Hamid Fabrics Ltd.** (the Issuer) and also discussions had with Chairman, Managing Director and related executives of the Company. The Directors of Hamid Fabrics Limited & ICB Capital Management 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 respect 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 the Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or ICB Capital Management Limited.

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.

A copy of this Prospectus may be obtained from the Head Office of Hamid Fabrics Ltd., ICB Capital Management Limited, the underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS INCLUDING MANAGING DIRECTOR/CEO OF THE COMPANY "HAMID FABRICS LTD." 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 there in 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/-

Mr. A.H.M. Mozammel Haque
Chairman

Sd/-

Mrs. Salina Mahmud
Director

Sd/-

Ms. Nabila Mahmud
Director

Sd/-

Ms. Farhana Danish
Director

Sd/-

Mr. Abdullah Al Mahmud
Managing Director

Sd/-

Ms. Nusrat Mahmud
Director

Sd/-

Mr. Syed Anisul Huq
Director

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of Hamid Fabrics Ltd. and continue to act as a Director of the Company.

Sd/-

Mr. A.H.M. Mozammel Haque
Chairman

Sd/-

Mrs. Salina Mahmud
Director

Sd/-

Ms. Nabila Mahmud
Director

Sd/-

Ms. Farhana Danish
Director

Sd/-

Mr. Abdullah Al Mahmud
Managing Director

Sd/-

Ms. Nusrat Mahmud
Director

Sd/-

Mr. Syed Anisul Huq
Director

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS

A dated and signed copy of this Prospectus to be filed for registration with the Registrar of Joint Stock Companies and Firms, 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 SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement 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 Issuer Company

Sd/-

(Mr. Abdullah Al Mahmud)

Managing Director

Hamid Fabrics Ltd.

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF HAMID FABRICS LTD.

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement 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/-

(Md. Moshir Rahman)

Chief Executive Officer

ICB Capital Management Limited

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk.35.00 including a premium of Tk.25.00 per share totalling to Tk. 1,050,000,000.00 of Hamid Fabrics Ltd.

We, the under-noted Manager to the Issue to the above-mentioned 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 discussion with the issuer Company, its 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/-

(Md. Moshir Rahman)

Chief Executive Officer

ICB Capital Management Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER (S)

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk.35.00 including a premium of Tk.25.00 per share totalling to Tk. 1,050,000,000.00 of Hamid Fabrics Ltd.

We, the under-noted Underwriter(s) to the above-mentioned 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, its directors and other 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 under-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(s)

Sd/-

(Chief Executive Officer/Managing Director)

- ICB Capital Management Limited.

- Sonali Investment Limited

- Janata Capital and Investment Limited

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

Risk refers to the variability of expected outcome, which is a complex and multifaceted phenomenon. Investment in equity securities involves a high degree of risk, which needs to be explicitly evaluated while making an investment decision. Hamid Fabrics Ltd is operating in an industry that is subject to both external and internal risks. Some of these risks can be managed while some are beyond control, which may result in loss for investors. However, the management of the Company constantly explores ways and means for mitigating such risks. The following part of this section describes some of the significant risks that could affect HFL and the value of its shares. In the event any of the following risk factors actually affects the business of the Company, its financial condition may deteriorate, the trading price of its equity shares may plunge and investors may lose a part or all of their investment. It is, therefore, strongly recommended that the prospective investors carefully consider all of the information in this Prospectus, including the risk factors as well as management perception thereabout discussed hereunder before making an investment decision.

EXTERNAL RISK FACTORS

INTEREST RATE RISK

This risk arises due to unfavourable fluctuations in the interest rate at which the Company borrows from external sources. If interest rates increase it adversely affects the business by increasing financial expenses and reducing profitability of the business, which in turn negatively affects shareholders' wealth. Fall in market interest rate could result in 'opportunity lost' in the event the Company has obtained long term credit facilities at fixed rates. Interest rate fluctuation, however, is a macroeconomic event. Factors responsible for interest rate fluctuations include volatility in the money market, rising investment demand, increasing demand for bank borrowings and changes in the Government's monetary policy.

Management Perception about this Risk

HFL has a moderate gearing ratio of 46% as at June 30, 2011 which indicates low level of financial risk. The gearing ratio is expected to reduce further since a part of the IPO proceeds would be utilized for the settlement of borrowings and enhanced net asset value after the IPO.

EXCHANGE RATE RISK

Hamid Fabrics Limited is exposed to exchange rate risk due to its specific nature of the business where a large part of the raw material is procured in foreign currencies. Therefore, any unfavourable currency fluctuation can negatively affect the profitability of the Company.

Management perception about this Risk

HFL is a 100% export oriented textile manufacturer whose export proceeds (revenue) are received fully in foreign currencies which gives a natural hedge against foreign currency fluctuations. The Company maintains an Exporter's Retention Quota (ERQ) account as "deemed exporter" where merchandise exporters are entitled to a foreign exchange retention quota of repatriated Freight on Board (FOB) value of their exports. Balances in these accounts can be used by the exporters for bona fide business purposes, such as import of raw materials, capital machineries and spares, business visits abroad, participation in export fairs and seminars, establishment and maintenance of offices abroad. It reduces exchange rate fluctuation risk to a great extent. As a 100% export oriented Company, HFL avails Export Development Fund (EDF) of Bangladesh Bank for opening cash LCs.

MARKET RISK

Market risk arises from adverse market conditions affecting sales and profitability of any Company. A few factors may trigger market risk for HFL such as changes in consumer behaviours, demographics, introduction of substitute products, competition and other unfavourable global conditions such as economic depression, wars etc.

Management perception about this Risk

HFL is a textile manufacturer producing inputs for the export oriented Ready Made Garment units in Bangladesh. Because of established track record of shorter lead time and quality of products, the Company enjoys a steady growth in supply orders. In addition to this, strong research & development, marketing and brand management have helped the Company to increase its customer base. As a result, HFL has already achieved recognition from globally renowned buyers like Marks & Spencer, H&M, PVH, Tema, Next, C&A, S'Oliver etc. and remains as one of the market leaders in Bangladesh for solid dyed fabrics.

Further, as discussed in details in Section 6, Bangladesh's current demand-supply gap of fabric is about 50% for cotton-based products and around 25% for non-cotton based products in the RMG sector (Source: United States Department of Agriculture). Therefore, Bangladesh has a huge untapped internal demand for textile products, which is currently being satisfied through imports. As a result, the market risk for HFL is fairly moderate.

INDUSTRY RISKS

Unexpected technological developments and regulatory changes that are specific to the Textile & Apparel industry might have an adverse impact on the business performance of the Company. It also involves the risk of increased competition arising from foreign and domestic textile manufacturers resulting in contraction of profit margin and loss of market share. Further, the textile industry is heavily dependent on the performance of RMG industry, which faces threats stemming from international competitors viz. China, India and Vietnam etc. Hence the textile industry of Bangladesh is always under pressure to deliver cost-efficient and quality fabrics.

Management perception about this Risk

HFL keeps pace with technological advancements using modern machineries and equipment. Moreover, the modern technology has not cannibalized the traditional manufacturing methods such as hand looms indicating a lower level of obsolescence risk. The Textile & Apparel is a priority sector for the Government and it is unlikely that the Government will impose unfavourable regulatory changes to this industry.

Further, high start-up costs and lack of expertise discourage new entrants into the sector. In the context of international competition, Bangladesh Apparel industry has a promising growth potential due to unique competitive advantages.

UTILITY RISK

Frequent electricity disruptions and unreliable gas supply have become foremost challenges to the country's manufacturing sector. These cause lower capacity utilization (low production), high cost of production, longer lead time, failure to meet export deadlines and loss of buyers' confidence. Frequent fluctuations in power supply may cause fatal damage to the machineries of the mill.

Management perception about this Risk

HFL has installed two Sub-Stations of 2,230 KVA power generators that ensure a backup power supply. Further, the Company has installed 3 Gas Generators with total capacity of 1.85 MW. The spare parts for these generators are also widely available in the country. The Company has also installed 3 boilers with a total capacity of 22.50 tons. Usually the gas supply in the region, by Titas Gas Transmission and Distribution Company Ltd, is stable and satisfactory.

RISK ASSOCIATED WITH LABOR UNREST

Labour unrest, nowadays has become a serious concern for the Textile & Apparel sector of Bangladesh. A growing awareness and demand for higher minimum wage, bonus, timely payment of wage, other benefits and better working environment etc. often create disputes between workers and employers. This leads to uprising among workers and cause great havoc by way of damages and losses to capital machineries. Such situations halt production, create staff crisis, failure of timely shipment/ delivery of goods, stock-pile/stock-lot, cash crunch and loan default etc. that may lead to an unrecoverable damage at times.

Management perception about this Risk

HFL maintains an open and participatory management style from workers to senior level management. It adheres to high level of ethical standards, international labour laws and various workplace regulations. The Company offers attractive remuneration, performance based rewards and other welfare benefits for employees. These initiatives boost motivation, establish mutual respect and strengthens bond between employee and employers, which minimizes the risk of labour unrest. HFL has not faced any labour unrest since inception.

TECHNOLOGY RELATED RISKS

Technology is a dynamic term that frequently changes its shape and nature. Every capital intensive industry has to rapidly synchronize itself with technological changes and invest in sophisticated machineries. A right technology is a crucial determinant of competitiveness that ensures better products and services to the customers while minimizing costs. Adjustment to new technologies thus involves relatively large scale investments as well as a longer pay-back period.

Management perception about this Risk

HFL has established the most advanced dyeing set up in the country. The production facility is based on flexible technology that enables it to efficiently switch between different products. Management of the Company ensures regular maintenance and up-gradation to ensure long term sustainability, durability and competitiveness. HFL has strategic relationships with reputed international companies for receiving technical support for operation. Further, HFL is planning to introduce a modern yarn-dyeing facility which reduces the technology risk.

CHANGES IN GLOBAL OR NATIONAL POLICIES

Textile & Apparel sector operates under various government regulations related to imports, exports, fiscal and monetary policy. As a part of the Government policy, the Textile & Apparel industry enjoys various incentive schemes. Changes in the existing Government policy or regulations may adversely affect the business performance of the industry or HFL.

Also, any adverse changes in the internal policies of major export destinations e.g. EU and USA in terms of tariff and/or non-tariff barriers, qualitative restrictions for child labour, women's rights or other humanitarian grounds could affect the business performance of RMG and Textile industries.

Management perception about this Risk

Textile sector is highly competitive and is the largest industrial sub-sector in Bangladesh. It is the highest contributor to the country's export earnings and industrial value addition. Moreover, there are about 5 million people who are directly working in this sector. In these circumstances, it is unlikely that the Government would bring any unfavourable policy changes that could hurt the industry.

As a developing country, Bangladesh enjoys preferential treatment from its major export destinations. It is one of the highest priorities of the Government of Bangladesh to promote the country's export sector by way of maintaining strong bilateral trade relationships. As a result, external policies are favourable to the industry. Also, in order to maintain sustainable business relationship with the high-end global buyers, HFL maintains a high standard in terms of quality and compliance.

INTERNAL RISK FACTORS

MANAGEMENT RISK

The textile industry of Bangladesh already experiences a great shortage of skilled management personnel. Because of high demand from employers they tend to switch between jobs for financial and other benefits. Hence, if a key manager, executive or employee quits his/her job, it could affect business continuity, operating results and future growth of HFL. Management risk also arises from succession crisis if subsequent teams of leadership are not created within the organization.

Management perception about this Risk

The Company places a great importance to human resource and leadership development. The staff is brought under relevant on-the-job, in-house and external training programs. HFL recognizes the commitment and contribution of employees for the growth of the Company. A culture of objective performance appraisal and effective reward system has helped to create job-security and motivation of employees. As a result, HFL has relatively low employee turnover in key management positions. Key management team of HFL is almost unchanged for more than five years, which shows the general loyalty to the organization. HFL has developed layers of alternative leaderships in all critical areas of its activities.

Potential or existing government regulations

The Company operates under companies act, taxation policy adopted by NBR, Bangladesh Securities and Exchange Commission (BSEC)'s rule and rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely.

Management perception about this Risk

Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected. The promoters and the sponsors have to endeavor to convince the policy makers for adopting favorable terms & conditions, which will eventually help the textile sector of Bangladesh to compete with the firms in low cost locations in the global arena.

BUSINESS CONTINUITY RISK (HISTORY OF NON-OPERATIONS)

Business continuity risk involves stoppage of business operations due to various internal and external factors.

Management perception about this Risk

There is no history of non-operation of the Company. To overcome such business continuity risk, HFL has installed 3 gas-based power generators with total capacity of 1.85 MW, own water supply system and state of the art inventory management system. Management has selected the factory in a location where there was no record of flood in the recent past. The problem of adverse weather conditions is also not likely to hamper the operations, since the factory building has strong Reinforced Cement Concrete (RCC) prefabricated structure to withstand wind, storm, rain etc. along with good drainage facility.

INPUT RISK

At present, HFL is dependent on imported raw materials such as gray fabrics, dyes and chemicals of certain categories. After it goes into expansion, the Company will be largely dependent on imported yarns. These raw materials cannot be reliably procured from any local source. Efficient sourcing of raw materials is vital for gaining operational efficiency. Further, the prices of such raw materials can be subject to frequent price fluctuations in the world market.

Management perception about this Risk

Since inception, HFL has been procuring yarns from local sources, gray fabrics from mostly India and Thailand. Dye stuffs and chemicals are mostly imported from European countries depending upon required quality and competitive prices. HFL has a sound business relationship with a wide variety of suppliers at home and abroad. It largely mitigates the risk of depending on any particular supplier. HFL has a specialized 'Procurement Research Team' dedicated for processing latest market information. They can make immediate arrangement of quality raw materials from cost-efficient sources. It significantly reduces the operational risk involved with sourcing of raw materials. Further, any significant increase in raw material prices can be passed on to the buyers in the medium to long term.

IMPLEMENTATION RISK

A part of the proceeds from the capital raised are to be used to set up a yarn dyeing project. Therefore, investors are subjected to implementation risk which involves potential cost overruns and time over runs. Any significant cost and time overruns can negatively affect the profitability of the Company. In addition, implementation risk also involves entrepreneurial and managerial capabilities to implement a project of this scale.

Management perception about this Risk

The sponsors and management team of HFL have been in the Textile & Apparel industry since 1995 with wealth of experience and expertise. Further, previously they have been involved in conceptualization, planning and implementation of projects. As a result, HFL possesses the required entrepreneurial and managerial capabilities to implement a project of this scale.

OPERATIONS RISK

This involves the risk of not being able to maintain the expected performance by the Company. Such risk could arise from both internal and external factors discussed above such as industry, management, technology, regulations, utilities etc.

Management perception about this Risk

As explained above, operations risk could arise from a variety of factors. The risk mitigation strategies for such factors have been explained separately above. The experienced management team continuously monitors the new developments in these areas in order to take proactive measures to minimize any negative implications to the Company and capitalize on potential opportunities.

History of Non-Operation, if any

There is no history of non-operation in the case of the Company.

Management Perception:

To overcome these uncertainties, the Company has its own power backup, scientific inventory management and continuous market promotion systems, which reduce the non-operating risk.

Capital Structure of the Company

The capital structure of the Company before and after IPO will be as under:

	(Amount in Tk.)
Authorized Capital	<u>2,000,000,000.00</u>
Financial Structure prior to IPO	
Issued & fully paid-up capital	<u>488,375,000.00</u>
Financial Structure after IPO	
Initial Public Offer (IPO)	300,000,000.00
Total capital structure after IPO (A+B)	<u>788,375,000.00</u>

Use of Proceeds

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

SL	Purpose	Amount in BDT	Indicative Implementation Timeframe	Remarks
1	Settlement of Loans	303,490,000.00	Within 1 month from receiving IPO proceeds	Please refer Note 1 below
2	Expansion Project	722,000,000.00	Within 1 year from receiving IPO proceeds	Please refer Note 2 below
3	IPO Expenses	24,510,000.00	As and when required	Please refer Page 34
Total		1,050,000,000.00		

Note 1: Settlement of Loans

The Company plans to settle following loans with the IPO proceeds:

Loan Settlement

Sl.	Lenders	As per Outstanding as at 31 Dec, 2013 (in BDT)
1.	Bank Asia Limited	228,490,000.00
2	Midas Financing Ltd.	75,000,000.00
	Total	303,490,000.00

Note 2: Project Implementation Schedule

The indicative project implementation time frame for the expansion is given in the table below:

Project Implementation Schedule

Sl.#	Stage	Amount in Taka other than IPO Fund	Amount in Taka IPO Fund	Total Taka For the Project	Remark
1	Land Acquisition and development	-	34,312,440	34,312,440	Within two months of receiving IPO proceeds
2	Building & Civil Works	-	110,293,980	110,293,980	Within six months of receiving IPO proceeds
3	Plant & Machinery acquisition *	304,877,850	577,393,580	882,271,430	Within eight months of receiving IPO proceeds
4	Installation & Erection of Plant & Machinery	19,690,000	-	19,690,000	Within ten months of receiving IPO proceeds
5	Utilities & Other Installation	4,620,000	-	4,620,000	Within ten months of receiving IPO proceeds
6	Trial Run/ Vehicle	8,250,000	-	8,250,000	Within eleven months of receiving IPO proceeds
7	Full Commercial Operation	-	-	-	Within one year of receiving IPO proceeds
Total Taka		337,437,850	722,000,000	1,059,437,850	

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

* Summary of Total Cost of Machinery to be procured for the new project		Amount in Taka
Imported Plant and Machinery: A		835,281,630.00
1	Dyeing Machinery	122,858,005.00
2	Weaving Machinery	540,452,655.00
3	Finishing Machinery	96,036,280.00
4	Contingency Cost (Including C&F, Customs, Loading/Un-loading, installation, etc)	75,934,690.00
Local Plant or Equipment: B		17,050,000.00
5	Substation, Fabrication Materials	2,000,000.00
6	Deep Tube-well	2,000,000.00
7	Soft water Treatment plant	6,500,000.00
8	Effluent treatment plant	5,000,000.00
9	Contingency Cost	1,550,000.00
Other Cost : C		29,939,800.00
10	Gas, Water & Electricity	10,000,000.00
11	Security Deposit for Power to PDB/REB	2,000,000.00
12	Security Deposit for Gas to Titas	4,500,000.00
13	Contingency Amount	13,439,800.00
Total Cost D=A+B+C		882,271,430.00

Sd/-
Abdullah Al Mahmud
Managing Director

Sd/-
Md. Mushaddeque Ali
Chief Financial Officer

DESCRIPTION OF BUSINESS

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

HFL was formed as a Private Company limited by shares with the name and style of Siddique Fabrics Limited on 27 April 1995. Subsequently on 23rd May, 2000 the Company name was changed to Hamid Fabrics Limited. Later, the Company was converted into a Public Limited Company vide a resolution passed in the Extraordinary General Meeting held on 25 February 2010. The relevant Certificate from the Registrar of Joint Stock Companies (RJSC) was received.

HFL produces high quality fabrics that are sold to RMG manufacturers in Bangladesh which are in turn exported as finished products. Therefore, HFL is a "deemed exporter" and qualifies for all export incentives and benefits.

HFL is one of the leading manufacturers of high quality textiles in Bangladesh. Due to superior quality, HFL's products are nominated by globally renowned buyers such as GAP, Zara, C&A, Marks & Spencer, UniQlo, BHS, Tesco, Wal-Mart, Tommy Hilfiger, George, Levi's, H&M, S.Oliver, Nike, Dickies, Charles Voge, Carrefour, Myles and Lcwaikiki (Tema) for sourcing textile to RMG manufacturers in Bangladesh.

HFL has been assigned a credit rating of AA₃ by Credit Rating Agency of Bangladesh Limited (CRAB). This is one of the highest credit ratings achieved by a textile Company in Bangladesh. Entities rated in the 'AA' category are considered to have strong capacity to meet their financial commitments. It differs from the highest-rated entities only to a small degree. AA is judged to be of very high quality and is subject to low credit risk.

Reputed international lending agencies viz. Deutsche Institutions - UND Entwicklungsgesellschaft MBII (DEG) and The OPEC Fund for International Development (OFID) had extended credit facilities to HFL at the inception of the Dyeing & Finishing Unit.

The Company provides the highest priority to maintain global benchmarks for quality throughout the value chain commencing from raw material sourcing, manufacturing, finishing and delivery. HFL achieved OEKO-Tex Association Certificate in recognition of its continuous efforts towards quality.

HFL is a member of Bangladesh Textile Mills Association. Its factories are located in Shilmandi, Narsingdi, in the close vicinity of Dhaka-Sylhet highway (only about 50 yards inside). Head Office of the Company is located at Hamid Tower, 5th & 6th Floor, 24 Gulshan C/A, Circle 2, Dhaka 1212, Bangladesh.

Hamid Fabrics Ltd has two production units:

- 1) Weaving;
- 2) Dyeing & Finishing.

Weaving unit has an annual capacity of 6.85 million yards of gray fabrics, started commercial production in 1995. Its Dyeing and Finishing unit is equipped with state-of-the-art fully-automated machineries with an installed annual capacity to produce 21.60 million yards of finished dyed fabrics. This unit started commercial production in 2003.

Mr. Abdullah Al Mahmud is the founding Managing Director of HFL who owns 51.37% stake of the Company. Mr. Mahmud is a reputed businessman of the country having vast experience in Textiles and Apparel industry. He is an elected Director of Bangladesh Garments Manufacturers and Exporters' Association.

Hamid Fabrics Ltd is one of the pioneers in taking effective measures on environmental issues. It set up a large scale Effluent Treatment Plant with a capacity of 50 cubic meters per hour following World Bank guidelines to reduce environmental hazard since commencement of operation. At the same time, the Company also has established two water treatment plants to keep its water supply into production at more neutralized level, which allows less injection of heavy neutralizing chemical into production. The Company is also in the process to start its Caustic recovery plant to reduce the caustic consumption and enable more efficiency in chemical usage.

Expansion Project:

The Company has decided to set up an expansion project such as yarn dyeing project to maximise its profitability as the yarn dyed fabrics has a high demand in the global market as well as its return is also high. Total investment in the project has been estimated at Tk.1,059,437,850.00 of which Tk.722,000,000 will be financed from IPO fund. Detailed calculation and planning has been shown in the feasibility report.

STATEMENT REGARDING ANNUAL GENERAL MEETINGS

The Company has been regular in holding its Annual General Meetings. The details about Annual General Meeting of the Company are as follows:

Annual General Meetings

Year	No. of AGM	Date of Holding AGM	Declared Cash Dividend	Declared Stock Dividend	Status
1996	1 st	May 31, 1996	-	Nil	Regular
1997	2 nd	May 5, 1997	-	Nil	Regular
1998	3 rd	May 5, 1998	-	Nil	Regular
1999	4 th	March 3, 1999	-	Nil	Regular
2000	5 th	March 31, 2000	-	Nil	Regular
2001	6 th	March 31, 2001	-	Nil	Regular
2002	7 th	March 31, 2002	-	Nil	Regular
2003	8 th	March 30, 2003	-	Nil	Regular
2004	9 th	March 30, 2004	-	Nil	Regular
2005	10 th	March 30, 2005	-	Nil	Regular
2006	11 th	March 30, 2006	-	Nil	Regular
2007	12 th	March 30, 2007	-	Nil	Regular
2008	13 th	March 30, 2008	-	Nil	Regular
2009	14 th	March 20, 2009	-	Nil	Regular
2010	15 th	February 7, 2010	-	85%	Regular
2011	16 th	February 5, 2011	-	-	Regular
2011	17 th	September 22, 2011	20%	Nil	Regular
2012	18 th	December 20, 2012	20%	Nil	Regular

Nature of business

Hamid Fabrics Ltd is a “deemed exporter” that is engaged in weaving, solid-dyeing and finishing of woven fabrics for 100% export oriented RMG units. It is planning to set up a yarn-dyeing facility under the proposed expansion plan. Under solid dyeing, woven fabrics go through a single color dyeing process whereas yarn dyeing allows multi-colored dyeing of woven fabrics with a maximum range of 8 colors.

Solid Dyeing and Yarn Dyeing processes include the following activities:

Production Process

Steps	Activities under Solid Dyeing	Activities under Yarn Dyeing
Step 1	Sizing	Yarn Dyeing (New Facility)
Step 2	Weaving	Weaving (New Facility)
Step 3	Pre-Treatment 1) Sinzing & Desizing 2) Scouring & Bleaching 3) Mercerizing 4) Emerizing/Peaching (Occasional)	Pre-Treatment (Existing facility will be utilized) 1) Sinzing & Desizing 2) Mercerizing (Occasional) 3) Emerizing/Peaching (Occasional)
Step 4	Dyeing Process 1) Dyeing 2) Washing	Washing (Existing facility will be utilized)
Step 5	Finishing 1) Stentering 2) Sunforizing 3) Inspection 4) Packaging	Finishing (New + Existing Facility) 1) Stentering (1 new will be added) 2) Sunforizing (1 new will be added) 3) Inspection 4) Packaging

Principal Product or Service:

The products of Hamid Fabrics Ltd can be categorized in terms of raw material mix, weight range, design and finishing features.

The product range offers 100% cotton fabrics as well as blended fabrics such as cotton/polyester, cotton/viscose, nylon/cotton and cotton/lycra. The weaving unit produces gray fabrics in various design and constructions such as Twill, Canvas, Oxford, Rib stop, Rib cord, Ottoman, Herringbone, and various dobby designs with weight range of 100-450 GSM. The finishing mix of Hamid Fabrics Limited comprises water repellent, fire proof, wrinkle free, teflon coating, aero finish and chintz finish etc. The major markets for HFL’s products are the United States of America and the European Union.

Relative contribution of Products contributing more than 10% of the total revenue

Products of HFL include hundred types of construction in various types of yarn count, weaving design and finishing process. Only a few products with special characteristics of finishing process contribute more than 10% of the company’s total revenue. The following table contains the list of products which has higher volume of sales and its percentage on total revenue for last two accounting periods:

Products with high sales volume

Product Category	July 2012-June 2013		July 2011 – June 2012	
	Sales in BDT Million	Percentage(%)	Sales in BDT Million	Percentage(%)
Twill (116X56/20X10)	333.0	15.70	-	-
Poplin(133X100/40X40)	-	-	303.2	21.8
Twill (71X50/7X10)	-	-	149.3	10.73

Associates, Subsidiary/ Related Holding Company

Hamid Fabrics Limited does not own any subsidiary, associate or related holding company. However, HFL is a part of Mahin Group sponsored by HFL's main shareholders/directors.

Distribution of Products/Services:

Hamid Fabrics Ltd. sells its products directly to the country's RMG units. The Company usually offers to deliver the products to the premises of RMG Units. Most of the sales go to RMG units situated within the range of greater Dhaka region as well as Chittagong who are nominated by the ultimate foreign buyers.

Competitive condition in the Business:

There is a range of external and internal competitive conditions affecting the business of Hamid Fabrics Ltd.

Critical external competitive conditions influencing the business of HFL include demand-supply gap of fabrics in the local market, future outlook for RMG industry, low cost labor, government policy and availability of GSP facility. Given the comparative cost advantage of Bangladesh together with stimulating government policy, the textile and apparel industry has attractive growth opportunities.

The main (internal) competitive advantage of HFL lies in its 'robust production process' that encompasses state of the art machineries, preventive maintenance, quality control, motivated workforce, visionary entrepreneurship and expert management leading to superior product quality and established track record. The Company has already placed itself as one of the leading manufacturers of solid dyed fabrics in Bangladesh. The proposed expansion plan would open up a new avenue of growth for the Company.

The manufacturers of solid dyeing fabrics are scattered around with small scale production facilities with the exception of a few large-scale renowned players some of whose names are given in the following table:

Major Competitors
South China Bleaching and Dyeing Ltd
Sinha Textiles Ltd,
Zaber & Zubair
Beximco Textiles Ltd etc.

Bangladesh produces only about 50% of the fabric requirement of its export oriented RMG units. Given this demand supply gap, all players would have ample space for growth without cannibalizing each other's sales.

Sources and availability of raw materials and the names of the principal suppliers:

HFL never compromises on the quality of raw materials it uses for the manufacturing process. It procures raw materials from leading raw material suppliers both locally and globally. Main raw materials of Hamid Fabrics Limited include (a) yarn and sizing chemical for its weaving unit (b) various types of gray fabrics, dyes, chemicals for pretreatment, finishing and specialized chemicals for special fabrics finishing.

After many years of sourcing, HFL is quite stable in vendor selection. The Company has built up a strong relationship with raw material suppliers based on mutual benefit. Names of the key suppliers of the raw materials are given in the table below:

Unit	Major Raw Materials	Key Suppliers and Origin
Weaving	Yarn (Imported)	Nahar Spinning Mills Ltd (India), Vardhaman Textile Mills Ltd (India)
	Yarn (Local)	Square Textiles Ltd, Ashique Composite Textile Mills Ltd
Dyeing & Finishing	Gray Fabrics (Imported)	Bangkok Weaving Mills Ltd (Thailand), Vardhaman Textile Mills Ltd (India)
	Gray Fabrics (Local)	Hamid Weaving Mills Ltd (Sister concern of HFL)
	Dyes (Imported)	Huntsman (Switzerland), BASF (Germany), Bezema (Switzerland)
	Chemicals (Imported)	AGC Chemical Ltd (Thailand), Chang Chung Petro (Korea), Everlight (Taiwan)

Sources of, and requirement for, power, gas & water:

Power: The Company has 800 KW load electricity connections taken from the Rural Electrification Board (REB). In addition, HFL has 3 Gas Generators (2 X 800 KW and 1 X 510 KW) totaling to 2.10 MW of Germany and USA origin to support its expanded facilities and two sub-stations of 2230 KVA to ensure the backup power supply. The proposed project would require connected load of 2300 KVA. The maximum demand for the expansion project has been estimated at 1900 KW. HFL will install 2 dual fuel (gas/furnace oil) generators each having capacity of 1 MW, which would be used for the expanded capacity. The electricity connection from Rural Electrification Board will remain as back-up support.

Gas: Gas is supplied from the Titas Gas Transmission & Distribution Company Ltd. Gas would be needed to run generators and boilers. The present gas connection has a capacity of 72.96 million cft per year. The annual consumption of natural gas for the expansion project is estimated to be 309.29 million cft at 100% capacity utilization. Usually the gas supply in the region, by Titas Gas Transmission and Distribution Company Ltd, is stable and satisfactory.

Water: The Company owns two deep tube-wells and two water treatment plants. The proposed project will require water for various civil works during implementation as well as regular operations. The proposed project will have water supply from the existing facilities (deep tube-well). Another deep tube-well will also be installed to meet additional water requirements. A soft water treatment plant will be set up to meet the requirements.

Customers providing 10% or more revenues:

Most of the export orders of Hamid Fabrics Limited are directly negotiated with the ultimate overseas buyers and such buyers finalize the price with indicative quantity with HFL. Accordingly, local RMG units procure fabrics from HFL since it is already nominated by the overseas buyers. HFL maintains a strong strategic relationship with global buyers, which is based on long standing track record of quality and reliability. Some of the major global buyers of HFL are as follows:

Name of the buyer	Contribution of placing orders (%) in 2012-13	Contribution of placing orders (%) in 2011-12
H&M	10.00%	14.00%
Hamid Weaving Mills Ltd.	11.00%	0.00%
PVH	16.00%	0.00%

Contract with Principal Suppliers/Customers:

Hamid Fabrics Ltd does not have any material contract with its principal suppliers or customers.

Material Patents, Trade Marks, Licenses or Royalty Agreements:**Name**

The Company has its registration as Hamid Fabrics Limited in the Registrar of Joint Stock Companies of Bangladesh in respect of name, style and trading class.

Patents

Presently the Company has no material patent.

Trade Mark

The Company has following registered trade mark :

**Licenses**

Hamid Fabrics Limited is a 100% Export oriented textile manufacturing Company. The Company needs Export Registration Certificate (ERC) for exporting finished goods and Import Registration Certificate (IRC) for import of raw materials from abroad. HFL has obtained both registration certifications from the Chief Controller of Import and Export (CCI&E) division of the Government of the People's Republic of Bangladesh. Both certificates are issued for one year and need to be renewed every year.

Hamid Fabrics Limited procures yarn, gray fabrics, dyes and chemical from abroad under duty free bonded category and it maintains stocks of such raw materials in its storage at any given time to maintain smooth operation. Therefore, the Company needed to obtain Bonded Warehouse License from the Customs Bond Commissionerate of the Government of the People's Republic of Bangladesh. Hamid Fabrics Limited obtained Bonded Warehouse license since commencement of production. The license for 'deem exporter' is given for a year and needs renewal after year end to recalculate the capability of import volume for the current year.

Environment Clearance Certificate

HFL has obtained Environmental Clearance Certificate from the Department of Environment, Government of The People's Republic of Bangladesh for its factory situated at Shilmondi, Narshingdi. The Company obtained this Certificate from the very beginning of the production and keeps renewing it every year.

The company has been certified as Oeko-Tex Standard 100 or Öko-Tex Standard 100 since 2007. Oeko-Tex Standard 100 is an international testing and certification system for textiles, limiting the use of certain chemicals. It was developed in 1992. This certification for companies requires, among other things, compliance with specified criteria for avoiding or limiting the use of harmful substances in production.

The other licenses are also obtained from the respective authorities, namely Registration from Board of Investment of Bangladesh (BOI), Fire License from Department of Fire, Labor License from Ministry of Labor and also has the membership of Bangladesh Textile Mills Association (BTMA).

Royalty

Hamid Fabrics Limited is an independent Bangladeshi company and is not involved with any royalty arrangement.

NUMBER OF EMPLOYEES

As on June 30, 2013 the total number of full time permanent employees of Hamid Fabrics Limited was 956. The division of employees was as follows:

Number of Full Time Employees in different divisions

Work Divisions	As on June 30, 2013
Administration & Sales	95
Production – Weaving	313
Production – Dyeing	548
TOTAL	956

Production capacity and current utilization

The following table illustrates the production capacity of Gray and Finished Fabrics and its utilization as per audited accounts on 30 June, 2013.

Particulars	Unit	Installed Capacity	Utilization during the period	% of Utilization	Over/(Under) utilization
Gray Fabric (Weaving)	Yards	6,853,000	5,246,972	76.56	(1,606,028)
Woven Fabric (Dyeing & Finishing)	Yards	21,600,000	17,193,211	79.60	(4,406,789)

DESCRIPTION OF PROPERTY

Hamid Fabrics Limited has its own factory land at Shilmandi, Narshingdi; about 40 km from Dhaka City measuring 1178.65 decimals and total land area is in the name of Hamid Fabrics Limited. The buildings of Weaving Unit of HFL include factory building (35,000 sft.), 3-storeyed raw material go-down (6,969 sft.), 3-storeyed staff accommodation (9,288 sft.) and fabric go-down building (7,650 sft.) and 3-storeyed office building (4,000 sft.). The other civil works include generator and substation room (1,037 sft.), boiler room (765 sft.) and a workshop (680 sft.).

Dyeing & finishing unit consist of state of the art pre-fabricated structure of 134,000 sft including 20,000 sft floor office rooms and laboratory with modern furniture and fixtures. Apart from that another 10,000 sft floor space three storied building also has been completed including installation of utility facilities like boiler, generator, sub-station etc. and finally structure for pump house and gas / electricity meter.

The Company's head office is situated in its registered address on rent, Hamid Tower (5th & 6th Floor) 24, Gulshan C/A, Circle-2, Dhaka-1212, Bangladesh. Company owns the following operating fixed assets and they are situated at Company's office and factory premise; and written down value of the assets are given below:

(Figures in BDT)

Particulars	As at 30-Jun-13
Land and Development	705,584,000
Building & Construction	246,397,141
Plant & Machinery	567,567,225
Vehicles	6,929,366
Electrical Installation	17,137,061
Gas line Installation	22,431,509
Office Equipment	8,503,002
Furniture & Fixtures	4,331,845
Total	1,578,881,148

There is no other mortgage on the property owned by the Company except to lenders which include Industrial Promotion and Development Company of Bangladesh Ltd., Janata Bank Ltd., Prime Bank Ltd. and Bank Asia Ltd.

Hamid Fabrics Ltd. owns factory land measuring 9.54 acres. A land area of 7.10 acres is allocated between the two units of Weaving and Dyeing & Finishing, while the remainder is to be utilized for the proposed expansion project.

