

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

## PROSPECTUS

Initial Public Offer of 27,500,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 10.00 each at par worth Tk. 275,000,000.00



### Mozaffar Hossain Spinning Mills Limited

House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh  
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Web: [www.simgroup-bd.com](http://www.simgroup-bd.com)

### SUBSCRIPTION OPENING AND CLOSING DATE

For Resident Bangladeshis: Opening Date: November 03, 2013 Closing Date: November 07, 2013  
For Non-Resident Bangladeshis: Opening Date: November 03, 2013 Closing Date: November 16, 2013

ISSUE MANAGER	CO- ISSUE MANAGER
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### UNDERWRITERS

<b>Alpha Capital Management Limited</b> National Scout Bhaban (5 <sup>th</sup> Floor), 70/1 Inner Circular Road, Dhaka-1000 Phone: +88-02-8316540, 8313973 Fax: 02-8315373	<b>AFC Capital Limited</b> Tanaka Tower (2 <sup>nd</sup> Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000 Tel: +88-02-7120795, 7121348 Fax: 7121348, 9550040
<b>Eastern Bank Limited</b> Jiban Bima Bhaban (2 <sup>nd</sup> Floor), 10 Dilkusha C/A, Dhaka-1000 Tel: +88-02-7120464, Fax: 02-7120251	<b>BMSL Investment Limited</b> Sadharan Bima Tower (7 <sup>th</sup> Floor), 37/A Dilkusha C/A, Dhaka-1000 Phone: 7169428, 9570624, 9567002, Fax: 7123820
<b>Sonali Investment Limited</b> Sara Tower (11 <sup>th</sup> Floor) 11/A, Toyenbee Circular Road Motijheel C/A, Dhaka-1000 Tel: +88-02-9568777	<b>Janata Capital &amp; Investment Limited</b> 48, Motijheel C/A (3 <sup>rd</sup> Floor), Dhaka-1000, Tel: +88-02-7176421, 02-7114374, Fax: 02-7110496

ISSUE DATE OF PROSPECTUS: September 15, 2013  
THE ISSUE SHALL BE PLACED IN “N” CATEGORY

“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 BANGLADESH 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

This prospectus can be obtained from the company, issue manager, underwriters and the stock exchanges having the following addresses:

Source	Address	Contact Person	Telephone Number
Company	<b>MOZAFFAR HOSSAIN SPINNING MILLS LTD.</b> House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh	Mr. Md Mozaffar Hossain Managing Director	+88-02-8415961-3
Issue Manager	<b>ALPHA CAPITAL MANAGEMENT LTD.</b> National Scout Bhaban (5 <sup>th</sup> Floor), 70/1 Inner Circular Road, Dhaka-1000	Mr. Noor Ahamed ACA CEO & Managing Director	+88-02-8316540 +88-02-8313973
Co-Issue Manager	<b>AFC CAPITAL LIMITED</b> Tanaka Tower (2 <sup>nd</sup> Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000	Mr. Mahbub H. Mazumder FCMA Chief Executive	+88-02-7120795 +88-02-7121348
Underwriters	<b>ALPHA CAPITAL MANAGEMENT LTD</b> National Scout Bhaban (5 <sup>th</sup> Floor), 70/1 Inner Circular Road, Dhaka-1000	Mr. Noor Ahamed ACA CEO & Managing Director	+88-02-8316540 +88-02-8313973
	<b>AFC CAPITAL LIMITED</b> Tanaka Tower (2 <sup>nd</sup> Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000	Mr. Mahbub H. Mazumder FCMA Chief Executive	+88-02-7120795 +88-02-7121348
	<b>EASTERN BANK LIMITED</b> Jiban Bima Bhaban (2 <sup>nd</sup> Floor) 10 Dilkusha C/A, Dhaka-1000	Md. Fakhrul Alam Deputy Managing Director	+88-02-9556360
	<b>BMSL INVESTMENT LIMITED</b> Sadharan Bima Tower (7 <sup>th</sup> Floor), 37/A Dilkusha C/A, Dhaka-1000	Golam Sarwar Bhuyian Managing Director	+88-02-7169428 +88-02-9570624 +88-02-9567002
	<b>JANATA CAPITAL &amp; INVESTMENT LIMITED</b> 48, Motijheel C/A (3 <sup>rd</sup> Floor), Dhaka-1000,	Md Jahangir Miah Chief Executive	+88-02-7176421 +88-02-7114374
	<b>SONALI INVESTMENT LIMITED</b> Sara Tower (11 <sup>th</sup> Floor) 11/A, Toyenbee Circular Road Motijheel C/A, Dhaka-1000	Dr. Md. Waliar Rahman Chief Executive Officer	+88-02-9568777
Stock Exchanges	Library of <b>DHAKA STOCK EXCHANGE LIMITED</b> 9/F Motijheel C/A, Dhaka 1000		+88-02-9564601 +88-02-7175703-11
	Library of <b>CHITTAGONG STOCK EXCHANGE LIMITED</b> CSE Building, 1080, Sheikh Mujib Road Agrabad, Chittagong 4100		+88-031-714632-3 +88-031-720871

Prospectus would also be available on the web sites of BSEC ([www.secbd.org](http://www.secbd.org)), DSE ([www.dsebd.org](http://www.dsebd.org)), CSE ([www.csebd.com](http://www.csebd.com)), Issuer Company ([www.simgroup-bd.com](http://www.simgroup-bd.com)), the issue managers ([www.alphacml.com](http://www.alphacml.com)), ([www.afccapital.org](http://www.afccapital.org)) and at the Public Reference Room of the Bangladesh securities and Exchange Commission (BSEC) for reading and studying.

### AUDITOR'S INFORMATION

Name	Address	Contact No.
<b>AHMED ZAKER &amp; CO.</b> Chartered Accountants	45, Shaheed Syed Nazrul Islam Road Bijoy Nagar, Shaiham Tower (2 <sup>nd</sup> Floor), Dhaka-1000	+88-02- 8391440-3

#### MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

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## ACRONYMS

MHSML	Mozaffar Hossain Spinning Mills Limited
Allotment	Allotment of shares
BB	Bangladesh Bank
BO A/C	Beneficiary Owners' Account
Certificate	Share Certificate
Commission	Bangladesh Securities and Exchange Commission
Companies Act	Companies Act, 1994 (Act No. XVIII of 1994)
CSE	Chittagong Stock Exchange
DSE	Dhaka Stock Exchange Limited
Exchanges	Stock Exchanges
FC Account	Foreign Currency Account
GOB	Government of Bangladesh
Issuer	Mozaffar Hossain Spinning Mills Limited
Issue Manager	Alpha Capital Management Limited
Co-Issue Manager	AFC Capital Limited
NAV	Net Asset Value
NBFI	Non-Banking Financial Institution
NBR	National Board of Revenue
NRB	Non Resident Bangladeshi
RJSC	Registrar of Joint Stock Companies & Firms
SC	Share Certificate
BSEC	Bangladesh Securities and Exchange Commission
Securities	Shares of MHSML
The Company	Mozaffar Hossain Spinning Mills Limited

**GENERAL INFORMATION**

1. **Alpha Capital Management Limited**, the Issue Manager and **AFC Capital Limited**, the Co-Issue Manager have prepared this prospectus based on the information provided by **Mozaffar Hossain Spinning Mills Limited**, Issuer and also upon several discussions with the Managing Director and concerned executives of the issuer company. The Directors, including Managing Director, of **Mozaffar Hossain Spinning Mills Limited**, **Alpha Capital Management Limited** and **AFC Capital Limited** collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
2. No person is authorized to give any information or to make any representation not contained in this Prospectus, and if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer Company or Issue Manager.
3. 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.



## SECTION I: RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this **Prospectus**, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this **Prospectus** could have a material adverse effect on our business, financial condition and results of operations. In addition, the risks set out in this **Prospectus** may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

**1. Interest Rate Risks: MHSML is exposed to the volatility of interest rate as it has Long Term Bank Loan. Any higher trend in interest rate in the future will definitely aggravate the adversity.**

*Management perception: The management of MHSML has decided to liquidate the outstanding Bank Loan with the IPO proceeds to make the Gearing Ratio at a satisfactory level which will significantly reduce the financial leverage and interest burden.*

**2. Exchange Rate Risks: is engaged in global trade as it procures its raw materials from overseas markets. Therefore, fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability and expose a threat to the stability of the Company.**

*Management Perception: MHSML settles its foreign transaction through US Dollars in case of both export and import. While the value of functional currency fluctuates, the loss or gain on currency fluctuation for export automatically sets off against the loss or gain on currency fluctuation for import. As the value of export is always greater than the value of import, some favourable balance is created in the foreign currency transaction.*

**3. Market Risks:**

**(a) Market demand: The products of MHSML are sold both in local and international markets. Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.**

*Management Perception: MHSML always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications.*

**(b) Competition: MHSML is operating in a free market economy regime. The company might have to face stiff competition from its competitors:**

*Management Perception: Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of MHSML employs their efficiencies; expertise and discretions in minimize the cost of its products.*

**(c) Rising of Raw Materials costs: the cost of yarn and other chemicals are rising drastically round the year. It may hamper the profitability of the company significantly**

*Management Perception: MHSML is aware of the continuing market situation of its raw materials. The management of MHSML believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.*

**4. Risks steaming from technological changes: Changes in technologies may reduce the cost efficiency of the company.**

*Management perception: MHSML applies the latest technology in the production process. The machineries and equipment of the company are also the latest invention in the sector which is imported from renowned manufacturers in the world.*

**5. Potential or existing Govt. regulations may hamper the smooth operation of the business.**

*Management perception: The industries in Bangladesh are enjoying most friendly and pro-industry Govt. regulations ever.*

**6. History of non-operation, if any**

*The company has never been non-operative.*

**7. Operational risks: there may have some risks in operating the machineries and equipment, damaging company assets and lives of its employees and workers.**

*Management Perception: MHSML is always committed to ensuring congenial work environment and giving priority for the safety for its human resource. The company also has insured its assets to minimize the degree of loss.*

**8. Other risk factors:**

- (a) **Increasing labour cost: Labour cost is increasing day by day. Recently, Government fixed a minimum wage for the labour. It will definitely increase the labour cost. Increase in the labour cost will increase the product cost which may give the competitors a comparative advantage over the company.**