Position of Land

Sl. No.	Deed No.	Land Area (in Decimals)	Mutation Status
1	11275	151.440	Muted
2	6183/10718	15.000	Muted
3	6184/10718	11.750	Muted
4	6244/10718	11.750	Muted
5	6832/10718	56.000	Muted
6	7291/10718	15.000	Muted
7	7290/10718	21.000	Muted
8	7645/10718	7.000	Muted
9	7836/10718	24.000	Muted

Sl. No.	Deed No.	Land Area	Mutation Status
10	7928/10718	30.000	Muted
11	8210/10718	32.000	Muted
12	9862/10718	30.000	Muted
13	4658/10718	53.000	Muted
14	6261/10718	6.000	Muted
15	4662/10718	14.000	Muted
16	9561	13.000	Muted
17	1501	34.625	Muted
18	6698	34.625	Muted
19	517	12.500	Muted
20	3375	22.000	Muted
21	4717/07	11.000	Muted
22	1258	18.000	Muted
23	5097	30.000	Muted
24	12764	5.000	Muted
25	6524/03	12.000	Muted
26	1543	24.000	Muted
27	3745/02	9.900	Muted
28	9717/09	12.000	Muted
29	4227	15.500	Muted
30	2597/11	40.000	Muted
31	6566/11	45.000	Muted
32	24543/10	10.000	Muted
33	13152/11	9.000	Muted
34	8579/11	5.000	Muted
35	10218/11	11.500	Muted
36	11537/11	9.000	Muted
37	6313/11	16.000	Muted
38	12572/11	5.000	Muted
39	12187/11	7.000	Muted
40	11771/11	7.160	Muted
41	11777/11	13.120	Muted
42	12301/11	7.870	Muted
43	12414/11	30.000	Muted
44	14386/11	3.000	Muted
45	15566	24.000	Muted
46	16672/11	17.750	Muted
47	5842/12	138.000	Muted
48	19126/11	3.000	Muted
49	22086	27.500	Muted
50	23895/11	1.000	Muted
51	25741/11	3.680	Muted
52	26590/11	4.600	Muted
53	8894/12	5.625	Muted
54	18574/12	1.250	Muted
55	18945/12	1.500	Muted

Total

1,178.65 decimals

The Company has Plant & Machineries (including electrical and gas installation) as per the following schedule:

Description of Machineries

Name of the Machinery	Country of Origin	Acquisition Value Invoice Cost	Other Cost/ Adjustment	Total Coat 30 June 2013	W.D.V. 30 June 2013
Weaving Plant					
Sizing Machine	Korea	10,590,315	3,178,353	13,768,668	6,893,482
Warping Machine	Korea	6,896,185	1,761,849	8,658,034	4,059,386
Twisting Machine	India	1,020,300	425,368	1,445,668	809,703
Repier Loom, 56 RS Ishibawe	Japan	18,845,755	382,306	19,228,061	4,836,389
Repier Loom, 66 RS Ishibawe	Japan	9,425,650	230,083	9,655,733	3,611,268
Repier Loom, 72 RS Ishibawe	Japan	20,958,210	6,662,109	27,620,319	8,578,105
Gas Generator Cater Pillar	USA	4,090,800	252,073	4,342,873	2,036,915
Gas Generator, Model MWM	Germany	44,196,476	1,696,382	45,892,858	43,598,215
Boiler (Gas Fired)	USA	982,200	216,647	1,198,847	671,461
Cooling Tower	India	425,600	32,783	458,383	256,735
Humidifier	Japan	85,300	25,770	111,070	62,209
Hydraulic Beam Lifter	Germany	67,174	60,644	127,818	71,589
Electric Beam Lifter Overhead Crane	Germany	232,720	5,286	238,006	133,305
Cloth Inspection Machine	Korea	90,500	20,922	111,422	62,406
Cone Winder Machine	Japan	175,900	18,031	193,931	108,619
Compressor Machine	Taiwan	30,765	4,495	35,260	19,749
Bench Drill Machine	Korea	21,000	1,038	22,038	12,343
Welding Machine	Korea	17,000	630	17,630	9,874
Gas Welding Set	Korea	12,000	1,223	13,223	7,406
Grinding Machine	Korea	16,500	2,012	18,512	10,368
Electrical Sub-Station HT. LT Transformer	Bangladesh	575,650	36,115	611,765	267,586
Electrical Sub-Station HT. LT Transformer	Bangladesh	868,557	83,333	951,890	423,296
LT Switch Gear	Germany	730,800	41,398	772,198	337,759
HT Switch Gear & Protection System	Germany	1,490,200	85,931	1,576,131	677,910
Sub Total Tk.		121,845,557	15,224,781	137,070,338	77,556,079

Dyeing & Finishing Plant

ETP Plant	Bangladesh	2,063,317	4,491,121	6,554,438	4,008,638
Water Treatment Plant	India	929,100	1,563,905	2,493,005	1,653,880
Chemical Tank	Bangladesh	370,000	7,210	377,210	226,011
Tools & Equipment	Bangladesh	38,000	668	38,668	23,278
Sinzing & Desizing	Germany	17,615,220	12,219,173	29,834,393	18,752,105
Bleaching Range	Germany	67,304,720	46,316,785	113,621,505	71,397,304
Mercharizing Range	Japan	50,718,019	52,328,319	103,046,338	65,639,383
Washing Range	Germany	39,481,768	23,238,409	62,720,177	39,213,561
Padsteam Range	Germany	60,604,089	42,194,714	102,798,803	64,620,958
Jigger Dyeing	Korea	2,895,097	2,870,712	5,765,809	3,667,397
Unitop Evaporation Plant	India	17,695,500	616,482	18,311,982	16,526,564
Thermosal Dyeing	Germany	48,090,560	15,077,292	63,167,852	38,783,520
CPB	Germany	11,200,920	2,243,978	13,444,898	8,172,869
Emerizing Range	Italy	10,560,213	10,338,597	20,898,810	15,143,676
Stentering Range	Germany	73,232,784	66,653,429	139,886,210	96,055,989
Sunforizing Range	Germany	14,516,206	13,503,094	28,019,300	17,783,856
Twister	Germany	6,961,598	6,837,580	13,799,178	8,774,303
Spectrophotometer	USA	1,549,772	1,535,900	3,085,672	1,962,636
Inspection Machine	Taiwan	3,353,595	2,462,729	5,816,324	3,662,650
Hydra Extructor	Hongkong	549,903	60,685	610,588	523,503
Lockstitch Machine	Taiwan	71,348	43,000	114,348	98,039
Rubber Conveyer Belt	Hongkong	838,040	149,364	987,404	846,576
Laboratory Equipment	UK	9,695,600	9,304,050	18,999,650	12,255,361
Water Pump	Bangladesh	370,000	57,419	427,419	259,596
Deep Tube-well	Germany	2,018,400	791,244	2,809,644	1,942,394
Submersible Pump, Model SP 125-2	Hungary	550,000	2,728,756	3,278,756	2,950,880
Batcher	Bangladesh	1,890,000	706,570	2,596,570	1,627,159
Lath Machine	India	185,000	34,002	219,002	133,403
Electrical Sub-Station Equipment	Germany	19,027,600	6,323,941	25,351,541	8,010,984
Transformer/ Panel Board	Germany	2,081,580	1,279,103	3,360,683	1,163,454
Busber Trunking System	USA	5,666,796	2,456,472	8,123,268	2,820,889
Electrical Installation (General)	Germany	2,590,200	6,234,304	8,824,504	3,365,913
Gas Generator	Germany	23,454,677	8,734,011	32,188,688	9,076,891
Gas Generator Line Installation	Germany	890,970	1,422,606	2,313,576	763,923
Air Compressor	Belgium	2,156,980	952,135	3,109,115	978,256
Pressure Reducing Value	Germany	1,270,970	281,512	1,552,482	478,811
Boiler	UK	12,465,306	7,110,917	19,576,223	6,215,103
Sub-Total		514,953,848	353,170,185	868,124,033	529,579,716
Grand Total		636,799,405	368,394,965	1,005,194,370	607,135,795

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

Internal and External Sources of Cash

Amount in Taka			
Internal Sources of Cash	30-06-2013	30-06-2012	30-06-2011
Share Capital	488,375,000	488,375,000	402,375,000
Share Premium	223,600,000	223,600,000	-
Share Money Deposit	-	-	250,920,000
Dividend (Proposed 20% Cash)	-	16,997,000	20,418,240
Reserve and Surplus	711,588,871	510,628,551	316,293,020
Retained Earnings	585,510,017	330,326,760	188,662,195
Sub Total:	2,009,073,888	1,569,927,311	1,178,668,455
External Sources of Cash			
Long Term Loan	93,552,117	122,415,491	19,120,004
Long Term Lease	25,468,925	-	-
Current portion of long term loan	345,318,026	548,729,934	534,548,464
Current portion of Lease	12,333,226	8,446,689	-
Short term Loan	600,810,445	691,396,281	580,124,146
Sub Total:	1,077,482,739	1,370,988,395	1,133,792,614
Grand Total:	3,086,556,627	2,940,915,706	2,312,461,069

Material Commitment for Capital Expenditure:

HFL does not have any material commitment for capital expenditure.

Causes for Material Changes in Income, Expenses & Net Income:

Particulars	30-06-2013	30-06-2012	30-06-2011
Sales	2,120,482,277	1,391,252,956	1,696,890,801
Less: Cost of Goods Sold	1,486,805,020	878,959,262	1,397,622,866
Gross profit	633,677,257	512,393,694	299,267,935
Add: Other Operating Income	-	-	130,852,914
Less: Operating Expenses	180,991,165	148,117,578	127,844,919
Operating profit	452,686,092	364,176,116	302,275,930
Less: Finance expenses	238,801,170	213,517,700	168,323,825
Less: Contribution to WPPF	12,010,644	9,152,066	7,643,006
Add: Non-Operating Income	38,338,601	32,382,907	18,908,015
Net Profit before Income Tax	240,212,879	173,889,257	145,217,114
Less: Current Tax	21,199,106	15,744,250	10,731,219
Add: Deferred Tax	26,789,518	516,558	7,892,243
Net Profit after Tax	245,803,291	158,661,565	142,378,138

Income of the Company has been increasing gradually with significant fluctuation from 2011-12 to 2012-13 due to increasing volume of sale. In the year 2011-2012 selling price was higher than that of previous year, for this reason profit had been increased slightly although sales volume was decreased.

Seasonal Aspects:

The demand for HFL fabrics is subject to natural variations depending upon seasonal changes in Summer, Spring and Winter. E.g. during the winter season in the Europe and USA, there is a high demand for clothes made out of thicker fabrics, which declines during summer and spring. Keeping this trend in mind fabric producers set their production cycle. Due to the lead time needed for procurement of raw materials, production and supply of fabrics and the time needed for RMG units to manufacture apparels, textile manufacturers need to produce fabrics 5-6 months ahead of the season. It is pertinent to mention that despite seasonal aspects there is a steady trend of demand for certain types of fabrics throughout the year. Production remains fairly stable for such clothes. Due to long standing experience in the market and in most cases on the basis of advance confirmation from the buyers company retains its production plan to minimize the lead time for the forthcoming season.

Known Trends, Events or Uncertainties:

Known trends, events or uncertainties applicable to HFL include the following:

Global

- Global demand for woven fabrics can be considered stable
- Increasing trend of relocating manufacturing facilities to low cost countries like Bangladesh
- Technological advancements
- Speed of global economic recovery

Local

- Globally competitive cost structure making Bangladesh an attractive destination for global buyers
- Conducive government policy towards Apparel and Textile Industry
- Shortage of gas and power to manufacturing industries
- Political unrest, hartal and labor unrest
- Natural calamities

Change in the Assets of the Company used to pay off any Liabilities:

The Company did not use any of its assets to pay off its liabilities. All liabilities are being paid off by cash generated through exports/sales of products of the Company.

Loans taken from or given to its holding/parent company or subsidiary company:

HFL does not have any holding/parent company or subsidiary company.

Future Contractual Liabilities:

HFL presently has no material contractual liabilities other than in the normal course of business that would impact the financial fundamentals of the Company. However, the Company would enter into contractual liabilities with regard to setting up of the Yarn Dyeing project as detailed in Section 7 of the Prospectus.

HFL does not anticipate any material capital expenditure for the FY 2013-14 excepting use of IPO fund for Yarn Dyeing project.

VAT, Income Tax, Customs Duty or other Tax Liability**Value Added Tax**

HFL is a 100% export oriented company. Government of Bangladesh has declared that there is no VAT on 100% export oriented project except local sale. There is no outstanding VAT claim as at 30th June 2013.

Income Tax

The income tax assessment status of the company for the last 5 (Five) years is given below:

Amounts are in BDT

Assessment Year	Provision for Income Tax	Income Tax Liabilities as per Final Assessment Order	Direct Payment	Deduction at Source	Tax Paid	Balance Payable	Assessment Status
2009-2010	2,217,275	2,217,275	57,450	2,159,825	2,217,275	Nil	Assessment Completed
2010-2011	9,166,201	3,160,398	2,058,519	1,101,879	3,160,398	Nil	Assessment Completed
2011-2012	10,731,219	11,043,428	8,796,818	2,246,610	11,043,428	Nil	Assessment Completed
2012-2013	15,744,250	6,473,038	93,746	6,379,292	6,473,038	Nil	Assessment Completed
2013-2014	41,209,456	32,462,668	-	48,054,379	32,462,668	Nil	Assessment Completed

The Company has obtained tax clearance certifications from concerned Income Tax office for the above years.

Customs Duty or Other Tax Liability

Hamid Fabrics Limited did not have any outstanding liability or duty demand or any other related liability as at 30th June, 2013.

Operating/Rental Lease:

The Company has entered into the following operating lease commitments in the last five years.

Asset name & address	Name of lessor	Contract period	Monthly rent (BDT)	Expiry Date
Dormitory -Narshingdi	Mr. Mizanur Rahman	3 years	20,000	30.06.2015
Dormitory -Narshingdi	Mr. Mizanur Rahman	3 years	20,000	30.06.2015
House (Flat)-Narshingdi	Mr. Tofazzal Hossain	1 year	18,000	30.06.2014
Head Office – Hamid Tower (5 th & 6 th floor), Gulshan-2	Mr. Abdullah Al Zahir	2 years	400,000	30.06.2015
Flat - Banani	Md. Mustafizur Rahman	2 years	36,000	30.07.2015
Office - Motijheel	Al-Haj Abul Khair	2 years	32,210	30.06.2015

Financial Lease commitment:

Name of lessee	Lease Amount (BDT)	Rate of interest (p.a.)	Lease period	Expiry date	Monthly installment	Outstanding balance as at 30 th June 2013	Property taken on Lease
Bank Asia Limited	4,000,000	16%	3 years	16.03.2013	1,35,000	0	N/A
Brac Bank Limited	45,000,000	15.5%	3 years	20 Jan 2016	1,416,667	37,281,273	02 sets MWM gas generator
Prime Bank Limited	13,043,000	14%	1 year	17 May 2012	1,171,000	0	N/A
Bank Asia Limited	1,000,000	17%	3 years	23 October 2014	35,157	520,878	Vehicle

The lease rentals will be paid from normal business operation of the company

Personnel related Schemes

Considering human resources as the key success factor of the Company, HFL offers attractive incentives and motivation to its employees for continued profitability and prosperity. HFL's remuneration benefits include salary and allowances, festival bonus, performance bonus, Workers' Profit Participation Fund, Provident fund, Gratuity and Group Insurance.

Break Down of Expenses for Issue Manager and Underwriter(s):

Following is the amount to be paid to the Issue Manager and Underwriter:

- Issue management fee Tk. 2,000,000.00
- Underwriting commission is 0.5% on Tk. 525,000,000.00 (i.e. 50% of the IPO) aggregating Tk. 2,625,000.00

Breakdown of all Expenses connected with the Public Issue

Particulars	Rate	Amount in Tk.
Manager to the issue fees		2,000,000.00
Vat on Issue Fees		300,000.00
Regulatory Expenses:		
Listing Related Expenses:		
Service Charge for DSE	Fixed	5,000.00
*Annual Fee for DSE & CSE	Fixed	180,000.00
Listing Fees for Stock Exchanges (DSE & CSE)	@ 0.25% on up to Taka 10 crore of paid-up capital. & 0.15% on the balance amount (Max Tk. 20.00 lac) each	4,000,000.00
BSEC Fees		
Application Fee	Fixed	10,000.00
Consent Fee	@ 0.15% on the public offering amount	1,575,000.00
IPO Commission:		
Underwriting Commission	0.50% on the underwritten amount	2,625,000.00
Bankers to the issue Commission	@ 0.10% on collected amount (Assuming four times oversubscribed)	4,200,000.00
CDBL Fees and Expenses:		
**Security Deposit of Eligible Securities		500,000.00
Documentation Fee	As actual	2,500.00
***Annual Fee	As actual	100,000.00
Issue Fee	0.00025 on the public offer	262,500.00
Connection Fee	As actual	6,000.00
Printing, Publication and Others:		
Publication of Abridge Version of Prospectus	4 national dailies	700,000.00
Printing of Prospectus	4500 copies @ Tk. 100.00	450,000.00
Printing of Application Forms for General Public	2,50,000 copies @ Tk. 0.60 per copy	150,000.00
Printing of Application Forms for NRB	50,000 copies @ Tk. 0.70 per copy	35,000.00
Printing of Application Forms for affected small investors	300,000 copies @ Tk. 70 per copy	
Fee for Conduction of Lottery		209,000.00
Post Issue Expenses:		
Data Collection, Data Entry, Data Processing and other related job	Tk.12.00 per Application	7,200,000.00
Printing of Allotment Letters and Refund Warrant		
Distribution of Allotment Letter and Refund Warrant (including courier)		
Total		24,510,000.00

NB: The cost of the above mentioned IPO expenses may vary and will be adjusted accordingly

Revaluation of Company's Assets & Summary Thereof

A revaluation of Company's land and building was carried out as follows:

"Amount in Taka"

Land and Land development

Year	Opening Balance at Cost as on July 01	Addition at Cost	Revaluation Gain/(Loss/adjustment)	Total Value	Cumulative Depreciation	W.D.V as on June 30
2009-2010	38,711,399	642,000	184,082,401	223,435,800	-	223,435,800
2010-2011	223,435,800	36,335,100	-	259,770,900	-	259,770,900
2011-2012	259,770,900	68,802,330	126,972,450	455,545,680	-	455,545,680
2012-2013	455,545,680	2,630,000	247,408,320	705,584,000	-	705,584,000
		108,409,430	558,463,171	705,584,000		
Total Cost		147,120,829				

Building & Construction

1998-1999	16,376,195	358,818	3,650,000	20,385,013	1,013,275	19,371,738
1999-2000						
to 2008- 2009	20,385,013	141,528,644	-	161,913,657	44,277,606	117,636,051
2009-2010	161,913,657	341,364	105,443,904	267,698,925	55,622,047	212,076,878
2010-2011	267,698,925	239,916	-	267,938,841	66,237,887	201,700,954
2011-2012	267,938,841	67,888	(6,438,591)	261,568,138	2,202,727	259,365,411
2012-2013	261,568,138	-	-	261,568,138	15,170,997	246,397,141
		142,536,630	102,655,313	261,568,138		
Total Cost		158,912,825				

Plant & Machinery

1998-1999	81,469,869	54,290	41,624,000	123,148,159	6,008,402	117,139,757
1999-2000						
to 2011- 2012	123,148,159	771,745,129	-	894,893,288	309,475,954	585,417,334
2012-2013	894,893,288	45,924,858	(41,624,000)	899,194,146	331,626,921	567,567,225
		817,724,277	-	899,194,146		
Total Cost		899,194,146				

Taka 41,624,000 is reversal of revaluation gain to present plant and Machinery at cost.

(Detailed in Note no. 2.8 of Financial Statements of 2012-13)

Electrical Installation

1998-1999	2,586,790		4,824,000	7,410,790	258,679	7,152,111
1999-2000						
to 2011- 2012	7,410,790	42,313,162	-	49,723,952	28,496,503	21,227,449
2012-2013	49,723,952	978,756	(4,824,000)	45,878,708	28,741,647	17,137,061
		43,291,918	-	45,878,708		
Total Cost		45,878,708				

Taka 4,824,000 is reversal of revaluation gain to present electrical installation at cost.

(Detailed in Note no. 2.8 of Financial Statements of 2012-13)

Previous works done by the Valuer:**Aziz Halim Khair Choudhury**

Hamid Weaving Mills Limited, Rupali Bank Limited, Naf Agro Firms Limited, Confidence Salt Limited.

Unique Survey Service Bureau:

Jamuna Bank Ltd, The City Bank Ltd, United Commercial Bank Ltd, National Bank Ltd, Dhaka Bank Ltd, Mutual Trust Bank Ltd, Bangladesh Commercial Bank Ltd, EXIM Bank Ltd, BASIC Bank Ltd, NCC Bank Ltd, Dutch Bangla Bank Ltd, First Security Bank Ltd, Uttara Bank Ltd, Mercantile Bank Ltd, Prime Bank Ltd, Standard Bank Ltd, Bangladesh Development Bank Ltd, Bangladesh Jute Mills Corporation, Lutful Seaways Ltd, Titas Gas Transmission & Distribution Co. Ltd, Standard Pharmaceuticals, Sadharan Bima Corporation.

Purpose of Revaluation

The revaluation of land and building was carried out to reflect the fair value of such assets in the balance sheet of HFL.

Valuation Result

The summary of the revaluation report mentioned above.

Transaction between Holding Company and the subsidiary

HFL does not have any holding/parent company or subsidiary company.

Auditors' certificate regarding allotment of shares to promoters or sponsor Shareholders for consideration in cash/other than in cash.

After due verification, we certify that the paid up capital of Hamid Fabrics Limited (the "Company") as of **05 August 2013** (on the date of signing of auditors' report) was Taka 488,375,000 divided into 48,837,500 ordinary shares of Taka 10 each. Made up as follows:

Amounts are in BDT

Particulars of allotment	Date of allotment	Face value of Shares	Number of Shares issued		Amount of Share Capital (Taka)
			Consideration in Cash	Consideration other than Cash	
First allotment (Subscription to the Memorandum and Articles of association at the time of incorporation)	27.04.1995	1,000	2,500		2,500,000
Second allotment	23.07.2004	1,000	215,000		215,000,000
Third allotment	09.05.2010	10		18,487,500	184,875,000
Fourth allotment	12.07.2011	10	8,600,000		86,000,000
Total		10			488,375,000

The Company has been converted as a Public Limited Company and has subdivided the face value of its share from taka 1,000 to Taka 10 by passing a special resolution in its extraordinary general meeting held on 25th February 2010 and necessary amendment in the capital clause of the Memorandum and Articles of Association were made accordingly. Hence the paid up capital of the Company comes to Taka 488,375,000 divide into 48,837,500 ordinary shares of Taka 10 each.

Sd/-

Howlader Yunus & Co.
Chartered Accountants

DECLARATION REGARDING NON-SUPPRESSION OF MATERIAL INFORMATION

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

Sd/-

(Mr. Abdullah Al Mahmud)

Managing Director

DIRECTORS & OFFICERS

INFORMATION ABOUT DIRECTORS AND OFFICERS

Sl	Name	Designation	Age	Qualification	Experience (years)	Nominated by	Date of becoming Director for the first time	Date of expiration of current term
1	Mr. A.H.M. Mozammel Haque	Chairman	72	B. Com	40	N/A	30-Apr-98	AGM 2014
2	Mr. Abdullah Al Mahmud	Managing Director	50	MBA	19	N/A	30-Apr-98	AGM 2014
3	Mrs. Salina Mahmud	Director	48	B.Sc	19	N/A	7-Feb-10	AGM 2015
4	Ms. Nusrat Mahmud	Director	27	Masters (Mgt)	3	N/A	7-Feb-10	AGM 2015
5	Ms. Nabila Mahmud	Director	22	Graduation (on study)	3	N/A	7-Feb-10	AGM 2013
6	Syed Anisul Huq	Independent Director	69	B.Com	44	N/A	14-Jul-11	N/A
7	Mrs. Farhana Danish	Director	42	HSC	17	N/A	14-Jul-11	AGM 2013

Directors' involvement in other organization

Name	Designation in the company	Directorship/sponsorship/ ownership with other companies	Legal Status	Position
Mr. A.H.M. Mozammel Haque	Chairman	Hamid Weaving Mills Limited.	Public Ltd.	Director
		Mahin Apparels Limited	Private Ltd.	Director
		Crystal Insurance Co. Limited	Public Ltd.	Director
		Tazrian Weaving Mills Limited	Private Ltd.	Director
Mr. Abdullah Al Mahmud	Managing Director	Hamid Weaving Mills Limited	Public Ltd.	Chairman
		Mahin Apparels Limited	Private Ltd.	Director
		Crystal Insurance Co. Limited	Public Ltd.	Chairman
		Crystal Washing Plant	Proprietorship	Proprietor
		Tazrian Weaving Mills Ltd.	Private Ltd.	Director
Mrs. Salina Mahmud	Director	Hamid Weaving Mills Limited	Public Ltd.	Managing Director
		Tazrian Weaving Mills Ltd.	Private Ltd.	Director
Ms. Nusrat Mahmud	Director	Hamid Weaving Mills Limited	Public Ltd.	Director
		Tazrian Weaving Mills Ltd.	Private Ltd.	Director
Ms. Nabila Mahmud	Director	Hamid Weaving Mills Limited	Public Ltd.	Director
		Tazrian Weaving Mills Ltd.	Private Ltd.	Director
Mr. Syed Anisul Huq	Independent Director	IFIC Bank	Public Ltd.	Director
Mrs. Farhana Danish	Director	Hamid Weaving Mills Limited	Public Ltd.	Director
		Crystal Insurance Co. Ltd.	Public Ltd.	Director

FAMILY RELATIONSHIPS AMONG TOP DIRECTORS AND TOP OFFICIALS

Mr. A.H.M. Mozammel Haque is Mr. Abdullah Al Mahmud's Father-In-Law

Ms. Nusrat Mahmud and Ms. Nabila Mahmud are daughters of Mr. Abdullah Al Mahmud and Mrs. Salina Mahmud

Mrs. Salina Mahmud is the daughter of Mr. Haque and Mr. Abdullah Al Mahmud's wife

Ms. Farhana Danish is the sister of Mr. Abdullah Al Mahmud

SHORT BIO-DATA OF DIRECTORS

Mr. Mozammel Hoque, 72, is the Chairman of HFL. He completed his Bachelors of Commerce degree from Jagannath College in 1960. He has actively involved in the textile sector for more than 16 years. Prior to joining HFL, he was the Deputy Chief Accountant in Bangladesh Jute Mill Corporation (BJMC) for 22 years after which he entered the RMG business in 1993. Apart from being a founder director of HFL, Mr. Hoque is also a founder Director of Hamid Weaving Mills Ltd. and Crystal Insurance Company Ltd.

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

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

Mr. Mahmud is in the Board of a few other companies. He is the Chairman of Crystal Insurance Company Ltd., Chairman of Hamid Weaving Mills Ltd. and Director of Tazrian Weaving Mills Ltd, which is the latest addition to Mahin Group.

Mr. Mahmud was elected as a Director of BGMEA (Bangladesh Garment Manufacturers & Exporters Association) for the year of 2013-14. He took part in many business dialogues as delegate member representing Bangladesh. He is also involved in many business forums and social causes. He held CIP status as recognition to his contribution to the country's GDP.

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

Mrs. Salina Mahmud, 48, is a shareholder Director of Hamid Fabrics Ltd. She graduated from Eden College and from then onwards was involved in various social activities in Dhaka. Her enduring inspiration and support nurtured the growth of Mahin Group from its inception in 1993 to date.

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

Ms. Mahmud is a dynamic and avid learner and it is expected that she will further enhance and build on the “Hamid” brand. She is also a founder Director of Hamid Weaving Mills Ltd.

Ms. Nabila Mahmud, 22, is a director of Hamid Fabrics Ltd. She has been exposed to the family business from a very early age. She is expected to actively work for the company after her graduation from the USA.

Mrs. Farhana Danish, 42, has become a director of HFL. She is also a Director of Crystal Insurance Company limited. She has business experience of 15 years in different Garments, Garments accessories, insurance and other business areas.

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

CIB REPORT:

Neither the Company nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Particulars of top Executives/Officers/Department heads:

Name	Designation	Date of Joining	Age	Educational Qualification	Last Five Years Experience
Mr. Abdullah Al Mahmud	Managing Director	30.04.1998	50	MBA	HFL
Mr. Din Islam Miah	Company Secretary	01.03.2011	42	M.Com, FCA	United Leasing – CFO, Midas Financing Ltd. - GM (Accounting & Finance),
Mr.Kazi Nasimuddin Ahmed	Exe. Director (Acc & Tax)	01.01.1997	56	B. Com- CA inter	HFL
Mir Azharul Islam	Ex Director	01.10.2011		Master. in Textile Engineering	Sr. G. M. Beximco Textiles
Mr. Mushaddeque Ali	General Manager (Acc & Fin)	01.04.2008	54	M.Com, CA (Final part)	Beximco Textile-DGM(A & F)
Mr.K.K. Ghose	General Manager (Admin)	01.02.2001	70	BA	HFL
Mr. Kabir Ahmed	DGM (Sales service)	20.08.2007	54	M.Sc	Beximco Tex - DGM
Mr. Mahmud Alam Jewel	DGM Finance	01.02.1999	37	MBA	HFL
Mr.Asoke Das	DGM (Mechanical)	01.10.2002	53	Diploma (Mechanical)	HFL
Mr. Mokbul Hossain	Sr. Manager Export & Import	01.03.1996	47	MA	HFL
Mr. Rubayet Sajjad Hossain	Sr. Manager (HR & Admin)	01.08.2000	35	MBA	HFL
Mr. Sanjibon Baray	Sr. Manager Weaving	07.08.2005	64	Diploma in Textile	HFL

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No director or officer of the company was involved in any of the following types of legal proceedings in the past ten years:

1. Any bankruptcy petition filed by or against any company of which any director or officer of the company filling the prospectus was a director, officer, partner at the time of bankruptcy;
2. Any conviction of director, officer in a criminal proceeding or any criminal proceedings pending against him;

3. Any order judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
4. Any order of the Bangladesh Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTION

List of related parties with whom transactions have taken place and their relationship as identified and certified by Management is as under. Financial involvement between Related Parties and Hamid Fabrics Limited are as follows:

Particulars	Name of the Common Directors	Relationship	Nature of transaction	Amount as on 01-07-2012	Transaction during the Year		Amount as on 30-06-2013	Current Status 15-12-13
					Addition	Adjustment		
Hamid Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud	Common Directors	Trade Debtors	371,950,594	349,256,717	(384,424,155)	336,783,156	406,588,631
			Other Receivable	94,683,382	348,484,220	(117,480,999)	325,686,603	Nil
Crystal Insurance Co. Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque		Insurance Premium Payable	(11,619,493)	(6,852,247)	3,154,627	(15,317,113)	Nil

The balance amount of Tk. 406,588,631 represents receivable from Hamid Weaving Mills Limited against revenue of HFL through Letter of Credit (L/C) of Trust Bank Limited, Gulshan corporate branch, Dhaka and Bank Asia Limited, Principal Office branch, Dhaka. The entire amount will be recovered within next 06 months.

The following amounts have been paid to the Directors of the Company as remuneration for their services:

Amounts in BDT			
Name of the Director	Designation	30 June 2013	30 June 2012
Mr. A. H. M. Mozammel Hoque	Chairman	600,000	600,000
Mr. Abdullah Al-Mahmud	Managing Director	3,600,000	3,600,000
Mrs. Selina Mahmud	Director	1,200,000	1,200,000
Ms. Nusrat Mahmud	Director	600,000	600,000
Ms. Nabila Mahmud	Director	600,000	600,000
Ms. Farhana Danish	Director	1,200,000	900,000
Mr. Syed Anisul Huq*	Independent Director	Nil	Nil
Total		7,800,000	7,500,000

*Paid board meeting fees

The executive officers did not have transactions with HFL other than the salaries paid to them in the normal course of business. The Company has no proposed transaction nor had any transaction during the last 2 (Two) years with the following related parties:

- a) Any director or executive officer of the Company
- b) Any director or officer, and

- c) Any person owning 5% or more of the outstanding share capital of the Company
- d) Any member of the immediate family (including spouse, parents, children, and in-laws) of any of the above persons
- e) Any transaction or arrangement entered into by the company 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 or sister 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 publication 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 trust.
- h) All interest and facilities enjoyed by a director whether pecuniary or non-pecuniary.

Executive Compensation

Amounts are in BDT

Name	Designation	Total remuneration paid for the year 2012-2013
Mr. Abdullah Al Mahmud	Managing Director	3,600,000
Mir Azharul Islam	Executive Director	1,800,000
Md. Din Islam Miah	Executive Director	1,200,000
Md. Mushaddeque Ali	General Manager	1,200,000
Md. Rezaul Hoque	Dy. General Manager	1,128,000
Mahmudul Alam Jewel	Dy. General Manager	900,000
Rubayet Sajjad Hossain	Asstt. General Manager	900,000
Sharif Md. Baree	Sr. Manager	1,023,000

REMUNERATION PAID TO DIRECTOR WHO WAS NOT AN OFFICER DURING THE LAST ACCOUNTING YEAR

The Company did not pay any remuneration to any director who was not an officer during the last accounting year other than what has been disclosed in above.

CONTRACT WITH 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, except for appointment letters of officers.

PAY INCREASE INTENTION

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

OPTION GRANTED TO OFFICERS, DIRECTORS 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.

TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Transactions with directors and subscribers to the Memorandum during the last five years are as follows:

Amounts are in BDT

Name of the Director/Subscriber to the Memorandum	Nature of the transaction	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Mr. Abdullah Al Mahmud	Remuneration	1,020,000	1,020,000	3,600,000	3,600,000	3,600,000
Engr. Abdullah Hassan	Remuneration	600,000	600,000	600,000	0	0
Mr. A.H.M Mozammel Hoque	Remuneration	600,000	600,000	600,000	600,000	600,000
Mrs. Selina Mahmud	Remuneration	-	150,000	1,200,000	1,200,000	1,200,000
Ms. Nusrat Mahmud	Remuneration	-	150,000	600,000	600,000	600,000
Ms. Nabila Mahmud	Remuneration	-	150,000	600,000	600,000	600,000
Ms. Farhana Danish	Remuneration	-	-	-	900,000	1,200,000
Mr. Syed Anisul Huq		-	-	-	-	-

In addition, all directors other than Ms. Farhana Danish, were provided 85% stock dividend in the financial year 2008-09 based on their shareholdings.

b. The Issuer has not received any assets, services or other consideration from its Directors and subscribers to the memorandum except:

1. Funds against allotment of shares
2. Services rendered from

Name of the Directors	Status in the Company
Mr. Abdullah Al Mahmud	Managing Director
Mr. A. H. Md. Mozammel Hoque	Chairman
Ms. Salina Mahmud	Director
Ms. Nusrat Mahmud	Director
Ms. Nabila Mahmud	Director
Ms. Farhana Danish	Director
Mr. Syed Anisul Huq	Independent Director

TANGIBLE ASSETS PER SHARE

(As per Audited Accounts for the year ended on 30-06-2013)

Auditors' Report Under Section 135(1) and Paragraph 24(1) of Part-II of Third Schedule of the Companies Act 1994

For the period from 01 July 2012 to 30 June 2013

We have examined the following Net Tangible Assets Value per Share (NTAV) and Fully Diluted Net Tangible Assets Value per Share (FDNTAV) of Hamid Fabrics Limited the "Company". for the years ended 30 June 2013 and 2012 as submitted to us by its management. The preparation of these is the responsibility of the Company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the years ended mentioned above.

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

	30 June 2013	30 June 2012
	<u>Amount in Taka</u>	<u>Amount in Taka</u>
Tangible Assets		
Non-Current Assets	1,790,674,270	1,722,603,234
Current Assets	1,883,099,202	1,805,008,592
A) Total Tangible Assets	3,673,773,472	3,527,611,826
Less: Outside Liabilities		
Non-Current Liabilities	208,996,677	244,554,782
Current Liabilities	1,460,262,907	1,713,129,733
B) Total Liabilities	1,669,259,584	1,957,684,515
C) Net Tangible Assets (A-B)	2,004,513,888	1,569,927,311
D) Net Tangible Assets Value Per Share (C/F)	41.04	32.32
E) Fully Diluted Net Tangible Assets Value Per Share (C/G)	41.04	32.15
No. of Shares Outstanding		
Opening Balance	48,837,500	40,237,500
Add: Weighted average number of shares (As per Share Money received till 30 June 2011)	-	8,341,530
F) Total Shares outstanding at Closing	48,837,500	48,579,030
No. of Fully Diluted Shares Outstanding		
Opening Balance	48,837,500	40,237,500
Add : Number of shares issued after the Balance Sheet date (As per Nominal Value for Share Money received Tk. 86,000,000 upto 06 July 2011)	-	8,600,000
G) Total Fully Diluted Shares outstanding till 30 June 2011	48,837,500	48,837,500

Sd/-

Chartered Accountants

Dhaka

Date: 07 August 2013

OWNERSHIP OF THE COMPANY'S SECURITIES

The following table shows the shareholders holding 5% or more of the Issuer's securities.

Shareholder holding more than 5%

Name of Shareholders	Address	No. of Shares	% of Pre-IPO Shareholding
Mr. Abdullah Al-Mahmud	House No. 104, Road No. 6, Gulshan Dhaka	25,087,130	51.37%
Ms. Salina Mahmud	House No. 104, Road No. 6, Gulshan Dhaka	4,163,750	8.53%
Ms. Nusrat Mahmud	House No. 104, Road No. 6, Gulshan Dhaka	4,023,750	8.24%
Ms. Nabila Mahmud	House No. 104, Road No. 6, Gulshan Dhaka	4,023,750	8.24%

No other shareholder other than those listed above hold 5% or more of the Issuer's securities.

SECURITIES OWNED BY DIRECTORS AND OFFICERS

The following table includes the shareholding of directors and officers of the Issuer.

Securities owned by directors and officers

Name of the Shareholders	Designation	Number of Shares	% of pre-IPO Shareholding	% of after IPO Shareholding
Mr.A.H.Md. Mozammel Hoque	Chairman	1,590,620	3.26%	2.02%
Mr. Abdullah Al Mahmud	Managing Director	25,087,130	51.37%	31.82%
Ms. Salina Mahmud	Director	4,163,750	8.53%	5.28%
Ms. Nusrat Mahmud	Director	4,023,750	8.24%	5.10%
Ms. Nabila Mahmud	Director	4,023,750	8.24%	5.10%
Ms. Farhana Danish	Director	1,600,000	3.28%	2.03%
Mr.Syed Anisul Huq	Director	-	0.00%	0.00%
Total Shares held by Directors		40,489,000	82.91%	51.35%
Top eight salaried officers				
Mr. Mir Azharul Islam	Executive Director	100,000	0.20%	
Mr.Kazi Nasim Uddin Ahmend	Director, Technical	18,500	0.04%	
Mr. Mahmudul Alam Jewel	Dy. General Manager	100,000	0.20%	

DETERMINATION OF OFFERING PRICE

Particulars	Amount (in Tk.)
Method 1: Net Asset Value per share/Equity based value per share	
Price based on Net Asset Value per share (with revaluation)	41.14
Price based on Net Asset Value per share (without revaluation)	26.57
Method 2: Historical Earnings based value per share	
Historical Earnings based value per share based on overall market P/E	43.61

In consideration of the above, the management of Hamid Fabrics Ltd. believes that the issue price of Tk.35/- is justified.

Calculation Methodologies

Method 1: Per Share price based on Net Asset Value (NAV)

Method-1 (a) Price based on Net Asset Value per share (with revaluation)

Share capital	488,375,000
Share Premium	223,600,000
Revaluation reserve	711,588,871
Retained earnings	585,510,017
Total Shareholders' Equity	2,009,073,888
Number of Shares	48,837,500
Net Asset Value per share as per Audited Report as on June 30, 2013	41.14

Method-1 (b) Price based on Net Asset Value per share (without revaluation)

Share capital	488,375,000
Share Premium	223,600,000
Retained earnings	585,510,017
Total Shareholders' Equity	1,297,485,017
Number of Shares	48,837,500
Net Asset Value per share as per Audited Report as on June 30, 2013	26.57

Method 2: Historical Earnings based value per share

Financial Year	No. of Share	Net Profit after Tax	Weight	Weighted Average Profit
2013	48,837,500	245,803,291	24.43%	60,052,117
2012	48,837,500	158,661,565	24.43%	38,762,552
2011	40,237,500	142,378,138	20.13%	28,659,031
2010	40,237,500	65,174,949	20.13%	13,118,945
2009	21,750,000	43,127,879	10.88%	4,692,503
Total	199,900,000	655,145,822	100.00%	145,285,148
No. of Share outstanding before IPO				48,837,500
Diluted EPS based on weighted average of Net profit after tax				2.97
3 months average DSE overall P/E(lesser of 15.94 & 14.66)- July'13-Sep'13				14.66
Earning based value per share based on overall market value				43.61

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to



Dhaka Stock Exchange Limited (DSE) And
9/F, Motijheel C/A, Dhaka-1000.



Chittagong Stock Exchange Limited (CSE)
CSE Building, 1080 Sheikh Mujib
Road, Chittagong.

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 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 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 shall 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, Preemption Rights

The share capital of the Company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand 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 rights shares for raising further capital the existing shareholders shall be entitled in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Rights

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to 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 mental health.

Dividend Policy:

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association 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.
- b) The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.
- c) No dividend shall be payable except out of profits of the Company of the year or any other undistributed profits, and dividend shall not carry interest as against the Company.
- d) The declaration of the Directors as to the amount of net profits of the Company shall be conclusive.
- e) The Directors may from time to time pay to the members such interim dividend as in their judgment the position of the Company justifies.
- f) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- g) Any one of several who are registered as the joint holders of any shares may give effectual receipt for all dividends and payments on account of dividend in respect of such shares.
- h) There is no limitation on the payment of dividend to the common shareholder because of provision in debt instruments or otherwise.

OTHER RIGHTS OF STOCK HOLDERS

The shareholders shall have the right to receive all periodical reports and statements, audited as well as unaudited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards and International Reporting Standards as adopted in Bangladesh. Financial Statements will be prepared in accordance with International Accounting Standards as well as International Reporting Standards as adopted in Bangladesh, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard as well as International Reporting Standards as adopted in Bangladesh 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 shareholders 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.

DEBT SECURITIES

Hamid Fabrics Ltd. has not issued any Debt Securities and has no plan to issue any Debt Securities within next six months.

LOCK-IN PROVISION SHARE

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of 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, who has subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later. The following table indicates the lock-in period for pre-IPO shareholders.

SL. No.	Name of Share Holders	Address	No. of Shares	Date of Acquisition	% Pre-IPO Share Holding	Lock in period from the date prospectus issuance
1	Mr. Abdullah Al Mahmud	House No. 104 Road No. 6, Gulshan, Dhaka.	25,087,130	30-04-1998	51.37%	3 Years
2	Mr. A. H. Md. Mozammel Hoque	Unit-1, House No. 95, Road No. 9/A, Dhanmondi	1,590,620	30-04-1998	3.26%	3 Years
3	Ms. Salina Mahmud	House No. 104 Road No. 6, Gulshan, Dhaka.	4,163,750	7-02-2010	8.53%	3 Years
4	Ms. Nusrat Mahmud	House No. 104 Road No. 6, Gulshan, Dhaka.	4,023,750	7-02-2010	8.24%	3 Years
5	Ms. Nabila Mahmud	House No. 104 Road No. 6, Gulshan, Dhaka.	4,023,750	7-02-2010	8.24%	3 Years
6	Kazi Nasim Uddin Ahmed	45/1 RK Mission Road, Wari, Sutrapur, Dhaka.	18,500	7-02-2010	0.04%	3 Years
7	Ms. Farhana Danish	House No. 15, Road No. 3, Flat 1B, Old DOHS, Banani, Dhaka	1,600,000	14-07-2011 17-12-2013	3.28%	3 Years
8	ICB Capital Management	8, DIT Avenue, 14th Floor, Dhaka 1000	1,500,000	12-07-2011	3.07%	3 Years
9	Bangladesh Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	1,400,000	12-07-2011	2.87%	3 Years
10	ICB AMCL First NRB Mutual Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	100,000	12-07-2011	0.20%	3 Years
11	ICB AMCL Second NRB Mutual Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	100,000	12-07-2011	0.20%	3 Years
12	ICB AMCL Pension Holders Unit Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	300,000	12-07-2011	0.61%	3 Years
13	ICB AMCL Unit Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	500,000	12-07-2011	1.02%	3 Years
14	ICB Asset Management Company Ltd.	8, DIT Avenue, 15th Floor, Dhaka 1000	400,000	12-07-2011	0.82%	3 Years
15	ICB Unit Fund	8, DIT Avenue, 15th Floor, Dhaka 1000	1,100,000	12-07-2011	2.25%	3 Years
16	Janata Capital and Investment Ltd.	57, Purana Paltan, Dhaka	1,400,000	12-07-2011	2.87%	3 Years
17	Crystal Insurance Company Ltd.	Lal Bhaban, 10th floor, 18 Rajuk Avenue, Motijheel	300,000	12-07-2011	0.61%	3 Years
18	Mr. Mir Md Amin Hasan	Air Sahara/Japan Airlines 99 Kazi Nazrul Islam Avenue, 4th floor, Kawran Bazar, Dhaka	50,000	12-07-2011	0.10%	3 Years
19	Mr. Rezaur Rahman Khan	38, Mohajonpur Lane, Nawabpur Road, Sutrapur, Dhaka 1100	50,000	12-07-2011	0.10%	3 Years
20	Mr. Mohammad Amjad Hussain Chowdhury	Flat NO. B/6, Paribag Housing Society, Dhaka	150,000	12-07-2011	0.31%	3 Years

SL. No.	Name of Share Holders	Address	No. of Shares	Date of Acquisition	% Pre-IPO Share Holding	Lock in period from the date prospectus issuance
21	Mrs. Riaz Ur Rahman	House No. 43, Road No. 37, Gulshan Dhaka 1212	100,000	12-07-2011	0.20%	3 Years
22	Mr. Md. Anis ur Rahman	1287/1 East Monipur, Mirpur 10, Dhaka 1216	50,000	12-07-2011	0.10%	3 Years
23	Mr. Mrinal Kanti Sarker	Joint Director, Statistics Department, Bangladesh Bank, HO, Dhaka 1000	50,000	12-07-2011	0.10%	3 Years
24	Mr. Tariq Uddin Ahmed	House No. 7E, Road No. 104, Gulshan 2, Dhaka	50,000	12-07-2011	0.10%	3 Years
25	Engr. Abdullah Hasan	Apt 4/A, House No. 243, Road No. 20, New DOHS, Mohakhali, Dhaka Cantonment, Dhaka 1206	300,000	12-07-2011	0.61%	3 Years
26	Mr. Md. Shahabuddin Khan	24/A/1, Shahidminar Road, Kallyanpur, Dhaka 1207	50,000	12-07-2011	0.10%	3 Years
27	Mr. Mahmudul Alam Jewel	Flat 8E, AlHera Tower, Ka 86/1, Kuratali Jame Masjid Road, Khilkhet, Dhaka 1229	100,000	12-07-2011	0.20%	3 Years
28	Mr. Mir Azharul Islam	Flat 103, House No. 35, Road No. 24, Gulshan, Dhaka 1212	100,000	12-07-2011	0.20%	3 Years
29	Mrs. Samira Khatun	32 East Rajabazar, Tejgaon, Dhaka	10,000	12-07-2011	0.02%	3 Years
30	Ms. Farhana Parvin	972 Shewrapara, Mirpur, Dhaka 1216	6,000	12-07-2011	0.01%	3 Years
31	Mr. Nuruzzaman Khan	Plot No. 40, Flat No. A/3, Metropolitan Housing, Babar Road, Mohammadpur, Dhaka	4,000	12-07-2011	0.01%	3 Years
32	Mr. Sharif Mohammad Kibria	Level 16, 8, DIT Avenue, 15th Floor, Dhaka 1000	10,000	12-07-2011	0.02%	3 Years
33	Mercantile Securities Ltd.	Paramount Heights, 13th floor, 65/2/1 Box Culvert Road, Purana Paltan, Dhaka 1000	100,000	12-07-2011	0.20%	3 Years
34	Ms. Sabrina Ali	House 7, Road 32, Sector 7, Uttara Model Town, Dhaka	25,000	15-12-2012	0.05%	3 Years
35	Md. Sarwar Alom	House 78/7, Extention Pollobi, Mirpur, Dhaka	25,000	15-12-2012	0.05%	3 Years
	Total		48,837,500		100.00%	

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.

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 oversubscription 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. 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.

AVAILABILITY OF SECURITIES

1.

A	20% of the issue i.e. 6,000,000 Ordinary Shares shall be reserved for affected small investor (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী)	Tk. 210,000,000
B	10% of the Issue i.e. 3000,000 ordinary shares shall be reserved for Non-resident Bangladeshis.	Tk. 105,000,000
C	10% of the Issue i.e. 3000,000 ordinary shares shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 105,000,000
D	The remaining 60% i.e. 18,000,000 ordinary shares shall be open for subscription by the general public.	Tk. 630,000,000
Total		Tk.1,050,000,000

2. All shares as stated in clause 1.A, 1.B, 1.C and 1.D 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 Bangladesh Securities and Exchange Commission.

3. In case of over-subscription under any of the categories mentioned in 1.A, 1.B, 1.C and 1.D 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 Bangladesh Securities and Exchange Commission.
4. In case of under-subscription under any of the 20% and 10% categories mentioned in 1.A,1.B and 1.C, 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 clause (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

01. Application for Shares may be made for a minimum lot of 200 (two hundred) Ordinary Shares to the value of Tk. 7,000.00 and should be made on the Company's Printed Application forms. Application forms and the Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/ typed/handwritten copies of the forms. Application must not be for less than 200 Shares. Any application not meeting the criterion will not be considered for allotment purpose.

02. Joint Application form for more than two persons will not be accepted. In the case of a joint Application each party must sign the Application form.

03. 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 must be accompanied by Memorandum and Articles of Association.

04. 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.

05. The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.

06. 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 15% (Fifteen percent) of their subscription money too.

07. 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.

08. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals will be entitled to apply for Shares.

09. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the Bank to which it is sent and be marked **Hamid Fabrics Ltd.** and shall bear the crossing “**Account Payee only**” and must be drawn on a Bank in the same town of the Bank to which application form is deposited.

10. All completed application forms, together with remittance for the full amount payable on application, will be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.

11. A Non-Resident Bangladeshi (NRB) will apply for the IPO 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 Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of Shares will 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 will be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with 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 Managers, DSE and CSE.

12. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's SND A/C No. 00336000968 of Bank Asia Limited , Principal Office Branch , 111-113, Motijheel C/A for this purpose.

13. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling, Euro shall be deposited to below mention “FC Account(s) opened by the company for IPO purpose.

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch
1.	US Dollar	00342000401	Bank Asia Ltd., Principal Branch
2.	GBP	00342000403	Bank Asia Ltd., Principal Branch
3.	EURO	00342000402	Bank Asia Ltd., Principal Branch

14. In the case of over subscription of securities to the NRB applicants, refund shall be made by company out of the “FC Account for IPO NRB Subscription.” Hamid Fabrics Ltd. has already opened the aforesaid FC Account & STD Account and shall close these accounts after refund of over subscription, if any.

15. ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায়ও আবেদন করতে পারবেন।

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

UNDERWRITING OF SHARES

Initial Public Offering (IPO) is for 30,000,000 ordinary Shares at an issue price of BDT 35.00 each, including a premium of BDT 25.00 per share amounting to BDT 1,050,000,000.00 (Bangladesh Taka One hundred five crore only). As per BSEC's guideline, 50% of the said amount (i.e. 15,000,000 Ordinary Shares) amounting to BDT 525,000,000 (Bangladesh Taka Sixty four point five crore only) has been underwritten by the following institutions:

Sl. No.	Name and Address of the underwriters	Number of Shares Underwritten	Amount in Tk.
01.	ICB Capital Management Limited	7,550,000	264,250,000
02.	Janata Capital and Investment Limited	5,150,000	180,250,000
03.	Sonali Investment Limited	23,00,000	80,500,000
Total		15,000,000	525,000,000

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 Securities and Exchange Commission, to subscribed for the shares not subscribed by the closing date and to pay for in cash in full for such subscribed shares within 15 (fifteen) days of the date of said notice and the said amount shall 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 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 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 they fulfils their underwriting commitment under the agreement and also other penalties as may be determined by the Commission may be imposed on them.
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 consequences and/or penalties as determined by the Bangladesh Securities and Exchange Commission under the law may be imposed on them.

Commission for Underwriters

The company shall pay to the underwriter an underwriting commission at the rate of 0.50% of 50% of the IPO amount (i.e. Tk. 525,000,000.00) of the issue value of shares underwritten by them out of the Public Issue.

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 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.

MANAGER TO THE ISSUE

ICB Capital Management Ltd. 8, RAJUK Avenue (Level-16), Dhaka-1000 is Manager to the Issue. The Issue Manager will get Tk.20.00 lac only as issue management fee.

COMMISSION TO THE BANKER TO THE ISSUE

Commission at the rate of 0.1% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company.

- a. Underwriting Agreement between the Company and the Underwriters.
- b. Issue Management Agreement between the Company and the Manager to the Issue ICB Capital Management Limited.
- c. Contract between the Company and the Central Depository Bangladesh Ltd. (CDBL).
- d. Contract between the Company and the Credit Rating Agency of Bangladesh Limited (CRAB).

Copies of the above mentioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Bangladesh Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

Corporate Directory

Registered Office	Hamid Fabrics Ltd. Hamid Tower (5th & 6th Floor) 24, Gulshan C/A, Circle-2, Dhaka-1212.
Auditors	Howladar Yunus & Co. Chartered Accountants House-14(4 th floor), Road-16A, Gulshan-1, Dhaka-1212.
Issue Manager	ICB CAPITAL MANAGEMENT LTD. 8, RAJUK Avenue, BDBL Bhaban (Level-16), Dhaka-1000.
Banker	Bank Asia Limited Rangs Tower (2 nd to 6 th floor) 68 Purana paltan, Dhaka-1000.
Company's Compliance Officer	Md. Din Islam Miah FCA

All investors are hereby informed by the Company that the Company Secretary would be designated as compliance officer who will monitor the compliance of the Acts, and rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or stock exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing of investors' grievances.

Bankers to the Issue

<p><u>Investment Corporation of Bangladesh (ICB)</u> Head Office, NSC Tower, Dhaka. Chittagong Branch, Chittagong. Rajshahi Branch, Rajshahi. Sylhet Branch, Sylhet. Khulna Branch, Khulna. Barisal Branch, Barisal. Bogra Branch, Bogra . Local Office, Nayapaltan, Dhaka.</p> <p><u>Bank Asia Ltd.</u> Principal Office Branch, Dhaka. MCB Dilkusha Br., Dhaka. Corporate Br., Dhaka. Scotia Br. Karwan Bazar, Dhaka. Gulshan Br., Dhaka. MCB Banani Br., Dhaka. Uttara Br., Dhaka. Mitford Br., Dhaka. North South Rd Br., Dhaka. Dhanmondi Br., Dhaka. Bashundhara Br., Dhaka. Sylhet Main Br., Sylhet. Sylhet Uposhahar Br., Sylhet. Agrabad Branch, Chittagong. Khatunganj Br. Chittagong. MCB Sk. Mujib Road Br, Agrabad, Chittagong. Bahadderhat Br., Chittagong. Moghbaraz Br., Dhaka. CDA Avenue Br., Chittagong. Station Road Br., Chittagong. Rajshahi Br., Rajshahi. Khulna Br., Khulna. Mohakhali Br., Dhaka. Mirpur Br., Dhaka. Bogra Br., Bogra. Jessore Br., Jessore. Anderkilla Br., Chittagong. Shantinagar Br., Dhaka. Progati Sarani Br., Dhaka. Kamal Bazar Br., Chittagong. Paltan Branch, Dhaka. Shyamoli Branch, Dhaka. Strand Road Branch,Chittagong.</p> <p><u>Mutual Trust Bank Limited</u> Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Dholaikhal Branch, Dhaka Dikusha Branch, Dhaka. Elephant Road Branch, Dhaka. Fulbaria Branch, Dhaka. Gulshan Branch, Dhaka. Mohammadpur Branch, Dhaka. MTB Corporate Center Branch, Dhaka. Pallabi Branch, Dhaka. Panthapath Branch, Dhaka. Principal Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Br., Savar, Dhaka. Shanir Akhra Branch, Dhaka. Tongi Branch, Gazipur Uttara Model Town Br., Uttara, Dhaka. Narayangonj Branch, Narayangonj. Sonargaon Branch, Narayangonj. Agrabad Branch, Chittagong. Alankar Mour Branch, Chittagong. CDA Avenue Branch, Chittagong. Jubilee Road Br, Chittagong. Khatungonj Branch, Chittagong. Feni Branch, Feni. Rajshahi Branch, Rajshahi. Rangpur Branch, Rangpur. Bogra Branch, Bogra. Pabna Branch, Pabna. Kushtia Branch, Kushtia. Sylhet Branch, Sylhet . Moulvi Bazar Branch, Moulvi Bazar. Gournadi Branch, Barisal. Jessore Branch, Jessore.</p>	<p>Habigonj Branch, Habigonj. Aman Bazar Br., Chhittagongj. Baridhara Br., Dhaka. Bashubdhara Br., Dhaka. Brahmanbaria Br., Brahmanbaria. Chandra Br., Dhaka. Chawk Moghaltuli Br., Dhaka. Chokoria BR., Chittagongj. Comilla Br., Comilla. Cox's Bazar Br., Cox's Bazar. Dagonbhuiyan Br., Feni. Dinajpur Br., Dinajpur. Gobindaganj Br. Gobindaganj. Ishwardi Br., Ishwardi. Joypurhat Br., Joypurhat. Kakrail Br., Dhaka. Kamrangir Char Br., Dhaka. Kapasia Br., Gazipur. Khilpara Br., Chatkhil, Noakhali. Mymensingh Br., Mymensingh. Naogaon Br., Naogaon. Nazirhat Br., Chittagongj. Noria Br., Shariyatpur. Oxygen Mor Br., Chittagongj. Raipur Br., Laxmipur. Sarulia Bazar Br., Dhaka. Shah Mokhdum Avenue Br., Dhaka. Shahparan Gate, Br., Sylhet. Sreenagar Br., Dhaka. Syedpur Br., Sunamganj. Thakurgaon Br., Thakurgaon.</p> <p><u>NCC Bank Limited</u> Mohakhali Br., Dhaka. Dilkusha Br., Dhaka. Kawran Banzar Br., Dhaka. Mirpur Br., Dhaka. Dhanmondi Br., Dhaka. Mitford Br., Dhaka. Babubazar Br., Dhaka. Kamal Bazar Br., Chittagong. Barisal Br., Barisal. Majhirhat Br., Chittagong Agrabad Br., Chittagong Malibagh Br., Dhaka. Uttara Br., Dhaka. Moghbaraz Br., Dhaka. Bangshal Br., Dhaka. Bijoynagar Br., Dhaka. Elephant Road Br., Dhaka. Pragoti Sarani Br., Dhaka. Jatrabari Br., Dhaka. Ramgonj Br., Laxmipur Halishahar Br., Chittagong Tangail Br., Tangail. Gulshan Br., Dhaka. Shyamoli Br., Dhaka. Banani Br., Dhaka. Nawabpur Road Br., Dhaka. Savar Br., Dhaka. Islampur Br., Dhaka. Joydevpur Br., Gazipur. Madaripur Br., Madaripur. Kushtia Br., Kushtia. Chowhatta Br., Sylhet. Feni Br., Feni. Cox's Bazar Br., Cox's Bazar. CEPZ Br., Chittagong. Narayangonj Br., Narayangonj. Anderkilla Br., Chittagong. Brahmanbaria Br., Brahmanbaria Khatungonj Br., Chittagong. Rajshahi Br., Rajshahi. Chowmuhuni Br., Noakhali. Laldighirpar Br., Sylhet. Maymensingh Br., Maymensingh. Jessore Br., Jessore Panthapath Br., Dhaka. OR Nizam Road Br., Chittagong. Naogaon Br., Naogaon. Rangpur Br., Rangpur.</p>	<p>Madunaghat Br., Chittagong. Comilla Br., Comilla. Dinajpur Br., Munshipara, Dinajpur.</p> <p><u>Social Islami Bank Limited</u> Principal Branch, Dhaka. Agrabad Branch, Chittagong. Khulna Branch, Khulna. Sylhet Branch, Sylhet. Rajshahi Branch, Rajshahi. Gulshan Branch, Dhaka. Babu Bazar Branch, Dhaka. Begum Rokeya Sarani Branch, Dhaka. Panthopath Branch, Dhaka. Sonargaon Branch, Narayangonj. Foreign Exchange Branch, Dhaka. Dhanmondi Branch, Dhaka. Uttara Branch, Dhaka. Mirpur Branch, Dhaka. Banani Branch, Dhaka. Dania Rasulpur Branch, Dhaka. South Surma Branch Sylhet. Comilla Branch, Comilla. Islampur Branch, Dhaka. New Eskaton Branch, Dhaka. Chandpur Branch, Chandpur. Chawkbazar Branch, Chittagong . Narayangonj Branch, Narayangonj. Jessore Branch, Jessore. Rangpur Branch, Rangpur. Barisal Branch, Barisal. South Banasree Branch, Dhaka. Mohakhali Branch, Dhaka. Feni Branch, Feni . Rampura Branch, Dhaka.</p> <p><u>Shahjalal Islami Bank Limited</u> Dhaka Main Br., Dilkusha, Dhaka. Dhanmondi Br., Dhaka. Gulshan Br., Gulshan, Dhaka. Foreign Ex. Br., Motijheel, Dhaka. Kawran Bazar Br., Dhaka. Motijheel Br., Motijheel, Dhaka. Bijoynagar Br., Kakrail, Dhaka. Banani Br., Banani, Dhaka. Agrabad Branch, Chittagong. Khatungonj Branch, Chittagong. Jubilee Road Br, Chittagong. Sylhet Branch, Sylhet. Satmasjid Road Br., Dhanmondi, Dhaka. Uttara Br., Uttara, Dhaka. Mirpur Br., Mirpur-10, Dhaka. Gulshan south Ave. Br., Gulshan, Dhaka. Eskaton Branch, Dhaka. Panthapath Branch, Dhaka. Chawkbazar Branch, Chittagongj. Malibagh Chowdhurypara Branch, Dhaka. Joydevpur Chowrasta Br., Gazipur. Narayangonj Br., Narayangonj. Dargahgate Branch, Sylhet. Wasa Moor Branch, Chittagong.</p> <p><u>The City Bank Limited</u> BB Avenue Br., Dhaka. Principal Office Br., Dhaka. Dhanmondi Br., Dhaka. Shaymoli Br., Dhaka. Imamgonj Br., Dhaka. Johnson Road Br., Dhaka. Kawran Bazar Br., Dhaka. New market Br., Dhaka. VIP Road Br., Dhaka. Islampur Br., Dhaka. Nawabgonj Br., Dhaka. Nawabpur Br., Dhaka. Pragati Sarani Br., Dhaka. Narayangonj Br., Narayangonj. Zinzira Br., Dhaka. Tongi Br., Gazipur. Agrabad Br., Chittagong Jubilee Road Br., Chittagong</p>	<p>Khatungonj Br., Chittagong. Andarkilla Br., Chittagong. Cox's Bazar Br., Chittagong. Chawkbazar Br., Chittagong. Pahartoli Br., Chittagong. Comilla Br., Comilla. Narsingdi Br., Narsingdi. Zinda Bazar Br., Sylhet. Bandar Bazar Br., Sylhet Amborkhana Br., Sylhet. Moulvi Bazra Br., Sylhet. Rajshahi Br., Rajshahi. Bogra Br., Bogra. Ranpur Br., Ranpur. Sirajgonj Br., Sirajgonj. Khulna Br., Khulna. Jessore Br., Jessore. Barisal Br., Barisal.</p> <p><u>Prime Bank Limited</u> Agrabad Br., Chittagong. Asadgate Br., Dhaka. Banani Br., Dhaka. Bangshal Br., Dhaka. Bashundhara Br., Dhaka. Bogra Br., Bogra. Comilla Br., Comilla. Court Road, Moulvibazar, Sylhet. Dhanmondi Br., Dhaka. Dinajpur Br., Dinajpur. Elephant Road Br., Dhaka. Faridpur Br., Faridpur. Feni Br., Feni. Foreign Exchange Br., Dhaka. IBB Dilkusha Br., Dhaka. IBB OR Nizam Road, Chittagong. Ibrahimpur Br. Jessore Br., Jessore. Jubilee Road Br., Chittagong. Khatunganj Br., Chittagong. Khulna Br., Khulna. Laldighi East Br., Chittagong. Mohakhali Br., Dhaka. Mouchak Br., Dhaka. Mymensingh Br., Mymensingh. Narayanganj Br., Narayanganj. Natore Br., Natore. New Eskaton Br., Dhaka. Panthapath Br., Dhaka. Prabartak More Br., Chittagong. Rajshahi Br., Rajshahi. Rangpur Br., Rangpur. Satmasjid Road Br., Dhaka. SBC Tower. Sreemangal, Moulvibazar, Sylhet. Subidbazar Br., Sylhet. Sunamganj Br., Sunamganj. Tongi Br., Gazipur. Upashahar Br., Sylhet. Uttara Br., Dhaka.</p>
--	---	---	---

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF
HAMID FABRICS LIMITED**

Introduction

We have audited the accompanying Financial Statements of Hamid Fabrics Limited, which comprise the Statement of Financial Position as at June 30, 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; we consider 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 present fairly, in all material respects, the financial position of Hamid Fabrics Limited as at June 30, 2013 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987.

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 account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts and returns.
- d) the expenditure incurred and payments made were for the purpose of the Company's business for the period.

Sd/-

Chartered Accountants

Dated: 05 August 2013
Dhaka

HAMID FABRICS LIMITED
Statement of Financial Position
As on 30 June 2013

	Notes	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment net of accumulated depreciation	5.00	1,578,881,148	1,366,436,640
Intangible Assets	6.00	4,560,000	-
Investment	7.00	211,793,122	356,166,594
		1,795,234,270	1,722,603,234
Current Assets:			
Trade Debtors	8.00	1,123,658,135	1,367,389,842
Other Receivables	9.00	325,686,603	94,683,382
Advances, Deposits and Prepayments	10.00	107,541,335	110,767,863
Inventories	11.00	320,297,346	222,008,843
Cash and Cash equivalents	12.00	5,915,783	10,158,662
		1,883,099,202	1,805,008,592
Total Assets		3,678,333,472	3,527,611,826
EQUITY AND LIABILITIES:			
Shareholders' Equity:			
Share Capital	13.00	488,375,000	488,375,000
Share Premium	14.00	223,600,000	223,600,000
Revaluation Reserves	15.00	711,588,871	510,628,551
Dividend (Proposed)		-	16,997,000
Retained Earnings	16.00	585,510,017	330,326,760
		2,009,073,888	1,569,927,311
Non-Current Liabilities:			
Loans and Borrowings - Net of Current Portion	17.00	93,552,117	122,415,491
Lease - Net of Current Portion	18.00	25,468,925	-
Deferred Tax Liabilities	19.00	53,222,592	80,012,109
Employee benefits-Provision for Gratuity and WPPF	20.00	36,753,043	42,127,182
		208,996,677	244,554,782
Current Liabilities:			
Loans and Borrowings - Current Portion	21.00	345,318,026	548,729,934
Lease - Current Portion	22.00	12,333,226	8,446,689
Short Term Loans and Borrowings	23.00	600,810,445	691,396,281
Trade Creditors	24.00	384,810,360	386,783,182
Others Payable	25.00	75,781,394	51,290,259
Income Tax Provision	26.00	41,209,456	26,483,388
		1,460,262,907	1,713,129,733
Total Shareholders' Equity and Liabilities		3,678,333,472	3,527,611,826
Net Assets Value Per Share	35.00	41.14	32.32

The annexed notes form an integral part of these Financial Statements.

Sd/-
Managing Director

Sd/-
Company Secretary
Signed as per annexed report on even date.

Sd/-
Director

Sd/-
Chartered Accountants

Dated: August 05, 2013
Dhaka

HAMID FABRICS LIMITED
Statement of Comprehensive Income
For the year ended 30 June 2013

	Notes	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Revenue (Export)	27.00	2,120,482,277	1,391,252,956
Cost of Goods Sold	28.00	(1,486,805,020)	(878,959,262)
Gross Profit		633,677,257	512,293,694
Operating Expenses			
Administrative Expenses	29.00	(147,447,409)	(125,651,302)
Selling and Distribution Expenses	30.00	(33,543,756)	(22,466,276)
		(180,991,165)	(148,117,578)
Operating Profit		452,686,092	364,176,116
Finance Costs	31.00	(238,801,170)	(213,517,700)
Contribution to WPPF	32.00	(12,010,644)	(9,152,066)
		(250,811,814)	(222,669,766)
		201,874,279	141,506,350
Non-Operating Income	33.00	38,338,601	32,382,907
Net profit before tax		240,212,880	173,889,257
Income tax provision			
Provision for Current Tax	26.00	(21,199,106)	(15,744,250)
Provision for Deferred Tax	19.00	26,789,518	516,558
		5,590,412	(15,227,692)
Net Profit for the year		245,803,291	158,661,565
Other Comprehensive Income			
Revaluation Surplus of Land and Building (Annexure-A)	15.00	247,408,320	194,335,531
		247,408,320	194,335,531
Total Comprehensive Income for the Year		493,211,611	352,997,096
Earning Per Share (Par value Tk.10/=)	34.00	5.03	3.27

The annexed notes form an integral part of these Financial Statements.

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Signed as per annexed report on even date.

sd/-
Chartered Accountants

Dated: August 05, 2013
Dhaka

HAMID FABRICS LIMITED
Statement of Changes in Equity
For the year ended 30 June 2013

For the year ended on 30 June 2013

Particulars	Share Capital Taka	Share Premium Account Taka	Share Money Deposit Taka	Revaluation Reserve Taka	Proposed Dividend Taka	Retained Earnings Taka	Total Taka
Balance as at 1 July 2012	488,375,000	223,600,000	-	510,628,551	16,997,000	330,326,760	1,569,927,311
Profit for the year	-	-	-	-	-	245,803,291	245,803,291
Prior year adjustment for Depreciation on Reversal of Revaluation Gain (Annexur-A)						9,379,966	9,379,966
Revaluation Gain for the year				247,408,320			247,408,320
Adjustment for Reversal of Revaluation Gain (Annexur-A)				(46,448,000)			(46,448,000)
Dividend paid					(16,997,000)	-	(16,997,000)
At the end of the period	488,375,000	223,600,000	-	711,588,871	-	585,510,017	2,009,073,888

For the year 2011-2012

Particulars	Share Capital Taka	Share Premium Account Taka	Share Money Deposit Taka	Revaluation Reserve	Proposed Dividend Taka	Retained Earnings Taka	Total Taka
Balance as at 1 July 2011	402,375,000	-	250,920,000	316,293,020	20,418,240	188,662,195	1,178,668,455
Profit for the year	-	-	-	-	-	158,661,565	158,661,565
Share Issued	86,000,000	-	(86,000,000)	-	-	-	-
Share Premium Account	-	223,600,000	(223,600,000)	-	-	-	-
Share Money deposit	-	-	58,680,000	-	-	-	58,680,000
Revaluation of Assets	-	-	-	194,335,531	-	-	194,335,531
Proposed Cash Dividend @ 20% on June 30, 2012 Accounts					97,675,000	(97,675,000)	-
Dividend paid					(20,418,240)	-	(20,418,240)
Dividend foregone by Director & Sponsors	-	-	-	-	(80,678,000)	80,678,000	-
At the end of the year	488,375,000	223,600,000	-	510,628,551	16,997,000	330,326,760	1,569,927,311

Net Assets Value Per Share as on 30-06-2013 (Note - 34)

41.14

Net Assets Value Per Share as on 30-06-2012 (Note - 34)

32.32

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Dated: August 05, 2013
Dhaka

HAMID FABRICS LIMITED
Statement of Cash Flows
For the year ended 30 June 2013

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Cash Flows from Operating Activities :		
Cash Receipts from Customers	2,171,549,364	1,057,005,885
Cash Paid to Suppliers	(1,582,360,182)	(690,395,819)
Cash Paid to Employees	(137,154,107)	(132,192,989)
Cash Generated from Operations	452,035,075	234,417,077
Interest Paid	(236,270,497)	(205,674,833)
Net Cash Generated from/(Used in) Operating Activities	215,764,578	28,742,244
Cash Flows from Investing Activities :		
Paid against Property, Plant and Equipment	(53,338,274)	(92,375,080)
Intangible Assets (Computer Software)	(540,000)	-
Investment (FDR)	144,373,472	(352,429,190)
Net Cash Generated From/(Used in) Investing Activities	90,495,198	(444,804,270)
Cash Flows from Financing Activities :		
Share Money Deposit	-	58,680,000
Increase in Long Term Borrowings	476,672,294	652,025,421
(Decrease) in Long Term Borrowings	(679,592,114)	(534,548,464)
Increase in Short Term Borrowing	600,810,445	521,601,867
(Decrease) in Short Term Borrowing	(691,396,281)	(580,124,146)
Dividend Paid	(16,997,000)	(20,418,240)
Net cash Generated from/(Used in) Financing Activities	(310,502,656)	97,216,438
Net Cash Generated from Operating, Investing & Financing Activities	(4,242,879)	(318,845,588)
Cash and Cash Equivalent at beginning of the year	10,158,662	329,004,250
Cash and Cash Equivalent at end of the year	5,915,783	10,158,662
Net Operating Cash Flow per Share	4.42	0.59

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Dated: August 05, 2013
Dhaka

Hamid Fabrics Limited
Notes to the Financial Statements
For the year ended June 30, 2013

SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1. Status of the Reporting Entity

1.1. Legal Status:

Hamid Fabrics Ltd. (the "Company") is a public company limited by shares. The Company was incorporated in Bangladesh on 27 April 1995 in the name of Siddique Fabrics Ltd., as a private company limited by shares under the Companies Act, 1994. Subsequently on 23 May 2000, the name was changed to Hamid Fabrics Limited. The Company was converted to public company on 25 February 2010 vide special resolution passed in the extra ordinary general meeting after observance of required formalities. The Registered office of the Company is situated at Hamid Tower, 24 Gulshan Commercial Area, Circle – 2, Dhaka – 1212. The factory of the Company is located at Shilmondi, Narshindi.

1.2. Nature of business

The Principal activity of this Company is engaged in manufacturing and marketing of gray and finished fabrics of various qualities.

The management of the company will continue its operational existence for the foreseeable future on the basis of improved profitability and continued support its bankers, equipment vendors and other contractors, suppliers.

2. Basis of Preparation:

2.1. Statement of Compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

2.2. Other Regulatory Compliances

The company is also required to comply with the following major laws and regulation in addition to the Companies Act 1994:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

The Customs Act 1969

Bangladesh Labor Law 2006

Bangladesh Securities and Exchange Rules 1987

2.3. Measurement bases used in Preparing the Financial Statements

The financial statements have been prepared on a Going Concern basis. Except the carrying value of Lands and Buildings which are measured at fair value, the financial statements have been prepared on "Historical Cost" convention basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Committee (IASC).

2.4. Going Concern

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing businesses and operations.

2.5. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are reflected in measuring fair value of Land and Building, calculation of deferred tax liabilities and gratuity provision.

2.6. Functional and presentational currency and level of precision

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.

2.7. Reporting period

The financial period of the company covers one year from 1 July to 30 June and followed consistently.

2.8. Change in Accounting Policy

Plant & Machinery and Electrical Installation had been presenting at fair value since FY1998-1999 as adopted by the previous management of the company. During the year the company changed its policy to record it again at "Historical Cost" convention basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" instated of measured at fair value.

Plant & Machinery and Electrical Installation include Tk. 41,624,000 and Tk. 4,824,000 respectively as Revaluation gain which have been reversed to represent the assets at Cost.

The change in accounting policy has been in the current accounting year and had no other material impact on earnings per share for comprehensive income for earlier period.

2.9. Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) ☐ Statement of Financial Position
- ii) ☐ Statement of Comprehensive Income
- iii) ☐ Statement of Changes in Equity
- iv) ☐ Statement of Cash Flows
- v) ☐ Notes to the Financial Statements

3. Principal Accounting Policies:

The accounting policies set out below have been applied in preparations of these financial statements

3.1. Property, Plant and Equipment

3.1.1. Recognition and Measurement

Property, plant and equipment except land and building are measured at cost less accumulated depreciation and impairment losses, if any. Land and building are measured at fair value. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable inward freight, duties and non-refundable taxes.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

In accordance with the allowed alternative treatment of IAS 23/BAS 23 "Borrowing Cost" finance costs have been capitalized for qualifying assets.

3.1.2. 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.

3.1.3. Depreciation on Fixed Assets

Depreciation on fixed assets is charged on reducing balance method. Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed assets is reduced to Taka one. Depreciation on addition to fixed assets is charged for whole year irrespective of their date of acquisition and no depreciation has been charged on fixed assets ceases irrespective of their date of disposal. The residual value, if not insignificant, is reassessed annually.

Rates of depreciation on various classes of fixed assets are as under:

<u>Category of fixed asset</u>	<u>Rate (%)</u>
Building and Civil Works	5
Plant and Machinery	5
Electrical & Gas Installation	10
Furniture and Fixtures	15
Office equipment	15
Vehicles	20

Land is not depreciated as it deemed to have an infinite life.

3.1.4. Revaluation:

During the period ended on June 30, 2013 valuation on Land and Land Development was performed by a professional valuer firm of Chartered Accountants named Aziz Halim Khair Choudhury & Co. As per the valuation report, value of 1,178.65 decimal Land is Tk. 705,584,000. This indicates the increased in value of Land by Tk. 247,408,320/-. In accordance with the Company's policy of measuring the Land and Land Development at Fair Value, the

carrying amount is updated to reflect the latest valuation. Gain on revaluation is taken directly to equity as part of Revaluation Reserve.

During this year Revaluation Gain on Plant & Machinery and Electrical Installation amounting Tk. 41,624,000 and Tk. 4,824,000 respectively was reversed to represent the assets at Cost.

3.1.5. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.1.6. Impairment of Assets

No fact and circumstances indicate that company's assets including property, plant and equipment may be impaired. Hence, no evaluation of recoverability of assets was performed.

3.2. Intangible Asset

3.2.1. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

3.2.3. Amortization

Amortization is recognized in the statement of comprehensive income on reducing balance method. Amortization rate for intangible assets (computer software) is 20 % per years.

3.3. Leased Assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition these leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.4. Investment in FDR

Investment in FDR includes fixed deposits held with various banking and non-banking financial institutions in the name of Hamid Fabrics Limited. The fixed deposits are renewed upon maturity at the option of the company.

3.5. Inventories

Inventories are stated at the lower of cost and net realizable value in accordance with BAS -2 "Inventories". The cost of inventories is based weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Adequate allowance is made for obsolete, damaged and slow moving inventories.