*Management Perception: One United Nation study states that labour cost in Bangladesh is the cheapest one in the world. After the shift away of Quota regime, the export volume of Bangladesh to EU and USA has changed to a higher volume. This is mainly due to the fact that Bangladesh has the cheapest labour in the world.*

- (b) **Political Unrest: Bangladesh is prone to serious unrest in the political condition which produces Hartal, Road-Block and many other barriers to the business. This could also propel the cost of the product upwards.**

*Management Perception: During the last forty years of post-independence period, Bangladesh has gone through a variety of political situations. But presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.*

- (c) **Natural calamities: Bangladesh is a country where recurrent natural calamities take place every year. It is a serious threat to the business.**

*Management perception: This type of situation is totally beyond the control of human being. Though the management of MHSML has a very little to do with, we can and should have some precaution measures to minimize the damage of the business in such situations.*

- (d) **Risks of shifting of profit through under-pricing or related party transactions: Under-pricing of the product of the issuer company may cause to shift /siphon its profit to privately held company (SIM Fabrics Limited), the ultimate beneficiary of which is the Chairman and Managing Director of the issuer company. Profit may also be shifted through related party transactions.**

*Management perception: Being a public company, Mozaffar Hossain Spinning Mills Limited (MHSML) will have separate corporate governance policies, separate management personnel and separate regulations to follow. As per the regulations, we will not have the common managing director. Therefore, the decision making processes of MHSML and that of other concerns will definitely be independent of each other.*

*In addition, we made a part of our sells to outside customers. But pricing policies are the same for each portion of the revenues, which reflects the competitive pricing status of the market and shows that there is no sign of under-pricing in our policies and practices.*

The following example shows the equitable pricing policy of our company:

Products		Customer (Price per Kg)			
Yarn	Grade	SIM Fabrics Limited	Master Textile	Aftabunnesa Tex	Alltex Textile
	20's	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85
	16's	\$ 2.70	-	-	-
	10's	\$ 2.50	-	-	-

**(e) Risk related to shut down of operation by BGMEA, BKMEA and BTMA due to current labour crisis.**

*Management Perception: Due to current labour crisis there may be a possibility of temporary shutdown of operation which can affect the shareholder's interest. However, Mozaffar Hossain Spinning Mills Limited's Compliance & Employee Relation Department is very much conscious, communicative and capable enough to handle every situation related to regulatory compliance. Moreover, MHSML is maintaining all sort of compliances related to employee benefit such as workers profit participation fund (WPPF) to protect the interest of the workers and Employee Group insurance to compensate the workers in case of any casualties, that reduces the risk of labour unrest within the company.*

## SECTION II: STATUTORY CONDITIONS AND DISCLOSURES

### DISCLOSURES IN RESPECT OF ISSUANCE OF SECURITIES IN DEMATERIALIZED FORMAT

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized form. Therefore, all transfer/transmission, splitting, and conversion 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.

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

#### PART-A

1. The company shall go for Initial Public Offer (IPO) for 27,500,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 10.00 per share at par worth Tk. 275,000,000 (Tk. Twenty seven Crore Fifty Lac) following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 5 (Five) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the Issue Managers, within 5 (Five) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the Issue Managers 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 Managers. 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 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 Managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within 5 (Five) working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the Issue Managers within 2 (Two) working days from the date of said dispatch of the prospectus and the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for travelling to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely: -  
**Declaration about Listing of Shares with the stock exchange (s):**  
 None of the stock exchange(s), if for any reason, grants listing within 75 (Seventy Five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within 15 (Fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (Seventy Five) days, as the case may be.  
 In case of non-refund of the subscription money within the aforesaid 15 (Fifteen) days, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.  
 The Issue Managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 7 (Seven) days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”
10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **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”. The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 (Nine) days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank Ltd, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The Company and the Issue Managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the Issue Managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 5 (Five) working days, in respect of the following matters, namely: -
  - 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 bankers to the issue.
15. The issuer and the Issue Managers 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 500 **shares worth Taka 5,000/- (Taka Five thousand only)**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the Issue Managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
20. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**

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. 20 above.  
Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.  
A compliance report in this regard shall be submitted to the Commission within 7 (Seven) weeks from the date of closure of subscription.
24. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriters to take up the underwritten shares within 10 (Ten) days of the closing of subscription on full payment of the share money within 15 (Fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the Issue Managers, other underwriters, issuer or the sponsor group.
26. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.  
Provided that the persons (other than Directors and those who hold 5% or more shares in the company), who have subscribed to the shares of the company within immediately preceding two years of according consent shall be subject to a **lock-in period of 1 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.
27. **In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with SEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the Commission jointly by the issuer and Issue Managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock-in confirmation with SEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to BSEC.**
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. The issuer and the Issue Managers shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The Issue Managers shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/ inconsistency is found, both the issuer and the Issue 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 Managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission and to the stock exchanges on utilization of Public Offering proceeds 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.
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 shareholders Meeting 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 as per the provision of BSEC 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.**

## PART-C

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-D

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

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

- The company and the Issue Managers shall ensure due compliance of all the above conditions and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2006.

### SECTION III: DECLARATIONS & DUE DELIGENCE CERTIFICATES

#### DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE COMPANY, “MOZAFFAR HOSSAIN SPINNING MILLS LIMITED” IN RESPECT OF THE PROSPECTUS

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

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

Sd/-

Sd/-

Sd/-

Mrs. Rahima Hossain  
Chairman

Md. Mozaffar Hossain  
Managing Director & Director

A.S.M Rakibul Hasan  
Nominee Director of SIM Fabrics Ltd.

Sd/-

Sd/-

Raisul Hasan  
Director

Mr. Md. Sanwar Hossain  
Nominee Director of SIM Fabrics Ltd.

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

We hereby agree that we have been serving as Director(s) of “Mozaffar Hossain Spinning Mills Limited” and continue to act as Director(s) of the Company.

Sd/-

Sd/-

Sd/-

Mrs. Rahima Hossain  
Chairman

Md. Mozaffar Hossain  
Managing Director & Director

A.S.M Rakibul Hasan  
Nominee Director of SIM Fabrics Ltd.

Sd/-

Sd/-

Raisul Hasan  
Director

Mr. Md. Sanwar Hossain  
Nominee Director of SIM Fabrics Ltd.

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

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

**DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM BANGLADESH SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES**

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

Sd/-

**Md. Mozaffar Hossain**  
Managing Director  
**Mozaffar Hossain Spinning Mills Limited**

**DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM BANGLADESH SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF “MOZAFFAR HOSSIAN SPINNING MILLS LIMITED”**

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 Issue Manager

Sd/-

**Noor Ahamed ACA**  
CEO & Managing Director  
**Alpha Capital Management Limited**

For Co-Issue Manager

Sd/-

**Mahbub H. Mazumdar FCMA**  
Chief Executive  
**AFC Capital Limited**

**DUE DILIGENCE CERTIFICATE OF MANAGERS TO THE ISSUE**

**Sub: Public offer of 27,500,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 10.00 each at par of Mozaffar Hossain Spinning Mills Limited.**

We, the under-noted Managers 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 the 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 Issue Manager

For Co-Issue Manager

Sd/-

Sd/-

**Noor Ahamed ACA**  
CEO & Managing Director  
**Alpha Capital Management Limited**

**Mahbub H. Mazumdar FCMA**  
Chief Executive  
**AFC Capital Limited**

**DUE DILIGENCE CERTIFICATE OF UNDERWRITER(S)**

**Sub: Public offer of 27,500,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 10.00 each at par of Mozaffar Hossain Spinning Mills Limited.**

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 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. All information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b. We shall subscribe and take up the un-subscribed Securities against the above-mentioned Public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- c. This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-

CEO & Managing Director  
**Alpha Capital Management**

Chief Executive  
**AFC Capital Limited**

Deputy Managing Director\*  
**Eastern Bank Limited**

Managing Director  
**BMSL Investment Limited**

Chief Executive Officer  
**Sonali Investment Limited**

Chief Executive  
**Janata Capital & Investment Ltd.**

\*As per board resolution dated 13/07/2011 of Eastern Bank Limited, the due diligence certificate was signed by Mr. Fakhurul Alam, DMD instead of MD.

## SECTION IV: ISSUE SIZE AND PURPOSE OF THE PUBLIC OFFERING

## CAPITAL STRUCTURE

Particulars	Amount in Taka
<b>Authorized Capital</b>	
100,000,000 Ordinary Shares of Tk. 10 each	1,000,000,000
<b>1. Issued, Subscribed &amp; Paid Up Capital</b>	
34,975,000 Ordinary Shares of Tk. 10 each	<b>349,750,000</b>
<b>2. Initial Public Offering</b>	
Issue of 27,500,000 Ordinary Shares of Tk. 10 each	275,000,000
<b>Total Paid Up Capital after IPO (1+2)</b>	<b>624,750,000</b>

## USE OF PROCEEDS AND IMPLEMENTATION SCHEDULE

SL	Particulars	Amount	Expected Date for Accomplishment
1	<b>Bank Loan Pay-off</b> [Partial repayment of Long Term Loan Net Off Current Maturity amounting Tk. 261,719,552.00 (Note: 12 of the audited accounts for the period ended 31 December, 2012); Islami Bank Bangladesh Limited, Mouchak Branch, Malibagh, Dhaka.	261,495,000	Within one month after receiving IPO Fund
2	<b>IPO Cost</b> (Page-24)	13,505,000	Within one month after receiving IPO Fund
<b>Total</b>		<b>275,000,000</b>	

\* The Company did not enter into any contract for aforesaid utilization of IPO proceeds.

Sd/-  
**Md. Shahazul Islam ACA**  
CFO & CS

Sd/-  
**Md. Mozaffar Hossain**  
Managing Director

## SECTION V: DESCRIPTION OF THE BUSINESS

### **Incorporation**

The company's name was changed from Mozaffar Hossain Textile Mills Limited to Mozaffar Hossain Spinning Mills Limited (MHSML) on 14/11/2011. Earlier Mozaffar Hossain Textile Mills Ltd was incorporated as a Private Limited Company on November 29, 2005 and subsequently converted into a Public Limited Company on 14 December, 2011 with the Registrar of Joint Stock Companies and Firms in Bangladesh (RJSC) under the Companies Act, 1994.