3.6. Trade Debtors

Accounts receivable has been stated at its original invoiced amount supported by L/C. This is considered good and is falling due within one year. Related party transactions relating to sales/purchase are made on arm length basis. Rate of sale/purchase of related party transactions are fixed as applicable to other outsider parties.

No amount was due by the Director (including Managing Director), Managing Agent, Manager & other Officers of the Company and any of them severally or jointly with any other person.

3.7. Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

3.8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognized accordingly.

3.9. Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

3.10. Trade Creditors and Accruals

Trade and other payables are stated at cost.

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to Profit and Loss Account.

3.11. Loans and Borrowing

Principal amounts of loans and borrowings are stated at their outstanding amount. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

3.12. Revenue Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks 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 as provided in BAS 18 "Revenue" and there is no continuing management involvement with the goods.

3.13. Foreign Exchange:

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Bangladesh Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement in accordance with BAS 21 "The effects of Changes in Foreign Currency Rates."

3.14. Employee Retirement Benefits

Defined Contribution Plan

Obligations for the Company's contributions to defined contribution plans (provident fund and Workers Profit Participation Fund) are recognized as an expense in the income statement as incurred.

Defined Benefit Plan

The Company operates an unfunded Gratuity Scheme which is considered as Defined Benefit Plan. The present value of the obligation for a defined benefit plan is measured using the Projected Unit Credit method. As the Gratuity Scheme is fairly new and the numbers of staffs, who have completed the required service qualification period of five years, are limited, no professional actuarial assessment of the Gratuity obligation is performed at Reporting Date. However, based on the review of undiscounted value of the present gratuity obligation Management is confident that the actuarial assessment will not result in any significant difference with the gratuity provision recorded.

3.15. Finance Income and Expenses

Finance income comprises interest income on funds invested Interest income is recognized on maturity.

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with BAS-23 Borrowing cost.

3.16. Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in Note 34.

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

No diluted earnings per share are required to be calculated per year as there was no scope for dilution during the year.

3.17. Cash flows statement

Cash Flow Statement is prepared in accordance with BAS 7 “Cash Flow Statement”. The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(a) of BAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”.

3.18. Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of “The Framework for the preparation and presentation of Financial Statements” issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

3.19. Risk and uncertainties for the use of estimates in preparing financial statements

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

3.20. Comparative Amounts

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

3.21. Event after the reporting period

Events after the reporting period that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements if any.

3.22. Related Party Transactions

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

The Company transacts with related parties and recognize as per BAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 36

3.23. Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company.

4. Taxation

4.1 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for corporate income tax is made @ 15% on estimated taxable profit in accordance with the income tax laws. The corporate income tax assessment of the Company is completed up to the assessment year 2012-2013 (accounting year ended 30 June 2012) and tax liability is settled in full.

4.2 Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

	30 June 2013	30 June 2012
	Amount in Taka	Amount in Taka
5.00 Property, Plant and Equipment		
Land & Land Development	705,584,000	455,545,680
Building & Construction	246,397,141	259,365,411
Plant & Machinery	567,567,225	585,417,334
Vehicles	6,929,366	8,661,707
Electricity Installation	17,137,061	21,227,449
Gas Line Installation	22,431,509	22,623,899
Office Equipment	8,503,002	8,834,552
Furniture & Fixtures	4,331,845	4,760,608
	1,578,881,148	1,366,436,640

For further details please refer to Annexure-A

6.00 Intangible Assets

This amount represent the value of Computer Software.

Cost	5,700,000	-
Less: Amortization during year (20% on Cost)	(1,140,000)	-
	4,560,000	-

7.00 Investment

This represents the amount of FDR deposited for following purpose:

Security Deposit against Titas Gas	9,458,579	8,613,606
Lien against Loan	202,334,543	347,552,988
	211,793,122	356,166,594

Security Deposit against Titas Gas

Janata Bank	9,458,579	8,613,606
-------------	------------------	------------------

Lien against Loan

Janata Bank (Lien against SOD Loan)	23.00	32,044,926	28,993,062
Bank Asia (Lien against Term Loan)	17.03	170,289,617	318,559,926
		202,334,543	347,552,988

8.00 Trade Debtors

Hamid Fabrics Ltd Unit-I	508,201,421	507,762,845
Hamid Fabrics Ltd Unit-II	615,456,714	859,626,997
	1,123,658,135	1,367,389,842

For further details please refer to Annexure-B

- i) Receivable amount against Trade Debtors has been reflected in BDT and exchange rate fluctuation has been recognised accordingly. The above amount is considered good and secured by Letter of Credit (L/C).
- ii) There is no such trade debtors due by or to directors or other officers of the Company.
- iii) Management considered the trade debtors are collectable and thus no provision had been made for any doubtful receivable.
- iv) Trade Debtors includes Tk. 336,783,156 due from Hamid Weaving Mills Limited, a related party, transaction against Tk. 371,950,594 on 30-06-2012 which has been done on arm length basis. The said amount is considered good and secured by Letter of Credit (L/C).

8.01 Age Analysis of Trade Debtors

Less than 06 months	1,106,202,674	1,353,668,527
More than 06 months	17,455,461	13,721,315
	1,123,658,135	1,367,389,842

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
9.00 Other Receivables		
Hamid Weaving Mills Ltd	325,686,603	94,683,382
This is a related party transactions of which a portion has already been adjusted. The remaining portion would be adjusted by December 2013.		
10.00 Advances, Deposits and Prepayments		
Advances	32,035,626	16,637,949
Security Deposits	8,940,004	8,272,685
Margin Deposit with Banks	66,565,705	85,857,229
	107,541,335	110,767,863
Advances:		
<u>Hamid Fabrics Ltd Unit-I</u>		
Salaries - H. O.	88,962	333,462
Salaries - Mill Office	90,150	300,650
Wages - Mill Office	34,690	30,540
Tax Deduction at Source	13,328,438	5,168,216
Advance against Raw materials	138,205	329,000
Computer Software	-	2,940,000
	13,680,445	9,101,868
<u>Hamid Fabrics Ltd Unit-II</u>		
Advance against Salary - Mills	1,674,126	1,800,826
Advance against Wages - Mills	29,523	9,223
Advance against Expenses	2,031,912	1,615,660
Tax Deduction at Source	13,221,236	1,275,849
Advance against Raw materials	1,398,384	614,523
Computer Software	-	2,220,000
	18,355,181	7,536,081
Security Deposits:		
<u>Hamid Fabrics Ltd Unit-I</u>		
Titas Gas Transmission & Distribution Co. Ltd. for Gas	510,115	510,115
Bank Guarantee Margin	657,319	-
Rural Electrification Board (REB)	353,064	353,064
Diamond Gas Cylinder	22,000	12,000
Mobile Company	5,000	5,000
	1,547,498	880,179
<u>Hamid Fabrics Ltd Unit-II</u>		
Titas Gas Transmission Co Ltd	4,477,344	4,477,344
Rural Electrification Board (REB)	1,140,480	1,140,480
Bank Guarantee margin - Titas Gas	1,764,682	1,764,682
Gas Cylinder	10,000	10,000
	7,392,506	7,392,506
Margin Deposit with Bank:		
<u>Hamid Fabrics Ltd Unit-I</u>		
BTB Deposit - Janata Bank	35,183,461	68,577,731
FC Held for BTB - Prime Bank	1,227,385	5,462,476
FC Held for BTB - Bank Asia	5,003,930	-
FC Held for BTB - Brac Bank	115,561	1,733,579
	41,530,337	75,773,786
<u>Hamid Fabrics Ltd Unit-II</u>		
BTB Deposit - Janata Bank	15,961,481	599,584
FC Held for BTB - Prime Bank	4,213,030	6,098,053
FC Held for BTB - Bank Asia	4,860,857	3,385,806
	25,035,368	10,083,443

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
i) All advances and deposits amount are considered good and recoverable.		
ii) There is no amount due from directors or officers of the Company other than Advance Against Salary & Expenses to the employees.		

11.00 Inventories

Hamid Fabrics Ltd Unit-I	129,809,793	62,177,056
Hamid Fabrics Ltd Unit-II	190,487,553	159,831,787
	320,297,346	222,008,843

Hamid Fabrics Ltd Unit-I

Yarn	52,288,746	15,678,487
Sizing Chemical	302,200	222,375
Work In Process - Yarn	11,535,304	8,361,741
Work In Process - FG	24,293,191	13,898,017
Packing & Other Materials	7,400	41,718
Gray Fabric	32,823,570	21,039,298
Finished Fabrics FG	6,341,840	745,169
Stores and Spares	2,043,534	2,190,251
Stock in Transit	174,008	-
	129,809,793	62,177,056

Hamid Fabrics Ltd Unit-II

Finished Fabrics	18,361,379	13,938,804
Gray Fabrics	23,874,729	26,333,313
Spare Parts	26,586,235	18,247,978
Chemicals	28,008,325	26,044,230
Dyes	36,141,471	40,477,380
Work-in-progress	39,047,960	14,191,730
Lubricant	102,130	116,650
WTP Materials	54,999	76,891
Packing Materials	85,000	85,201
Store in Transit	18,225,325	20,319,610
	190,487,553	159,831,787

A) The above inventories are as per physical checking made, valued and certified by inventory team consists of management staff.

B) Inventories in hand have been valued at lower of cost and net realizable value.

C) Quantitative reconciliation shown in Annexure - D.

12.00 Cash and Cash Equivalent

Cash in Hand	525,841	291,397
Cash at Bank	5,389,942	9,867,265
	5,915,783	10,158,662

Cash in Hand:

Head Office	147,822	24,048
Mill Office	248,019	167,349
Petty Cash (Imprest)	130,000	100,000
	525,841	291,397

Cash at Banks:

Janata Bank CD A/C # 8534	5,706	69,294
UCBL -Narsingdi	704	704
Prime Bank CD A/C # 749	169,196	15,236
Prime Bank CD A/C # 546	520,400	15,275
Brac Bank CD A/C # 9001	78,986	-
Brac Bank ERQ Account	184,592	-
Standard Chartered CD A/c	362,072	689,762

Howladar Yunus & Co.
Chartered Accountants

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Bank Asia CD A/C # 5473	56,367	1,591,152
Bank Asia (STD) Account	186,479	9,859
Janata Bank CD A/C # 346	875,765	362,160
Janata Bank Retention Quota	707,973	707,973
Prime Bank CD A/C # 373 (Motijheel)	322,205	-
Prime Bank CD A/C # 266 (Gulshan)	284,672	351,789
Prime Bank ERQ A/C	1,142,844	2,461,984
Prime Bank STD # 2032	546	1,121
Prime Bank STD # 744 (Madhobdi)	20,901	200,957
Bank Asia ERQ	470,284	3,386,374
Shajalal Islami Bank	250	3,625
	5,389,942	9,867,265

Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognised accordingly.

13.00 Share Capital

Authorised Share Capital:

200,000,000 Ordinary Shares of Tk. 10 each.

2,000,000,000

Issued and Paid Up Capital:

488,375,000

48,837,500 Ordinary Shares of Tk. 10 each. The composition of the share capital of the Company is as follows:

	No. of Shares 30-06-2013			
Mr. Abdullah Al-Mahmud	26,537,130	54.3%	265,371,300	265,371,300
Mr. A. H. M. Mozammel Hoque	1,410,620	2.9%	14,106,200	14,106,200
Ms. Salina Mahmud	4,143,750	8.5%	41,437,500	40,437,500
Ms. Nusrat Mahmud	4,023,750	8.2%	40,237,500	40,237,500
Ms. Nabila Mahmud	4,023,750	8.2%	40,237,500	40,237,500
Ms. Farhana Danis	200,000	0.4%	2,000,000	2,000,000
Other Shareholders	8,498,500	17.4%	84,985,000	85,985,000
	48,837,500	100%	488,375,000	488,375,000

14.00 Share Premium Account

223,600,000

Bangladesh Securities and Exchange Commission (BSEC) approved issuance of 8,600,000 Ordinary Shares at Tk. 36 each (Valued Tk.309,600,000) including Premium of Tk. 26 per Share vide its letter no. SEC/CPLC-251/2010/-251 dated April 06, 2011. The said share has been issued as on 12 July 2011.

15.00 Revaluation Reserve

Assets Revaluation Reserve-

Opening balance	510,628,551	316,293,020
Plant & Machinery (Reversal of Revaluation)	(41,624,000)	-
Electrical Installation (Reversal of Revaluation)	(4,824,000)	-
Revaluation Gain recognised during the period	247,408,320	194,335,531
	711,588,871	510,628,551

16.00 Retained Earnings

Opening balance	330,326,760	188,662,195
Prior year adjustment for Depreciation on Reversal of Revaluation Gain (Annexure-A)	9,379,966	-
Profit for the year	245,803,291	158,661,565
	585,510,017	347,323,760
Proposed Cash Dividend	-	(16,997,000)
Closing balance	585,510,017	330,326,760

		30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
17.00 Long Term Loans - Net of Current Maturity (Secured)			
The portion of Long term loans which is repayable after twelve months from the balance sheet date			
Hamid Fabrics Ltd Unit-I		26,411,709	114,000,000
Hamid Fabrics Ltd Unit-II		67,140,408	8,415,491
		<u>93,552,117</u>	<u>122,415,491</u>
<u>Hamid Fabrics Ltd Unit-I</u>			
MIDAS Financing Limited	17.01	26,411,709	114,000,000
		<u>26,411,709</u>	<u>114,000,000</u>
<u>Hamid Fabrics Ltd Unit-II</u>			
<u>Foreign Currency Loan</u>			
Industrial Promotion & Development Co. (IPDC)	17.02	-	8,415,491
		<u>-</u>	<u>8,415,491</u>
<u>Local Currency Loan</u>			
Bank Asia	17.03	67,140,408	-
		<u>67,140,408</u>	<u>-</u>

17.01 The loan of Tk. 120,000,000 was taken from MIDAS on 08 August 2011 as Term Loan secured by Loan Agreement, Personal Guarantee of all Directors and a Demand Promissory Note. The grace period of the loan was four months which bears a service charge @17.75% per annum. Initially the loan was payable by 24 monthly installment but the Repayment Schedule is revised on February 27, 2013 vide MIDAS letter ref. MFL/SED/HFL-13/3398. The loan is now payable by 23 monthly Installment with effect from 16-02-2013 in which Principal repayment will be Tk.4,152,864 as well as interest. The loan will expire on 16-12-2014

17.02 The loan was sanctioned during October 2001 as Term Loan secured by first charge by way of equitable mortgage over immovable assets of Unit-II, first floating charge by way of hypothecation over all assets of Unit-II and personal guarantee of Promoter Directors of the Company. Initial limit of the loan was USD 1,600,000. At present the loan is repayable by quarterly equal installments (equivalent to USD 51,158) which will be expired on July 31, 2013. The rate of interest is at USD LIBOR plus 5.5% p.a.

17.03 A fresh Term Loan has been taken on 12 September 2011 from Bank Asia, Principal Office Branch, Motijheel amounting Tk. 500,000,000. The loan is payable by 18 equal monthly installment amounting Tk.22,750,000. The interest rate is enhanced to 15.5% and the loan will expire on 28 September 2014. The loan is secured by FDR amounting Tk. 170,289,617 (shown in Note - 7) along with hypothecation of Raw Materials, Work-in-Process, Finished Goods, Plant, Machinery/equipment, personal guarantee of all Directors of the Company.

18.00 Lease - Net of Current Portion

The portion of Long term loans which is repayable after twelve months from the balance sheet date

Hamid Fabrics Ltd Unit-I			
BRAC Bank	18.01	<u>25,468,925</u>	<u>-</u>

18.01 This is a finance lease availed from Brac Bank Ltd. for procurement of 02 sets MWM Gas Generator. The lease amount is repayable by 12 quarterly Installments with effect from 20 April 2013 in which Principal repayment will be Tk.4,250,000 as well as interest. The rate of interest is 15.50%. Invoice Value of the generators is 45,000,000. The loan will expire on 20-01-2016.

19.00 Deferred Tax Liabilities/(Assets)

	Carrying Amount in Balance Sheet	Tax Base	Taxable/(Deductible) Temporary
<u>30-Jun-13</u>			
Property, Plant and Equipment - assets	571,043,322	193,193,644	377,849,678
Intangible Assets (Computer Software)	4,560,000	2,850,000	1,710,000
Gratuity Provision	(24,742,399)	-	(24,742,399)
	<u>550,860,922</u>	<u>196,043,644</u>	<u>354,817,278</u>

		30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Applicable rate			15%
Deferred Tax Liability-(A)			53,222,592
<u>Year 2011-2012</u>			
Property, Plant and Equipment - assets	717,731,398	181,331,804	536,399,594
Gratuity Provision	(2,985,532)	-	(2,985,532)
	714,745,866	181,331,804	533,414,062
Applicable rate			15%
Deferred Tax Liability-(B)			80,012,109
Net increase/ (Decrease) in deferred tax liability (A-B)			(26,789,518)
20.00 Provision for Gratuity and WPPF:			
For WPPF	20.01	12,010,644	28,740,783
For Gratuity	20.02	24,742,399	13,386,398
		36,753,043	42,127,182
20.01 Provision for WPPF:			
Balance on 01 July		28,740,783	19,588,717
Provision for the year		12,010,644	9,152,066
Less : paid during year		(28,740,783)	-
		12,010,644	28,740,783
20.02 Provision for Gratuity:			
Balance on 01 July		13,386,398	10,399,866
Provision for the year		11,450,346	2,987,532
Less : paid during year		(94,345)	(1,000)
		24,742,399	13,386,398
21.00 Long Term Loan - Current Portion (Secured)			
The portion of long term loans which is repayable within twelve months from the balance sheet date			
Hamid Fabrics Ltd Unit-I		58,139,956	-
Hamid Fabrics Ltd Unit-II		287,178,070	548,729,934
		345,318,026	548,729,934
<u>Hamid Fabrics Ltd Unit-I</u>			
MIDAS Financing Limited	17.01	58,139,956	-
<u>Hamid Fabrics Ltd Unit-II</u>			
Foreign Currency Loan		14,178,070	20,976,179
Local Currency Loan		273,000,000	527,753,755
		287,178,070	548,729,934
<u>Foreign Currency Loan</u>			
Industrial Promotion & Development Co.	17.02	14,178,070	20,976,179
<u>Local Currency Loan</u>			
Bank Asia	17.03	273,000,000	527,753,755
22.00 Lease - Current Portion			
The portion of Lease which is repayable within twelve months from the balance sheet date			
Hamid Fabrics Ltd Unit-I		11,812,348	-
Hamid Fabrics Ltd Unit-II		520,878	8,446,689
		12,333,226	8,446,689
Hamid Fabrics Ltd Unit-I			
BRAC Bank	18.01	11,812,348	-
Hamid Fabrics Ltd Unit-II			
Bank Asia - Transport Loan	22.01	520,878	2,048,895
Prime Bank Machinery Hire Purchase A/C		-	6,397,794
		520,878	8,446,689

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
22.01 This finance lease avails from Bank Asia Ltd. for procurement of 03 Motor Vehicles.		
23.00 Short Term Loans		
Hamid Fabrics Ltd Unit-I	111,912,693	195,554,227
Hamid Fabrics Ltd Unit-II	488,897,752	495,842,054
	600,810,445	691,396,281
<u>Hamid Fabrics Ltd Unit-I</u>		
Janata Bank - CCH	20,845,833	20,921,836
Janata Bank - PCC	-	1,596,000
Janata Bank - Bills Discounted	-	73,267,814
Bank Asia - Bills Discounted	55,762,966	53,134,577
Brac Bank - Bills Discounted	3,539,417	-
Prime Bank - Bills Discounted	31,764,477	46,634,000
	111,912,693	195,554,227
<u>Hamid Fabrics Ltd Unit-II</u>		
Janata Bank CC (Hypo) A/C# 0958	41,516,594	42,512,411
Janata Bank ECC (Hypo)	9,900,000	9,806,976
Janata Bank CC (Pledge) A/C# 0966	62,276,399	62,392,869
Janata Bank - SOD	32,244,312	31,687,763
Prime Bank SOD A/C # 2033	47,248,091	43,666,691
Prime Bank - Bill Discounted	70,568,528	127,672,000
Prime Bank LTR A/C	61,803,845	55,241,676
Bank Asia O/D A/C # 2721	29,520,959	29,536,482
Bank Asia - Bill Discounted	95,384,737	51,787,086
Bank Asia PC A/C	11,870,347	28,846,699
Bank Asia LTR A/C	26,563,940	12,691,401
	488,897,752	495,842,054
These loans are taken from various local banks mainly for the purpose of working capital financing. To secure these facilities the Company has mortgaged its property, plant and equipment and hypothecated its Stocks and Debtors to the relevant Banks and Financial Institutions. Other information shown in Annexure - E.		
24.00 Trade Creditors		
Trade Creditors (Payable to Suppliers)	18,991,361	5,560,361
BTB Liabilities to Banks	365,818,999	381,222,821
	384,810,360	386,783,182
For further details please refer to Annexure-C		
i) Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to profit and loss account.		
ii) This represents amount payable to regular suppliers of raw materials, chemicals, packing materials etc.		
iii) All suppliers were paid on a regular basis.		
25.00 Other Payable		
Hamid Fabrics Ltd Unit-I	25,301,957	14,175,657
Hamid Fabrics Ltd Unit-II	50,479,437	37,114,602
	75,781,394	51,290,259
<u>Hamid Fabrics Ltd Unit-I</u>		
Gas Bill	786,417	420,410
Electricity Bill	239,239	239,636
*Salary - HO	6,349,776	1,736,822
*Salary - Factory	4,790,388	3,624,259
Wages	178,667	153,916
Interest Payable	3,228,840	698,167
*Contribution to Provident Fund	5,525,057	4,885,542
Tax Deduction from Parties	1,313,875	-
Tax Deduction from Utility bill	21,979	17,383

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Bills Payable	500,960	564,596
Insurance Premium payable to CICL- a related party	2,366,759	1,834,927
	25,301,957	14,175,657

Hamid Fabrics Ltd Unit-II

Gas Bill	11,809,651	7,296,987
Electricity Bill	125,134	313,274
Salary - HO	115,557	251,150
*Salary - Factory	14,971,733	8,889,073
Audit Fee	150,000	150,000
Insurance Premium payable to CICL	12,950,354	9,784,566
*Contribution to Provident Fund	333,395	237,718
Tax Deduction from Bills	35,000	-
Tax Deducted from Gas bill	317,808	304,041
Bills Payable	5,770,805	5,987,793
Security Deposit	3,900,000	3,900,000
	50,479,437	37,114,602

*Subsequently paid.

- i) These payable were incurred from normal business operation and paid regularly.

25.01 Interest Payable

MIDAS Financing Limited	2,092,739	698,167
BRAC Bank	1,136,101	-
	3,228,840	698,167

26.00 Income Tax Provision

Opening balance	26,483,388	21,782,567
Add : Provision made during the year	26.01 21,199,106	15,744,250
	47,682,494	37,526,816
Less : Tax settled (2011-2012)	(6,473,038)	(11,043,428)
Closing balance	41,209,456	26,483,388

26.01 Income Tax Provision for the year

Profit before income tax	240,212,880	173,889,257
Income Tax provision for the year	41,209,455	26,483,389
Less : Over Provision in last year	(20,010,349)	(10,739,139)
Net Provision for the year	21,199,106	15,744,250

		30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
27.00 Revenue			
Sale of Fabric		1,967,331,189	1,241,955,470
Dyeing, Finishing & Processing charge		252,836,985	12,403,257
Cash Subsidy		16,943,250	15,606,916
Exchange Rate fluctuation (loss)/gain		(116,629,147)	121,287,313
		2,120,482,277	1,391,252,956
27.01 Revenue in Foreign Currency			
Sale of Fabric in USD		\$ 24,591,640	\$ 15,524,443
28.00 Cost of Goods Sold			
Hamid Fabrics Ltd Unit-I		886,122,523	412,937,135
Hamid Fabrics Ltd Unit-II		600,682,497	466,022,127
		1,486,805,020	878,959,262
<u>Hamid Fabrics Ltd Unit-I</u>			
Material Consumed	28.01	840,660,342	262,184,472
Manufacturing Overhead	28.02	76,411,861	150,782,015
Manufacturing costs for the year		917,072,203	412,966,487
Add: Opening Stock of Work in Process		22,259,758	28,070,877
		939,331,961	441,037,364
Less: Closing Stock of Work in Process		35,828,495	22,259,758
Cost of Goods Manufactured		903,503,466	418,777,606
Add: Opening Stock of Finished Goods		21,784,467	15,943,996
		925,287,933	434,721,602
Less: Closing Stock of Finished Goods		39,165,410	21,784,467
Cost of Goods Sold		886,122,523	412,937,135
28.01 Material Consumed :			
<u>Hamid Fabrics Ltd Unit-I</u>			
Opening Stock of Raw Materials		15,678,487	8,805,688
Add : Purchase during the year		877,270,601	269,057,271
		892,949,088	277,862,959
Less : Closing Stock of Raw Materials		52,288,746	15,678,487
Material Consumed		840,660,342	262,184,472
28.02 Manufacturing Overhead :			
<u>Hamid Fabrics Ltd Unit-I</u>			
Direct Labour		37,645,376	31,340,626
Factory Overhead		38,766,485	119,441,389
		76,411,861	150,782,015
Direct Labour			
Wages		35,229,702	30,558,628
Bonus		2,415,674	781,998
		37,645,376	31,340,626
Factory Overhead			
Sizing Chemicals			
Stock on 1 July 2012		222,375	182,210
Add: Purchase during the year		15,600,996	7,886,626
		15,823,371	8,068,836
Less: Stock at 30 June 2013		302,200	222,375
Sizing Chemicals Consumed		15,521,171	7,846,461
External Processing Cost		6,680,267	60,327,039

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Exchange Rate fluctuation gain on BTB L/C	(9,250,397)	26,248,830
Fuel, Oil & Lubricants	1,391,087	1,039,103
Gas Bill	3,344,306	2,146,213
Electricity Bill	3,581,473	1,952,050
Carrying & Handling (Yarn)	144,979	25,952
Carrying & Handling (Fabrics)	5,300	4,020
Repair & Maintenance	3,989,344	1,851,245
Spare Parts	4,413,856	2,656,803
Clearing & Forwarding	39,456	-
Business Maintenance expenses	-	9,129,160
Depreciation	8,905,643	6,214,513
	38,766,485	119,441,389

Hamid Fabrics Ltd Unit-II

Material Consumed	28.03	101,245,046	62,977,835
Manufacturing Overhead	28.04	528,716,256	390,850,399
Manufacturing costs for the year		629,961,302	453,828,234
Add : Opening Stock of Work in Process		14,191,730	18,305,734
		644,153,032	472,133,968
Less : Closing Stock of Work in Process		39,047,960	14,191,730
Cost of Goods Manufactured		605,105,072	457,942,238
Add : Opening Stock of Finished Goods		13,938,804	22,018,693
		619,043,876	479,960,931
Less : Closing Stock of Finished Goods		18,361,379	13,938,804
Cost of Goods Sold		600,682,497	466,022,127

28.03 Material Consumed :

Opening Stock of Raw Materials	26,333,313	37,105,080
Add : Purchase during the year	98,786,462	52,206,068
	125,119,775	89,311,148
Less : Closing Stock of Raw Materials	23,874,729	26,333,313
Material Consumed	101,245,046	62,977,835

28.04 Manufacturing Overhead :

Direct Labour	61,650,727	62,791,871
Factory Overhead	467,065,529	328,058,528
	528,716,256	390,850,399

Direct Labour

Wages	56,140,130	60,570,973
Bonus	5,510,597	2,220,898
	61,650,727	62,791,871

Factory Overhead

Dyes & Chemicals		
Stock on 1 July 2012	66,521,610	114,279,935
Add: Purchase during the year	307,634,450	138,009,759
	374,156,060	252,289,694
Less: Stock at 30 June 2013	64,149,796	66,521,610
Dyes & Chemicals Consumed	310,006,264	185,768,084
Electricity Bill	5,772,446	2,263,557
Gas Bill	59,147,365	39,218,185
External Processing Cost	4,609,379	1,743,812
Exchange Rate fluctuation gain on BTB L/C	9,830,405	7,565,588
Welfare Expenses	783,355	408,900
Packing Materials	6,266,247	3,931,924
Fuel & Vehicle maintenance	5,712,574	4,892,333
Water Treatment Expenses	2,384,692	2,299,408
Medical Expenses	218,237	267,813

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Fuel, Oil & Lubricants	1,989,628	1,370,093
Repairs & Maintenance	2,080,146	5,914,481
Carrying & Handling	231,401	134,932
Spare Parts (Electrical & Mechanical)	19,702,295	16,687,843
Business Maintenance expenses	-	14,787,029
Depreciation	38,331,095	40,804,546
	467,065,529	328,058,528

Quantitative reconciliation shown in Annexure - D.

29.00 Administrative Expenses

Hamid Fabrics Ltd Unit-I	85,659,325	66,945,396
Hamid Fabrics Ltd Unit-II	61,788,084	58,705,906
	147,447,409	125,651,302

Hamid Fabrics Ltd Unit-I

Directors Remuneration	7,800,000	7,500,000
Salary	27,436,939	29,160,562
Bonus	2,268,773	5,198,350
Printing & Stationery	374,159	364,941
Entertainment	189,755	180,252
Factory Insurance Premium	393,779	411,375
Group Insurance Premium	293,216	247,614
Establishment	1,410,322	922,334
Newspaper & Periodicals	10,408	19,873
Subscription & Donation	758,000	657,101
Rent, Rates & Taxes	1,922,672	2,323,624
Fuel	3,818,428	1,978,896
Travelling & Conveyance (Local)	340,465	274,382
Travelling & Conveyance (Foreign)	13,556,820	6,426,060
Medical Expenses	445,157	313,641
Gratuity	9,253,800	866,432
Vehicle Maintenance	5,093,879	1,666,755
Miscellaneous Expenses	98,185	170,263
Telephone	95,737	149,002
AGM Expenses	64,410	171,169
Board Meeting Fee	60,000	60,000
Legal Expenses	1,179,760	2,063,657
Welfare Expenses	2,364,472	1,347,580
Utility Bills	2,193,030	1,969,775
Contribution to Provident Fund	2,085,418	1,306,692
Amortization of Computer Software	1,140,000	-
Depreciation	1,011,741	1,195,066
	85,659,325	66,945,396

Hamid Fabrics Ltd Unit-II

Salary & Allowances	8,152,292	11,058,034
Gratuity	2,196,546	2,121,100
Trade Promotion	15,792,872	13,858,196
Travelling & Conveyance	1,453,156	1,982,060
Newspaper & Periodicals	50,023	32,594
Audit Fee	563,250	246,750
Guest House Expenses	1,101,037	1,101,987
Establishment Expenses	7,404,501	7,602,274
Telephone Bill	2,116,838	2,104,631
Entertainment	2,474,219	2,291,600
Rent, Rates & Taxes	4,024,375	492,301
Legal & Professional Fees	1,147,306	5,028,213
Gardening	147,545	110,630
Donations & Subscriptions	1,436,373	1,149,546

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
Postage & Parcel	93,122	106,610
Stationery & Printing	4,627,414	3,495,910
Repairs & Maintenance	1,881,224	1,372,455
Contribution to Provident Fund	412,656	319,144
Insurance Premium	3,258,167	2,055,880
Miscellaneous Expenses	469,595	375,221
Depreciation	2,985,573	1,800,770
	61,788,084	58,705,906
30.00 Selling and Distribution Expenses		
Hamid Fabrics Ltd Unit-I	7,128,648	4,861,255
Hamid Fabrics Ltd Unit-II	26,415,108	17,605,021
	33,543,756	22,466,276
<u>Hamid Fabrics Ltd Unit-I</u>		
Selling & distribution expenses	4,385,070	3,644,922
Advertisement	30,000	10,000
Trade promotion expenses	2,713,578	1,206,333
	7,128,648	4,861,255
<u>Hamid Fabrics Ltd Unit-II</u>		
Selling & distribution expenses	18,131,215	10,820,959
C & F expenses	312,798	357,797
Trade promotion expenses	4,743,795	5,342,455
Local carrying cost	3,227,300	1,083,810
	26,415,108	17,605,021
31.00 Financial Expenses		
Hamid Fabrics Ltd Unit-I	51,973,626	39,913,694
Hamid Fabrics Ltd Unit-II	186,827,544	173,604,006
	238,801,170	213,517,700
<u>Hamid Fabrics Ltd Unit-I</u>		
On Other Accounts	-	1,333,870
On Janata Bank	6,345,343	3,229,198
On Prime Bank	6,922,860	10,825,101
On Bank Asia	12,535,384	-
On Brac Bank	698,300	-
Bank Charge & Commission	3,488,460	1,637,793
Interest on Term loan	21,983,279	22,887,732
	51,973,626	39,913,694
<u>Hamid Fabrics Ltd Unit-II</u>		
On Janata Bank	25,915,588	19,285,277
On Prime Bank	39,558,443	85,099,599
On Bank Asia	44,440,464	39,722,741
Bank Charge & Commission	10,277,987	5,506,907
Interest on Term loan	66,635,062	23,989,482
	186,827,544	173,604,006
32.00 Contribution to WPPF		
This amount represents the provision @ 5% on the Profit	12,010,644	9,152,066

	30 June 2013 Amount in Taka	30 June 2012 Amount in Taka
33.00 Non-operating Income		
FDR Interest	33,102,800	29,025,476
Wastage sales	5,235,801	3,357,431
	38,338,601	32,382,907
34.00 Earnings Per Share (EPS)		
(a) Profit after tax	245,803,291	158,661,565
(b) Weighted Average Numbers of Shares Outstanding (Note-34.01)	48,837,500	48,579,030
Basic EPS (a/b)	5.03	3.27

Diluted EPS

No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.

34.01 Weighted Average Numbers of Shares Outstanding:

For June 2013:

Particulars	Total Shares	Weighted No of
As on July 01, 2012	48,837,500	48,837,500
	48,837,500	48,837,500

For June 2012:

Particulars	Total Shares	Weighted No of Shares
As on July 01, 2011	40,237,500	40,237,500
New Allotment as on July 12, 2011	8,600,000	8,341,530
	48,837,500	48,579,030

35.00 Net Assets Value Per Share		
(a) Shareholders' Equity	2,009,073,888	1,569,927,311
(b) Share outstanding (Note-34)	48,837,500	48,579,030
Net Assets Value Per Share (a/b)	41.14	32.32

36.00 Related Party Transaction

List of related parties with whom transactions have taken place and their relationship as identified and certified by Management is as under:

Particulars	Name of the Common Directors	Relationship	Nature of transaction	Amount as on 01-07-2012	Transaction during the Year		Amount as on 30-06-2013
					Addition	Adjustment	
Hamid Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud	Common Directors	Trade Debtors	371,950,594	349,256,717	(384,424,155)	336,783,156
			Other Receivable	94,683,382	348,484,220	(117,480,999)	325,686,603
Crystal Insurance Co. Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque		Insurance Premium Payable	(11,619,493)	(6,852,247)	3,154,627	(15,317,113)

37.00 Contingent Liabilities

This has been considered as per IAS 37" provisions, Contingent liabilities, and contingent assets". As on 30 June 2013 following dues revealed as contingent liability of the company.

<u>Particulars</u>	<u>Amount (BDT)</u>
Letter of Credit (Raw Materials)	<u><u>770,112,213</u></u>

38.00 Payment in Foreign Currency

During the period under review following transactions took place in the form of foreign currency:

<u>Particulars</u>	<u>Amount (BDT)</u>
value of import-	
Raw materials	1,287,135,482
Spare parts	19,431,963
Capital Machinery	44,196,476
Loan- Principal	15,213,600
Interest on Loan	1,686,400
Foreign Travel for Company's Business	13,556,820

39.00 Capacity Utilisation

Particulars	Unit	Installed Capacity	Utilisation during the period	% of Utilisation	Over/(Under) utilisation
Gray Fabric	Yards	6,853,000	5,246,972	76.56%	(1,606,028)
Woven Fabric	Yards	21,600,000	17,193,211	79.60%	(4,406,789)

40.00 Payments/ Perquisites to Directors/Officers

The following amount has been paid to the directors of the Company as remuneration for their services as per Board's decision:

<u>Name of the Directors</u>	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Mr. Abdullah Al-Mahmud	3,600,000	3,600,000
Mr. A. H. M. Mozammel Hoque	600,000	600,000
Mrs. Selina Mahmud	1,200,000	1,200,000
Ms. Farhana Danis	1,200,000	900,000
Ms. Nusrat Mahmud	600,000	600,000
Ms. Nabila Mahmud	600,000	600,000
Total	<u>7,800,000</u>	<u>7,500,000</u>

(b) The number of staff and their drawing criteria mentioned below:

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Number of staff drawing Tk 36,000 and above per year	956	895
Number of staff drawing below Tk 36,000 per year	-	-
Total number of staff	<u>956</u>	<u>895</u>

41.00 Post Balance Sheet Events

There is no such event to disclose.

42.00 Status of Tax Assessment

Status of tax assessment of the company for the last five years was as under:

Income Year	Assessment Year	Status
2011-12	2012-13	Completed & settled
2010-11	2011-12	Completed & settled
2009-10	2010-11	Completed & settled
2008-09	2009-10	Completed & settled
2007-08	2008-09	Completed & settled

43.00 General

43.01 Figures appearing in these accounts have been rounded off to the nearest taka.

43.02 Previous year's/period's phrases & amounts have been re-arranged, wherever considered necessary, to conform to the presentation for the year under review.

Hamid Fabrics Ltd.
Schedule of Property, Plant & Equipment
As on 30 June 2013

											Annexure-A
SL No	Particulars	Cost				Dep. Rate	Depreciation				W.D.V as on 30.06.2013
		Balance as on 01.07.2012 (Acquisition Cost/ Revlued Amount)	Addition/adjustment during the period	Revaluation /(Reversal of Revaluation) during the period	Total as on 30.06.2013		Balance as on 01.07.12	Charge for the period	Adjustment for Revaluation	Total as on 30.06.2013	
01	Land & Land Development*	455,545,680	2,630,000	247,408,320	705,584,000	-	-	-	-	-	705,584,000
02	Building & Construction**	261,568,138	-	-	261,568,138	5%	2,202,727	12,968,271	-	15,170,997	246,397,141
03	Plant & Machinery	876,581,306	32,000	(41,624,000)	834,989,306	5%	308,560,355	26,707,497	(7,720,992)	327,546,860	507,442,446
04	Vehicles	18,685,880	-	-	18,685,880	20%	13,808,558	975,464	-	14,784,022	3,901,858
05	Electrical Installation	49,723,952	978,756	(4,824,000)	45,878,708	10%	28,496,503	1,904,118	(1,658,974)	28,741,647	17,137,061
06	Gas Line Installation	57,821,516	2,300,000	-	60,121,516	10%	35,197,617	2,492,390	-	37,690,007	22,431,509
07	Office Equipment	20,110,024	1,168,980	-	21,279,004	15%	11,275,473	1,500,530	-	12,776,002	8,503,002
08	Furniture & Fixtures	12,573,054	335,680	-	12,908,734	15%	7,812,446	764,443	-	8,576,889	4,331,845
	Sub-Total at 30-06-2013	1,752,609,550	7,445,416	200,960,320	1,961,015,286		407,353,678	47,312,713	(9,379,966)	445,286,425	1,515,728,861

Lease Hold Assets:

03	Plant & Machinery	18,311,982	45,892,858	-	64,204,840	5%	915,599	3,164,462	-	4,080,061	60,124,779
04	Vehicles	5,080,880	-	-	5,080,880	20%	1,296,495	756,877	-	2,053,372	3,027,508
	Sub-Total at 30-06-2013	23,392,862	45,892,858	-	69,285,720		2,212,094	3,921,339	-	6,133,433	63,152,287
	Grand Total at 30-06-2013	1,776,002,412	53,338,274	200,960,320	2,030,301,006	-	409,565,772	51,234,052	(9,379,966)	451,419,858	1,578,881,148
	Total at 30-06-2012	1,563,093,473	92,375,080	120,533,859	1,776,002,412		433,352,549	50,014,896	(73,801,673)	409,565,772	1,366,436,640

Allocation of Depreciation:

	Unit-I	Unit-II	Total
Cost of Production	8,905,643	38,331,095	47,236,738
Administrative Expenses	1,011,741	2,985,573	3,997,314
Total	9,917,384	41,316,668	51,234,052

*Cost of Land & Land Development includes Tk.563,963,171 as Revaluation gain.

**Cost of Building & Constructions includes Tk.176,456,986 as Revaluation gain against which Tk.10,234,536 has been charged as Depreciation.

During the year ended on June 30, 2013 valuation on Land and Land Development was performed by a professional valuer firm of Chartered Accountants named Aziz Halim Khair Choudhury & Co. As per the valuation report, value of 1,178.65 decimal Land is Tk. 705,584,000. This indicates the increased in value of Land by Tk. 247,408,320/-.

During this year Revaluation Reserve on Plant & Machinery and Electrical Installation amounting to Tk.41,624,000 and Tk.4,824,000 respectively was reversed to represent the assets at Cost as per decision of the Board in its meeting held on May 12, 2013.

The aforesaid assets of the company are mortgaged with various banks and financial institutions to secure different current and long-term loans and borrowings.

HAMID FABRICS LIMITED
List of Trade Debtors

	30 June 2013	Annexure- B
	Taka	30 June, 2012
		Taka
<u>Hamid Fabrics Ltd Unit-I</u>		
Apparel Export Ltd	-	23,940
Anupom Hosiery (Pvt) Ltd.	-	1,931,850
A. K. M. Knit Wear Ltd	4,832,605	1,765,579
Adams Apparels Ltd	-	28,350
Designer Jeans Ltd	-	3,053
L/C Maturity Prime Bank	74,191,145	84,450,571
L/C Maturity Bank Asia	24,729,600	234,039,316
L/C Maturity Janata Bank	90,044,346	116,798,932
L/C Maturity Brac Bank	49,956,375	
Shinest Apparels Ltd.	-	6,734,024
ZXY Apparel Manufacturing Ltd	1,389,520	1,378,080
Remi Apparels Ltd.	-	3,938
Centex Textile & Apparels.	2,077,119	2,061,566
Fashrobe Garments Ltd..	-	2,008,125
Hall-Mark Design Wear Ltd.	-	1,777,500
Islam Garments Ltd..	4,660,396	386,190
K. G. Garments Ltd.	-	5,625
Monowara Apparels Ltd.	-	787,680
RB Industries.	-	8,537,025
Sicily Garmenents ltd	-	3,000
ABA Garments Ltd	3,650	-
All Weather Fashions Ltd.	1,007,345	-
Farkan Tex Ltd	68,328	-
Tarasima App. Ltd.	3,727,680	-
Peninsula Garments Ltd	28,861,679	-
Intraco Fashion Ltd	3,926,400	-
Concord Fashion Export Ltd.	1,371,440	-
Ananta Sportswear Ltd.	44,384	-
Remi Apparels Ltd.	3,938	-
Crest Garments Ltd.	3,864	-
Natural Denims Ltd.	2,591,200	-
Rowa Knitwear Ltd.	34,600	-
Mens Fashion Ltd.	96,086,016	-
Efe Textiles Ltd.	179,840	-
Opex Garments Ltd.	15,004,953	-
Temakaw Fashion Ltd.	7,263,068	-
That'S It Sportswear Ltd.	49,157,522	-
Dina Tex International Ltd.	3,840	-
Jeans Care Ltd.	4,992	-
Global Outerwear Ltd.	12,310,579	-
Monde Apparels Ltd.	6,840	-
Wear Mag Ltd.	41,515,295	-
Atlantic Garments Ltd.	3,295,920	-
Aman Graphics & Designs Ltd.	218,400	-
Exchange Rate fluctuation gain	(10,371,458)	45,038,503
Sub Total	508,201,421	507,762,845
<u>Hamid Fabrics Ltd Unit-II</u>		
A-One (BD)Ltd	-	183,750
A Plus IndustriesLtd.	-	491,198
Arunima Sports wear Ltd	-	9,658,788
All Weather Fashions Ltd.	-	2,038,113

HAMID FABRICS LIMITED
List of Trade Debtors

	30 June 2013	Annexure- B 30 June, 2012
Ananta Sports	-	2,901,045
Amichi App.	19,630,866	9,979,945
Angora Fashions Ltd	-	919,219
Chittagong Fashion	139,477	139,445
Choice Garments	-	7,435,421
Dekko Fashion Ltd.	-	518,610
Doreen Garments Ltd	-	5,370,750
Design Fashions Ltd	-	1,562,040
DN Sports Ltd	6,947,219	7,906,259
Experience Clothing Co. Ltd.	2,372,098	2,203,848
Farkan Tex Ltd	2,213,047	2,130,557
Fashion Creft Knitewear Lte	-	3,475,018
Jeans Manufacturing Co Ltd.	5,014,103	5,827,853
Jerat Fashion	-	1,049,782
Kanpark Bangladesh App.(Pvt) Ltd.	26,399,722	25,640,218
Knit Horizon ltd	-	2,763,709
Liz Apparels Ltd.	-	5,669,999
Liberty Fashion Ltd.	13,539,602	-
Millennium Textile Ltd.	-	213,750
Sicily Garments Ltd	-	3,722,175
Suppershine Apparels Ltd	-	911,250
S F denim apperals Ltd	-	2,426,963
Seha International Bangladesh Ltd	-	591,214
SRT Fashion Ltd	-	3,884,265
Shanta Industries Ltd.	-	9,606
Smart Jeans Ltd.	-	25,520
Taurus Styles Ltd	-	3,113,589
Youth Fashion Ltd.	-	5,703,598
Yagi Bangladesh garments Ltd	-	7,140,044
A. K. M. Knit Wear Ltd	5,045,683	33,321,292
Natural Apparels Ltd	-	68,936,914
Topaz Garments Ltd	-	6,577,447
Intraco Fashion Ltd	-	13,536,615
Adams Apparels Ltd	853,601	6,014,552
Paradise Hi Design Ltd	-	1,252,665
Multi Safh Bags Ltd	1,629,255	14,700,660
Megastar Apparels Ltd	-	10,693,511
Sharmin Apparels Ltd.	-	1,698,952
Kumudini Apparels Ltd.	1,390,444	475,500
Shagore Garments Ltd.	19,557,952	21,533,320
Ranl Designed Ltd.	21,309,894	22,903,310
Windy Apparels	61,535	24,806,048
Hall Mark design Wears Ltd	169,470	1,173,533
Hamid Weaving Mills Ltd	336,783,156	371,950,594
Banga Garments Ltd.	172,800	-
Continental Apparels Ltd.	-	183,150
Ultimate Fashion Ltd	-	8,004,349
J P Garments Ltd.	-	241,875
Medona Fashion Ltd.	-	17,201
Reza Fashion Ltd.	65,696	72,384
ZXY Apparel Manufacturing Ltd	110,273	2,645,273
Bengal Jeans Ltd.	-	2,013,300
Mens Fashion Ltd.	13,219,917	7,416,000
Modiste (CEPZ) Ltd.	-	7,813,538

HAMID FABRICS LIMITED
List of Trade Debtors

	30 June 2013	Annexure- B 30 June, 2012
Nextgen Style Ltd.	4,628,320	3,467,205
Shin Shin Apparels Ltd.	-	505,313
EFE Textiles Ltd.	-	1,611,375
Fair Washing Ltd.	-	814,313
Hidaramani International Exports (Pvt.)	-	8,281,567
Panasia Clothing Ltd.	-	232,500
Doreen Fashions Ltd.	-	448,500
M/S. Veronica Apparels	-	318,840
Dress & Dismatic Pvt. Ltd.	-	5,944,049
Denim Expert Ltd.	-	1,155,000
Jamuna Apparels Ltd.	-	66,990
Columbia Garments Ltd.	-	1,275,000
Misami Garment Ltd.	32,963	2,665,563
Tarasima App. Ltd.	-	674,130
Well Dresses Ltd..	-	1,930,324
Zisas Fashions Ltd.	156,780	392,256
E.Land World Co. Ltd.	-	5,742
Atlantic Garments Ltd.	405,600	-
That'S It Sportswear Ltd.	21,935,086	-
Dekko Designs Ltd.	1,334,424	-
K.R.K. Garments Ltd.	1,532,496	-
Monde Apparels Ltd.	3,553,784	-
Wear Mag Ltd.	44,678,753	-
Aftabunnesa Garments Ltd.	3,776,576	-
Zaara Jeans & Knitwear Ltd.	2,608,000	-
Parkstar Apparel Ltd	95,144	-
Concord Fashion Export Ltd.	80,000	-
Islam Garments Ltd.	7,878,212	-
Tm Fashion Ltd.	623,200	-
Step Three Apparels.	1,242,519	-
Trouser Line Ltd.	16,833,340	-
Global Outerwear Ltd.	25,796,887	-
Global Trousers Ltd.	8,728,513	-
Exchange Rate Fluctuation Gain	(7,089,692)	76,248,810
Sub Total	615,456,714	859,626,997
Grand Total (Unit-1 & Unit-2)	1,123,658,135	1,367,389,842

HAMID FABRICS LIMITED
List of Trade Creditors

	Annexure- C	
	30 June 2013	30 June 2012
	Taka	Taka
Trade Creditors (Payable to Suppliers):		
<u>Hamid Fabrics Ltd Unit-I</u>		
Square Textile	380,228	327,460
Haris Textile	-	50,000
Intercon Fabrics	-	5,623
Unique Enterprise	1,377,400	494,465
S S Enterprise	399,457	231,567
Gaowsia Trading	457,181	408,566
Libin poribahan sangsta	807,700	-
The Portland carrier	942,900	-
The Nizampur Agency	56,300	39,700
Sub Total	4,421,166	1,557,381
<u>Hamid Fabrics Ltd Unit-II</u>		
Interamax textile	-	400
Rahim Textile Mills Ltd	-	12,355
Libin poribahan sangsta	245,700	118,700
The Portlandcarrier	100,000	134,300
H. H. Textile Mills Ltd	-	5,904
Gaowsia Trading	1,224,792	778,404
Safe Express	357,566	341,658
The Nizampur Agency	978,400	390,000
Emon/Harun Paper Tube	841,082	516,295
Asian Textile Mills Ltd	-	40,300
Mark Asia	-	68,000
MM Corporation	-	72,837
ACS textile mills Ltd	-	73,000
Century Polyflax	-	96,233
Actech Corporation	-	110,000
BASF	-	603,247
Taha Color	-	512,848
Hamza Chemical	-	128,499
Trim Care service (TCS)	43,028	-
A S M Chemical Industries Ltd.	816,000	-
N.P. Chemical	9,963,627	-
Sub Total	14,570,195	4,002,980
<u>BTB Liabilities to Banks:</u>		
<u>Hamid Fabrics Ltd Unit-I</u>		
Janata Bank	84,771,514	87,976,299
Prime Bank	85,542,431	33,396,607
Bank Asia	147,055,425	148,306,851
Brac Bank	48,255,303	-
Exchange Rate fluctuation (Gain)/Loss	(7,312,493)	26,248,830
Sub Total	358,312,180	295,928,587
<u>Hamid Fabrics Ltd Unit-II</u>		
Janata Bank	673,344	19,907,530
Prime Bank	5,937,587	26,109,226
Bank Asia	1,049,088	31,711,890
Exchange Rate fluctuation loss	(153,200)	7,565,588
Sub Total	7,506,819	85,294,234
Grand Total	384,810,360	386,783,182

11.01 *Inventory*

Annexure - D

Items Name	Opening as on 01 July, 2012		Purchase/Production		Consumption		Closing as on 30 June, 2013	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Yarn (Kgs)	67,290	24,040,228	3,484,850	877,270,601	3,297,686	837,486,779	254,454	63,824,050
Gray Fabrics (Yrds)	590,841	75,462,358	10,460,431	-	10,220,219	-	831,053	120,039,450
Finished Fabrics (Yrds)	77,799	14,683,973	9,868,109	1,906,597,355	9,816,481	1,896,578,109	129,427	24,703,219
Total		14,683,973		1,906,597,355		1,896,578,109		24,703,219

Note:

1. The Management certified that all stocks are in good condition and does not include any wastage & defective materials.
2. The Management carried out physical verification of stock as on the close of the year and found right in terms of quality and weight.

23.01 Short Term Loans

Annexure- E

The Loan and Security details of the bank facilities (Given in Note - 23) are as follows:

Name of Bank	Limit (in Million Taka)									Nature of Securities
	L/C	OD	CC(H)	CC(P)	ECC(H)	Bill Purchase/ Discount	LTR	SOD	PCC	
Janata Bank	100.95	-	40.00	60.00	10.00	-	-	-	-	Export L/C, Directors' Personal Guarantee, Hypothecation & Pledge of Imported materials, FDR Lien
Prime Bank	420.00	400.00	-	-	-	450.00	630.00	5.00	-	Export L/C, Shipping documents, Trust Receipts, Directors' Personal Guarantee, Mortgage of 22,200 sft Commercial Space and MD's personal Apartment at Gulshan, Hypothecation of floating assets
Bank Asia	600.00	30.00	-	-	-	200.00	27.00	-	40.00	Export L/C, Directors' Personal Guarantee, Hypothecation of fixed and floating assets
Brac Bank	125.00	-	-	-	-	25.00	-	-	-	Corporate Guarantee of Sister Concern, Directors' Personal Guarantee, Hypothecation of floating assets

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

We have examined the following accounting ratios of Hamid Fabrics Limited the "Company". for the years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 as submitted to us by its management. The preparation of these ratios is the responsibility of the Company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the years ended mentioned above.

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

Ratios:

30-06-2014	30-06-2013	30-06-2012	30-06-2011	30-06-2010	30-06-2009
------------	------------	------------	------------	------------	------------

A. Liquidity Ratios

Current ratio		1.67	1.29	1.05	1.10	0.99	0.88
Quick ratio		1.36	1.07	0.92	0.94	0.87	0.73
Times interest earned	times	2.73	2.02	1.81	1.86	1.84	1.32
Debt-equity ratio		0.53	0.83	1.25	1.56	2.12	2.79

B. Operating Ratios

Accounts receivable turnover ratio	times	1.56	1.46	1.08	1.58	1.47	2.63
Assets turnover ratio	times	0.61	0.59	0.43	0.61	0.57	0.88
Inventory turnover ratio	times	4.67	5.48	3.48	6.10	5.96	7.82
Net Assets Value Per Share		46.78	41.20	32.32	29.22	19.91	22.93
Fully Diluted Net Assets Value Per Share		46.78	41.20	32.15	24.13	19.91	12.39

C. Profitability Ratios

Gross margin ratio (%)		30%	30%	37%	18%	18%	15%
Operating income ratio (%)		21%	21%	26%	18%	17%	7%
Net income ratio (%)		12%	12%	11%	8%	5%	3%
Return on assets ratio (%)		8%	7%	5%	5%	3%	2%
Return on equity (after tax) (%)		12%	12%	10%	12%	8%	9%
Earnings per share (Taka)		5.58	5.09	3.27	3.53	1.62	1.98
Net Assets Value Per Share		46.78	41.20	32.32	29.22	19.91	22.93
Fully Diluted Net Assets Value Per Share		46.78	41.20	32.15	24.13	19.91	12.39

sd/-
Chartered Accountants

Dated: August 28, 2014
Dhaka

Hamid Fabrics Limited
Statements of Ratio Analysis

SL	Financial Ratio	Formula	30-06-2014	30-06-2013	30-06-2012	30-06-2011	30-06-2010	30-06-2009
A. Liquidity Ratios								
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{1,847,012,120}{1,106,756,347}$ 1.67	$\frac{1,883,099,202}{1,460,262,907}$ 1.29	$\frac{1,805,008,592}{1,713,129,733}$ 1.05	$\frac{1,888,838,146}{1,710,273,361}$ 1.10	$\frac{1,436,234,857}{1,451,037,374}$ 0.99	$\frac{966,400,281}{1,093,982,783}$ 0.88
2	Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	$\frac{1,509,947,878}{1,106,756,347}$ 1.36	$\frac{1,562,801,856}{1,460,262,907}$ 1.07	$\frac{1,582,999,749}{1,713,129,733}$ 0.92	$\frac{1,605,470,868}{1,710,273,361}$ 0.94	$\frac{1,261,017,309}{1,451,037,374}$ 0.87	$\frac{795,350,919}{1,093,982,783}$ 0.73
3	Time Interest Earned Ratio	$\frac{\text{Earning before Interest \& Tax}}{\text{Financial Cost}}$	$\frac{482,242,872}{176,659,440}$ 2.73	$\frac{482,014,061}{238,801,170}$ 2.02	$\frac{387,406,957}{213,517,700}$ 1.81	$\frac{313,540,939}{168,323,825}$ 1.86	$\frac{208,142,066}{113,397,096}$ 1.84	$\frac{185,938,211}{140,593,057}$ 1.32
4	Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Shareholders' Fund}}$	$\frac{1,205,797,670}{2,284,661,592}$ 0.53	$\frac{1,669,259,584}{2,012,073,901}$ 0.83	$\frac{1,957,684,515}{1,569,927,311}$ 1.25	$\frac{1,839,910,615}{1,178,668,455}$ 1.56	$\frac{1,701,436,192}{801,186,901}$ 2.12	$\frac{1,392,205,208}{498,686,153}$ 2.79
B. Operating Ratios								
5	Accounts receivable turnover Ratio	$\frac{\text{Sales}}{\text{Average Accounts Receivable}}$	$\frac{2,198,620,623}{1,406,484,025}$ 1.56	$\frac{2,120,482,277}{1,455,708,981}$ 1.46	$\frac{1,391,252,956}{1,293,008,973}$ 1.08	$\frac{1,696,890,801}{1,077,037,778}$ 1.58	$\frac{1,261,784,245}{857,883,231}$ 1.47	$\frac{1,588,722,304}{604,710,982}$ 2.63
6	Assets turnover ratio	$\frac{\text{Sales}}{\text{Average Total Assets}}$	$\frac{2,198,620,623}{3,585,896,373}$ 0.61	$\frac{2,120,482,277}{3,604,472,655}$ 0.59	$\frac{1,391,252,956}{3,273,095,448}$ 0.43	$\frac{1,696,890,801}{2,760,601,082}$ 0.61	$\frac{1,261,784,245}{2,196,757,227}$ 0.57	$\frac{1,588,722,304}{1,804,337,091}$ 0.88
7	Inventory Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$	$\frac{1,536,430,904}{328,680,794}$ 4.67	$\frac{1,486,805,020}{271,153,095}$ 5.48	$\frac{878,959,262}{252,688,061}$ 3.48	$\frac{1,397,622,866}{229,292,413}$ 6.10	$\frac{1,031,559,947}{173,133,455}$ 5.96	$\frac{1,349,082,179}{172,584,914}$ 7.82
C. Profitability Ratios								
8	Gross Margin ratio	$\frac{\text{Gross Profit}}{\text{Sales}}$	$\frac{662,189,719}{2,198,620,623}$ 0.30	$\frac{633,677,257}{2,120,482,277}$ 0.30	$\frac{512,293,694}{1,391,252,956}$ 0.37	$\frac{299,267,935}{1,696,890,801}$ 0.18	$\frac{230,224,298}{1,261,784,245}$ 0.18	$\frac{239,640,125}{1,588,722,304}$ 0.15
9	Operating income ratio	$\frac{\text{Operating Profit}}{\text{Sales}}$	$\frac{463,212,764}{2,198,620,623}$ 0.21	$\frac{452,686,092}{2,120,482,277}$ 0.21	$\frac{364,176,116}{1,391,252,956}$ 0.26	$\frac{302,275,930}{1,696,890,801}$ 0.18	$\frac{213,128,643}{1,261,784,245}$ 0.17	$\frac{114,616,571}{1,588,722,304}$ 0.07
10	Net income ratio	$\frac{\text{Net Profit}}{\text{Sales}}$	$\frac{272,587,691}{2,198,620,623}$ 0.12	$\frac{248,803,303}{2,120,482,277}$ 0.12	$\frac{158,661,565}{1,391,252,956}$ 0.11	$\frac{142,378,138}{1,696,890,801}$ 0.08	$\frac{65,174,949}{1,261,784,245}$ 0.05	$\frac{43,127,879}{1,588,722,304}$ 0.03
11	Return on Assets ratio	$\frac{\text{Profit After Tax}}{\text{Total Assets}}$	$\frac{272,587,691}{3,490,459,262}$ 0.08	$\frac{248,803,303}{3,681,333,484}$ 0.07	$\frac{158,661,565}{3,273,095,448}$ 0.05	$\frac{142,378,138}{3,018,579,070}$ 0.05	$\frac{65,174,949}{2,502,623,093}$ 0.03	$\frac{43,127,879}{1,890,891,361}$ 0.02
12	Return on equity after tax	$\frac{\text{Profit After Tax}}{\text{Shareholders Equity}}$	$\frac{272,587,691}{2,284,661,592}$ 0.12	$\frac{248,803,303}{2,012,073,901}$ 0.12	$\frac{158,661,565}{1,569,927,311}$ 0.10	$\frac{142,378,138}{1,178,668,455}$ 0.12	$\frac{65,174,949}{801,186,901}$ 0.08	$\frac{43,127,879}{498,686,153}$ 0.09
13	Earning Per Share	$\frac{\text{Profit After Tax}}{\text{No. of Share}}$	$\frac{272,587,691}{48,837,500}$ 5.58	$\frac{248,803,303}{48,837,500}$ 5.09	$\frac{158,661,565}{48,579,030}$ 3.27	$\frac{142,378,138}{40,340,158}$ 3.53	$\frac{65,174,949}{40,237,500}$ 1.62	$\frac{43,127,879}{21,750,000}$ 1.98
14	Fully Diluted Earning Per Share	$\frac{\text{Profit After Tax}}{\text{No. of Share}}$	$\frac{272,587,691}{48,837,500}$ 5.58	$\frac{248,803,303}{48,837,500}$ 5.09	$\frac{158,661,565}{48,837,500}$ 3.25	$\frac{142,378,138}{40,340,158}$ 2.92	$\frac{65,174,949}{40,237,500}$ 1.62	$\frac{43,127,879}{21,750,000}$ 1.07
15	Net Assets Value Per Share	$\frac{\text{Net Asset value}}{\text{No. of Share}}$	$\frac{2,284,661,592}{48,837,500}$ 46.78	$\frac{2,012,073,901}{48,837,500}$ 41.20	$\frac{1,569,927,311}{48,579,030}$ 32.32	$\frac{1,178,668,455}{40,340,158}$ 29.22	$\frac{801,186,901}{40,237,500}$ 19.91	$\frac{498,686,153}{21,750,000}$ 22.93
16	Fully Diluted Net Assets Value Per Share	$\frac{\text{Net Asset value}}{\text{No. of Share}}$	$\frac{2,284,661,592}{48,837,500}$ 46.78	$\frac{2,012,073,901}{48,837,500}$ 41.20	$\frac{1,569,927,311}{48,837,500}$ 32.15	$\frac{1,178,668,455}{48,837,500}$ 24.13	$\frac{801,186,901}{40,237,500}$ 19.91	$\frac{498,686,153}{40,237,500}$ 12.39

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

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

(A). Statement of Financial Position:

Particulars	30-06-2013 Taka	30-06-2012 Taka	30-06-2011 Taka	30-06-2010 Taka	30-06-2009 Taka
Assets and Property:					
Non-Current Assets					
Property, Plant and Equipment	1,578,881,148	1,366,436,640	1,129,740,924	1,066,388,236	851,841,088
Intangible Assets - Computer Software	4,560,000	-	-	-	-
Investment	211,793,122	356,166,594	-	-	72,649,992
Total Non-Current Assets	1,795,234,270	1,722,603,234	1,129,740,924	1,066,388,236	924,491,080
Current Assets					
Inventories	320,297,346	222,008,843	283,367,278	175,217,548	171,049,362
Trade Debtors	1,123,658,135	1,367,389,842	813,671,795	632,048,386	500,878,734
Other Receivable	325,686,603	94,683,382	310,272,927	398,082,447	184,756,894
Advance, Deposit and Prepayments	107,541,335	110,767,863	152,521,896	187,941,621	75,573,846
Cash and Bank Balances	5,915,783	10,158,662	329,004,250	42,944,855	34,141,445
Total Current Assets	1,883,099,202	1,805,008,592	1,888,838,146	1,436,234,857	966,400,281
Total Assets	3,678,333,472	3,527,611,826	3,018,579,070	2,502,623,093	1,890,891,361
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	488,375,000	488,375,000	402,375,000	402,375,000	217,500,000
Share Premium	223,600,000	223,600,000	-	-	-
Share Money Deosit	-	-	250,920,000	-	-
Dividend (Proposed 20% Cash)	-	16,997,000	20,418,240	-	-
Reserve and Surplus	711,588,871	510,628,551	316,293,020	332,109,605	94,783,805
Retained Earnings	585,510,017	330,326,760	188,662,195	66,702,296	186,402,348
Shareholders' Fund	2,009,073,888	1,569,927,311	1,178,668,455	801,186,901	498,686,153
Non-Current Liabilities:					
Long Term Borrowings-Net of Current Portion	93,552,117	122,415,491	19,120,004	157,348,900	291,263,291
Lease	25,468,925	-	-	-	-
Deferred Tax Liabilities	53,222,592	80,012,109	80,528,667	72,604,325	-
Provision for Gratuity and WPPF	36,753,043	42,127,182	29,988,583	20,445,593	6,959,134
Total Non-Current Liabilities	208,996,677	244,554,782	129,637,254	250,398,818	298,222,425
Current Liabilities:					
Borrowing - Current Portion	345,318,026	548,729,934	534,548,464	444,119,869	286,618,313
Lease - Current Portion	12,333,226	8,446,689	-	-	-
Short Term Borrowings	600,810,445	691,396,281	580,124,146	572,371,287	401,978,236
Temporary Loan	-	-	-	3,219,782	3,815,239
Trade Creditors	384,810,360	386,783,182	437,422,849	286,812,559	267,846,032
Other Payable	75,781,394	51,290,259	136,395,335	130,302,132	123,859,411
Income Tax Provision	41,209,456	26,483,388	21,782,567	14,211,745	9,865,552
Total Current Liabilities	1,460,262,907	1,713,129,733	1,710,273,361	1,451,037,374	1,093,982,783
Total Equity and Liabilities	3,678,333,472	3,527,611,826	3,018,579,070	2,502,623,093	1,890,891,361
Net Assets Value Per Share	41.14	32.32	29.22	19.91	22.93

(B). Statement of Operating Results:

Particulars	30-06-2013 Taka	30-06-2012 Taka	30-06-2011 Taka	30-06-2010 Taka	30-06-2009 Taka
Sales	2,120,482,277	1,391,252,956	1,696,890,801	1,261,784,245	1,588,722,304
Less : Cost of Goods Sold	1,486,805,020	878,959,262	1,397,622,866	1,031,559,947	1,349,082,179
Gross Profit	633,677,257	512,293,694	299,267,935	230,224,298	239,640,125
Add: Other Operating Income		-	130,852,914	102,508,256	-
Less : Operating Expenses	180,991,165	148,117,578	127,844,919	119,603,911	125,023,554
Administrative Expenses	147,447,409	125,651,302	113,078,380	104,758,589	116,139,514
Selling and Distributing Expenses	33,543,756	22,466,276	14,766,539	14,845,322	8,884,040
Operating Profit	452,686,092	364,176,116	302,275,930	213,128,643	114,616,571
Less : Financial Expenses	238,801,170	213,517,700	168,323,825	113,397,096	140,593,057
Less: Contribution to WPPF	12,010,644	9,152,066	7,643,006	4,986,577	377,174
Add:Non-Operating Income	38,338,601	32,382,907	18,908,015	-	71,698,814
Net Profit/(Loss) before Income Tax	240,212,879	173,889,257	145,217,114	94,744,970	45,345,154
Income Tax Expenses					
Current Tax	21,199,106	15,744,250	10,731,219	9,166,201	2,217,275
Deferred Tax	26,789,518	516,558	7,892,243	20,403,820	-
Net Profit/(Loss) after Tax	245,803,291	158,661,565	142,378,138	65,174,949	43,127,879
Other Comprehensive Income	247,408,320	194,335,531	-	-	-
Revaluation Suplus of Land and Building	247,408,320	194,335,531	-	-	-
Total Comprehensive Income for the Year	493,211,611	352,997,096	142,378,138	65,174,949	43,127,879
Earning Per share	5.03	3.27	3.53	1.62	1.98
Earning per Share (ESP) - Basic	5.03	3.27	3.53	1.62	1.98
Fully Diluted Earning Per Share	5.03	3.25	2.92	1.62	1.07
Net Assets Value Per Share	41.14	32.32	29.22	19.91	22.93
Fully Diluted Net Assets Value Per Share	41.14	32.15	24.13	19.91	12.39

* Share Price has been splitted at Tk. 100/= per Share from Tk. 1,000/= per Share and then at Tk. 10/= per Share from Tk. 100/= per S

(C). Statement of Cash Flow:

Particulars	30-06-2013 Taka	30-06-2012 Taka	30-06-2011 Taka	30-06-2010 Taka	30-06-2009 Taka
a. Cash Flows from Operating Activities					
Cash Received from Customers	2,171,549,364	1,057,005,885	1,752,837,841	1,233,122,849	1,434,436,771
Cash Paid to Suppliers	(1,582,360,182)	(690,395,819)	(1,326,200,030)	(978,739,108)	(1,120,731,613)
Cash Paid to Employees	(137,154,107)	(132,192,989)	(133,508,598)	(105,964,933)	-91109017
Interest Paid	(236,270,497)	(205,674,833)	(99,489,599)	(104,427,844)	(140,593,057)
Net Cash (Used in)/Generated from Operating Activities	215,764,578	28,742,244	193,639,614	43,990,964	82,003,084

b. Cash Flows from Investing Activities

Acquisition of Property, Plant and Equipment	(53,338,274)	(92,375,080)	(44,907,770)	(17,634,235)	(14,317,712)
Intangible Assets - Computer Software	(540,000)	-	-	-	-
Investment	144,373,472	(352,429,190)	-	-	-
Net Cash (Used in)/Generated from Investing activities	90,495,198	(444,804,270)	(44,907,770)	(17,634,235)	(14,317,712)

c. Cash Flows from Financing Activities

Share Money Deposit	-	58,680,000	250,920,000	-	-
Increase/(Decrease) in Long Term Loan	(202,919,820)	117,476,957	(118,125,526)	65,692,423	(44,157,056)
Increase/(Decrease) in Short Term Loan	(90,585,836)	(58,522,279)	7,752,859	(82,650,285)	(10,792,456)
Dividend Paid	(16,997,000)	(20,418,240)	-	-	-
Temporary Loan	-	-	(3,219,782)	(595,457)	3,815,239

d. Net cash used in financing activities	(310,502,656)	97,216,438	137,327,551	(17,553,319)	(51,134,273)
Net Increase in cash	(4,242,880)	(318,845,588)	286,059,395	8,803,410	16,551,099
Opening cash and bank balance	10,158,662	329,004,250	42,944,855	34,141,445	17,590,346
Closing cash and bank balance	5,915,782	10,158,662	329,004,250	42,944,855	34,141,445

(D). Dividends

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

Stock dividend	*	0%	0%	0%	85%
Cash Dividend	*	20%	20%	0%	0%

* Yet to be decided

(E). The Company was incorporated as a private company limited by shares under the Companies Act, 1994 on 27th April 1995, named as Siddique Fabrics Limited. Subsequently it was taken over by the reported Company and accordingly registered as Hamid Fabrics Limited on 23rd May 2000. The Company is converted into "Public Limited Company" under the name Hamid Fabrics Limited vide special resolution passed in the extra-ordinary General Meeting held on 25.02.10;

(F). The Statement of Cash Flows for the years ended 30 June 2013, 2012, 2011, 2010 and 2009 of the Company are enclosed and certified by us;

(G). The Company has no subsidiaries;

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

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

Sd/-
Chartered Accountants

Dhaka
Date: 07 August 2013

Reply of queries relating to auditors additional disclosures required to submit

With reference to your letter No. BSEC/CI/IPO-224/2013/2890 dated December 12, 2013 we are pleased to provide with our reply against your queries relating to auditors additional disclosures required to submit as below:

Auditors additional disclosures required to submit and incorporated in the prospectus

Query-1: Details of receivable from Hamid Weaving Mills Limited and Payable to Crystal Insurance Company Limited

Reply: Detailed transactions have been presented in the financial statements under note-36.00 as related party transactions as required by IAS 24. Detailed of related party transactions/positions are as follows:

Financial involvement between Related Parties and Hamid Fabrics Limited are as follows:

Particulars	Name of the Common Directors	Relationship	Nature of transaction	Amount as on 01-07-2012	Transaction during the Year		Amount as on 30-06-2013
					Addition	Adjustment	
Hamid Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud	Common Directors	Trade Debtors	371,950,594	349,256,717	(384,424,155)	336,783,156
			Other Receivable	94,683,382	348,484,220	(117,480,999)	325,686,603
Crystal Insurance Co. Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque		Insurance Premium Payable	(11,619,493)	(6,852,247)	3,154,627	(15,317,113)

Query-2: Auditors report for the year ended June 30, 2012 regarding disclosures of Securities and Exchange rules, 1987

Reply: Auditors report for the year ended June 30, 2012 has been revised for stating the compliance of Securities and Exchange Rues 1987. (Copy enclosed)

Query-3: All Extra Ordinary Income or non-recurring Income other than core operation to be disclosed separately

Reply: The Company does not have any extra ordinary Income or non-recurring Income other than core operation.

Query-4: Financial ratios for the years 2008-2009 to 2012-13 are to be corrected.

Financial ratios for the years 2008-2009 to 2012-13 have been revised. A copy of the same along with the calculation formulas is enclosed.

Query-5: Total Current Liabilities for the years 2008-2009 to 2012-13 mismatched in the Auditors Certificate U/S 135(1) of CA 1994

Reply: An item named **others payable** was wrongly omitted in the certificate u/s 135(1) of CA 1994 which has been rectified accordingly. A revised certificate duly signed is enclosed.

Query-6: Justification of showing provision for workers profit participation fund in the non-current liabilities

Reply: Provision for workers profit participation fund has been included under the head of **employee benefits in the financial statements**. Accumulated provision for employee benefit was presented in the financial position as non-current liabilities because the major part is **Gratuity** which is clearly non-current liabilities. As per rules of **workers profit participation fund** remaining part is divided into two parts i.e. worker profit participation fund and workers welfare fund (80 : 20). 1/3rd of worker profit participation fund and 20% workers welfare fund are non-current liabilities. So, to avoid complexity in provisioning, presenting and understanding the same it is kept under non-current liabilities as most of the part is non-current.

Query-7: Opening cash & cash equivalents as mentioned in the audited financial statements for the year ended on 30-06-2013 is not equal to that of closing balance of last year.

Reply: In the closing cash and cash equivalent for the year ended on June 30, 2012 was included investment in FDRs for providing security deposit of Tital Gas, Banks, etc. For fair presentation, the amount of FDR was presented under the head **Investment** in the year 2012-13 and opening balance has been rearranged accordingly.

There was no head of Accounts as **Investment** in the year 2011-12. The matter was disclosed under **note-7** of the Financial Statements for the year 2012-13.

Break up is as under:

Closing Balance of Cash & Cash equivalent 30-06-12	362,587,852	Note-10, 2011-12
Opening Balance of Cash & Cash equivalent on June 30-06-13	10,158,662	Note-12, 2011-12 (Comparative of 2012-13)
Difference	352,429,190	Transferred to Investment Note-7, 2011-12 (Comparative of 2012-13)
Break up of Investment :		
Transferred from Cash & Cash equivalent	352,429,190	B/F
Transfer from Advance Deposit and Prepayments (FDR)	1,480,396	Note-8, 2011-12
Transfer from Advance Deposit and Prepayments (FDR)	1,506,949	Note-8, 2011-12
Transfer from Advance Deposit and Prepayments (FDR)	750,059	Note-8, 2011-12 included in 2,514,741 (2,514,741-1,764,682)=750,059
Total Investment for the year	356,166,594	2011-12 (Comparative of 2012-13)

In the last year there was no head named **Investment** in Financial position. This year Investment in FDRs have been presented under the head "Investment" and last year's figures have been re-arranged accordingly for fair presentation only.

Query-8: Explanations for Adjustment in Fixed Assets schedule:

Reply: Item-wise explanations for Adjustment in Fixed Assets schedule relating to Plant and Machinery, Building and Constructions, Electrical Installations are given below:

Plant and Machinery:

Year	Plant and Machinery	Remarks
2008-09	(28,219,967)	Adjustment for Fluctuation Gain (Note- 4)
2009-10	(42,105,258)	Adjustment for Fluctuation Gain (Note- 4)
2010-11	70,325,225	Adjustment for Fluctuation Loss adjusted with opening balance due the amount is related to earlier years mentioned above.
Total	Nil	Entire adjustment of Fluctuation Gain/loss has been adjusted which is related to foreign currency loan for plant and machinery.
2012-13	(41,624,000)	Revaluation gain on Plant and Machinery of year 1998-1999 is reversed to present it at cost (Note 2.8)

Building and Constructions:

Year	Building and Constructions	Remarks
2011-12	267,938,841	Opening Balance of Building and Constructions
	261,500,250	Revalued amount on 31-03-2012
	(6,438,591)	Adjustment for revaluation for the year (Differential Amount).