### **Inception of commercial operation**

MHSML started its commercial operation on November 1, 2008.

### **Location**

The MHSML's production facilities, the factory plant, are located at Thakurbari Teac, Masumabad, Bhulta under Rugonj Thana of Narayanganj district.

### **Nature of business**

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented woven bricks fabrics cotton yarn.

### **Principal products and the market for such products**

The single product that MHSML produces is yarn which is marketed in the foreign and local markets.

### **Products contributing more than 10% of the company's revenue**

Since MHSML produces only a single product yarn, it is the yarn which contributes almost 100% of the company's revenues.

### **Name of associates, subsidiary/related holding company and their core areas of business**

The holding company of MHSML is SIM Fabrics Limited which is a 100% export oriented entity producing company. Mentionable here that MHSML has no associates or subsidiary company.

**SIM Fabrics Limited** owns 58.90% shares of MHSML's present paid up capital. Therefore, MHSML is a subsidiary company of SIM Fabrics Limited and SIM Fabrics Limited is the holding company of MHSML.

### **Distribution of the products**

On receiving the orders, MHSML produces the goods as per the purchase orders and shift those goods as per the customers' requirements. Since the product is exported to foreign markets, it is delivered to the destination suitable for the shipping liners.

### **Competitive condition**

In Bangladesh, there are many businesses which are engaged in yarn production. Example includes:

1. Jamuna Spinning Mills Limited;
2. Akiz Spinning Mills Limited;
3. Square Textile Mills Limited;
4. Silverline Composite Limited;
5. R. N. Spinning Mills Limited.

### **Sources and availability of raw materials and the names of the principal suppliers**

SL	Name of Supplier	Country of Origin	Item
1	Adil Enterprise	Pakistan	Raw Cotton
2	Exim Overseas (Pvt) Limited	India	Raw Cotton
3	QC (US) Marketing	USA	Raw Cotton
4	Silverline Enterprise Limited	Bangladesh	Raw Cotton
5	Akota Composite Limited	Bangladesh	Raw Cotton
6	Shirin Spinning Mills Limited	Bangladesh	Raw Cotton
7	SM Spinning Mills Limited	Bangladesh	Raw Cotton

**Sources of, and requirement for, power, gas and water or any other utilities****Power:**

For electricity consumption MHSML depends solely on its own sources. To ensure un-interrupted producing activities MHSML procured and implemented two gas generators having capacity of 770 KW and 1030 KW respectively. The electricity produced from those generators meet the demand for power of MHSML's operations. Yearly Requirement of electricity is about 1030 KW.

**Water:**

At different stages throughout the production process in MHSML there requires water which is supplied by the company's own deep tube-well accompanied with a water reserve tank of the capacity of 40,000 gallons.

**GAS:**

The fuel of electricity producing generators is natural gas. MHSML has the connection of Titas Gas Distribution Company Limited with the capacity of 15 PSI. Yearly requirement of Gas is about 22 (Twenty Two) Lac cubic meter.

**Names of customers who purchase 10% or more of the company's products or services**

Mozaffar Hossain Spinning Mills Limited sells almost 70% of its production to SIM Fabrics Limited. There is no other single customer who purchases 10% or more of company's products.

**Description of contracts with principal suppliers and customers**

MHSML does not presently have any contracts with its suppliers or customers.

**Description of material patents, trademarks, licenses or royalty agreements**

The company has no material patents, trademarks, licenses and/or royalty agreements.

**Number of total employees and of total full time employees (as per audited accounts note: 28.05)**

MHSML presently has a total of 249 employees out of which 53 are officers in the factory office, 187 are the workers in the factory and 9 are employed in the company's Head Office.

**Capacity and its current utilization**

(As per audited accounts)

Particular	Licence Capacity (6 months)	Installed Capacity (6 months)	Actual Production
Half Yearly Production (kg)	2,275,000	2,275,000	1,886,861

**SECTION VI: DESCRIPTION OF PROPERTY**

A. The company has following fixed assets as on 31 December, 2012:

(As per audited accounts)

SL	Particulars	WDV as on December 31, 2012
1	Land & Land Developments	382,685,000
2	Factory Building	55,548,709
3	Plant & Machinery	234,816,464
4	Furniture & Fixture	766,960
<b>Totals</b>		<b>673,817,133</b>

B. The entire above mentioned asset are located at the Company's factory premises at Thakurbari Teac, Masumabad, Bhulta, Rupgonj, Narayangonj and head office at House # 315, Road # 04, Baridhara DOHS, Dhaka-1206.

C. All the assets of the Company are in its own name.

D. There is total 553.10 decimals land of MHSML. 156.10 decimals land is incorporated with building, plant and machineries of MHSML and are mortgaged with Islami Bank Bangladesh Limited, Mouchak Branch, Malibagh, Dhaka.

Mentionable here that 881.29 decimals land adjacent to the land area of MHSML belongs to SIM Fabrics Limited and SIM Apparels Limited under which have common boundary wall/fence and all the factories have signboard stating the companies name separately.

E. All the assets are in good condition and there are only two re-conditioned machineries in the company's possession.

**DECLARATION RELATED TO MACHINERIES**

There are only five re-conditioned machineries in the possession and the rest machineries used by the company are brand new.

Description of re-conditioned machineries is as follows:

Sl. No	Machinery Name	Country Origin	Date	Quantity
1.	Spinning Machinery	Switzerland, Germany & Italy	10.03.2008	1 Set
2.	Uster Tensojet	Switzerland	07.04.2010	1 Set
3.	Testing Equipments	Switzerland	03.08.2010	1 Set
4.	Carding, Draw Machine	Switzerland & Germany	14.03.2010	1 Set
5.	Rotors	Germany	03.03.2010	1 Set

Sd/-  
**Md. Shahazul Islam**  
Chief Financial Officer

Sd/-  
**Md. Mozaffar Hossain**  
Managing Director

Sd/-  
**Ahmed zaker & co.**  
Chartered accountants

Sd/-  
**Noor Ahamed ACA**  
CEO & Managing Director  
**Alpha Capital Management Ltd**

Sd/-  
**Mahbub H. Mazumdar FCMA**  
Chief Executive  
**AFC Capital Ltd**

F. No Property is taken by the company under lease agreement.

G. Description of Building:

Sl. No	Description of Building	Construction Type	Constructed In	SQRFT	Height	Built Of
1	Spinning main Shade	Semi-Pucca	2006	34,629	22-24Ft	Heavy RCC Frame with RCC foundation Tin shade
2	Wastage Cotton Shade			4,300	18-25Ft	
3	Cotton Godwon Shade			9,490	20-27Ft	
4	Office, Lab and Store	Two Storied Building		8,242	22Ft	Heavy RCC Frame with RCC foundation Roof Slab
5	Generator Room			3,590	20 Ft	
Total				60,251		

**SECTION VII: PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION****Internal and external sources of cash:***(As per audited accounts)*

Particulars	31 Dec, 2012	30 June, 2012	30 June, 2011	30 June, 2010
Internal Source of Cash	Amount in Tk.	Amount in Tk.	Amount in Tk.	Amount in Tk.
Share Capital	349,750,000	349,750,000	99,750,000	99,750,000
Tax Holiday Reserve	62,413,547	57,743,696	42,858,678	25,206,793
Retained Earnings	141,799,261	120,789,762	83,038,531	37,810,188
<b>Sub Total</b>	<b>553,962,808</b>	<b>528,283,458</b>	<b>225,645,409</b>	<b>162,766,981</b>
External Source of Cash				
Long Term Loan	261,719,552	288,111,135	288,943,352	248,426,117
Short term Bank loan	235,719,463	327,053,951	366,563,850	345,624,726
<b>Sub Total</b>	<b>497,439,015</b>	<b>615,165,086</b>	<b>655,507,202</b>	<b>594,050,843</b>
<b>Grand Totals</b>	<b>1,051,401,823</b>	<b>1,143,448,544</b>	<b>881,152,611</b>	<b>756,817,824</b>

**Material commitments for capital expenditure and expected sources of such fund**

There are no material commitments for capital expenditures.

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

The Company's revenue and other income as well as operating expenses and net income have continued to change due to increasing business volume.

*(As per audited accounts)*

Particulars	2012-13 6 Months	2011-12 12 Months	2010-11 12 Months	2009-10 12 Months
Sales	390,042,096	738,494,616	638,921,387	442,588,794
Less: Cost of Goods Sold	290,395,556	558,078,030	488,294,678	345,393,446
Gross Profit	99,646,540	180,416,586	150,626,709	97,195,348
Less: Operating Expenses	5,638,879	9,725,660	8,100,554	4,164,486
Profit from Operations	94,007,661	170,931,993	142,526,155	93,030,862
Less: Financial Expenses	64,587,613	92,776,200	73,637,537	44,546,278
Add: Other Income	8	241,067	608,592	-
Profit before WPPF	29,420,056	78,155,793	69,497,210	48,484,584
Transfer to WPPF (5%)	1,400,955	3,721,704	3,309,391	2,308,790
Net Profit before Tax	28,019,101	74,434,089	66,187,819	46,175,794
Provision for Taxation	2,339,751	6,816,176	3,309,391	-
<b>Net Profit after Tax</b>	<b>25,679,350</b>	<b>67,617,913</b>	<b>62,878,428</b>	<b>46,175,794</b>

**Any seasonal aspects of the company's business**

MHSML operates in the backward linkage industry to the country's garment sector. The single product of the company, yarn, has the demand throughout the year. Therefore, business of the company is not affected by any sort of seasonal aspects.

**Any known trends, events and uncertainties that shall have a material effect on the company's future business**

The business operation of the Company may be affected by some known events as follows:

1. Down-trend demand at international market
2. Entrance of new technology
3. Increase competition
4. Political unrest
5. Natural disaster

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

None of the operating assets of the company has been disposed of to liquidate any liabilities of the company.

**Loan taken from or given to holding/parent or subsidiary company**

Mozaffar Hossain Spinning Mills Limited has no subsidiary company. It itself is a subsidiary of SIM Fabrics Limited. SIM Fabrics Limited appeared to be the parent of MHSML during the period ended 31 December, 2011 by acquiring 58.90% shares of the company. MHSML neither took nor gave any loan to its parent company SIM Fabrics Limited. However, during the financial year ended 30 June, 2009, 2010, 2011 and 2012 MHSML had intercompany transactions with SIM Fabrics Limited. Balances of intercompany current account are as follows:

(As per audited accounts)

Particulars	As on Dec-2012	As on Jun-2012	As on Jun-2011	As on Jun-2010	As on Jun-2009	As on Jun-2008
Intercompany Current Account	Nil	Nil	13,851,783	8,071,182	3,008,550	Nil

**Future contractual liabilities**

The company has no plan to enter into any contract within next 1 year creating future liabilities for the company except for those which are created in the normal course of business activities.

**Future capital expenditure**

The company does not have any plan for future capital expenditure.

**Any VAT, Income Tax, Customs Duty or other tax liability**

- VAT:** The MHSML has the VAT registration **No.9271025456, area code-90803**. Since the Company is a 100% export oriented one, it does not have to pay VAT. Therefore, no VAT liability is there.
- Income Tax:** MHSML has been enjoying Tax Holiday facility U/S **46B** of the Income Tax Ordinance, 1984 since 1 November, 2008 for a 5 (Five) years' period. Status of Tax Holiday for the Company is as follows:

Period of Tax Exemption	Rate of Exemption
1 November 2008 – 31 October 2009	100%
1 November 2009 – 31 October 2010	100%
1 November 2010 – 31 October 2011	50%
1 November 2011 – 31 October 2012	50%
1 November 2012 – 31 October 2013	25%

The company regularly submits its income tax return and pays income tax where applicable as per the Income Tax Ordinance 1984. The following table shows the picture of income tax file of the company:

Financial Year	Assessment Year	Status
2008-09	2009-10	সহকারী কর কমিশনার, সার্কেল-৫১ (কোম্পানীজ), কর অঞ্চল-৩ কর্তৃক প্রদত্ত ১৭/০১/২০১৩ইং তারিখের আয়কর সার্টিফিকেট অনুযায়ী, মেসার্স মোজাফ্ফর হোসেন স্পিনিং মিলস্ লিমিটিড, সার্কেল-৫১ (কোম্পানীজ), কর অঞ্চল -৩ এর নিবন্ধিত কোম্পানী। করদাতা কোম্পানীর আয়কর মামলা ২০১০-২০১১ করবর্ষ পর্যন্ত নিষ্পত্তি করা হয়েছে এবং উক্ত করবর্ষ পর্যন্ত কর পরিশোধ করা হয়েছে।
2009-10	2010-11	
2010-11	2011-12	সহকারী কর কমিশনার, সার্কেল-৫১ (কোম্পানীজ), কর অঞ্চল-৩ কর্তৃক প্রদত্ত ৩০/০৪/২০১৩ইং তারিখের আয়কর সার্টিফিকেট অনুযায়ী, মেসার্স মোজাফ্ফর হোসেন স্পিনিং মিলস্ লিমিটিড, সার্কেল-৫১ (কোম্পানীজ) কর অঞ্চল -৩ এর নিবন্ধিত কোম্পানী। করদাতা কোম্পানীর আয়কর মামলা ২০১১-২০১২ করবর্ষ পর্যন্ত নিষ্পত্তি করা হয়েছে এবং ২০১২-২০১৩ করবর্ষের মামলা প্রক্রিয়াধীন রয়েছে।
2011-12	2012-13	

- Custom Duty:** MHSML pays all customs duty as per the customs act of the country and there is no due in this regard pending.
- Contingent Liability:** Regarding contingent liability auditor's disclosure in note: 7.01 may be seen.

**Details of Operating Lease during last five years**

The company didn't have any operating lease during the last five years' period. **Details of Financial commitment including lease commitment during last five years**

SL	Name of Bank	Amount of Loan (Tk.)	Purpose of Loan	Sanction date	Instalment/month (Tk.)	Outstanding at 31 December, 2012 (Tk.)
1	Islamic Bank Bangladesh Ltd.	209,913,729	Higher Purchase under Sirkatul Melk (HPSM)	18 June, 2008	4,361,021	199,835,277
2	Islami Bank Bangladesh Ltd.	76,500,000		18 March, 2010	1,961,030	80,651,620

**Personnel related Scheme**

The company gives values to the employee benefit packages since the employees of any organizations are the key to the success of the concerned entity. Mozaffar Hossain Spinning Mills Limited gives its employees remunerations and festival bonuses and also Insurance coverage which cover life, accidental death, permanent and total and partial disability.

**Workers Profit Participation Fund (WPPF):**

The company has taken initiative to establish a profit participation fund for the welfare of its workers. It has been making provisions in its financial statements for this purpose since 2009.

**Break down of IPO cost**

Particulars	Basis		Amount in BDT
<b>Regulatory Commission and Fees</b>			
Managers to the Issue fee (ACML-Tk. 17.50 Lac & AFCCCL-Tk. 2.50 Lac)	1% of IPO, Maximum 20 Lac	2,000,000	
Underwriting commission (0.50%)	0.50% on 50% of IPO amount	687,500	
Bankers to the Issue commission	0.1% of total collection (5 times)	1,375,000	<b>4,062,500</b>
<b>BSEC fee</b>			
Application fee	At actual	10,000	
Consent fee	0.15% of issued capital	412,500	<b>422,500</b>
<b>Listing fees with stock exchanges</b>			
Application fee	At actual	10,000	
Service charge	At actual	5,000	
Annual Fee	At actual	170,000	
Listing fees for stock exchanges (DSE & CSE)	0.25% on 10 crore and @ 0.15% on Balance Paid-up Capital Maximum 20.00 Lac for each	2,074,250	<b>2,259,250</b>
<b>CDBL fees and expenses</b>			
Documentation fee	At actual	2,500	
Initial Public Offering fee	0.025% on Total IPO	68,750	
Annual fee	At Actual	100,000	
Connection Fee	At actual	6,000	<b>177,250</b>
<b>Expenses related to printed and publication</b>			
Printing of prospectus	Estimated (10,000 Numbers)	1,500,000	
Post Issue Expenses	Estimated (5 Times)	2,500,000	
Publication of abridge version of prospectus	Estimated	800,000	
Printing of forms	Estimated	500,000	
Lottery related expenses including BUET fee	Estimated	700,000	
Others	Estimated	583,500	<b>6,585,625</b>
<b>Grand Total</b>			<b>13,505,000</b>

**Information regarding revaluation of assets**

The company made revaluation of its land and land developments at the end of current period to reflect fair value of the property in terms of the prevailing market price of the properties. **ATA KHAN & CO**, Chartered Accountants, 67 Motijheel C/A, Dhaka-1000, have revalued the Land and Land Developments of the company as of 31 December, 2011 following the Current Cost method, showing total cost of the same as **BDT 132,685,000.00**, resulting in a revaluation surplus of **BDT130,314,640.00**.

**Details of Revaluation of Fixed Assets:****Amount in Taka**

Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land & Land Development	ATA KHAN & CO.	Chartered Accountants	30-Jun-11	23,70,360	13,26,85,000	13,03,14,640
<b>Total</b>				<b>23,70,360</b>	<b>13,26,85,000</b>	<b>13,03,14,640</b>

Out of 553.10 decimals land only 156.10 decimals have been revalued and rest 397 decimals land are being purchased this year and hence not revalued.

**Reason for Valuation:** To arrive at a fair value of the aforesaid Land in terms of the prevailing market price.

Messrs Ata Khan & Co. has rendered valuation services to dozens of clients including:

Beximco Group; Islam Group; Meghna Group; Ifad Group; Westin Hotel (Unique Hotel & Resorts Ltd.); Orion Pharma Ltd.;	Bangladesh Thai Aluminium Ltd.; Golden Harvest Agro Industries; Borak Real Estate Ltd.; Rupayan Housing Estate Ltd.; Navana Real Estate Ltd. Shamsul Alamin Real Estate Ltd.
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#### Transaction between Subsidiary/Holding Company or Associate Company and the Issuer

We have holding company; SIM Fabrics Limited and are in operation for the last four and half years, the transaction between MHSML and SIM Fabrics Ltd are as follows:

Financial Year	Opening Balance	Addition during the year	Realized during the year	Closing Balance	Nature of Transaction	Nature of Balance
2007-08(12 Months)	Nil	Nil	Nil	Nil	-	-
2008-09(12 Months)	Nil	126,980,862	Nil	126,980,862	-	-
2009-10(12 Months)	126,980,862	169,614,232	126,980,862	169,614,232	Credit Sales to Parties	Debtor
2010-11(12 Months)	169,614,232	411,872,105	376,750,306	204,736,031		Debtor
2011-12 (12 Months)	204,736,031	184,206,406	205,706,341	183,236,096		Debtor
2012-13 (6 Months)	68,087,739	214,374,673	191,785,127	90,677,285		Debtor

#### Related party transaction

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. Statement of Financial Position exposure with the related parties as on December 31, 2012 was as under as per audit report ended December 31, 2012 (note-29.00):

#### a) Transaction with Key Management Personnel of the entity:

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors or manager	1,200,000
(b)	Any other perquisite or benefits in cash or in kind stating approximate money value where applicable.	40,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(e)	Share Based payments	Nil

#### b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2012	Addition during the period	Realized during the period	Balance as at 31.12.2012
(a)	SIM Fabrics Limited yarn sale	Common Management	68,087,739	214,374,673	191,785,127	90,677,285
	<b>Total</b>		<b>68,087,739</b>	<b>214,374,673</b>	<b>191,785,127</b>	<b>90,677,285</b>

**c) Transaction with Related Entity:**

Sl.	Name of Customer	Relationship	Balance as at 01.07.2012	Addition during the period	Realized during the period	Balance as at 31.12.2012
(a)	SIM Fabrics Limited (Land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	<b>Total</b>		<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>250,000,000</b>

**Auditors' Certificate regarding any Allotment of Shares to promoters or sponsor shareholders for any consideration other than in cash**

This is to certify that as per share register and other relevant records maintained by Mozaffar Hossain Spinning Mills Limited, the company has allotted 2.5 Crore Ordinary Shares at Tk. 10/- each in consideration of Land.