Electrical Installations:

Year	Electrical Installations	Remarks
2012-13	4,824,000	Revaluation gain added in the year 1998-1999
	(4,824,000)	Revaluation gain reversed to bring it at cost (Note-2.8)
	Nil	Total

Sd/-
Chartered Accountants

31 December 2012

DECLARATION

1. We, **Credit Rating agency of Bangladesh Limited**, while assigning this rating to **Hamid Fabrics Limited** that:
 - (i) We, Credit Rating agency of Bangladesh Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
 - (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Securities and Exchange Commission vide letter No: SEC/CMRRCD/2001-27/01/Admin/01/40 dated 17 November 2009 in respect of this rating.



Hamidul Huq
Managing Director

Credit Rating Report [Surveillance]

Hamid Fabrics Limited

Particulars	Ratings	Remarks
Hamid Fabrics Limited	AA ₃	
BDT 472.9 million aggregate Long Term Outstanding (LTO)	AA ₃ (Lr)	
BDT 130.6 million aggregate Cash Credit (Hypo & Pledge) limits*	AA ₃ (Lr)	Please see Appendix-1 for details
BDT 553.0 million aggregate fund based limits	ST-2	
BDT 1,569.5 million aggregate non fund based limits	ST-2	
Outlook	Stable	

Lr- Loan rating; ST-Short Term

(Refer to appendix 2 for rating history)

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

Date of Rating: 31 December 2012

Validity: The entity rating is valid up to 30 December 2013 and the loan ratings are valid up to limit expiry date of respective credit facilities or 30 December 2013 whichever is earlier.

Rating Based on: Audited financial statements up to 30 June 2012 and other relevant quantitative & qualitative information up to the date of rating declaration.

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

Analysts:

Nur Elahee Molla
nur_elahee@crab.com.bd

Hussain Md. Yasin
yasin@crab.com.bd

■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has retained AA₃ (Pronounced Double A Three) rating of Hamid Fabrics Limited (hereafter also referred to as HFL or the Company) and AA₃ (Lr) rating for BDT 472.9 million aggregate Long Term Outstanding and BDT 130.6 million Cash Credit (Hypo & Pledge) in the Long Term. CRAB has also retained ST-2 rating of BDT 553.0 million fund based and BDT 1,569.5 million non-fund based limit in the Short Term.

CRAB has retained the ratings irrespective of substantial decline in sales to BDT 1,363.2 million in 2012 from BDT 1,701.0 million in 2011 considering the overall business performance, high profitability position, long relationship with renowned buyers HFL; Tema, H & M, Defacto, Marks & Spencer etc, support from sister concern, established business track record of the sponsors and potential growth of revenue in the upcoming year. The conveyed ratings are also supported by Industry growth, integrated facilities of production and low technological obsolescent risk.

Following the decline in sales and long credit terms the liquidity position of the Company in terms of Operating cycle was in slight stress in 2012. However CRAB has retained the short term ratings considering the loan repayment track record and potential improvement of the position in the upcoming year.

Following the improving trend of equity the leverage position slightly improved in 2012 although coverage indicators and cash flow position constrained the assigned ratings.

Financial Highlights

	Year Ended June 30		
(Mil. BDT)	2012	2011	2010
Net Sales	1,363.2	1,701.0	1,244.0
EBITDA	430.3	365.4	258.7
EBITDA Margin (%)	31.6	21.5	20.8
Net Profit Margin (%)	11.6	8.4	5.2
ROAA (%)	4.8	5.2	3.0
Quick Ratio (x)	1.1	0.9	1.2
Operating Cycle (Days)	397	216	229
Debt to Equity (x)	0.9	1.0	1.5
Borrowed Fund to EBITDA (x)	3.2	3.1	4.6
CFO	(161.1)	192.0	(320.3)
Free Cash Flow	(253.5)	147.1	(338.0)
EBIT/Interest (x)	1.8	1.8	1.8

■ PROFILE

Hamid Fabrics Ltd, 100% export oriented company, commenced its commercial operation in 1996 for weaving, solid dyeing, and finishing of fabrics. It has one weaving unit (annual capacity is 6.9 million yards) and one dyeing & finishing unit (21.6 million yards) with sophisticated machineries imported from Japan and Germany. The factory of the Company is located at Shilmondi, Narshingdi on the total land area of 9.6 acres.

The ratings also reflect the promoter's long record of accomplishment in business, vast experience of principal sponsors with established track record in the similar business, structured management practice & internal control system, strong IT infrastructure with Enterprise Resource Planning (ERP) implementation in the near future, satisfactory loan repayment track record, raw material procurement strategy, economies of scales, and quality control system.

■ COMPANY PROFILE

Hamid Fabrics Limited was incorporated as a private limited company in April 1995 under the name of Siddique Fabrics Ltd. Subsequently it was renamed in the present name in May 2000 and was converted into public limited company in March 2010 increasing authorized capital from BDT 250.0 million to BDT 2,000.0 million and paid up capital from BDT 3.0 million to BDT 18.0 million. Present paid up capital of the Company is BDT 402.4 million. The Company started its commercial operation in 1996 with the facilities of weaving, solid dyeing, and finishing of fabrics. Initially it commenced weaving production facility with a modest set up of 120 Ishikawa rapier looms. Later on the Company enhanced its business line by setting up dyeing & finishing unit in 2003. The main machineries of the factory were imported from Japan and Germany. At present the annual production capacity is 6.9 million yards in weaving unit and 21.6 million yards in dyeing & finishing unit. The factory is located at Shilmondi, Narshingdi on the total land area of 9.6 acres.

■ OPERATION, BUSINESS & FINANCIAL RISK PROFILE

Operation	Market
Product Line	Product
Raw Material	Manufacture

The Company has integrated facility of weaving, dyeing & finishing. The Company mainly produces fabrics for woven garments where the product mix is diversified considering nature of fabrics, dyeing and customers which eventually support the Company to minimize the product related risk. Total yearly production capacity of the Company is 6.9 million yards for weaving section and 21.6 million yards for dyeing & finishing section. The Company utilized 75.4% in producing gray fabrics and 64.8% utilization in producing woven fabrics in 2012.

The Company has high concentration on Square Textiles Ltd for local yarn purchase (BDT 337.1 million in 2012), although long relationship with the particular supplier supports the Company to mitigate supplier concentration risk. Management of the Company expects that the very high dependency of Square Textiles Ltd will be declined in the upcoming year. The Company mainly imported raw materials from Singapore, Thailand and India. Long relationship with the supplier, proper production planning, raw material procurement strategies and structured monitoring system support the management to keep raw material management risk at low. Merchandising department usually executes the sales and marketing function under the direct supervision of Managing Director who sets yearly sales target of the Company and directly communicate with the foreign buyers. Proper planning and timely delivery along with quality service support the Company to achieve buying order without any significant marketing effort. The renowned customer list of the Company eventually supports the efficiency of the Company to timely delivery of quality products. HFL mainly exports directly & through deemed export to different European countries. H & M is the key direct foreign buyer followed by Marks & Spencer and A.K.M. Knitwear Ltd is the key local buyer followed by Ananta Apparels.

There was no major change in the production process, technology, facility and utility support during the last one year.

Industry/Market	Textile Industry
Product	Knitwear
Geographical Area	Bangladesh

Textile industry in Bangladesh, which includes knit and woven items along with specialized textile products, is the nation's prime exporting sector, accounted for 79.7% of Bangladesh's total exports (January –March 2012). Despite global recession in 2008–2009 and slowdown in EU's economy after the recession, total RMG export of Bangladesh increased by 43% in FY2011 amounting BDT 964.39 billion mostly to North America and Europe. Though contribution of knitwear garments export from January–March 2012 marked around 45.2% of total RMG export, it showed a slight slowdown this quarter compared to last quarter October–December 2011(47.8%). The global market for knitwear items is mostly concentrated in the North America and EU. Due to very competitive labor cost and shift of orders from other countries where cost of production factors are going up, Bangladeshi exporters may face strong orders in 2012 and onward. But further increase in energy cost in local market and lack of quality backward linkage may increase the cost of production and lead time pressure to the industry incumbents.

Manufacturing facility comprises three units–Knitting, Dyeing and Garments. However, the export volume increased by 26.6% and export value increased by 58.0% in 2011 compared to 2010. Though increase in export value supported by volume increase as well as increase in exchange rate. According to the management, order in hand up to January 2013, valued \$ 2.6 million of which January not fully covered so, there is a scope to increase export volume in next year.

Management	Managing Director
Chairman	Chairman
Director	Director

Hamid Fabrics Limited has seven directors in the board of directors including one independent director. Mr. Abdullah Al Mahmud, Managing Director, is holding highest portion of shares (54.4%) of the Company followed by three family members (collectively holding 24.8%). The Managing Director has substantial experience of 18 years in diversified business lines including textile, garments, information technology, real estate, and insurance sector. The overall operational activities of the Company are mainly monitored and controlled by the Managing Director. He is also assisted by a group of senior professionals having reasonable experience in related sector. HFL and its associated companies are managed under the common administration of the Group led by the Chairman.

There was no major change in the board and management during the last one year.

Revenue	Revenue
Profit	Profit
Financial	Financial

Total revenue of the Company significantly declined in 2012 to take the strategy of high gross profit margin which was reported 35.5%. Although the gross profit margin reported improved position in 2012, it was consumed by exerting high pressure of huge interest outgo. The overall liquidity position reflected deteriorated situation in 2012 due to piling up huge finished goods. The equity of the Company has been increasing under the period of analysis on the back of continuously rising profit. The leverage of HFL remained same in 2012 as that of 2011 although it repaid substantial amount of long term loan. The Company showed moderate coverage position even though high financial expenses exerted pressure in 2012.



Working Capital	Corporate Finance
Manufacturing	Capital
Credit Facility	Collateral
Financing	Interest
Repayment	Debt
Asset	Collateral

Hamid Fabrics Ltd has banking relationship with three banks and two non banking financial intuitions. As per information received from financial institutions it is found that the Company had satisfactory performance to meet its debt obligations. A detail break up of bank loan liability status of the Company is given in the annexure – 1.

In favour of providers of Working Capital facilities – A first priority floating charge over all stocks and receivables.

A first priority floating charge over book debts is shared, on a pari passu basis, between all lenders who have provided Term Loan as well as Working Capital facilities.



APPENDIX – 1: CREDIT FACILITIES OF HAMID FABRICS LIMITED

Details of Credit Facilities of Hamid Fabrics Limited 31 December 2012 (Mil. BDT)

Funded/						
Loan Type	Non Funded	Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Long Term	Funded		Transport Loan-1	4.0	0.5	14-Mar-13
		Bank Asia	Transport Loan-2	1.0	0.7	23-Oct-14
			Other Term Loan	507.2	367.7	28-Mar-13
		MFCL	Term Loan	120.0	95.5	16-Dec-14
		IPDC	Foreign Currency Loan*	102.1	8.5	31-Jul-13
		Brac Bank Ltd.	Lease Finance	45.0	0.0	12-Jul-15
Short Term	Funded		Total Long Term Loan	779.3	472.9	
			Over Draft	30.0	28.9	30-Sep-13
		Bank Asia	Packing Credit	40.0	35.5	30-Sep-13
			LTR	63.0	64.1	30-Apr-13
		Prime Bank	IDBP	350.0	208.3	30-Apr-13
			SOD (General)	40.0	43.7	30-Apr-13
			SOD (CI)	5.0	1.4	30-Apr-13
			CC Hypo	20.6	21.4	30-Jun-13
		Janata Bank	CC Hypo	40.0	43.2	30-Sep-13
			ECC Hypo	10.0	9.9	30-Sep-13
			CC Pledge	60.0	62.3	30-Sep-13
		Brac Bank Ltd	Revolving Bill Purchase	25.0	10.0	12-Jul-13
			Total Short Term Funded	683.6	528.9	
Short Term	Non Funded		BTB LC		100.3	30-Sep-13
		Bank Asia	Acceptance (BTB LC)	570.0	476.9	30-Sep-13
			Sight LC	30.0	8.0	30-Sep-13
			LTR	27.0	25.1	30-Sep-13
		Prime Bank	BTB LC	350.0	72.7	30-Apr-13
			LC (Sight/DP)	70.0	7.0	30-Apr-13
			BTB LC	196.8	32.6	30-Jun-13
			Packing Credit	2.2	0.9	10-Dec-12
			Packing Credit	1.2	1.2	15-Oct-12
			Packing Credit	1.5	1.5	30-Jan-13
			Packing Credit	1.9	1.9	14-Jan-13
			Packing Credit	1.0	1.0	25-Jan-13
		Janata Bank	Packing Credit	3.8	3.8	28-Jan-13
			LG	1.0	1.0	22-Mar-15
			BTB LC	78.1	0.0	30-Sep-13
			LG	4.2	4.2	4-Mar-13
			LG	0.9	0.9	20-Dec-13
			LG	0.6	0.6	23-Jul-13
			LG	4.3	4.3	18-Oct-16
			LC Cash	100.0	22.3	30-Sep-13
		Brac Bank Ltd.	Revolving BTB LC	75.0	51.4	12-Jul-13
			LC (Sight)	50.0	42.2	12-Jul-13
			Total Short Term Non Funded	1,569.5	859.8	

APPENDIX – 2: RATING HISTORY

Particulars	Ratings
Hamid Fabrics Limited	AA ₃
BDT 152.4 million aggregate Long Term Outstanding (LTO)	AA ₃ (Lr)
BDT 130.6 million aggregate Cash Credit (Hypo) limits*	AA ₃ (Lr)
BDT 957.3 million aggregate fund based limits	ST-2
BDT 1,263.2 million aggregate non fund based limits	ST-2

Lr- Loan rating; ST-Short Term

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

Rating Based on: Audited financial statements up to 30 June 2011 and other relevant quantitative & qualitative information up to the date of rating declaration.

APPENDIX – 2: FINANCIAL HIGHLIGHTS OF HAMID FABRICS LIMITED

Financial Highlights						
		--Year Ended June 30--				
(Mil. BDT)		2012	2011	2010	2009	2008
Earnings & Stability	Net Sales	1,363.2	1,696.9	1,244.0	1,588.7	1,029.0
	Sales Growth (%)	(19.7)	36.4	(21.7)	54.4	8.0
	CoGS as % of Sales	64.5	82.4	82.9	84.9	75.2
	EBITDA	430.3	361.3	258.7	231.2	168.1
	EBITDA Growth (%)	19.1	39.7	11.9	37.5	(0.8)
	EBITDA Margin (%)	31.6	21.3	20.8	14.5	16.3
	Net Profit after tax	158.7	138.3	65.2	43.1	10.4
Net profit after tax growth (%)		14.7	112.2	51.1	315.8	(50.5)
Profitability	Gross Profit Margin (%)	35.5	17.6	17.1	15.1	24.8
	Operating Profit Margin (%)	24.1	10.1	7.5	7.2	12.0
	Net Profit Margin (%)	11.6	8.1	5.2	2.7	1.0
	Return on Average Asset (%)	4.8	5.0	3.0	2.4	0.7
	Return on Average Equity (%)	11.5	14.0	10.0	9.0	2.5
Liquidity	Current Ratio (x)	1.3	1.1	1.4	0.9	0.9
	Quick Ratio (x)	1.1	0.9	1.2	0.7	0.7
	Inventory +AR to TA (%)	45.1	36.3	32.3	35.5	37.0
	Net Working Capital to TA (%)	37.8	31.9	38.4	27.8	29.7
	Inventory Turnover Ratio (x)	3.5	6.1	6.0	7.8	5.0
	Average Inventory Processing Period (Days)	105	60	62	47	74
	Receivable Turnover Ratio (x)	1.3	2.3	2.2	3.3	2.9
	Average Receivable Collection Period (Days)	292	156	167	111	128
Leverage & Capital Structure	Payable Turnover Ratio (x)	2.1	3.9	3.7	8.2	17.6
	Operating Cycle (Days)	397	216	229	158	202
	Equity Capital	1,569.9	1,178.7	801.2	503.6	455.6
	Total Borrowed Fund	1,371.0	1,133.8	1,177.1	983.7	1,063.0
	Total Long Term Debt	122.4	19.1	566.9	291.3	419.7
	EBITDA	430.3	361.3	258.7	231.2	168.1
	Fund Flow from Operation (FFO)	208.7	190.2	115.7	88.3	55.7
	Cash Flow from Operation (CFO)	(161.1)	187.9	(320.3)	72.5	(85.0)
	Retained Cash Flow (RCF)	(161.1)	187.9	(320.3)	72.5	(85.0)
	Free Cash Flow (FCF)	(253.5)	143.0	(338.0)	58.2	(89.5)
	Debt to Equity (x)	0.9	1.0	1.5	2.0	2.3
	Borrowed Fund/EBITDA (x)	3.2	3.1	4.6	4.3	6.3
	FFO/Debt (%)	15.2	16.8	9.8	9.0	5.2
Coverage	CFO/Debt (%)	(11.8)	16.6	(27.2)	7.4	(8.0)
	RCF/Debt (%)	(11.8)	16.6	(27.2)	7.4	(8.0)
	FCF/Debt (%)	(18.5)	12.6	(28.7)	5.9	(8.4)
	EBIT to Interest expense (x)	1.8	1.8	1.8	1.3	1.1
	FCF to Interest expense (x)	(1.2)	0.8	(3.0)	0.4	(0.8)
(EBITDA-CAPEX) to Interest expense (x)		1.6	1.9	2.1	1.5	1.5

CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	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.
AA₁, AA₂, AA₃* Double A	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.
A₁, A₂, A₃ Single A	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.
BBB₁, BBB₂, BBB₃ Triple 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.
BB₁, BB₂, BB₃ Double 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.
B₁, B₂, B₃ Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC₁, CCC₂, CCC₃ Triple C	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.
CC Double C	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.
C Single C	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.
D (Default)	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)

RATINGS	DEFINITION
AAA (Lr) (Triple A) Highest Safety	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.
AA (Lr)* (Double A) High Safety	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.
A (Lr) Adequate Safety	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.
BBB (Lr) (Triple B) Moderate Safety	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.
BB (Lr) (Double B) Inadequate Safety	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 (Lr) High Risk	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.
CCC (Lr) Very High Risk	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.
CC (Lr) Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) Near to Default	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 (Lr) are 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.
D (Lr) Default	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)

RATING	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	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.
ST-3 Adequate Grade	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.
ST-4 Marginal	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.
ST-5 Inadequate Grade	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.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

© Copyright 2012, CREDIT RATING AGENCY OF BANGLADESH LIMITED ("CRAB"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT CRAB'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.



Credit Rating Agency of Bangladesh Limited



Ref: AGL (01)/RCM/131241/2013- 3048

22 January 2014

Mr. Abdullah Al Mahmud
Managing Director
Hamid Fabrics Limited
Hamid Tower, 5th & 6th Floor
24 Gulshan- 2, Dhaka-1212

Subject: Credit Rating – Hamid Fabrics Limited

Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned the following ratings to Hamid Fabrics Limited:

Particulars	Ratings	Remarks
Hamid Fabrics Limited	AA ₃	
BDT 383.9 million aggregate Long Term Outstanding (LTO)	AA ₃ (Lr)	Please see Appendix-1 for details which is part of this award letter
BDT 130.6 million aggregate Cash Credit (Hypo & Pledge) limits*	AA ₃ (Lr)	
BDT 743.8 million aggregate fund based limits	ST-2	
BDT 1,480.9 million aggregate non fund based limits	ST-2	
Outlook	Stable	

Lr – Loan Rating; ST – Short Term

The entity rating is valid up to 30 December 2014 and the loan ratings are valid up to limit expiry date of respective credit facilities or 30 December 2014 whichever is earlier. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Huq
Managing Director

Enclosure: Appendix-1

**AUDITORS' REPORT TO THE SHAREHOLDERS
OF
HAMID FABRICS LIMITED**

Introduction

We have audited the accompanying Financial Statements of Hamid Fabrics Limited, which comprise the Statement of Financial Position as at June 30, 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; we consider 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 a true and fair view of the financial position of Hamid Fabrics Limited as at June 30, 2014 and their financial performance and cash flows for the year then ended in accordance with Bangladesh Reporting Standards (BFRSs), the Companies Act 1994 and Securities and Exchange Rules 1987.

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 account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts and returns;
- d) the expenditure incurred and payments made were for the purpose of the Company's business for the year.

Sd/-
Chartered Accountants

Dated: August 28, 2014
Dhaka

Hamid Fabrics Limited
Statement of Financial Position
As on June 30, 2014

		2014	2013
	Notes	Amount in Taka	Amount in Taka
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	5	1,534,263,414	1,578,881,148
Intangible Assets	6	3,648,000	4,560,000
Investment	7	105,535,728	214,793,134
		1,643,447,142	1,798,234,282
Current Assets:			
Trade Debtors	8	1,363,623,312	1,123,658,135
Other Receivables	9	-	325,686,603
Advances, Deposits and Prepayments	10	138,303,124	107,541,335
Inventories	11	337,064,242	320,297,346
Cash and Cash Equivalents	12	8,021,442	5,915,783
		1,847,012,120	1,883,099,202
Total Assets		3,490,459,262	3,681,333,484
EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share Capital	13	488,375,000	488,375,000
Share Premium	14	223,600,000	223,600,000
Revaluation Reserves	15	711,588,871	711,588,871
Retained Earnings	16	861,097,722	588,510,030
		2,284,661,592	2,012,073,900
Non-Current Liabilities:			
Loans and Borrowings - Net of Current Maturity	17	-	93,552,117
Lease - Net off Current Maturity	18	11,687,945	25,468,925
Deferred Tax Liabilities	19	50,655,672	53,222,592
Provision for Gratuity and WPPF	20	36,697,706	36,753,043
		99,041,323	208,996,677
Current Liabilities:			
Loans and Borrowings - Current Maturity	21	186,134,714	345,318,026
Lease - Current Maturity	22	14,000,390	12,333,226
Short Term Loans and Borrowings	23	598,105,090	600,810,445
Trade Creditors	24	167,547,434	384,810,360
Other Payables	25	90,746,277	75,781,394
Income Tax Provision	26	50,222,442	41,209,456
		1,106,756,347	1,460,262,907
Total Shareholders' Equity and Liabilities		3,490,459,262	3,681,333,484
Net Assets Value Per Share	35	46.78	41.20

The annexed notes form an integral part of these Financial Statements.

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Signed as per annexed report on even date.

sd/-
Chartered Accountants

Date: August 28, 2014
Dhaka

Hamid Fabrics Limited
Statement of Comprehensive Income
For the year ended June 30, 2014

	<u>Notes</u>	<u>2014</u> <u>Amount in Taka</u>	<u>2013</u> <u>Amount in Taka</u>
Revenue	27	2,198,620,623	2,120,482,277
Cost of Goods Sold	28	(1,536,430,904)	(1,486,805,020)
Gross Profit		662,189,719	633,677,257
Operating Expenses			
Administrative Expenses	29	(150,883,021)	(147,447,409)
Selling and Distribution Expenses	30	(48,093,934)	(33,543,756)
		(198,976,954)	(180,991,165)
Operating Profit		463,212,765	452,686,092
Finance Costs	31	(176,659,440)	(238,801,170)
Contribution to WPPF	32	(15,279,172)	(12,010,644)
		(191,938,612)	(250,811,814)
		271,274,153	201,874,279
Non-Operating Income	33	34,309,280	41,338,613
Net Profit Before Tax		305,583,433	243,212,892
Income Tax Provision			
Provision for Current Tax	26	(35,562,660)	(21,199,106)
Provision for Deferred Tax	19	2,566,919	26,789,518
		(32,995,741)	5,590,412
Net Profit for the Year		272,587,692	248,803,303
Other Comprehensive Income			
Revaluation Surplus of Land and Building		-	247,408,320
		-	247,408,320
Total Comprehensive Income for the Year		272,587,692	496,211,623
Earning Per Share (Par value Tk.10/=)	34	5.58	5.09

The annexed notes form an integral part of these Financial Statements.

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Signed as per annexed report on even date.

sd/-
Chartered Accountants

Dated: August 28, 2014
Dhaka

Hamid Fabrics Limited
Statement of Changes in Equity
As on June 30, 2014

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Reserve	Proposed Dividend	Retained Earnings	Total Taka
Balance as at July 01, 2013	488,375,000	223,600,000	711,588,871	-	588,510,029	2,012,073,900
Profit for the year	-	-	-	-	272,587,692	272,587,692
Balance as at June 30, 2014	488,375,000	223,600,000	711,588,871	-	861,097,722	2,284,661,592

Hamid Fabrics Limited
Statement of Changes in Equity
As on June 30, 2013

Particulars	Share Capital	Share Premium	Revaluation Reserve	Proposed Dividend	Retained Earnings	Total Taka
Balance as at July 01, 2012	488,375,000	223,600,000	510,628,551	16,997,000	330,326,760	1,569,927,311
Profit for the year	-	-	-	-	248,803,303	248,803,303
Prior year adjustment for depreciation on reversal of					9,379,966	9,379,966
Revaluation Gain for the year			247,408,320			247,408,320
Adjustment for reversal of revaluation gain			(46,448,000)			(46,448,000)
Dividend paid				(16,997,000)	-	(16,997,000)
Balance as at June 30, 2013	488,375,000	223,600,000	711,588,871	-	588,510,029	2,012,073,900

Net Assets Value Per Share as on 30-06-2014 (Note - 35)

46.78

Net Assets Value Per Share as on 30-06-2013 (Note - 35)

41.20

The annexed notes form an integral part of these Financial Statements.

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Date: August 28, 2014
Dhaka

Hamid Fabrics Limited
Statement of Cash Flows
For the year ended June 30, 2014

	2014	2013
	<u>Amount in Taka</u>	<u>Amount in Taka</u>
Cash Flows from Operating Activities		
Cash Receipts from Customers	2,316,275,200	2,171,549,364
Cash Paid to Suppliers	(1,817,480,611)	(1,582,360,182)
Cash Paid to Employees	(176,325,497)	(137,154,107)
Cash Generated from Operations	322,469,092	452,035,075
Interest Paid	(175,378,568)	(236,270,497)
Net Cash Flows from Operating Activities	<u>147,090,524</u>	<u>215,764,578</u>
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(15,726,779)	(53,338,274)
Disposal of Property, Plant and Equipment	11,370,000	
Intangible Assets (Computer Software)	-	(540,000)
Realisation of Investment (FDR)	113,145,534	144,373,472
Net Cash Flows from Investing Activities	<u>108,788,755</u>	<u>90,495,198</u>
Cash Flows from Financing Activities		
(Decrease) in Long Term Borrowings	(251,068,265)	(202,919,820)
Increase in Short Term Borrowing	598,105,090	600,810,445
(Decrease) in Short Term Borrowing	(600,810,445)	(691,396,281)
Dividend Paid	-	(16,997,000)
Net Cash Flows from Financing Activities	<u>(253,773,620)</u>	<u>(310,502,656)</u>
Net Cash Flows from Operating, Investing & Financing Activities	2,105,659	(4,242,880)
Cash and Cash Equivalent as at July 01, 2013	5,915,783	10,158,662
Cash and Cash Equivalents as at June 30, 2014	<u>8,021,442</u>	<u>5,915,782</u>
Net Operating Cash Flow per Share	<u>3.01</u>	<u>4.42</u>

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Dated: August 28, 2014
Dhaka

Hamid Fabrics Limited
Notes to the Financial Statements
For the year ended June 30, 2014

SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1. Status of the Reporting Entity

1.1. Legal Status:

Hamid Fabrics Ltd. (the "Company") is a public company limited by shares. The Company was incorporated in Bangladesh on 27 April 1995 in the name of Siddique Fabrics Ltd., as a private company limited by shares under the Companies Act, 1994. Subsequently on 23 May 2000, the name was changed to Hamid Fabrics Limited. The Company was converted to public company on 25 February 2010 vide special resolution passed in the extra ordinary general meeting after observance of required formalities. The Registered office of the Company is situated at Hamid Tower, 24 Gulshan Commercial Area, Circle – 2, Dhaka – 1212. The factory of the Company is located at Shilmondi, Narshindi.

1.2. Nature of business

The Principal activity of this Company is engaged in manufacturing and marketing of gray and finished fabrics of various qualities.

The management of the company will continue its operational existence for the foreseeable future on the basis of improved profitability and continued support its bankers, equipment vendors and other contractors, suppliers as well as related stakeholders.

2. Basis of Preparation:

2.1. Statement of Compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

2.2. Other Regulatory Compliances

The company is also required to comply with the following major laws and regulation in addition to the Companies Act 1994:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

The Customs Act 1969

Bangladesh Labor Law 2006

Securities and Exchange Rules 1987

Other applicable regulations

2.3. Measurement bases used in Preparing the Financial Statements

The financial statements have been prepared on a Going Concern basis. Except the carrying value of Lands and Buildings which are measured at fair value, the financial statements have been prepared on "Historical Cost" convention basis, which is one of the most commonly adopted base provided in "the framework for the preparation and

presentation of financial statements" issued by the International Accounting Standard Committee (IASC).

2.4. Going Concern

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing businesses and operations.

2.5. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are reflected in measuring fair value of Land and Building, calculation of deferred tax liabilities and gratuity provision.

2.6. Functional and presentational currency and level of precision

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.

2.7. Reporting period

The financial period of the company covers one year from 1 July to 30 June and followed consistently.

2.8. Change in Accounting Policy

There is no change in accounting policies for preparation of the Financial Statements for this year.

2.9. Date of Authorization:

This Financial Statements has been authorized for by the Board of Directors of Hamid Fabrics Limited on August 28, 2014.

2.10. Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flows
- v) Notes to the Financial Statements

3. Principal Accounting Policies:

The accounting policies set out below have been applied in preparations of these financial statements

3.1. Property, Plant and Equipment

3.1.1. Recognition and Measurement

Property, plant and equipment except land and building are measured at cost less accumulated depreciation and impairment losses, if any. Land and building are measured at fair value. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable expenses, inward freight, duties and non-refundable taxes.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

In accordance with the allowed alternative treatment of IAS 23/BAS 23 "Borrowing Cost" finance costs have been capitalized for qualifying assets.

3.1.2. 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.

3.1.3. Depreciation on Fixed Assets

Depreciation on fixed assets is charged on reducing balance method. Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed assets is reduced to Taka one. Depreciation on addition to fixed assets is charged for whole year irrespective of their date of acquisition and no depreciation has been charged on fixed assets ceases irrespective of their date of disposal. The residual value, if not insignificant, is reassessed annually.

Rates of depreciation on various classes of fixed assets are as under:

<u>Category of fixed asset</u>	<u>Rate (%)</u>
Building and Civil Works	5
Plant and Machinery	5
Electrical & Gas Installation	10
Furniture and Fixtures	15
Office equipment	15
Vehicles	20

Land is not depreciated as it deemed to have an infinite life.

3.1.4. Revaluation:

During the year ended on June 30, 2014 land and buildings were not revalued but it was estimated that fair value of above assets were higher than the book value.

3.1.5. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.1.6. Impairment of Assets

No fact and circumstances indicate that company's assets including property, plant and equipment may be impaired. Hence, no evaluation of recoverability of assets was performed.

3.2. Intangible Asset

3.2.1. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

3.2.3. Amortization

Amortization is recognized in the statement of comprehensive income on reducing balance method. Amortization rate for intangible assets (computer software) is 20 % per years.

3.3. Leased Assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition these leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.4. Investment in FDR

Investment in FDR includes fixed deposits held with various banking and non-banking financial institutions in the name of Hamid Fabrics Limited. The fixed deposits are renewed upon maturity at the option of the company.

3.5. Inventories

Inventories are stated at the lower of cost and net realizable value in accordance with BAS -2 "Inventories". The cost of inventories is based weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Adequate allowance is made for obsolete, damaged and slow moving inventories.

3.6. Trade Debtors

Accounts receivable has been stated at its original invoiced amount supported by L/C. This is considered good and is falling due within one year. Related party transactions relating to sales/purchase are made on arm length basis. Rate of sale/purchase of related party transactions are fixed as applicable to other outsider parties.

3.7. Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

3.8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognized accordingly.

3.9. Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

3.10. Trade Creditors and Accruals

Trade and other payables are stated at cost.

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Trade Creditors under foreign currency has

been presented in BDT and fluctuation loss has been charged to Profit and Loss Account.

3.11. Loans and Borrowing

Principal amounts of loans and borrowings are stated at their outstanding amount. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

3.12. Revenue Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks 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 as provided in BAS 18 "Revenue" and there is no continuing management involvement with the goods.

3.13. Foreign Exchange

Transactions in foreign currencies are translated at the average rate of the month. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Bangladesh Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement in accordance with BAS 21 "The effects of Changes in Foreign Currency Rates."

3.14. Employee Retirement Benefits

Defined Contribution Plan

Obligations for the Company's contributions to defined contribution plans (provident fund and Workers Profit Participation Fund) are recognized as an expense in the income statement as incurred.

Defined Benefit Plan

The Company operates an unfunded Gratuity Scheme which is considered as Defined Benefit Plan. The present value of the obligation for a defined benefit plan is measured using the Projected Unit Credit method. As the Gratuity Scheme is fairly new and the numbers of staffs, who have completed the required service qualification period of five years, are limited, no professional actuarial assessment of the Gratuity obligation is performed at Reporting Date. However, based on the review of undiscounted value of the present gratuity obligation Management is confident that the actuarial assessment will not result in any significant difference with the gratuity provision recorded.

3.15. Finance Income and Expenses

Finance income comprises interest income on funds invested Interest income is recognized on maturity.

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with BAS-23 Borrowing cost.

3.16. Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in related note.

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

No diluted earnings per share are required to be calculated per year as there was no scope for dilution during the year.

3.17. Cash flows statement

Cash Flow Statement is prepared in accordance with BAS 7 “Cash Flow Statement”. The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(a) of BAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”.

3.18. Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of “The Framework for the preparation and presentation of Financial Statements” issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

3.19. Risk and uncertainties for the use of estimates in preparing financial statements

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

3.20. Comparative Amounts

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

3.21. Event after the reporting period

Events after the reporting period that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements if any.

3.22. Related Party Transactions

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

The Company transacts with related parties and recognize as per BAS 24 'Related Party Disclosures'.

Related party transactions have been disclosed under Note – 36.

3.23. Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. No contingent liabilities and assets were recognized in the financial statements for the year as no such event existed.

3.24. Restatement

In order to comply with the Bangladesh Accounting Standards (BAS-8), Accounting Policies, Changes in Accounting Estimates and Errors. As per the standard it requires to restate the interest income on FDR for Taka 3,000,012 of 2013 (**Note-16**) to show the retrospective effect that has occurred for the relevant year of transaction.

4. Taxation

4.1 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for corporate income tax is made @ 15% on estimated taxable profit in accordance with the income tax laws. The corporate income tax assessment of the Company is completed up to the assessment year 2013-2014 (accounting year ended 30 June 2013) and tax liability is settled in full.

4.2 Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

	2014 Amount in Taka	2013 Amount in Taka
5 Property, Plant and Equipment		
Land & Land Development	694,997,000	705,584,000
Building & Construction	234,077,285	246,397,141
Plant & Machinery	550,375,750	567,567,225
Vehicles	5,543,493	6,929,366
Electricity Installation	15,572,987	17,137,061
Gas Line Installation	21,040,658	22,431,509
Office Equipment	8,740,338	8,503,002
Furniture & Fixtures	3,915,903	4,331,845
	1,534,263,414	1,578,881,149

For further details please refer to Annexure-A

6 Intangible Assets		
Cost	5,700,000	5,700,000
Less: Amortization during year	(2,052,000)	(1,140,000)
	3,648,000	4,560,000

This amount represent the value of Computer Software.

7 Investment		
Security Deposit against Titas Gas	11,286,860	9,458,579
Lien against Loan	94,248,868	205,334,555
	105,535,728	214,793,134
<u>Security Deposit against Titas Gas</u>		
Janata Bank Limited (Lien to Titas Gas)	11,286,860	9,458,579
<u>Lien against Loan</u>		
Janata Bank Limited (Lien against SOD Loan)	23.00 37,852,419	32,044,926
Bank Asia Limited (Lien against Term Loan)	21.00 56,396,449	173,289,629
	94,248,868	205,334,555

8 Trade Debtors		
Hamid Fabrics Ltd. Unit-I	816,197,370	508,201,421
Hamid Fabrics Ltd. Unit-II	547,425,942	615,456,714
	1,363,623,312	1,123,658,135

For further details please refer to Annexure-B

- i) Receivable amount against Trade Debtors has been reflected in BDT and exchange rate fluctuation has been recognised accordingly. The above amount is considered good and secured by Letter of Credit (L/C).
- ii) No amount was due by the Director (including Managing Director), Managing Agent, Manager & other Officers of the Company and any of them severally or jointly with any other person.
- iii) Management considered the trade debtors are collectable and thus no provision had been made for any doubtful receivable.
- iv) Trade Debtors includes Tk. 181,039,059 due from Hamid Weaving Mills Limited, a related party, transaction against Tk. 336,783,156 on 30-06-2013 which has been done on arm length basis. The said amount is considered good and secured by Letter of Credit (L/C).

8.01 Age Analysis of Trade Debtors

Less than 06 months	1,342,327,392	1,106,202,674
More than 06 months	21,295,920	17,455,461
	1,363,623,312	1,123,658,135

9 Other Receivables		
Hamid Weaving Mills Ltd.	-	325,686,603
This is a related party transaction which has already been adjusted.		