Dhaka

Dated: February 26, 2012

Sd/-

**AHMED ZAKER & CO.**

Chartered Accountants

**Material information having an impact on the affairs of the company**

There is no other material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

**SECTION VIII: DIRECTORS AND OFFICERS****Board of Directors:**

SL	Name	Age (Yrs)	Position	Date of Becoming First Directorship	Expiry of Current term
1	Mrs. Rahima Hossain	46	Chairman	29-Nov-2005	One third of total directors take retirement at every Annual General Meeting and will be eligible for re-election
2	Md. Mozaffar Hossain	56	Managing Director	29-Nov-2005	
3	Raisul Hasan	23	Director	29-Nov-2005	
4	A.S.M Rakibul Hasan Nominee director of SIM Fabrics Ltd.	35	Director	10-Jan-2012	
5	Mr. Md. Sanwar Hossain Nominee director of SIM Fabrics Ltd.	55	Director	30-Sep-2012	

**Family Relation**

**Mrs. Rahima Hossain** is married to Mr. Md. Mozaffar Hossain and Mr. A.S.M Rakibul Hasan is of their eldest son and Mr. Raisul Hasan is the younger son of Mr. and Mrs. Hossain. Md. Sanwar Hossain is the brother-in-law of Mr. Md. Mozaffar Hossain. These five people are from one family and currently holding the directorship of Mozaffar Hossain Spinning Mills Limited.

**Short bio-data of the Directors:**

**Mrs. Rahima Hossain** has passed her fifty five years with the dignity and her strong personality. She is taking care of Mozaffar Hossain Spinning Mills Ltd. as a Chairman since 2005. She is doing her job effectively which makes massive changes in Mozaffar Hossain Spinning Mills Limited.

**Mr. Md. Mozaffar Hossain** was born on January 01, 1957 in a renowned Muslim family in Bangladesh. He completed his B.Sc (Textile) from Tejgaon Textile College under University of Dhaka. 10 years in his early

age and after that he joined in Shamsul Al-Amin Cotton Mills Limited. Currently he is holding the position of Managing Director of Mozaffar Hossain Spinning Mills Limited and Chairman of SIM Fabrics Limited from Feb 2001 to March 2004. Company enjoyed a lot of achievement only because of his contribution and this contribution gives motivation to the company employees.

**Raisul Hasan**, a business graduate from North South University and born on sixth May 1989, is a dynamic business personality. His acumen in business and flexible manner in terms of public relations made him a role model in developing the culture of the organization.

**Mr. A.S.M. Rakibul Hasan** is the nominee director by SIM Fabrics Limited in Mozaffar Hossain Spinning Mills Limited, born on January 31, 1979 in Bangladesh. He is a B.B.A graduate and taking care of Mozaffar Hossain Spinning Mills Limited from the very beginning of his career.

**Mr. Md. Sanwar Hossain** is the nominee director by SIM Fabrics Limited in Mozaffar Hossain Spinning Mills Limited born on December 31, 1975 in Bangladesh. He is a commerce graduate and taking care of Mozaffar Husain Spinning Mills Limited from the very beginning of his career

#### Involvement of Directors in other organization

SL	Name	Position in MHSML	Involvement	
			Name of company	Position
1	Md. Mozaffar Hossain	Managing Director	<ul style="list-style-type: none"> <li>SIM Fabrics Ltd.</li> <li>SIM Apparels Ltd.</li> <li>Authentic Color Ltd.</li> <li>Mozaffar Hossain Spinning mills limited</li> <li>SS Textile</li> </ul>	<ul style="list-style-type: none"> <li>MD</li> <li>MD</li> <li>MD</li> <li>MD</li> <li>MD</li> </ul>
2	Mrs. Rahima Hossain	Chairman	<ul style="list-style-type: none"> <li>SIM Fabrics Ltd.</li> <li>SIM Apparels Ltd.</li> <li>Authentic Color Ltd.</li> <li>Mozaffar Hossain Spinning mills limited</li> </ul>	<ul style="list-style-type: none"> <li>Chairman</li> <li>Chairman</li> <li>Chairman</li> <li>Chairman</li> </ul>
3	Raisul Hasan	Director	<ul style="list-style-type: none"> <li>SIM Fabrics Ltd.</li> <li>SIM Apparels Ltd.</li> <li>Authentic Color Ltd.</li> <li>Mozaffar Hossain Spinning mills limited</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Director</li> <li>Director</li> <li>Director</li> </ul>
4	A.S.M. Rakibul Hasan	Nominee Director	<ul style="list-style-type: none"> <li>SIM Fabrics Ltd.</li> <li>SIM Apparels Ltd.</li> <li>Authentic Color Ltd.</li> <li>Mozaffar Hossain Spinning mills limited</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Director</li> <li>Director</li> <li>Director</li> </ul>
5	Mr. Md. Sanwar Hossain	Nominee Director	-	-

#### CIB Information

Neither the Company nor any of its directors and the related company who holds 5% or more shares in the paid up capital of the issuer is loan defaulter as per the CIB report of the Bangladesh Bank.

#### Name, position, qualification, date of joining and experience of CFO, CEO, CS, Advisors, Consultants, Additional and Deputy MD and all Departmental Head

SL	Name	Position	Qualification	Date of joining	Experience
1	Md. Mozaffar Hossain	MD	B.Sc. (Textile)	Nov-2008	20 yrs
2	Md. Ayenul Haque	Director Operation (commercial)	M.A & Completed several short course on marketing, commercial, labour affairs, financial mgt. and company matters	January-2012	17 yrs
3	Md. Shahazul Islam ACA	CFO & CS	Chartered Accountant	February-2010	06 yrs
4	Md. Obydul Haque	Sr. GM (prod. & Plan.)	B.Sc (Textile)	July-2011	17 yrs
5	Dipok Kumar shaha	GM (admin& HR)	M Com	July-2011	12 yrs
6	Taufiqur Rahman	Manager, Sales	M.B.A (Textile)	April-2009	8 yrs

**SECTION IX: INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS****Involvement of Directors and Officers in certain legal proceedings**

None of the Directors or Officers of Mozaffar Hossain Spinning Mills Limited was involved in any of the following types of legal proceedings in the last 10 (ten) years:

- Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.
- Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
- Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- 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.

**SECTION X: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Certain relationships and related transactions**

The auditor has certified that following related party transactions was made in accordance with **BAS-24 in their audit report (Note 29.00) which is as follows:**

**a) Transaction with Key Management Personnel of the entity:**

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors or manager	1,200,000
(b)	Any other perquisite or benefits in cash or in kind stating approximate money value where applicable.	40,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(e)	Share Based payments	Nil

**b) Transaction with Related Entity:**

Sl.	Name of Customer & Nature of Transaction	Relationship	Balance as at 01.07.2012	Addition during the period	Realized during the period	Balance as at 31.12.2012
(a)	SIM Fabrics Limited (Sale of yarn)	Common Management	68,087,739	214,374,673	191,785,127	90,677,285
	<b>Total</b>		<b>68,087,739</b>	<b>214,374,673</b>	<b>191,785,127</b>	<b>90,677,285</b>

**c) Transaction with Related Entity:**

Sl.	Name of Customer & Nature of Transaction	Relationship	Balance as at 01.07.2012	Addition during the period	Realized during the period	Balance as at 31.12.2012
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	<b>Total</b>		<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>250,000,000</b>

Except the above the Company neither entered into any transaction nor proposed any transaction during the last 02 (two) years between the issuer and any of the following persons:

- Any Director or Executive officer of the issuer.
- Any director or officer.
- Any person owning 5% or more of the outstanding share of the issuer.
- Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

- e. any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a Director or in any way connected with a Director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a Director or connected in any way with a Director at any time during the last three years prior to the issuance of the prospectus.
- f. Remuneration and Board meeting fees enjoyed by the Directors.
- g. The company did not take or give any loan from or to any Director or any person connected with any Director nor did any Director or any person connected with any Director.
- h. There were no facilities whether pecuniary or non-pecuniary enjoyed by the Directors except remuneration and board meeting fees as mentioned above.

## SECTION XI: EXECUTIVE COMPENSATION

### (a) Remunerations and salaries paid to top 5 employees during the last Accounting Year:

SL	Name	Designation	Location	Remunerations per year (Tk.)
1	Md. Mozaffar Hossain	Managing Director	Head Office	600,000
2	Md. Obydul Haque	Sr. GM (prod. & Plan.)	Factory Office	1,080,000
3	Md Ayenul Haque	Director Operation (commercial)	Factory Office	960,000
4	Md. Shahazul Islam ACA	CFO & CS	Head Office	840,000
5	Mrs. Rahima Hossain	Chairman	Head Office	600,000
6	A.S.M Rakibul Hasan	Director	Head Office	600,000
7	Raisul Hasan	Director	Head Office	600,000
8	Dipok Kumar saha	GM (Admin& HR)	Factory Office	600,000

### (b) Aggregate amount paid to all Directors and Officers during the last Accounting Period:

*(As per audited accounts)*

Particulars	Amount in (Tk.)	
	July 2012 to December 2012	July 2011 to June 2012
Remuneration to Directors	12,00,000	2,400,000
Board Meeting Fees	40,000	80,000
Salaries & Wages including Allowances and Bonuses	12,338,992	17,747,252

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

The Company did not pay any remuneration to any person, who was not an officer of the Company during the last accounting year.

### (d) Any contract with any Officer or Director providing for payment of future compensation

The company has not entered into any contract with any of its Directors or Officers for any future compensation packages.

### (e) Any Plan to substantially increase remunerations/salaries of Officers and Directors

The Company does not have any plan to substantially increase remuneration to Officers/Directors except usual increase in salaries & allowances and in line with the performance achieved by individuals.

## SECTION XII: OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

### OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The company has no options granted to Directors, Officers or any other employees of the Company or to any other person who was not involved in the Company

### SECTION XIII: TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

#### TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- The Directors and subscribers to the memorandum have not received any benefits except remuneration and board meeting fees (in note 23.00 of the audited accounts) amount received by the directors, directly or indirectly during the last five years. The issuer also has not received any assets, services or other considerations from its Directors and subscribers to the memorandum except fund against allotment of shares.
- The company purchased land of 154.60 decimals from Mr. Md. Mozaffar Hossain who is Presently Director & Managing Director and also the subscriber to the Memorandum of the company in 2005. MHSML paid BDT 20.41195 lac to Mr. Md. Mozaffar Hossain against the land. The Company has also purchased land amounting to Tk. 25.00 Crore from SIM Fabrics Limited by issuing 2.50 Crore shares. Later on SIM Fabrics Limited transferred 44,00,000 shares to Mrs. Sasheen Hasan (11,00,000 Shares), Alpha Capital Management Ltd. (16,50,000), A. K. M Ashraf Hossain (2,50,000 shares), Mr. Nazim Zaved Chowdhury (10,00,000 shares), Ms. Shahida Alam (1,50,000 shares), Ms. Polashi Akhter (50,000 shares), Ms. Halima Ahmed (1,00,000 shares), and Mr. Syed Mustaque Ahmed (1,00,000 shares) through form 117.

### SECTION XIV: NET TANGIBLE ASSETS VALUE PER SHARE

Net Tangible Asset backing per unit of the securities being offered as at 31December, 2012:

		<i>Amount in Tk.</i>
A.	Non-Current Assets	673,817,133
	Property, Plant and Equipment (cost less accumulated depreciation)	673,817,133
B.	Current Assets	602,327,542
	Inventories	250,827,813
	Accounts Receivable	257,887,630
	Advances, Deposits and Prepayments	90,374,070
	Cash and Cash Equivalents	3,238,029
C.	Total Assets (A+B)	1,276,144,675
D.	LONG TERM LIABILITY	277,821,115
	Long Term Loan net of current maturity	261,719,552
	Deferred Tax Liability	16,101,563
E.	Current Liabilities	314,046,112
	Accounts Payable	15,087,496
	Workers profit participation fund	10,740,840
	Current portion of long term loan	18,767,345
	Short term bank loan:	235,719,463
	Provision for Income Tax	11,343,619
	Accrued Expenses	22,387,349
F.	Total Liabilities (D+E)	591,867,227
G.	Net Assets (C-F)	684,277,448
H.	Number of Shares	34,975,000
I.	Net Tangible Asset Value per Shares (G/H)	19.56

**SECTION XV: SHARE HOLDING STRUCTURE AND FEATURES OF IPO****Ownership of the company's securities**

SL	Name	Address	Position	No of Shares	%
1	SIM Fabrics Limited	House 315, Road 04, DOHS, Baridhara, Dhaka-1212	Shareholder	20,600,000	58.90
2	Mrs. Rahima Hossain	Vill: Khupi Bari, P.O: Tulshipur, PS: Jamalpur Sadar, Dist: Jamalpur	Chairman	1,353,750	3.871
3	Md. Mozaffar Hossain	Vill: Khupi Bari, P.O: Tulshipur, PS: Jamalpur Sadar, Dist: Jamalpur	Managing Director & Director	1,260,000	3.603
4	Raisul Hasan	Vill: Khupi Bari, P.O: Tulshipur, PS: Jamalpur Sadar, Dist: Jamalpur	Director	1,390,000	3.974
5	A.S.M Rakibul Hasan	Vill: Khupi Bari, P.O: Tulshipur, PS: Jamalpur Sadar, Dist: Jamalpur	Shareholder & Nominee Director	140,500	0.402
6	Mrs. Sasheen Hasan	89/Surhwardy Avenue, Baridhara, Dhaka	Shareholder	1,515,000	4.34
7	Mohammad Monowar Hossain	House No.02, Road No.34, Block-4/11, Monirajpur, Jamalpur.	Shareholder	150,000	0.429
8	Mohammed Nazmul Alam	83,Kampala House,2nd Floor, Indira Road,Dhaka-1215	Shareholder	50,000	0.143
9	Samanta Sarmin	Flat-3/A, House-10, Road-19, Sector-14, Uttara, Dhaka.	Shareholder	80,000	0.229
10	Shaiful Islam Khan	Shaikat Villa(2nd Floor),49 South Kamalapur,Dhaka-1217	Shareholder	140,000	0.400
11	Prashanta Kumar Roy & Rakhi Saha	24/9 H.K.Banerjee Road, Amlapara, Narayanganj.	Shareholder	50,000	0.143
12	Muhammad Ziaur Rahman	Vill: harjana, P.O-Shahansagonj, PS-Tangail, District-Tangail.	Shareholder	50,000	0.143
13	Md. Tipu Sultan Khan	139/1, East Basaboo, Baganbary, Dhaka	Shareholder	50,000	0.143
14	Md. Rakib Uddin & Alpona Khan	House # 545,Women College Road, Monoharpur, Comilla	Shareholder	100,000	0.286
15	Md. Aulad Hussain Bhuiyan & Rabeya Khatun	Village-Shimoha Digir Par, PO-Maizhati, PS-Katiadi, Kishorgonj.	Shareholder	100,000	0.286
16	Alauddin Sagar	House # 15/A, Mirpur Road,Newmarket,Dhaka-1205	Shareholder	50,000	0.143
17	Md. Belayet Hossain	House # 9A (1098), Road # 9/C, Sector-5, Uttara, Dhaka.	Shareholder	105,000	0.300
18	Md. Shahazul Islam ACA	40/3, East Basaboo, sabojbag, Dhaka-1203	Shareholder	50,000	0.143
19	Md. Fazlul Haque	Vill- South Kewar, P.O- Kewar, Munshigonj sadar.	Shareholder	200,000	0.572
20	Md. Zane Alam	House # 47,Road # 1,Flat #B2,Dhanmondi R/A, Dhaka-1205	Shareholder	325,000	0.929
21	S. M. Maniruzzaman	House # 47,Road # 1,Flat #B2,Dhanmondi R/A, Dhaka-1205	Shareholder	225,000	0.643
22	Mst. Maleka khatun	House # 47,Road # 1,Flat #B2,Dhanmondi R/A, Dhaka-1205	Shareholder	225,000	0.643
23	Mrs. Monowara Begum	House # 47,Road # 1,Flat #B2,Dhanmondi R/A, Dhaka-1205	Shareholder	225,000	0.643
24	Md. Khalid Hossain	House # 50,Road # 3,Block-B,Niketon,Gulshan-1,Dhaka	Shareholder	575,000	1.644
25	Afsar-Uz-Zaman	86 Panchlaish R/A, Chittagong.	Shareholder	120,000	0.343
26	Md. Nurul Hassan Noor-A-Moin	House # 18,Road # 11,Apt-3/A, Bondhon Niloy,Rupnagar R/A,Mirpur,Dhaka-1216	Shareholder	40,000	0.114
27	Abdul Ahad Chowdhury	House # 120, Road # 9/A, Dhanmondi, Dhaka.	Shareholder	100,000	0.286
28	Nazmus Saquib Chowdhury	House # 120, Road # 9/A, Dhanmondi, Dhaka.	Shareholder	10,000	0.029
29	S.M. Saiful Islam	Vill:Bishnupure,P.OLakshmidharpara,Ramgonj,Lakshimpur	Shareholder	50,000	0.143
30	Mst. Nahid Akhter	4/404 Estern point, Santinager, Dhaka	Shareholder	120,000	0.343
31	Khairul Anam Chowdhury	3685/C Oxyzen R/A,Ratanpur,Baizeed,Chittagong.	Shareholder	60,000	0.172

32	Md.Ruhul Amin	58/C/1,2nd Floor, West Raza Bazar,Tejgaon,Dhaka-1215	Shareholder	125,000	0.357
33	Kazi Sazzad Hossain	River View Complex,1st Floor,56 S.M. Maleh Road,Narayangonj-1400	Shareholder	125,000	0.357
34	Md. Nasir Uddin	58/C/1,2nd Floor, West Raza Bazar,Tejgaon,Dhaka-1215	Shareholder	135,000	0.386
35	Md. Mostafizur Rahman	Flat # GD, Metro Garden, 75 Indira Road, Sher-E-Banglanagar, Dhaka-1216.	Shareholder	125,000	0.357
36	Shafique Ahmed	House # 372,Road # 28,New DOHS,Mohakhali,Dhaka-1206	Shareholder	125,000	0.357
37	Mahmuda Shafique	House # 372,Road # 28,New DOHS,Mohakhali,Dhaka-1206	Shareholder	156,250	0.447
38	Mohammad Didarul Alam	11/11 Tajmohal Road, Block-C, Mohammadpur, Dhaka	Shareholder	135,000	0.386
39	Mrs. Bushra Cowdhury	8 F, Concord Tower, 5 Segunbagicha, Dhaka.	Shareholder	162,000	0.463
40	Shahadat Hossain	Crown Chamber, 325 Arodgonj, Chittagong.	Shareholder	135,000	0.386
41	Mohammad Nazim Miah	148/A Deodhog, Pakka Road, Narayangonj.	Shareholder	67,500	0.193
42	Mina Nath Dhar	Modern Century Gold, 285 Biponi Bitan, Chittagong.	Shareholder	270,000	0.772
43	A. Munim Choudhury	House No.32,Road No.9/A,Flat-5/A. Dhanmondi R/A, Dhaka	Shareholder	135,000	0.386
44	Abdul Muhith	House No.32,Road No.9/A,Flat-5/A. Dhanmondi R/A, Dhaka	Shareholder	135,000	0.386
45	Nurul Ehsan Sadat	House No.32,Road No.9/A,Flat-5/A. Dhanmondi R/A, Dhaka	Shareholder	67,500	0.193
46	Waliul Hassan Chowdhury	House No.32,Road No.9/A,Flat-5/A. Dhanmondi R/A, Dhaka	Shareholder	67,500	0.193
47	Dewan Golam Mostafa	52, south Bashaboo, Sobujbug, Dhaka	Shareholder	100,000	0.286
48	Milton Kumar Roy	Swapnalok(East Side Lane of Talukder Complex),Katpatty Road,Barisal-8200	Shareholder	50,000	0.143
49	A.Q.M. Mahfuzur Rahman	96/97 Nawbabpur Road,City Machinery Market(4th floor),Dhaka-1100	Shareholder	50,000	0.143
50	Alpha Capital Management Ltd.	70/1 Inner Circular Road, Kakrail, Dhaka-1000	Shareholder	1,650,000	4.72
51	A. K. M Ashraf Hossain	79/2, East Rampura, Dhaka-1219	Shareholder	250,000	0.71
52	Nazim Zaved Chowdhury	Apt # B-3, H # 59, R # 8/A, Dhanmondi, Dhaka-1207	Shareholder	10,00,000	2.86
53	Shahida Alam	Bibirwat Apt (2 <sup>nd</sup> Floor), H # 2B, R # 05, Gulshan 1, Dhaka-1212	Shareholder	150,000	0.43
54	Polashi Akhter	40/3 East Basabo, Sabujbagh, Dhaka	Shareholder	50,000	0.143
55	Halima Ahmed	Apt # A1, H #32, R # 116, Gulshan, Dhaka-1212	Shareholder	100,000	0.29
56	Syed Mustaque Ahmed	Apt # A1, H #32, R # 116, Gulshan, Dhaka-1212	Shareholder	100,000	0.29
<b>Total</b>				<b>34,975,000</b>	<b>100.00</b>