10 Advances, Deposits and Prepayments

Advances
Security Deposits
Margin Deposit with Banks

24,617,268	32,035,626
8,272,688	8,940,004
105,413,168	66,565,705
138,303,124	107,541,335

Advances:

Hamid Fabrics Ltd. Unit-I

Salary (Head Office)	249,090	88,962
Salary (Factory)	37,000	90,150
Wages (Factory)	84,690	34,690
Tax Deduction at Source	9,137,274	13,328,438
Advance against Raw materials	318,705	138,205
	9,826,759	13,680,445

Hamid Fabrics Ltd. Unit-II

Advance against Salary (Factory)	1,179,346	1,674,126
Advance against Wages (Factory)	29,523	29,523
Advance against Expenses	1,648,335	2,031,912
Tax Deduction at Source	10,201,637	13,221,236
Advance against Raw materials	1,731,669	1,398,384
	14,790,510	18,355,181

Security Deposits:

Hamid Fabrics Ltd Unit-I

Titas Gas Transmission & Distribution Co. Ltd. for Gas	510,115	510,115
Bank Guarantee Margin	-	657,319
Rural Electrification Board (REB)	353,064	353,064
Diamond Gas Cylinder	12,000	22,000
Mobile Company	5,000	5,000
	880,179	1,547,498

Hamid Fabrics Ltd. Unit-II

Titas Gas Transmission Co Ltd.	4,477,344	4,477,344
Rural Electrification Board (REB)	1,140,480	1,140,480
Bank Guarantee margin - Titas Gas	1,764,685	1,764,682
Gas Cylinder	10,000	10,000
	7,392,509	7,392,506

Margin Deposit with Bank:

Hamid Fabrics Ltd. Unit-I

BTB Deposit - Janata Bank Limited	43,744,463	35,183,461
Sundry Deposit - Janata Bank Limited	16,907,407	
Foreign Currency Held for BTB L/C- Prime Bank Limited	777,722	1,227,385
Foreign Currency Held for BTB L/C - Bank Asia Limited	31,544,438	5,003,930
Foreign Currency Held for BTB L/C - Brac Bank Limited	105,033	115,561
	93,079,063	41,530,337

Hamid Fabrics Ltd. Unit-II

BTB L/C Deposit - Janata Bank Limited	75,087	15,961,481
Sundry Deposit - Janata Bank Limited	9,047,093	-
Foreign Currency Held for BTB L/C - Prime Bank Limited	38,496	4,213,030
Foreign Currency Held for BTB L/C - Bank Asia Limited	3,173,429	4,860,857
	12,334,105	25,035,368

- i) All advances and deposits amount are considered good and recoverable.
- ii) There is no amount due from directors or officers of the Company other than Advance Against Salary & Expenses to the employees.

11 Inventories

Hamid Fabrics Ltd Unit-I	143,535,275	129,809,793
Hamid Fabrics Ltd Unit-II	193,528,967	190,487,553
	337,064,242	320,297,346

Hamid Fabrics Ltd. Unit-I

Yarn	26,939,581	52,288,746
Sizing Chemical	231,225	302,200
Work In Process - Yarn	2,124,595	11,535,304
Work In Process Finished Goods	66,081,523	24,293,191
Packing & Other Materials	12,920	7,400
Gray Fabric	41,755,022	32,823,570
Finished Fabrics	4,331,765	6,341,840
Stores and Spares	1,757,572	2,043,534
Stock in Transit	301,073	174,008
	143,535,275	129,809,793

Hamid Fabrics Ltd. Unit-II

Finished Fabrics	6,813,495	18,361,379
Gray Fabrics	12,733,261	23,874,729
Spare Parts	25,486,080	26,586,235
Chemicals	43,820,974	28,008,325
Dyes	46,666,691	36,141,471
Work-in-progress	41,043,666	39,047,960
Lubricant	77,125	102,130
WTP Materials	-	54,999
Packing Materials	183,759	85,000
Store in Transit	16,703,916	18,225,325
	193,528,967	190,487,553

A) The above inventories are as per physical checking made, valued and certified by inventory team consists of management staff and Auditors.

B) Inventories in hand have been valued at lower of cost and net realizable value.

C) Quantitative reconciliation shown in Annexure - D.

12 Cash and Cash Equivalent

Cash in Hand	355,338	525,841
Cash at Bank	7,666,104	5,389,942
	8,021,442	5,915,783

Cash in Hand

Head Office	34,765	147,822
Factory	190,572	248,019
Petty Cash (Imprest)	130,000	130,000
	355,338	525,841

Cash at Banks

Janata Bank Limited CD A/C # 8534	-	5,706
United Commercial Bank Limited -Narsingdi	704	704
United Commercial Bank Limited -CD#20092	26,590	-
Prime Bank Limited CD A/C # 749	16,620	169,196
Prime Bank Limited CD A/C # 546	1,550,205	520,400
Brac Bank Limited CD A/C # 9001	70,481	78,986
Brac Bank Limited ERQ Account	184,592	184,592
Standard Chartered Bank CD A/c	-	362,072
Bank Asia Limited CD A/C # 5473	1,766,389	56,367
Bank Asia Limited(STD) Account	199,884	186,479
IPO Collection Account	1,001	

Janata Bank Limited CD A/C # 346	17,690	875,765
Janata Bank Limited Retention Quota	34,315	707,973
Prime Bank Limited CD A/C # 373 (Motijheel)	-	322,205
Prime Bank Limited CD A/C # 266 (Gulshan)	162,655	284,672
Prime Bank Limited ERQ A/C	877,623	1,142,844
Prime Bank Limited STD # 2032	546	546
Prime Bank Limited STD # 744 (Madhobdi)	19,273	20,901
Brac Bank Limited CD A/C # 1001	34,508	-
United Commercial Bank Limited -CD#20071	6,860	-
Bank Asia Limited CD#0023	1,209,281	-
Bank Asia Limited ERQ	1,486,887	470,284
Shajalal Islami Bank Limited	-	250
	7,666,104	5,389,942

Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognised accordingly.

13 **Share Capital**

Authorised Share Capital

200,000,000 Ordinary Shares of Tk. 10 each.

2,000,000,000 **2,000,000,000**

Issued and Paid Up Capital

488,375,000 **488,375,000**

48,837,500 Ordinary Shares of Tk. 10 each. The composition of the share capital of the Company is as follows:

	No. of Shares	%	2014	2013
Mr. Abdullah Al-Mahmud	25,087,130	51.4%	250,871,300	265,371,300
Mr. A. H. M. Mozammel Hoque	1,590,620	3.3%	15,906,200	14,106,200
Ms. Salina Mahmud	4,163,750	8.5%	41,637,500	40,437,500
Ms. Nusrat Mahmud	4,023,750	8.2%	40,237,500	40,237,500
Ms. Nabila Mahmud	4,023,750	8.2%	40,237,500	40,237,500
Ms. Farhana Danis	1,600,000	3.3%	16,000,000	2,000,000
Other Shareholders	8,348,500	17.1%	83,485,000	85,985,000
	48,837,500	100%	488,375,000	488,375,000

14 **Share Premium Account**

223,600,000 **223,600,000**

Bangladesh Securities and Exchange Commission (BSEC) approved issuance of 8,600,000 ordinary shares at Tk. 36 each (valued Tk.309,600,000) including premium of Tk. 26 per share vide its letter no. SEC/CPLC-251/2010/-251 dated April 06, 2011. The said shares have been issued as on 12 July 2011.

15 **Revaluation Reserve**

Assets Revaluation Reserve-

Opening balance	711,588,871	510,628,551
Plant & Machinery (Reversal of Revaluation)	-	(41,624,000)
Electrical Installation (Reversal of Revaluation)	-	(4,824,000)
Revaluation Gain recognised during the period	-	247,408,320
	711,588,871	711,588,871

16 **Retained Earnings**

Opening balance	588,510,030	330,326,760
Prior year adjustment for depreciation on reversal of revaluation gain	-	9,379,966
Profit for the year	272,587,692	248,803,303
Closing Balance	861,097,722	588,510,030

In the previous year interest of FDR has been understated by TK. 3,000,012. This year we have find out it and recognized retrospectively as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

17 Loans & Borrowings-Net off Current Maturity

The portion of Long term loans which is repayable after twelve months from the balance sheet date.

Hamid Fabrics Ltd. Unit-I	-	26,411,709
Hamid Fabrics Ltd. Unit-II	-	67,140,408
	-	93,552,117

Hamid Fabrics Ltd. Unit-I

MIDAS Financing Limited	17.01	-	26,411,709
		-	26,411,709

Hamid Fabrics Ltd. Unit-II

Bank Asia Limited	17.02	-	67,140,408
		-	67,140,408

- 17.01** The loan of Tk. 120,000,000 was taken from MIDAS on 08 August 2011 as Term Loan secured by Loan Agreement, Personal Guarantee of all Directors and a Demand Promissory Note. The grace period of the loan was four months which bears a service charge @19.50% per annum. The loan is payable by monthly Installment in which Principal repayment will be Tk.4,152,864 as well as interest. As the loan will expire on 16-12-2014 the entire payable amount is shown under the head "Long Term Loan - Current Portion (Secured)" Note-21.

- 17.02** A Term Loan was taken on 12 September 2011 from Bank Asia Ltd., Principal Office Branch amounting Tk. 500,000,000. The loan is payable by 18 equal monthly installment amounting Tk. 22,750,000. The interest rate is 15%. The loan is secured by FDR (shown in Note-7) along with hypothecation of Raw Materials, Work-in-Process, Finished Goods, Plant, Machinery/equipment, personal guarantee of all Directors of the Company. As the loan will expire on 28 September 2014 the entire payable amount is shown under the head "Long Term Loan - Current Portion (Secured)" Note-21.

18 Lease - Net off Current Maturity

The portion of Long term loans which is repayable after twelve months from the balance sheet date

Hamid Fabrics Ltd. Unit-I

BRAC Bank Limited	18.01	11,687,945	25,468,925
-------------------	--------------	-------------------	-------------------

- 18.01** This is a finance lease availed from Brac Bank Ltd. for procurement of 02 sets MWM Gas Generator. The lease amount is repayable by 12 quarterly Installments with effect from 20 April 2013 in which Principal repayment will be Tk.4,250,000 as well as interest. The rate of interest is 15.50%. Invoice Value of the generators is 45,000,000. The loan will expire on 20-01-2016.

19 Deferred Tax Liabilities/(Assets)

	Carrying Amount in Balance Sheet	Tax Base	Taxable/(Deductible) Temporary Difference
<u>30-Jun-14</u>			
Property, Plant and Equipment - assets	529,472,030	167,086,719	362,385,311
Intangible Assets (Computer Software)	3,648,000	-	3,648,000
Gratuity Provision	(28,328,829)	-	(28,328,829)
	504,791,201	167,086,719	337,704,482
Applicable rate			15%
Deferred Tax Liability-(A)			50,655,672
<u>30-Jun-13</u>			
Property, Plant and Equipment	571,043,322	193,193,644	377,849,678
Intangible Assets (Computer Software)	4,560,000	2,850,000	1,710,000
Gratuity Provision	(24,742,399)	-	(24,742,399)
	550,860,922	196,043,644	354,817,278
Applicable rate			15%
Deferred Tax Liability-(B)			53,222,592
Net increase/ (Decrease) in deferred tax liability (A-B)			(2,566,919)

20 Provision for Gratuity and WPPF:			
Provision for WPPF (Non-current portion)	20.01	8,368,877	12,010,644
Provision for Gratuity	20.02	28,328,829	24,742,399
		36,697,706	36,753,043
20.01 Provision for WPPF (Non-current portion):			
Opening Balance		3,683,264	28,740,783
Provision for the year		4,685,613	12,010,644
Less : Paid during year		-	(28,740,783)
		8,368,877	12,010,644
20.02 Provision for Gratuity:			
Opening Balance		24,742,399	13,386,398
Provision for the year		3,586,430	11,450,346
Less : paid during year		-	(94,345)
		28,328,829	24,742,399
21 Loans & Borrowing - Current Maturity			
The portion of long term loans which is repayable within twelve months from the balance sheet date			
Hamid Fabrics Ltd. Unit-I		56,749,953	58,139,956
Hamid Fabrics Ltd. Unit-II		129,384,761	287,178,070
		186,134,714	345,318,026
<u>Hamid Fabrics Ltd. Unit-I</u>			
MIDAS Financing Limited	17.01	56,749,953	58,139,956
<u>Hamid Fabrics Ltd. Unit-II</u>			
Foreign Currency Loan		-	14,178,070
Local Currency Loan		129,384,761	273,000,000
		129,384,761	287,178,070
<u>Foreign Currency Loan</u>			
Industrial Promotion & Development Co.		-	14,178,070
<u>Local Currency Loan</u>			
Bank Asia Limited	17.02	129,384,761	273,000,000
22 Lease - Current Maturity			
The portion of Lease which is repayable within twelve months from the balance sheet date			
Hamid Fabrics Ltd. Unit-I		13,780,980	11,812,348
Hamid Fabrics Ltd. Unit-II		219,410	520,878
		14,000,390	12,333,226
<u>Hamid Fabrics Ltd. Unit-I</u>			
BRAC Bank	18.01	13,780,980	11,812,348
<u>Hamid Fabrics Ltd. Unit-II</u>			
Bank Asia - Transport Loan	22.01	219,410	520,878
		219,410	520,878
22.01 This finance lease avails from Bank Asia Ltd. for procurement of 03 Motor Vehicles most portion of which has already been paid.			
23 Short Term Loans & Borrowings			
Hamid Fabrics Ltd. Unit-I	23.01	114,048,450	111,912,693
Hamid Fabrics Ltd. Unit-II	23.02	484,056,640	488,897,752
		598,105,090	600,810,445

23.01	<u>Hamid Fabrics Ltd. Unit-I</u>		
	Janata Bank Limited Limited - CCH	21,401,370	20,845,833
	Prime Bank Limited Limited- SOD	14,640,291	-
	Bank Asia Limited - Bills Discounted	48,754,023	55,762,966
	Brac Bank Limited - Bills Discounted	25,892,766	3,539,417
	United Commercial Bank Limited - Bills Discounted	3,360,000	
	Prime Bank Limited - Bills Discounted	-	31,764,477
		114,048,450	111,912,693

23.02	<u>Hamid Fabrics Ltd Unit-II</u>		
	Janata Bank Limited CC (Hypo) A/C# 0958	41,574,919	41,516,594
	Janata Bank Limited ECC (Hypo)	9,680,339	9,900,000
	Janata Bank Limited CC (Pledge) A/C# 0966	61,972,609	62,276,399
	Janata Bank Limited - PAD	10,855,797	
	Janata Bank Limited - SOD	31,644,077	32,244,312
	Prime Bank Limited SOD A/C # 2033	-	47,248,091
	Prime Bank Limited - Bill Discounted	-	70,568,528
	Prime Bank Limited LTR A/C	-	61,803,845
	Bank Asia Limited O/D A/C # 2721	30,992,811	29,520,959
	United Commercial Bank Limited O/D	40,000,000	
	United Commercial Bank Limited LTR A/C	45,000,000	
	Brac Bank Limited - Bills Discounted	3,150,000	
	Bank Asia Limited - Bill Discounted	126,272,570	95,384,737
	Bank Asia Limited PC A/C	25,361,880	11,870,347
	Bank Asia Limited LTR A/C	57,551,638	26,563,940
		484,056,640	488,897,752

These loans are taken from various local banks mainly for the purpose of working capital financing. To secure these facilities the Company has mortgaged its property, plant and equipment and hypothecated its Stocks and Debtors to the relevant Banks and Financial Institutions. Other information shown in Annexure - E.

24	<u>Trade Creditors</u>		
	Trade Creditors (Payable to Suppliers)	29,820,416	18,991,361
	BTB Liabilities to Banks	137,727,018	365,818,999
		167,547,434	384,810,360

For further details please refer to Annexure-C

- i) Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to profit and loss account.
- ii) This represents amount payable to regular suppliers of raw materials, chemicals, packing materials etc.
- iii) All suppliers were paid on a regular basis.

25	Other Payable			
	Hamid Fabrics Ltd. Unit-I	25.01	31,930,034	25,301,957
	Hamid Fabrics Ltd. Unit-II	25.02	<u>58,816,243</u>	<u>50,479,437</u>
			90,746,277	75,781,394

25.01	<u>Hamid Fabrics Ltd. Unit-I</u>			
	Gas Bill	935,179	786,417	
	Electricity Bill	304,162	239,239	
	Salary - HO	5,716,050	6,349,776	
	Salary - Factory	4,544,474	4,790,388	
	WPPF - Current portion	10,593,559	-	
	Wages	6,956	178,667	
	Interest Payable	25.03	1,280,872	3,228,840
	Contribution to Provident Fund		7,213,251	5,525,057
	Tax Deduction from Parties		1,258,871	1,313,875
	Tax Deduction from Utility bill		26,700	21,979
	Bills Payable		49,960	500,960
	Insurance Premium		-	2,366,759
			31,930,034	25,301,957

25.02 Hamid Fabrics Ltd. Unit-II

Gas Bill	19,308,402	11,809,651
Electricity Bill	1,588,481	125,134
Salary - HO	8,798,783	115,557
Salary - Factory	15,030,625	14,971,733
Audit Fee	150,000	150,000
Insurance Premium	-	12,950,354
Contribution to Provident Fund	252,940	333,395
Tax Deduction from Bills	74,250	35,000
Tax Deducted from Gas bill	534,682	317,808
Bills Payable	8,178,080	5,770,805
Security Deposit	4,900,000	3,900,000
	58,816,243	50,479,437

i) These payable were incurred from normal business operation and paid regularly.

25.03 Interest Payable

MIDAS Financing Limited	449,300	2,092,739
BRAC Bank Limited	831,572	1,136,101
	1,280,872	3,228,840

26 Income Tax Provision

Opening Balance		41,209,456	26,483,388
Add : Provision made during the year	26.01	35,562,660	21,199,106
		76,772,116	47,682,494
Less : Tax settled (2012-2013)		(26,549,674)	(6,473,038)
Closing Balance		50,222,442	41,209,456

26.01 Income Tax Provision for the year

Profit before income tax	305,583,433	240,212,880
Income Tax provision for the year	50,222,443	41,209,455
Less : Over Provision in last year	(14,659,783)	(20,010,349)
Net Provision for the year	35,562,660	21,199,106

		2014 Amount in Taka	2013 Amount in Taka
27 Revenue			
Sale of Fabrics		1,779,778,372	1,967,331,189
Dyeing, Finishing & Processing charge		386,089,465	252,836,985
Cash Subsidy		27,528,176	16,943,250
Exchange Rate fluctuation gain/(loss)		5,224,610	(116,629,147)
		2,198,620,623	2,120,482,277
27.01 Revenue in Foreign Currency			
Sale of Fabric in USD		\$ 22,247,230	\$ 24,591,640
28 Cost of Goods Sold			
Hamid Fabrics Ltd. Unit-I		643,261,424	886,122,523
Hamid Fabrics Ltd. Unit-II		893,169,480	600,682,497
		1,536,430,904	1,486,805,020
<u>Hamid Fabrics Ltd. Unit-I</u>			
Material Consumed	28.01	607,148,448	840,660,342
Manufacturing Overhead	28.02	75,411,974	76,411,861
Manufacturing costs for the year		682,560,422	917,072,203
Add: Opening Stock of Work in Process		35,828,495	22,259,758
		718,388,917	939,331,961
Less: Closing Stock of Work in Process		68,206,118	35,828,495
Cost of Goods Manufactured		650,182,800	903,503,466
Add: Opening Stock of Finished Goods		39,165,410	21,784,467
		689,348,210	925,287,933
Less: Closing Stock of Finished Goods		46,086,786	39,165,410
Cost of Goods Sold		643,261,424	886,122,523
28.01 Material Consumed :			
<u>Hamid Fabrics Ltd. Unit-I</u>			
Opening Stock of Raw Materials		52,288,746	15,678,487
Add : Purchase during the year		581,799,283	877,270,601
		634,088,029	892,949,088
Less : Closing Stock of Raw Materials		26,939,581	52,288,746
Material Consumed		607,148,448	840,660,342
28.02 Manufacturing Overhead :			
<u>Hamid Fabrics Ltd. Unit-I</u>			
Direct Labour		41,888,977	37,645,376
Factory Overhead		33,522,997	38,766,485
		75,411,974	76,411,861
Direct Labour			
Wages		39,783,791	35,229,702
Bonus		2,105,186	2,415,674
		41,888,977	37,645,376
Factory Overhead			
Sizing Chemicals			
Stock on 1 July 2013		302,200	222,375
Add: Purchase during the year		20,532,025	15,600,996
		20,834,225	15,823,371
Less: Stock at 30 June 2014		231,225	302,200
Sizing Chemicals Consumed		20,603,000	15,521,171
External Processing Cost		258,020	6,680,267
Exchange Rate fluctuation gain on BTB L/C		(11,504,491)	(9,250,397)
Fuel, Oil & Lubricants		8,233,369	1,391,087
Gas Bill		3,159,950	3,344,306
Electricity Bill		3,819,581	3,581,473
Carrying & Handling (Yarn)		127,447	144,979

Carrying & Handling (Fabrics)	444	5,300
Repair & Maintenance	828,907	3,989,344
Spare Parts	3,497,142	4,413,856
Clearing & Forwarding	340,006	39,456
Depreciation	4,159,622	8,905,643
	33,522,997	38,766,485
<u>Hamid Fabrics Ltd. Unit-II</u>		
Material Consumed	28.03 295,617,574	101,245,046
Manufacturing Overhead	28.04 587,999,728	528,716,256
Manufacturing costs for the year	883,617,303	629,961,302
Add : Opening Stock of Work in Process	39,047,960	14,191,730
	922,665,263	644,153,032
Less : Closing Stock of Work in Process	41,043,666	39,047,960
Cost of Goods Manufactured	881,621,596	605,105,072
Add : Opening Stock of Finished Goods	18,361,379	13,938,804
	899,982,975	619,043,876
Less : Closing Stock of Finished Goods	6,813,495	18,361,379
Cost of Goods Sold	893,169,480	600,682,497
28.03 Material Consumed :		
Opening Stock of Raw Materials	23,874,729	26,333,313
Add : Purchase during the year	284,476,106	98,786,462
	308,350,835	125,119,775
Less : Closing Stock of Raw Materials	12,733,261	23,874,729
Material Consumed	295,617,574	101,245,046
28.04 Manufacturing Overhead :		
Direct Labour	94,320,577	61,650,727
Factory Overhead	493,679,151	467,065,529
	587,999,728	528,716,256
Direct Labour		
Wages	88,122,315	56,140,130
Bonus	6,198,262	5,510,597
	94,320,577	61,650,727
Factory Overhead		
Dyes & Chemicals		
Stock on 1 July 2013	64,149,796	66,521,610
Add: Purchase during the year	351,498,437	307,634,450
	415,648,233	374,156,060
Less: Stock at 30 June 2014	90,487,665	64,149,796
Dyes & Chemicals Consumed	325,160,568	310,006,264
Electricity Bill	3,501,821	5,772,446
Gas Bill	66,533,598	59,147,365
External Processing Cost	4,473,778	4,609,379
Exchange Rate fluctuation gain on BTB L/C	19,898,165	9,830,405
Welfare Expenses	1,534,676	783,355
Packing Materials	7,307,069	6,266,247
Fuel & Vehicle maintenance	4,041,837	5,712,574
Water Treatment Expenses	6,160,015	2,384,692
Medical Expenses	234,544	218,237
Fuel, Oil & Lubricants	3,015,329	1,989,628
Repairs & Maintenance	1,746,416	2,080,146
Carrying & Handling	221,772	231,401
Spare Parts (Electrical & Mechanical)	20,973,857	19,702,295
Depreciation	28,875,706	38,331,095
	493,679,151	467,065,529

29 Administrative Expenses

Hamid Fabrics Ltd. Unit-I
Hamid Fabrics Ltd. Unit-II

75,778,361	85,659,325
75,104,660	61,788,084
150,883,021	147,447,409

Hamid Fabrics Ltd. Unit-I

Directors Remuneration
Salary
Bonus
Printing & Stationery
Entertainment
Factory Insurance Premium
Group Insurance Premium
Establishment
Newspaper & Periodicals
Subscription & Donation
Rent, Rates & Taxes
Fuel
Travelling & Conveyance (Local)
Travelling & Conveyance (Foreign)
Medical Expenses
Gratuity
Vehicle Maintenance
Miscellaneous Expenses
Telephone
AGM Expenses
Board Meeting Fee
Legal Expenses
Welfare Expenses
Utility Bills
Contribution to Provident Fund
Amortization of Computer Software
Depreciation

7,800,000	7,800,000
29,716,798	27,436,939
2,610,096	2,268,773
276,471	374,159
132,344	189,755
387,092	393,779
433,367	293,216
1,145,726	1,410,322
17,938	10,408
1,620,500	758,000
1,028,702	1,922,672
4,583,582	3,818,428
495,018	340,465
9,381,163	13,556,820
74,691	445,157
944,747	9,253,800
2,920,675	5,093,879
87,875	98,185
107,918	95,737
19,400	64,410
60,000	60,000
3,583,835	1,179,760
-	2,364,472
1,989,350	2,193,030
2,111,655	2,085,418
912,000	1,140,000
3,337,418	1,011,741
75,778,361	85,659,325

Hamid Fabrics Ltd. Unit-II

Salary & Allowances
Gratuity
Trade Promotion
Travelling & Conveyance
Newspaper & Periodicals
Audit Fee
Guest House Expenses
Establishment Expenses
Telephone Bill
Entertainment
Rent, Rates & Taxes
Legal & Professional Fees
Gardening
Donations & Subscriptions
Postage & Parcel
Stationery & Printing
Repairs & Maintenance
Contribution to Provident Fund
Insurance Premium
Miscellaneous Expenses
Depreciation

19,799,693	8,152,292
2,641,683	2,196,546
11,288,533	15,792,872
1,540,396	1,453,156
39,884	50,023
345,000	563,250
1,184,859	1,101,037
7,760,387	7,404,501
2,057,705	2,116,838
2,261,467	2,474,219
1,452,472	4,024,375
954,900	1,147,306
71,200	147,545
1,238,845	1,436,373
140,937	93,122
4,260,427	4,627,414
1,542,390	1,881,224
535,962	412,656
3,275,278	3,258,167
110,875	469,595
12,601,767	2,985,573
75,104,660	61,788,084

30 Selling and Distribution Expenses		
Hamid Fabrics Ltd. Unit-I	24,329,668	7,128,648
Hamid Fabrics Ltd. Unit-II	23,764,266	26,415,108
	48,093,934	33,543,756
<u>Hamid Fabrics Ltd. Unit-I</u>		
Selling & distribution expenses	19,314,818	4,385,070
Advertisement	130,000	30,000
Trade promotion expenses	4,884,850	2,713,578
	24,329,668	7,128,648
<u>Hamid Fabrics Ltd. Unit-II</u>		
Selling & distribution expenses	15,678,025	18,131,215
C & F expenses	408,741	312,798
Trade promotion expenses	3,270,600	4,743,795
Local carrying cost	4,406,900	3,227,300
	23,764,266	26,415,108
31 Financial Expenses		
Hamid Fabrics Ltd. Unit-I	50,040,106	51,973,626
Hamid Fabrics Ltd. Unit-II	126,619,334	186,827,544
	176,659,440	238,801,170
<u>Hamid Fabrics Ltd. Unit-I</u>		
On Other Accounts	3,180,193	-
On Janata Bank	1,567,222	6,345,343
On Prime Bank	242,462	6,922,860
On Bank Asia	8,672,099	12,535,384
On Brac Bank	14,202,600	698,300
Bank Charge & Commission	3,381,360	3,488,460
Interest on Term loan	18,794,170	21,983,279
	50,040,106	51,973,626
<u>Hamid Fabrics Ltd. Unit-II</u>		
On Janata Bank	17,429,815	25,915,588
On Prime Bank	27,261,058	39,558,443
On Bank Asia	29,563,605	44,440,464
Bank Charge & Commission	8,719,180	10,277,987
Interest on Term loan	43,645,676	66,635,062
	126,619,334	186,827,544
32 Contribution to WPPF		
This amount represents the provision @ 5% on the Profit Before Income Tax	15,279,172	12,010,644
33 Non-operating Income		
FDR Interest	20,370,614	36,102,812
Wastage sales	6,398,109	5,235,801
Gain on Disposal of Land	7,540,557	-
	34,309,280	41,338,613
34 Earnings Per Share (EPS)		
(a) Profit after tax	272,587,692	248,803,303
(b) Weighted Average Numbers of Shares Outstanding (Note-34.01)	48,837,500	48,837,500
Basic EPS (a/b)	5.58	5.09
Diluted EPS		
No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.		
35 Net Assets Value Per Share		
(a) Shareholders' Equity	2,284,661,592	2,012,073,900
(b) Share outstanding (Note-34)	48,837,500	48,837,500
Net Assets Value Per Share (a/b)	46.78	41.20

36 Related Party Transaction

List of related parties with whom transactions have taken place and their relationship as identified and certified by Management is as under:

Name of Party	Name of the Common Directors	Relationship	Nature of transaction	Amount as on 01-07-2013	Transaction during the Year		Balance as on 30-06-2014
					Addition	Adjustment	
Hamid Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud 4) Mrs. Selina Mahmud 5) Ms. Nabila Mahmud	Common Directors	Trade Debtors	336,783,156	314,972,167	(470,716,265)	181,039,059
			Other Receivable	325,686,603	362,768,804	(688,455,407)	-
			Sale of Land	-	18,910,557	(18,910,557)	-
Tazrian Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud 4) Mrs. Selina Mahmud 5) Ms. Nabila Mahmud	Common Directors	Trade Debtors	-	74,447,298	(20,692,512)	53,754,786
Crystal Insurance Co. Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Farhana Danis	Common Directors	Insurance Premium Payable	(15,317,113)	(13,927,856)	29,244,969	-
Mr. Abdullah Al-Mahmud		Director	Remuneration		3,600,000		-
Mr. A. H. M. Mozammel Hoque		Director	Remuneration		600,000		-
Mrs. Selina Mahmud		Director	Remuneration		1,200,000		-
Ms. Farhana Danis		Director	Remuneration		1,200,000		-
Ms. Nusrat Mahmud		Director	Remuneration		600,000		-
Ms. Nabila Mahmud		Director	Remuneration		600,000		-

37 Contingent Liabilities

This has been considered as per IAS 37" provisions, Contingent liabilities, and contingent assets". As on 30 June 2014 following dues revealed as contingent liability of the company.

<u>Particulars</u>	<u>Amount (BDT)</u>
Letter of Credit (Raw Materials)	476,740,000

38 Payment in Foreign Currency

During the period under review following transactions took place in the form of foreign currency:

<u>Particulars</u>	<u>Amount (BDT)</u>
value of import-	
Raw materials	423,858,840
Spare parts	14,762,216
Capital Machinery	11,775,673
Loan- Principal	14,178,070
Interest on Loan	1,572,348
Foreign Travel for Company's Business	9,381,163

39 Capacity Utilisation

Particulars	Unit	Installed Capacity	Utilisation during the period	% of Utilisation	Over/(Under) utilisation
Gray Fabric	Yards	6,853,000	5,158,937	75.28%	(1,694,063)
Woven Fabric	Yards	21,600,000	17,027,660	78.83%	(4,572,340)

40 Payments/ Perquisites to Directors/Officers

The following amount has been paid to the directors of the Company as remuneration for their services as per Board's decision:

<u>Name of the Directors</u>	<u>2014</u>	<u>2013</u>
Mr. Abdullah Al-Mahmud	3,600,000	3,600,000
Mr. A. H. M. Mozammel Hoque	600,000	600,000
Mrs. Selina Mahmud	1,200,000	1,200,000
Ms. Farhana Danis	1,200,000	1,200,000
Ms. Nusrat Mahmud	600,000	600,000
Ms. Nabila Mahmud	600,000	600,000
Total	7,800,000	7,800,000

The number of staff and their drawing criteria mentioned below:

	<u>2014</u>	<u>2013</u>
Number of staff drawing Tk 36,000 and above per year	938	956
Number of staff drawing below Tk 36,000 per year	-	-
Total number of staff	938	956

Top Paid Three Executives of the Company:

Name	Designation	<u>2014</u>	<u>2013</u>
Mir Azharul Islam	Executive Director	1,920,000	1,920,000
Md. Din Islam Miah	Company Secretary	1,280,000	1,280,000
Md. Mushaddeque Ali	General Manager (F&A)	1,280,000	1,280,000

41 Post Balance Sheet Events

There is no such event to disclose.

42 Status of Tax Assessment

Status of tax assessment of the company for the last five years was as under:

Income Year	Assessment Year	Status
2012-13	2013-14	Completed & settled
2011-12	2012-13	Completed & settled
2010-11	2011-12	Completed & settled
2009-10	2010-11	Completed & settled
2008-09	2009-10	Completed & settled
2007-08	2008-09	Completed & settled

43 General

Figures appearing in these accounts have been rounded off to the nearest taka.

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Director

Dhaka
Dated: August 28, 2014

Hamid Fabrics Ltd.
Schedule of Property, Plant & Equipment
As on 30 June 2014

Annexure-A

SL No	Particulars	Cost				Dep. Rate	Depreciation				W.D.V as on 30.06.2014
		Balance as on 01.07.2013 (Acquisition Cost/ Revalued Amount)	Addition/adju stment during the period	Disposal during the period	Total as on 30.06.2014		Balance as on 01.07.13	Charge for the period	Adjustment for Revaluation	Total as on 30.06.2014	
01	Land & Land Development*	705,584,000	783,000	(11,370,000)	694,997,000	-	-	-	-	-	694,997,000
02	Building & Construction**	261,568,138	-	-	261,568,138	5%	15,170,997	12,319,857	-	27,490,854	234,077,284
03	Plant & Machinery	834,989,306	11,775,673	-	846,764,979	5%	327,546,860	25,960,906	-	353,507,766	493,257,213
04	Vehicles	18,685,880	-	-	18,685,880	20%	14,784,022	780,372	-	15,564,394	3,121,486
05	Electrical Installation	45,878,708	166,256	-	46,044,964	10%	28,741,647	1,730,332	-	30,471,978	15,572,986
06	Gas Line Installation	60,121,516	947,000	-	61,068,516	10%	37,690,007	2,337,851	-	40,027,858	21,040,658
07	Office Equipment	21,279,004	1,779,750	-	23,058,754	15%	12,776,002	1,542,413	-	14,318,415	8,740,339
08	Furniture & Fixtures	12,908,734	275,100	-	13,183,834	15%	8,576,889	691,042	-	9,267,931	3,915,903
	Sub-Total at 30-06-2014	1,961,015,286	15,726,779	(11,370,000)	1,965,372,065		445,286,425	45,362,772	-	490,649,196	1,474,722,869

Lease Hold Assets:

03	Plant & Machinery	64,204,840	-	-	64,204,840	5%	4,080,061	3,006,239	-	7,086,300	57,118,540
04	Vehicles	5,080,880	-	-	5,080,880	20%	2,053,372	605,502	-	2,658,874	2,422,006
	Sub-Total at 30-06-2014	69,285,720	-	-	69,285,720		6,133,433	3,611,741	-	9,745,174	59,540,546
	Grand Total at 30-06-2014	2,030,301,006	15,726,779	(11,370,000)	2,034,657,785	-	451,419,858	48,974,512	-	500,394,370	1,534,263,415
	Total at 30-06-2013	1,776,002,412	53,338,274	200,960,320	2,030,301,006	-	409,565,772	51,234,052	(9,379,966)	451,419,858	1,578,881,148

Allocation of Depreciation:

	Total
Cost of Production	33,035,327
Administrative Expenses	15,939,185
Total	<u>48,974,512</u>

*Cost of Land & Land Development includes Tk.563,963,171 as Revaluation gain. Durind this year the Company sold out 18.95 dec. of land at fair market value.

**Cost of Building & Constructions includes Tk.176,456,986 as Revaluation gain against which Tk.10,234,536 has been charged as Depreciation.

The aforesaid assets of the company are mortgaged with various banks and financial institutions to secure different current and long-term loans and borrowings.

HAMID FABRICS LIMITED
List of Trade Debtors

Annexure- B

	2014 Amount in Taka	2013 Amount in Taka
<u>Hamid Fabrics Ltd Unit-I</u>		
Apparel Export Ltd.	23,940	-
A. K. M. Knit Wear Ltd.	33,955,301	4,832,605
Letter of Credit Maturity Prime Bank Ltd.	5,794,715	74,191,145
Letter of Credit Maturity Bank Asia Ltd.	514,527,653	24,729,600
Letter of Credit Maturity Janata Bank Ltd.	12,152,280	90,044,346
Letter of Credit Maturity Brac Bank Ltd.	-	49,956,375
Zxy Apparel Manufacturing Ltd.	29,580	1,389,520
Nextgen Style Ltd.	387,504	-
S. F. Denim Apparels Ltd.	1,927,868	-
Centex Textile & Apparels.	2,061,566	2,077,119
Islam Garments Ltd.	17,769,929	4,660,396
Aba Garments Ltd.	-	3,650
Designer Jeans Ltd.	3,052	-
All Weather Fashions Ltd.	-	1,007,345
Farkan Tex Ltd.	-	68,328
Tarasima App. Ltd.	-	3,727,680
Peninsula Garments Ltd.	29,567,404	28,861,679
Intraco Fashion Ltd.	1,247,220	3,926,400
Concord Fashion Export Ltd.	-	1,371,440
Ananta Sportswear Ltd.	-	44,384
Remi Apparels Ltd.	-	3,938
Crest Garments Ltd.	-	3,864
Natural Denims Ltd.	-	2,591,200
Rowa Knitwear Ltd.	-	34,600
Mens Fashion Ltd.	-	96,086,016
Efe Textiles Ltd.	-	179,840
Opex Garments Ltd.	28,095,575	15,004,953
Temakaw Fashion Ltd.	-	7,263,068
That'S It Sportswear Ltd.	1,393,738	49,157,522
Dina Tex International Ltd.	-	3,840
Jeans Care Ltd.	-	4,992
Global Outerwear Ltd.	-	12,310,579
Monde Apparels Ltd.	-	6,840
Wear Mag Ltd.	-	41,515,295
Atlantic Garments Ltd.	2,416,311	3,295,920
Aman Graphics & Designs Ltd.	-	218,400
Misami Garme.Ltd.	25,056,096	-
Tiffany,S Wear Ltd.	1,541,701	-
Trz Garments Industry Ltd.	13,664,602	-
Sajib Fashion Wear Ltd	3,822,374	-
Four Wings Ltd.	2,256,060	-
Glory Industries Ltd.	39,798,377	-
Suppershine Apparels Ltd.	589,243	-
Windy Apparels Ltd.	13,568	-

Ananta Sportswear Ltd.	44,384	-
Kims Corporation Ltd.	2,650,951	-
Shinest Apparels	4,368	-
Global Trousers Ltd.	14,208,090	-
Brandix Casualwear Bangladesh Ltd.	4,934,346	-
Top Star Fashion Ltd.	11,026	-
Hong-Kong Fashion Ltd.	3,900	-
Interco Design Ltd.	11,625,658	-
Dress Shirts Limited	17,840,909	-
Global Fashion Garments Limited	670,215	-
Jms Garments Ltd.	16,293,896	-
Maxcom International (Bd) Ltd.	6,686,776	-
Exchange Rate Fluctuation Gain	3,127,193	(10,371,458)
Sub Total	816,197,370	508,201,421

Hamid Fabrics Ltd Unit-II

Amichi App.	3,056,113	19,630,866
Chittagong Fashion	-	139,477
Dn Sports Ltd.	6,947,219	6,947,219
Experience Clothing Co. Ltd.	2,372,098	2,372,098
Farkan Tex Ltd.	2,213,047	2,213,047
Jeans Manufacturing Co Ltd.	5,014,103	5,014,103
Kanpark Bangladesh App.(Pvt) Ltd.	5,665,230	26,399,722
Liz Apparels Ltd.	537,748	-
Liberty Fashion Ltd.	2,850,663	13,539,602
Shanta Industries Ltd.	9,606	-
Smart Jeans Ltd.	25,520	-
A. K. M. Knit Wear Ltd.	30,057,489	5,045,683
Natural Apparels Ltd.	27,140	-
Adams Apparels Ltd.	-	853,601
Multi Safh Bags Ltd.	1,629,256	1,629,255
Sharmin Apparels Ltd.	2,986,932	-
Kumudini Apparels Ltd.	-	1,390,444
Shagore Garments Ltd.	15,413,991	19,557,952
Ranl Designed Ltd.	14,164,479	21,309,894
Windy Apparels	-	61,535
Hall Mark Design Wears Ltd.	-	169,470
Hamid Weaving Mills Ltd.	181,039,059	336,783,156
Banga Garments Ltd.	-	172,800
Medona Fashion Ltd.	17,201	-
Reza Fashion Ltd.	72,384	65,696
Zxy Apparel Manufacturing Ltd.	-	110,273
Mens Fashion Ltd.	1,636,444	13,219,917
Nextgen Style Ltd.	327,520	4,628,320
M/S. Veronica Apparels	147,420	-
Misami Garments Ltd.	-	32,963
Well Dresses Ltd.	27,010	-
Zisas Fashions Ltd.	-	156,780
E.Land World Co. Ltd.	5,742	-
Atlantic Garments Ltd.	-	405,600
That'S It Sportswear Ltd.	86,142,984	21,935,086

Dekko Designs Ltd.	-	1,334,424
K.R.K. Garments Ltd.	-	1,532,496
Monde Apparels Ltd.	2,184	3,553,784
Wear Mag Ltd.	-	44,678,753
Aftabunnesa Garments Ltd.	-	3,776,576
Zaara Jeans & Knitwear Ltd.	-	2,608,000
Parkstar Apparel Ltd.	-	95,144
Concord Fashion Export Ltd.	-	80,000
Islam Garments Ltd.	244,964	7,878,212
Tm Fashion Ltd.	-	623,200
Step Three Apparels.	-	1,242,519
Trouser Line Ltd.	-	16,833,340
Global Trousers Ltd.	-	8,728,513
Global Outerwear Ltd.		25,796,887
Jams Designs Ltd.	4,368	-
Peninsula Garments Ltd.	128,715,570	-
Skyline Apparels Ltd.	55,965	-
Aukson Garments Ltd.	4,240	-
Brandix Casualwear Bangladesh Ltd.	160,051	-
Tazrian Weaving Mills Ltd.	53,754,786	-
Exchange Rate Fluctuation Gain	2,097,417	(7,089,692)
Sub Total	547,425,942	615,456,714
Grand Total (Unit-1 & Unit-2)	1,363,623,312	1,123,658,135

HAMID FABRICS LIMITED
List of Trade Creditors

Annexure- C

	2014 Amount in Taka	2013 Amount in Taka
Trade Creditors (Payable to Suppliers):		
<u>Hamid Fabrics Ltd Unit-I</u>		
Square Textile	-	380,228
Unique Enterprise	2,033,850	1,377,400
S S Enterprise	399,458	399,457
Gaowsia Trading	154,672	457,181
Libin Poribahan Sangsta	-	807,700
The Portland Carrier	-	942,900
M. Shaheen & Co. Ltd.	107,546	-
The Nizampur Agency	5,500	56,300
Sub Total	2,701,026	4,421,166
<u>Hamid Fabrics Ltd Unit-II</u>		
A S M Chemical Industries Ltd.	816,000	816,000
Emon/Harun Paper Tube	1,199,262	841,082
Gaowsia Trading	2,141,563	1,224,792
Libin Poribahan Sangsta	434,340	245,700
M. Shaheen & Co.Ltd.	19,022	-
M/S . Mohona Enterprise	2,800,980	-
M/S Haque Paribahan Songstha	527,400	-
N.P. Chemical	17,284,562	9,963,627
Safe Express	373,965	357,566
Tasnim Chemical Complex Ltd.	148,496	-
The Nizampur Agency	1,298,200	978,400
The Portlandcarrier	75,600	100,000
Sub Total	27,119,390	14,527,167
BTB Liabilities to Banks:		
<u>Hamid Fabrics Ltd Unit-I</u>		
Janata Bank Limited	14,806,440	84,771,514
Prime Bank Limited	-	85,542,431
Bank Asia Limited	80,631,529	147,055,425
United Commercial Bank Limited	15,324,820	-
Brac Bank Limited	8,274,044	48,255,303
Exchange Rate fluctuation (Gain)/Loss	457,834	(7,312,493)
Sub Total	119,494,667	358,312,180
<u>Hamid Fabrics Ltd Unit-II</u>		
Janata Bank Limited	1,056,603	673,344
Prime Bank Limited	-	5,937,587
Bank Asia Limited	17,105,892	1,049,088
Exchange Rate fluctuation loss	69,856	(153,200)
Sub Total	18,232,351	7,506,819
Grand Total	167,547,434	384,767,332

Hamid Fabrics Limited

Itemwise Quantity and Value of Inventory
As on June 30, 2014

Annexure - D

Items Name	Opening as on 01 July, 2013		Purchase/Production		Consumption/Sales		Closing as on 30 June, 2014	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Yarn (Kgs)	254,454	63,824,050	2,059,164	581,799,283	2,206,491	616,559,167	107,127	29,064,166
Gray Fabrics (Yrds)	831,053	120,039,450	10,333,378	-	10,159,536	-	1,004,895	161,613,471
Finished Fabrics (Yrds)	129,427	24,703,219	9,950,784	1,926,728,964	10,019,606	1,940,286,923	60,605	11,145,260
Total		208,566,719		2,508,528,247		2,556,846,090		201,822,897

Note:

1. The Management certified that all stocks are in good condition and does not include any wastage & defective materials.
2. The Management carried out physical verification of stock as on the close of the year and found right in terms of quality and weight.

Hamid Fabrics Limited

The Loan and Security details of the bank facilities

As on June 30, 2014

Annexure- E

Name of Bank	Limit (in Million Taka)									Nature of Securities
	Letter of Credit	Overdraft (OD)	Cash Credit (H)	Cash Credit (P)	ECC(H)	Bill Purchase/ Discount	Loan Against Trust Receipts	Secured Overdraft	Packing Credit	
Janata Bank	187.92	-	60.60	60.00	10.00	-	-	-	-	Export L/C, Directors' Personal Guarantee, Hypothecation & Pledge of Imported materials, FDR Lien
Bank Asia	610.00	30.00	-	-	-	250.00	54.00	-	40.00	Export L/C, Directors' Personal Guarantee, Hypothecation of fixed and floating assets
Brac Bank	75.00	-	-	-	-	25.00	-	-	-	Corporate Guarantee of Sister Concern, Directors' Personal Guarantee, Hypothecation of floating assets
United Commercial Bank	420.00	50.00	-	-	-	250.00	-	5.00	-	Corporate Guarantee of Sister Concern, Directors' Personal Guarantee, Mortgage of 22,200 sft Commercial, Hypothecation of fixed and floating assets

INSTRUCTIONS

- As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) Account number in the Application form. If you do not mention your valid BO account number your application will be treated as invalid.
- All information must be typed or written in full (in Block letters) in English or in Bengali and must not be abbreviated.
- Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- Application must not be for less than 200 Ordinary Shares and must be for a multiple of 200 Ordinary Shares. Any Application not meeting these criteria will not be considered for allotment purpose.
- 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 favoring A/C “HAMID FABRICS 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.
- In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any 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.
- Joint Application Form for more than two persons will not be accepted. In case of Joint Application, each party must sign the Application Form.
- Application must be in 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 and Articles of Association and Certificate of Incorporation.
- An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In the event 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 Bangladesh Securities and Exchange Commission and balance amount will be refunded to the applicant..
- 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.
- 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 in to the respective bank “Account Payee” cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
- 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 the 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 law.
- Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purposes.
- The Bankers to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- 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 has been published.
- 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.

Bankers to the Issue

Investment Corporation of Bangladesh (ICB) Head Office, NSC Tower, Dhaka. Chittagong Branch, Chittagong. Rajshahi Branch, Rajshahi. Sylhet Branch, Sylhet. Khulna Branch, Khulna. Barisal Branch, Barisal. Bogra Branch, Bogra . Local Office, Nayapaltn, Dhaka.	Habigonj Branch, Habigonj. Aman Bazar Br., Chhittagongj. Baridhara Br., Dhaka. Bashudbhara Br., Dhaka. Brahmanbaria Br., Brahmanbaria. Chandra Br., Dhaka. Chawk Moghaltuli Br., Dhaka. Chokoria BR., Chittagongj. Comilla Br., Comilla. Cox's Bazar Br., Cox's Bazar. Dagonbhuiyon Br., Feni. Dinajpur Br., Dinajpur. Gobindaganj Br. Gobindaganj. Ishwardi Br., Ishwardi. Joypurhat Br., Joypurhat. Kakrail Br., Dhaka. Kamrangir Char Br., Dhaka. Kapasia Br., Gazipur. Khilpara Br., Chatkhil, Noakhali. Mymensingh Br., Mymensingh. Naogaon Br., Naogaon. Nazirhat Br., Chittagongj. Noria Br., Shariyapur. Oxygen Mor Br., Chittagongj. Raipur Br., Laxmipur. Sarulia Bazar Br., Dhaka. Shah Mokhdum Avenue Br., Dhaka. Shahparan Gate, Br., Sylhet. Sreenagar Br., Dhaka. Syedpur Br., Sunamganj. Thakurgaon Br., Thakurgaon.	Madunaghat Br., Chittagong. Comilla Br., Comilla. Dinajpur Br., Munshipara, Dinajpur. Social Islami Bank Limited Principal Branch, Dhaka. Agrabad Branch, Chittagong. Khulna Branch, Khulna. Sylhet Branch, Sylhet. Rajshahi Branch, Rajshahi. Gulshan Branch, Dhaka. Babu Bazar Branch, Dhaka. Begum Rokeya Sarani Branch, Dhaka. Panthopath Branch, Dhaka. Sonargaon Branch, Narayangonj. Foreign Exchange Branch, Dhaka. Dhanmondi Branch, Dhaka. Uttara Branch, Dhaka. Mirpur Branch, Dhaka. Banani Branch, Dhaka. Dania Rasulpur Branch, Dhaka. South Surma Branch Sylhet. Comilla Branch, Comilla. Islampur Branch, Dhaka. New Eskaton Branch, Dhaka. Chandpur Branch, Chandpur. Chawkbazar Branch, Chittagong . Narayangonj Branch, Narayangonj. Jessore Branch, Jessore. Rangpur Branch, Rangpur. Barisal Branch, Barisal. South Banasree Branch, Dhaka. Mohakhali Branch, Dhaka. Feni Branch, Feni. Rampura Branch, Dhaka.	Khatungonj Br., Chittagong. Andarkilla Br., Chittagong. Cox's Bazar Br., Chittagong. Chawkbazar Br., Chittagong. Pahartoli Br., Chittagong. Comilla Br., Comilla. Narsingdi Br., Narsingdi. Zinda Bazar Br., Sylhet. Bandar Bazar Br., Sylhet. Amborkhana Br., Sylhet. Mouvi Bazra Br., Sylhet. Rajshahi Br., Rajshahi. Bogra Br., Bogra. Ranpur Br., Ranpur. Sirajgonj Br., Sirajgonj. Khulna Br., Khulna. Jessore Br., Jessore. Barisal Br., Barisal. Prime Bank Limited Agrabad Br., Chittagong. Asadgate Br., Dhaka. Banani Br., Dhaka. Bangshal Br., Dhaka. Bashundhara Br., Dhaka. Bogra Br., Bogra. Comilla Br., Comilla. Court Road, Moulibazar, Sylhet. Dhanmondi Br., Dhaka. Dinajpur Br., Dinajpur. Elephant Road Br., Dhaka. Faridpur Br., Faridpur. Feni Br., Feni. Foreign Exchange Br., Dhaka. IBB Dilkusha Br., Dhaka. IBB OR Nizam Road, Chittagong. Ibrahimpur Br. Jessore Br., Jessore. Jubilee Road Br., Chittagong. Khatungonj Br., Chittagong. Khulna Br., Khulna. Laldighi East Br., Chittagong. Mohakhali Br., Dhaka. Mouchak Br., Dhaka. Mymensingh Br., Mymensingh. Narayanganj Br., Narayanganj. Natore Br., Natore. New Eskaton Br., Dhaka. Panthapath Br., Dhaka. Prabartak More Br., Chittagong. Rajshahi Br., Rajshahi. Rangpur Br., Rangpur. Satmasjid Road Br., Dhaka. SBC Tower. Sreemangal, Moulibazar, Sylhet. Subidbazar Br., Sylhet. Sunamganj Br., Sunamganj. Tongi Br., Gazipur. Upashahar Br., Sylhet. Uttara Br., Dhaka.
Bank Asia Ltd. Principal Office Branch, Dhaka. MCB Dilkusha Br., Dhaka. Corporate Br., Dhaka. Scotia Br. Karwan Bazar, Dhaka. Gulshan Br., Dhaka. MCB Banani Br., Dhaka. Uttara Br., Dhaka. Mitford Br., Dhaka. North South Rd Br., Dhaka. Dhanmondi Br., Dhaka. Bashundhara Br., Dhaka. Sylhet Main Br., Sylhet. Sylhet Uposhahar Br., Sylhet. Agrabad Branch, Chittagong. Khatungonj Br. Chittagong. MCB Sk. Mujib Road Br, Agrabad, Chittagong. Bahadderhat Br., Chittagong. Moghbazar Br., Dhaka. CDA Avenue Br., Chittagong. Station Road Br., Chittagong. Rajshahi Br., Rajshahi. Khulna Br., Khulna. Mohakrail Br., Dhaka. Mirpur Br., Dhaka. Bogra Br., Bogra. Jessore Br., Jessore. Andarkilla Br., Chittagong. Shantinagar Br., Dhaka. Progati Sarani Br., Dhaka. Kamal Bazar Br., Chittagong. Paltan Branch, Dhaka. Shyamoli Branch, Dhaka. Strand Road Branch,Chittagongj.	NCC Bank Limited Mohakhali Br., Dhaka. Dilkusha Br., Dhaka. Kawran Bazar Br., Dhaka. Mirpur Br., Dhaka. Dhanmondi Br., Dhaka. Mitford Br., Dhaka. Babubazar Br., Dhaka. Kamal Bazar Br., Chittagong. Barisal Br., Barisal. Majhirghat Br., Chittagong Agrabad Br., Chittagong Malibagh Br., Dhaka. Uttara Br., Dhaka. Moghbazar Br., Dhaka. Bangshal Br., Dhaka. Bijoyagar Br., Dhaka. Elephant Road Br., Dhaka. Pragoti Sarani Br., Dhaka. Jatrabari Br., Dhaka. Ramgonj Br., Laxmipur Halishahar Br., Chittagong Tangail Br., Tangail. Gulshan Br., Dhaka. Shyamoli Br., Dhaka. Banani Br., Dhaka. Nawabpur Road Br., Dhaka. Savar Br., Dhaka. Islampur Br., Dhaka. Joydevpur Br., Gazipur. Madaripur Br., Madaripur. Kushtia Br., Kushtia. Chowhatta Br., Sylhet. Feni Br., Feni. Cox's Bazar Br., Cox's Bazar. CEPZ Br., Chittagong. Narayangonj Br., Narayangonj. Andarkilla Br., Chittagong. Brahmanbaria Br., Brahmanbaria Khatungonj Br., Chittagong. Rajshahi Br., Rajshahi. Rangpur Branch, Rangpur. Bogra Branch, Bogra. Pabna Branch, Pabna. Kushtia Branch, Kushtia. Sylhet Branch, Sylhet . Mouvi Bazar Branch, Mouvi Bazar. Gournadi Branch, Barisal. Jessore Branch, Jessore.	Shahjalal Islami Bank Limited Dhaka Main Br., Dilkusha, Dhaka. Dhanmondi Br., Dhaka. Gulshan Br., Gulshan, Dhaka. Foreign Ex. Br., Motijheel, Dhaka. Kawran Bazar Br., Dhaka. Motijheel Br., Motijheel, Dhaka. Bijoyagar Br., Kakrail, Dhaka. Banani Br., Banani, Dhaka. Agrabad Branch, Chittagong. Khatungonj Branch, Chittagong. Jubilee Road Br, Chittagong. Sylhet Branch, Sylhet. Satmasjid Road Br., Dhanmondi, Dhaka. Uttara Br., Uttara, Dhaka. Mirpur Br., Mirpur-10, Dhaka. Gulshan south Ave. Br., Gulshan, Dhaka. Eskaton Branch, Dhaka. Panthapath Branch, Dhaka. Chawkbazar Branch, Chittagongj. Malibagh Chowdhurypara Branch, Dhaka. Joydevpur Chowasta Br., Gazipur. Narayangonj Br., Narayangonj. Dargahgate Branch, Sylhet. Wasa Moor Branch, Chittagong.	The City Bank Limited BB Avenue Br., Dhaka. Principal Office Br., Dhaka. Dhanmondi Br., Dhaka. Shaymoli Br., Dhaka. Imamgonj Br., Dhaka. Johnson Road Br., Dhaka. Kawran Bazar Br., Dhaka. New market Br., Dhaka. VIP Road Br., Dhaka. Islampur Br., Dhaka. Nawabgonj Br., Dhaka. Nawabpur Br., Dhaka. Pragati Sarani Br., Dhaka. Narayangonj Br., Narayangonj. Zinzira Br., Dhaka. Tongi Br., Gazipur. Agrabad Br., Chittagong Jubilee Road Br., Chittagong

APPLICATION FORM

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

INSTRUCTIONS

1. ☐ As per provisions of Depository Act, 1999 and regulations made thereafter 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 Account) account number, your application will be treated as invalid.
2. ☐ All information must be written or typed in Block Letters in English and must not be abbreviated.
3. ☐ Application must not be for less than 200 Ordinary Shares and must be for a multiple of 200 Ordinary Shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. ☐ 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 “**HAMID FABRICS LIMITED**” and crossed “**ACCOUNT PAYEE ONLY**”.
5. ☐ Application shall be sent by the applicant directly to the Company within October 02, 2014 so as to reach the Company within October 11, 2014. Any Application sent after October 02, 2014 or received by the Company after October 11, 2014 will not be considered for allotment purpose.
6. ☐ 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.
7. ☐ In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
8. ☐ Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. ☐ 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 another jointly with another person by one cheque/DD/PO/ by US \$/UK Pound Sterling/EURO/Taka (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO by US \$/UK Pound Sterling/EURO/Taka (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 on suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of the 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 Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by law.
12. ☐ The intending NRB applicants shall deposit the share subscription money by a US \$/UK Pound Sterling/EURO demand draft drawn on any bank and payable in Dhaka, Bangladesh, or through a nominee paying out of a non-resident foreign currency deposit account maintained in Bangladesh or in Taka, supported by a foreign currency encashment certificate issued by the bank concerned, for the price of the ordinary shares applied for, through a crossed bank cheque marked “Account Payee only”, such that the issuer's collecting bank can clear the proceeds and deposit the same into the issuer's account in time.
13. ☐ The spot buying rate (TT Clean) in US \$ / UK Pound Sterling / EURO of Sonali Bank Limited as prevalent on the date of opening of subscription will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. ☐ **The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his/her 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.**
15. ☐ In case of joint application, the joint applicant shall also submit supporting papers / documents in support of his being an NRB as mentioned in para- 14 (above).
16. ☐ **An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In the event 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 Bangladesh Securities and Exchange Commission and balance amount will be refunded to the applicant..**
17. ☐ **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 days after the Prospectus has been published.**
18. ☐ In the case of non-allotment of the 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 to those applicants will be directly credited into their ordinary respective bank accounts as mentioned in their application forms. Otherwise, refunds will be made only through “Account Payee” 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. ☐ *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.*

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.

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) Account number in the Application form. If you do not mention your valid BO account number your application will be treated as invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than 200 Ordinary Shares and must be for a multiple of 200 Ordinary Shares. Any Application not meeting these criteria will not be considered for allotment purpose.
5. 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 favoring A/C "HAMID FABRICS 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.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any 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.
7. An Application must be in 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 and Articles of Association and Certificate of Incorporation.
8. An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In the event 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 Bangladesh Securities and Exchange Commission and balance amount will be refunded to the applicant..
9. 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 in to the respective bank "Account Payee" cheque(s) with bank account number and name of bank 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 the 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 law.
13. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purposes.
14. The Bankers to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
15. 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 has been published.
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. ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পারসিক ইস্যুতে একক অথবা বৌদ্বিহাসের যে কোনটি অথবা উভয়টি হতে সর্বেশ্বিক ২০% কোটায় আবেদন করতে পারবেন। তবে ইচ্ছা করলে ক্ষতিগ্রস্ত সর্বেশ্বিক ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায়ও আবেদন করতে পারবেন।

Bankers to the Issue

Investment Corporation of Bangladesh (ICB) Head Office, NSC Tower, Dhaka. Chittagong Branch, Chittagong. Rajshahi Branch, Rajshahi. Sylhet Branch, Sylhet. Khulna Branch, Khulna. Barisal Branch, Barisal. Bogra Branch, Bogra. Local Office, Nayapalitan, Dhaka. Bank Asia Ltd. Principal Office Branch, Dhaka. MCB Dilkusha Br., Dhaka. Corporate Br., Dhaka. Scotia Br., Karwan Bazar, Dhaka. Gulshan Br., Dhaka. MCB Banani Br., Dhaka. Uttara Br., Dhaka. Mitford Br., Dhaka. North South Rd Br., Dhaka. Dhanmondi Br., Dhaka. Bashundhara Br., Dhaka. Sylhet Main Br., Sylhet. Sylhet Uposhahar Br., Sylhet. Agrabad Branch, Chittagong. Khatunganj Br., Chittagong. MCB Sk. Mujib Road Br., Agrabad, Chittagong. Bahadderdhat Br., Chittagong. Moghbar Br., Dhaka. CDA Avenue Br., Chittagong. Station Road Br., Chittagong. Rajshahi Br., Rajshahi. Khulna Br., Khulna. Mohakhali Br., Dhaka. Mirpur Br., Dhaka. Bogra Br., Bogra. Jessore Br., Jessore. Anderkilla Br., Chittagong. Shantinagar Br., Dhaka. Progati Sarani Br., Dhaka. Kamal Bazar Br., Chittagong. Paltan Branch, Dhaka. Shyamoli Branch, Dhaka. Strand Road Branch, Chittagong. Mutual Trust Bank Limited Babubazar Branch, Dhaka. Banani Branch, Dhaka. Dhanmondi Branch, Dhaka. Dholaikhal Branch, Dhaka. Dilkusha Branch, Dhaka. Elephant Road Branch, Dhaka. Fulbaria Branch, Dhaka. Gulshan Branch, Dhaka. Mohammadpur Branch, Dhaka. MTB Corporate Center Branch, Dhaka. Pallabi Branch, Dhaka. Panthapath Branch, Dhaka. Principal Branch, Dhaka. Pragati Sarani Branch, Dhaka. Savar Br., Savar, Dhaka. Shanir Akhra Branch, Dhaka. Tongi Branch, Gazipur. Uttara Model Town Br., Uttara, Dhaka. Narayanganj Branch, Narayanganj. Sonargaon Branch, Narayanganj. Agrabad Branch, Chittagong. Alankar Mour Branch, Chittagong. CDA Avenue Branch, Chittagong. Jubilee Road Br., Chittagong. Khatunganj Branch, Chittagong. Feni Branch, Feni. Rajshahi Branch, Rajshahi. Rangpur Branch, Rangpur. Bogra Branch, Bogra. Pabna Branch, Pabna. Kushtia Branch, Kushtia. Sylhet Branch, Sylhet. Moulvi Bazar Branch, Moulvi Bazar. Gournadi Branch, Barisal. Jessore Branch, Jessore.	Habigonj Branch, Habigonj. Aman Bazar Br., Chittagong. Baridhara Br., Dhaka. Bashubdihara Br., Dhaka. Brahmanbaria Br., Brahmanbaria. Chandra Br., Dhaka. Chawk Moghatalui Br., Dhaka. Chokoria Br., Chittagong. Comilla Br., Comilla. Cox's Bazar Br., Cox's Bazar. Dagonbuiyan Br., Feni. Dinajpur Br., Dinajpur. Gobindaganj Br., Gobindaganj. Ishwardi Br., Ishwardi. Joypurhat Br., Joypurhat. Kakrail Br., Dhaka. Kamrangir Char Br., Dhaka. Kapasia Br., Gazipur. Khilpara Br., Chatkhil, Noakhali. Mymensingh Br., Mymensingh. Naogaon Br., Naogaon. Nazirhat Br., Chittagong. Noria Br., Shariyapur. Oxygen Mor Br., Chittagong. Raipur Br., Laxmipur. Sarulia Bazar Br., Dhaka. Shah Mokhdum Avenue Br., Dhaka. Shahparan Gate, Br., Sylhet. Sreenagar Br., Dhaka. Syedpur Br., Sunamganj. Thakurgaon Br., Thakurgaon. NCC Bank Limited Mohakhali Br., Dhaka. Dilkusha Br., Dhaka. Kawran Bazar Br., Dhaka. Mirpur Br., Dhaka. Dhanmondi Br., Dhaka. Mitford Br., Dhaka. Babubazar Br., Dhaka. Kamal Bazar Br., Chittagong. Barisal Br., Barisal. Majhirghat Br., Chittagong. Agrabad Br., Chittagong. Malibagh Br., Dhaka. Uttara Br., Dhaka. Moghbar Br., Dhaka. Bangshal Br., Dhaka. Bijoynagar Br., Dhaka. Elephant Road Br., Dhaka. Pragati Sarani Br., Dhaka. Jatrabari Br., Dhaka. Ramgonj Br., Laxmipur. Halishahar Br., Chittagong. Tangail Br., Tangail. Gulshan Br., Dhaka. Shyamoli Br., Dhaka. Banani Br., Dhaka. Nawabpur Road Br., Dhaka. Savar Br., Dhaka. Islampur Br., Dhaka. Joydevpur Br., Gazipur. Madaripur Br., Madaripur. Kushtia Br., Kushtia. Chowhatta Br., Sylhet. Feni Br., Feni. Cox's Bazar Br., Cox's Bazar. CEPZ Br., Chittagong. Narayanganj Br., Narayanganj. Anderkilla Br., Chittagong. Brahmanbaria Br., Brahmanbaria. Khatunganj Br., Chittagong. Rajshahi Br., Rajshahi. Chowmuhuni Br., Noakhali. Laidighirpar Br., Sylhet. Maymensingh Br., Maymensingh. Jessore Br., Jessore. Panthapath Br., Dhaka. OR Nizam Road Br., Chittagong. Naogaon Br., Naogaon. Rangpur Br., Rangpur.	Madunaghat Br., Chittagong. Comilla Br., Comilla. Dinajpur Br., Munshipara, Dinajpur. Social Islami Bank Limited Principal Branch, Dhaka. Agrabad Branch, Chittagong. Khulna Branch, Khulna. Sylhet Branch, Sylhet. Rajshahi Branch, Rajshahi. Gulshan Branch, Dhaka. Babu Bazar Branch, Dhaka. Begum Rokeya Sarani Branch, Dhaka. Panthopath Branch, Dhaka. Sonargaon Branch, Narayanganj. Foreign Exchange Branch, Dhaka. Dhanmondi Branch, Dhaka. Uttara Branch, Dhaka. Mirpur Branch, Dhaka. Banani Branch, Dhaka. Dania Rasulpur Branch, Dhaka. South Surma Branch Sylhet. Comilla Branch, Comilla. Islampur Branch, Dhaka. New Eskaton Branch, Dhaka. Chandpur Branch, Chandpur. Chawkbazar Branch, Chittagong. Narayanganj Branch, Narayanganj. Jessore Branch, Jessore. Rangpur Branch, Rangpur. Barisal Branch, Barisal. South Banasree Branch, Dhaka. Mohakhali Branch, Dhaka. Feni Branch, Feni. Rampura Branch, Dhaka. Shahjalal Islami Bank Limited Dhaka Main Br., Dilkusha, Dhaka. Dhanmondi Br., Dhaka. Gulshan Br., Gulshan, Dhaka. Foreign Ex. Br., Motijheel, Dhaka. Kawran Bazar Br., Dhaka. Motijheel Br., Motijheel, Dhaka. Bijoynagar Br., Kakrail, Dhaka. Banani Br., Banani, Dhaka. Agrabad Branch, Chittagong. Khatunganj Branch, Chittagong. Jubilee Road Br., Chittagong. Sylhet Branch, Sylhet. Satmasjid Road Br., Dhanmondi, Dhaka. Uttara Br., Uttara, Dhaka. Mirpur Br., Mirpur-10, Dhaka. Gulshan south Ave. Br., Gulshan, Dhaka. Eskaton Branch, Dhaka. Panthapath Branch, Dhaka. Chawkbazar Branch, Chittagong. Malibagh Chowdhurypara Branch, Dhaka. Joydevpur Chowrasta Br., Gazipur. Narayanganj Br., Narayanganj. Dargahate Branch, Sylhet. Wasa Moor Branch, Chittagong. The City Bank Limited BB Avenue Br., Dhaka. Principal Office Br., Dhaka. Dhanmondi Br., Dhaka. Shaymoli Br., Dhaka. Imamgonj Br., Dhaka. Johnson Road Br., Dhaka. Kawran Bazar Br., Dhaka. New market Br., Dhaka. VIP Road Br., Dhaka. Islampur Br., Dhaka. Nawabgonj Br., Dhaka. Nawabpur Br., Dhaka. Pragati Sarani Br., Dhaka. Narayanganj Br., Narayanganj. Zinzira Br., Dhaka. Tongi Br., Gazipur. Agrabad Br., Chittagong. Jubilee Road Br., Chittagong.	Khatunganj Br., Chittagong. Anderkilla Br., Chittagong. Cox's Bazar Br., Chittagong. Chawkbazar Br., Chittagong. Paharoli Br., Chittagong. Comilla Br., Comilla. Narsingdi Br., Narsingdi. Zinda Bazar Br., Sylhet. Bandar Bazar Br., Sylhet. Amborkhana Br., Sylhet. Moulvi Bazar Br., Sylhet. Rajshahi Br., Rajshahi. Bogra Br., Bogra. Rangpur Br., Rangpur. Sirajgonj Br., Sirajgonj. Khulna Br., Khulna. Jessore Br., Jessore. Barisal Br., Barisal. Prime Bank Limited Agrabad Br., Chittagong. Asadgate Br., Dhaka. Banani Br., Dhaka. Bangshal Br., Dhaka. Bashundhara Br., Dhaka. Bogra Br., Bogra. Comilla Br., Comilla. Court Road, Moulvibazar, Sylhet. Dhanmondi Br., Dhaka. Dinajpur Br., Dinajpur. Elephant Road Br., Dhaka. Faridpur Br., Faridpur. Feni Br., Feni. Foreign Exchange Br., Dhaka. IBB Dilkusha Br., Dhaka. IBB OR Nizam Road, Chittagong. Ibrahimpur Br., Jessore. Jubilee Road Br., Chittagong. Khatunganj Br., Chittagong. Khulna Br., Khulna. Laldighi East Br., Chittagong. Mohakhali Br., Dhaka. Mouchak Br., Dhaka. Mymensingh Br., Mymensingh. Narayanganj Br., Narayanganj. Natore Br., Natore. New Eskaton Br., Dhaka. Panthapath Br., Dhaka. Prabartak More Br., Chittagong. Rajshahi Br., Rajshahi. Rangpur Br., Rangpur. Satmasjid Road Br., Dhaka. SBC Tower. Sreemangal, Moulvibazar, Sylhet. Subidbazar Br., Sylhet. Sunamganj Br., Sunamganj. Tongi Br., Gazipur. Upashahar Br., Sylhet. Uttara Br., Dhaka.
--	--	--	--

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**DSE Stockbrokers**

Sl. No.	Name of TREC Holder	TREC No.
1	A. K. Khan Securities Ltd.	6
2	International Leasing Securities Limited	9
3	Bracepl 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. Fakhrul 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	Unique Share Management Ltd.	109
114	Nouvelle Securities Ltd.	112
115	CMSL Securities Limited	113
116	Ahmed Iqbal Hasan Securities Ltd.	114
117	Nabiul Karim Securities Limited	115
118	Murshed Securities Limited	116
119	Saad Securities Ltd.	118
120	Dragon Securities Limited	119
121	Sheltech Brokerage Limited	120
122	SCL Securities Limited	121
123	Shahed Securities Ltd	123
124	ICB Securities Trading Company Limited	129
125	Thea Securities Ltd.	130
126	Harpoon Securities Ltd.	131
127	Kazi Equities Ltd.	135
128	Securities Broking & Management Services Ltd.	136
129	Al-Haja Jahanara Securities Ltd.	138
130	K.H.B. Securities Ltd.	143
131	City Brokerage Limited	145
132	Indicate Securities Consultants Ltd.	154

133	Anwar Securities Ltd.	160
134	Haji Mohammad Ali Securities Ltd.	165
135	Subvalley Securities Ltd.	168
136	Merchant Securites Limited	169
137	Shah Mohammad Sagir & Co. Ltd.	171
138	Hazrat Amanat Shah Securities Ltd.	173
139	Anchor Securities Ltd.	177
140	JKC Securities Ltd.	179
141	Nur-E-Alam Siddique & Company Ltd.	182
142	C-Maart Securities Limited	183
143	Jahan Securities Ltd.	195
144	Stock & Bond Limited	199
145	Total Communication Ltd.	200
146	AB Securities Ltd.	201
147	Prilink Securities Ltd.	202
148	Modern Equity Limited	206
149	United Enterprises & Co. Ltd.	207
150	Mondol Securities Ltd.	209
151	Wifang Securities Ltd.	210
152	Sharp Securities Limited	216
153	Rasti Securities Consultant Ltd.	217
154	A. L. Securities Ltd.	222
155	Mercantile Bank Securities Limited	224
156	Shohrab Securities & Trade Ltd.	225
157	FAREAST Stocks & Bonds Ltd.	226
158	Akij Securities Ltd.	231
159	Shahjalal Islami Bank Securities Ltd.	233
160	AIBL Capital Market Services Ltd.	234
161	PHP Stock & Securities Ltd.	235
162	Premier Bank Securities Ltd.	236

163	Bank Asia Securities Limited	237
164	Trust Bank Securities Ltd.	242
165	BD Sunlife Securities Ltd.	248
166	Sterling Stocks & Securities Ltd.	249
167	S & H Equities Limited	2
168	Federal Securities And Investment Limited	45
169	H R Securities & Investments Limited	72
170	Prime Islami Securities Ltd.	104
171	PFI Securities Limited	79
172	Ali Securities Co. Limited	105
173	R N I Securities Ltd.	128
174	Aloco Securities Ltd.	139

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	Saya Securities Ltd.	CSE 010
08	First Capital Securities Limited.	CSE 011
09	BREC EPL Stock Brokerage Ltd.	CSE 013
10	UCB Capital Management Ltd.	CSE 015
11	Adams Securities Limited	CSE 016
12	North West Securities Ltd.	CSE 019
13	EBL Securities Ltd.	CSE 021
14	Salta Capital Limited	CSE 022
15	Uttara Exchange And Securities Limited	CSE 024
16	Be Rich Limited	CSE 027
17	RAK Capital Ltd.	CSE 028
18	PHP Stocks & Securities Ltd.	CSE 031
19	Synet Securities Ltd.	CSE 033
20	Pioneer Shares & Securities Ltd.	CSE 034
21	Hillcity Securities Ltd.	CSE 037
22	S.R.Capital Ltd.	CSE 038
23	Remons Investment & Securities Ltd.	CSE 042
24	United Financial Trading Company Ltd.	CSE 043
25	Kishwar Securities Investment Ltd.	CSE 047
26	Impel Shares & Securities Ltd.	CSE 049
27	Mirpur Securities Limited	CSE 050
28	E-Securities Limited	CSE 052

29	Royal Capital Limited	CSE 053
30	Prime Financial Consultants & Equities Limited	CSE 055
31	Kabir Securities Limited	CSE 056
32	Eastern Shares & Securities Ltd.	CSE 058
33	Reliance Securities Consultant Ltd.	CSE 059
34	CMSL Securities Limited	CSE 061
35	Prudential Capital Ltd.	CSE 062
36	Associated Capital Securities Ltd.	CSE 063
37	Platinum Securities Limited	CSE 064
38	T.K. Shares & Securities Ltd.	CSE 069
39	Ahmed Securities Services Ltd.	CSE 070
40	Sohel Securities Ltd.	CSE 076
41	International Leasing Securities Limited	CSE 080
42	DBL Securities Limited	CSE 081
43	Skys Securities Limited	CSE 084
44	Purabi Securities Ltd.	CSE 087
45	D. N. Securities Ltd.	CSE 089
46	LankaBangla Securities limited	CSE 091
47	Square Securities Management Ltd.	CSE 092
48	Holy City Securities Ltd.	CSE 093
49	Inter Continental Securities Ltd.	CSE 094
50	PFI Securities Limited	CSE 095
51	International Securities Co. Ltd.	CSE 096
52	Multi Securities & Services Limited	CSE 097
53	Mona Financial Consultancy and Securities Ltd.	CSE 103
54	Pubali Bank Securities Ltd.	CSE 105
55	NC Securities Limited	CSE 107
56	Cordial Securities Limited	CSE 113
57	Hassan Shares & Securities Ltd.	CSE 114
58	Hallmark Securities Ltd.	CSE 117

59	IDLC Securities Ltd.	CSE 119
60	Western Securities Investment Management Ltd.	CSE 120
61	Far East Shares & Securities Ltd.	CSE 123
62	Amin Securities & Consultants Ltd.	CSE 128
63	Phoenix Securities Limited	CSE 131
64	NCCB Securities and Financial Services Ltd.	CSE 132
65	City Brokerage Ltd.	CSE 133
66	Shahjalal Islami Bank Securities Limited	CSE 134
67	Popular Life Insurance Company Ltd.	CSE 135
68	Premier Leasing Securities Ltd.	CSE 136
69	Fareast Stocks & Bonds Limited.	CSE 138
70	AIBL Capital Market Services Ltd.	CSE 139
71	SIBL Securities Limited	CSE 142
72	Islami Bank Securities Ltd.	CSE 146
73	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.