**Securities Owned by each Director:**

SL	Name	Position	No of Shares held	%
1	Mrs. Rahima Hossain	Chairman	1,353,750	3.87%
2	Md. Mozaffar Hossain	MD & Director	1,260,000	3.60%
3	SIM Fabrics Limited Nominated to A.S.M Rakibul Hasan & Md. Sanwar Hossain	Shareholder	20,600,000	58.90%
4	Raisul Hasan	Director	1,390,000	3.97%
<b>Total</b>			<b>24,853,570</b>	<b>70.34%</b>

**List of sponsors/Directors and/or Shareholders who hold 5% or more shares of the Company**

SL	Name	Position	No of Shares held	%
1	SIM Fabrics Limited Nominated to A.S.M Rakibul Hasan & Mr. Md. Sanwar Hossain	Shareholder	20,600,000	58.90%

Except for the above list there is no shareholder or director who holds 5% or more of the ordinary shares of the company's paid up capital.

**Post IPO Shareholding by the Sponsors/Directors**

Details	No of Shares	Amount (Tk.)
Post IPO Share Capital	62,475,000	624,750,000

SL	Name of Directors	Position	No of Shares held	%
1	Mrs. Rahima Hossain	Chairman	1,353,750	2.17%
2	Md. Mozaffar Hossain	MD & Director	1,260,000	2.02%
3	SIM Fabrics Limited Nominated to A.S.M Rakibul Hasan & Mr. Md. Sanwar Hossain	Shareholder	20,600,000	32.97%
4	Raisul Hasan	Director	1,390,000	2.22%
<b>Total</b>			<b>24,853,570</b>	<b>39.38%</b>

NB: Post IPO capital structure of the Sponsors/Directors complies with the requirements as imposed by the Bangladesh Securities and Exchange Commission vide Notification No. SEC/CMRRCD/ 2009-193/119/Admin/34, dated November 22, 2011

**Securities owned by the officers**

Mr. Md. Mozaffar Hossain and Mr. Md. Shahazul Islam ACA hold shares of the company's paid up capital. Apart from them no employees of the company holds any shares of the company.

SL	Name	Position	No of Shares held
1	Md. Mozaffar Hossain	Managing Director	1,260,000
2	Md. Shahazul Islam ACA	CFO & CS	50,000

**SECTION XVI: DETERMINATION OF OFFERING PRICE**

The offering price of ordinary shares of **MOZAFFAR HOSSAIN SPINNING MILLS LIMITED (MHSMML)** based on Fixed Price Method is Tk. 10 each has been justified as follows:

Particulars		Amount in BDT
Method-1:	(a) Net Assets Value (NAV) Per Share	19.56
	(b) Price based on Net Asset Value per share (with Revaluation Reserve)	19.56
	(c) Price based on Net Asset Value per share (with out Revaluation Reserve)	15.84
Method-2:	Historical Earnings Based Value Per Share	20.53

**CALCULATION OF METHODOLOGIES:****Method-1 (a): Net Asset Value (NAV) Per Share:**

Sl. No.	Particulars	Amount in BDT as per Audited Accounts December 31, 2012
A	<b>Non-Current Asset:</b>	
	Property, Plant and Equipment (at Carrying Amount)	673,817,133
	Total Non-Current Asset	673,817,133
	<b>Current Asset:</b>	
	Inventories	250,827,813
	Accounts Receivables	257,827,630
	Advance, Deposits and Prepayments	90,374,070
	Cash & Bank Balance	3,238,029
	Total Current Asset	602,327,542
	<b>TOTAL ASSETS</b>	<b>1,276,144,675</b>
B	<b>Lon Term Liabilities:</b>	
	Long Term Loan- Net of Current Maturity	261,719,552
	Deferred L/C Liabilities	16,101,563
	Total Non-Current Liabilities	277,821,115
	<b>Current Liabilities &amp; Provision:</b>	
	Accounts Payable	15,087,496
	Worker's Profit Participation Fund	10,740,840
	Current Portion Of Long Term Loan	18,767,345
	Short Term Bank Loan	235,719,463
	Provision for Tax	11,343,619
C=(A-B)	Accrued Expenses	22,387,349
	Total Current Liabilities & Provision	314,046,112
D	<b>TOTAL LIABILITIES</b>	<b>591,867,227</b>
E=(C/D)	<b>Net Assets</b>	<b>684,277,448</b>
	Number of Shares of Tk. 10.00 Each	34,975,000
	<b>Net Assets Value Per Share</b>	<b>19.56</b>

<b>1 (b) Price based on Net Asset Value per share/Equity based Value (with Revaluation Reserve)</b>		
<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount</b>
a)	Share Capital	349,750,000
b)	Revaluation Reserve	130,314,640
c)	Tax Holiday Reserve	62,413,547
d)	Retained Earnings	141,799,261
<b>Total Shareholders' Equity</b>		<b>684,277,448</b>
Number of Shares		34,975,000
<b>Net Asset Value per share as per Audited Report as on December 31, 2012</b>		<b>19.56</b>

<b>1 (c) Price based on Net Asset Value per share/Equity based Value (without Revaluation Reserve)</b>		
<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount</b>
a)	Share Capital	349,750,000
b)	Tax Holiday Reserve	62,413,547
c)	Retained Earnings	141,799,261
<b>Total Shareholders' Equity</b>		<b>553,962,808</b>
Number of Shares		34,975,000
<b>Net Asset Value per share as per Audited Report as on December 31, 2012</b>		<b>15.84</b>

#### Method 2: Historical Earnings based value per share

Average Price Earnings of Textile ( January, February and March, 2013)

$$=(17.45+17.38+14.43)/3 = 49.26/3 = 16.42$$

Average Price Earnings of Overall Market (January, February, March 2013)

$$=(12.05+11.53+14.43)/3 = 36.12/3 = 11.46$$

Lower of 16.42 & 11.46 is 11.46

<b>Year</b>	<b>No. of Share</b>	<b>Net Profit after tax</b>	<b>Weight of No. of Shares</b>	<b>Weighted Average of Net Profit after tax</b>
2008	100,000	-	0.00	-
2009	100,000	10,104,712	0.0018	18,330.54
2010	9,975,000	46,175,794	0.18	8,355,619.87
2011	9,975,000	62,878,428	0.18	11,378,001.26
2012	34,975,000	67,617,913	0.63	42,901,342.53
<b>Total</b>	<b>55,125,000</b>	<b>186,776,847</b>	<b>1.00</b>	<b>62,653,294.20</b>
No. of shares outstanding before IPO				34,975,000
Diluted EPS based on weighted Average of Net Profit after Tax				1.79
3 Months average P/E (Lower of 16.42 & 11.46)				11.46
<b>Earnings based Value per share based on overall Market P/E</b>				<b>20.53</b>

#### SECTION XVII: MARKET FOR THE SECURITIES BEING OFFERED

##### Market for the Securities being offered

The issuer shall apply to the following bourses for listing shares within 7 (seven) working days from the date of consent accorded by the Commission to issue the prospectus:

<b>Dhaka Stock Exchange Limited (DSE)</b> 9/F, Motijheel C/A, Dhaka-1000	<b>&amp;</b>	<b>Chittagong Stock Exchange Limited (CSE)</b> CSE Building, 1080 Sheikh Mujib Road, Chittagong
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## Description of securities outstanding or being offered

### Dividend, voting, pre-emption 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. All Shareholders shall have the usual voting rights in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extraordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

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

### Conversion and liquidation rights

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

### Dividend policy

- (a) The profit of the Company, subject to any special right relating thereto created or authorized to be created
- (b) by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.
- (c) No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
- (d) No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- (e) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- (f) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- (g) No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

### Other rights of stockholders

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

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

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

## SECTION XVIII: DEBT SECURITIES

**Debt Securities:** The Company has not issued or is planning to issue any debt security within next six months.

## SECTION XIX: LOCK IN PROVISION

**Lock in Provision**

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 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 one year from the date of issuance of prospectus or commercial operation, whichever comes later.

The following table indicates the **Lock In** status of the shareholders of Mozaffar Hossain Spinning Mills Limited:

SL	Name	Position	No. of Shares	%	Date of Subscription	Lock in Period From Issuance of Prospectus	Remarks
1	SIM Fabrics Limited	Shareholder	20,600,000	58.90	25-Nov-11	3 Yrs	As Per Schedule X And Form 117
2	Mrs. Rahima Hossain	Chairman	1,353,750	3.871	29-Nov-05	3 Yrs	As Per Schedule X
3	Md. Mozaffar Hossain	Managing Director & Director	1,260,000	3.603	29-Nov-05	3 Yrs	As Per Schedule X
4	A.S.M Rakibul Hasan	Shareholder & Nominee Director	140,500	0.402	29-Nov-05	3 Yrs	As Per Schedule X
5	Raisul Hasan	Director	1,390,000	3.974	29-Nov-05	3 Yrs	As Per Schedule X
6	Mrs. Sasheen Hasan	Shareholder	415,000 11,00,000	4.34	25-Nov-11 12-Mar-13	1 Yr	As Per Schedule X As per Form 117
7	Mohammad Monowar Hossain	Shareholder	150,000	0.429	25-Nov-11	1 Yr	As Per Schedule X
8	Mohammed Nazmul Alam	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
9	Samanta Sarmin	Shareholder	80,000	0.229	25-Nov-11	1 Yr	As Per Schedule X
10	Shaiful Islam Khan	Shareholder	140,000	0.400	25-Nov-11	1 Yr	As Per Schedule X
11	Prashanta Kumar Roy & Rakhi Saha	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
12	Muhammad Ziaur Rahman	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
13	Md. Tipu Sultan Khan	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
14	MD. Rakib Uddin & Alpona Khan	Shareholder	100,000	0.286	25-Nov-11	1 Yr	As Per Schedule X
15	Md. Aulad Hussain Bhuiyan & Rabeya Khatun	Shareholder	100,000	0.286	25-Nov-11	1 Yr	As Per Schedule X
16	Alauddin Sagar	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
17	Md. Belayet Hossain	Shareholder	105,000	0.300	25-Nov-11	1 Yr	As Per Schedule X
18	Md. Shahazul Islam	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
19	Md. Fazlul Haque	Shareholder	200,000	0.572	25-Nov-11	1 Yr	As Per Schedule X
20	Md. Zane Alam	Shareholder	325,000	0.929	25-Nov-11	1 Yr	As Per Schedule X
21	S.M. Maniruzzaman	Shareholder	225,000	0.643	25-Nov-11	1 Yr	As Per Schedule X
22	Mst. Maleka khatun	Shareholder	225,000	0.643	25-Nov-11	1 Yr	As Per Schedule X
23	Mrs. Monowara Begum	Shareholder	225,000	0.643	25-Nov-11	1 Yr	As Per Schedule X
24	Md. Khalid Hossain Khan	Shareholder	575,000	1.644	25-Nov-11	1 Yr	As Per Schedule X
25	Afsar-Uz-Zaman	Shareholder	120,000	0.343	25-Nov-11	1 Yr	As Per Schedule X
26	Md. Nurul Hassan Noor-A-Moin	Shareholder	40,000	0.114	25-Nov-11	1 Yr	As Per Schedule X
27	Abdul Ahad Chowdhury	Shareholder	100,000	0.286	25-Nov-11	1 Yr	As Per Schedule X
28	Nazmus Saquib Chowdhury	Shareholder	10,000	0.029	25-Nov-11	1 Yr	As Per Schedule X
29	S.M. Saiful Islam	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
30	Mst. Nahid Akhter	Shareholder	120,000	0.343	25-Nov-11	1 Yr	As Per Schedule X
31	Khairul Anam Chowdhury	Shareholder	60,000	0.172	25-Nov-11	1 Yr	As Per Schedule X
32	Md. Ruhul Amin	Shareholder	125,000	0.357	25-Nov-11	1 Yr	As Per Schedule X
33	Kazi Sazzad Hossain	Shareholder	125,000	0.357	25-Nov-11	1 Yr	As Per Schedule X
34	Md. Nasir Uddin	Shareholder	135,000	0.386	25-Nov-11	1 Yr	As Per Schedule X
35	Md. Mostafizur Rahman	Shareholder	125,000	0.357	25-Nov-11	1 Yr	As Per Schedule X
36	Shafique Ahmed	Shareholder	125,000	0.357	25-Nov-11	1 Yr	As Per Schedule X
37	Mahmuda Shafique	Shareholder	156,250	0.447	25-Nov-11	1 Yr	As Per Schedule X
38	Mohammad Didarul Alam	Shareholder	135,000	0.386	25-Nov-11	1 Yr	As Per Schedule X

39	Mrs. Bushra Cowdhury	Shareholder	162,000	0.463	25-Nov-11	1 Yr	As Per Schedule X
40	Shahadat Hossain	Shareholder	135,000	0.386	25-Nov-11	1 Yr	As Per Schedule X
41	Mohammad Nazim Miah	Shareholder	67,500	0.193	25-Nov-11	1 Yr	As Per Schedule X
42	Mina Nath Dhar	Shareholder	270,000	0.772	25-Nov-11	1 Yr	As Per Schedule X
43	A. Munim Choudhury	Shareholder	135,000	0.386	25-Nov-11	1 Yr	As Per Schedule X
44	Abdul Muhith	Shareholder	135,000	0.386	25-Nov-11	1 Yr	As Per Schedule X
45	Nurul Ehsan Sadat	Shareholder	67,500	0.193	25-Nov-11	1 Yr	As Per Schedule X
46	Waliul Hassan Chowdhury	Shareholder	67,500	0.193	25-Nov-11	1 Yr	As Per Schedule X
47	Dewan Golam Mostafa	Shareholder	100,000	0.286	25-Nov-11	1 Yr	As Per Schedule X
48	Milton Kumar Roy	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
49	A.Q.M. Mahfuzur Rahman	Shareholder	50,000	0.143	25-Nov-11	1 Yr	As Per Schedule X
50	Alpha Capital Management Ltd.	Shareholder	1,650,000	4.72	12-Mar-13	1 Yr	As per Form 117
51	A. K. M Ashraf Hossain	Shareholder	250,000	0.71	12-Mar-13	1 Yr	As per Form 117
52	Nazim Zaved Chowdhury	Shareholder	10,00,000	2.86	12-Mar-13	1 Yr	As per Form 117
53	Shahida Alam	Shareholder	150,000	0.43	12-Mar-13	1 Yr	As per Form 117
54	Polashi Akhter	Shareholder	50,000	0.143	12-Mar-13	1 Yr	As per Form 117
55	Halima Ahmed	Shareholder	100,000	0.29	12-Mar-13	1 Yr	As per Form 117
56	Syed Mustaque Ahmed	Shareholder	100,000	0.29	12-Mar-13	1 Yr	As per Form 117
<b>Total</b>			<b>34,975,000</b>	<b>100</b>			

## SECTION XX: REFUND OF SUBSCRIPTION MONEY

### 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;-

- 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
- 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)

- 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 concern bank, for the value of Securities applied for through crossed bank cheque marking "Account Payee only".
- The value of Securities applied for by such person may be paid in Taka or US Dollar, UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
- Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicant's bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue as mentioned above, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application forms.

## SECTION XXI: AVAILABILITY OF SECURITIES

## Availability of securities

Securities	Number of Shares	Total amount (BDT)
20% of public offer are reserved for affected small investors (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী). [A]	5,500,000	55,000,000
10% of public offer shall be reserved for Non Resident Bangladeshis. [B]	2,750,000	27,500,000
10% of public offer of Shares shall be reserved for Mutual funds and Collective Investment schemes registered with the Commission. [C]	2,750,000	27,500,000
60% of public offer of Shares shall be opened for subscription by the General Public. [D]	16,500,000	165,000,000
<b>Total [A+B+C+D]</b>	<b>27,500,000</b>	<b>275,000,000</b>

1. All as stated in 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.
2. In case of over-subscription, under any of the categories mentioned in the clause 1[A], 1[B], 1[C] and 1[D], the Issue Managers 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.
3. In case of under-subscription, under any of the 20% and 10% category as mentioned in clause 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 managers shall jointly conduct an open lottery of all the applicants added together.
4. In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
5. The lottery as stated in clause (3) and (4) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

## UNDERWRITERING OF SHARES

The Initial Public Offering (IPO) is for 27,500,000 ordinary shares Tk. 10/- each at par amounting to Tk. 275,000,000 of Mozaffar Hossain Spinning Mills Limited. As per the guidelines of the Bangladesh Securities and Exchange Commission, 50% of the said amount i.e. 13,750,000 ordinary shares of Tk. 10/- each at par amounting to Tk. 137,500,000 has been underwritten by the following underwriters:

SL	Name of the Underwriter	No. of Shares underwritten	Amount of Underwritten (Tk.)
1	Alpha Capital Management Ltd	3,750,000	37,500,000
2	AFC Capital Limited	2,000,000	20,000,000
3	BMSL Investment Limited	2,000,000	20,000,000
4	Sonali Investment Limited	2,000,000	20,000,000
5	Eastern Bank Limited	2,000,000	20,000,000
6	Janata Capital & Investment Limited	2,000,000	20,000,000
<b>Total</b>		<b>13,750,000</b>	<b>137,500,000</b>

**PRINCIPAL TERMS AND CONDITIONS OF UNDERWRITING AGREEMENTS**

1. If and to the extent that the shares offered to the public by a prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Bangladesh Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such subscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the stipulated 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 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 0.5% of 50% of the total IPO amount (i.e. Tk. 137,500,000.00) of the issue value of shares underwritten by them.

**RIGHT OF UNDERWRITERS ON COMPANY'S BOARD**

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

**ALLOTMENT**

The Company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date by crediting directly to the recipients' bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

**SECTION XXII: APPLICATION FOR SUBSCRIPTION****Application for subscription**

1. Application for Shares may be made for a minimum lot for 500 (Five Hundred) Ordinary Shares to the value of Tk. 5000.00 respectively and should be made on the Company's Printed Application Form. Application Forms and the Prospectus may be obtained from the Registered Office of the Company, Members of the Dhaka and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case of adequate Forms are not available, applicants may use photocopied/cyclostyled/ typed/handwritten copies of the Forms. Application must not be for less than 500 Shares. Any application not meeting the criterion will not be considered for allotment purpose.
2. 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.

3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by the Memorandum and Articles of Association.
4. **An applicant cannot submit more than two applications, one in his/her 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 shall be forfeited by the Commission and the balance amount will be refunded to the applicant.**
5. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**
6. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen) of their subscription money too.**
7. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by BSEC.
8. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals shall be entitled to apply for Shares.
9. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/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 “**Mozaffar Hossain Spinning Mills Limited.**” 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. A Non-Resident Bangladeshi (NRB) shall apply against 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 or EURO at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share application form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company. 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 web site of the issuer, issue manager, DSE, CSE and the BSEC.
11. All completed application forms, together with remittance for the full amount payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
12. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company’s STD Account No. **1011360231502** with **Eastern Bank Ltd.**, Principal Branch, Jiban Bima Bhaban, Ground Floor, 10 Dilkusha C/A, Dhaka-1000 for this purpose.
13. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or Euro shall be deposited to below mentioned “**FC Account for IPO**” with **Eastern Bank Ltd.**, Principal Branch, Jiban Bima Bhaban, Ground Floor, 10 Dilkusha C/A, Dhaka-1000. In case of over subscription, refund shall be made by the Company out of the respective FC Accounts:

SL No	Name of the FC Accounts	Account No.	Bank & Branch
1.	US Dollar	1013050231523	Eastern Bank Ltd., Principal Branch
2.	UK Pound Sterling	1013060231534	Eastern Bank Ltd., Principal Branch
3.	Euro	1013070231567	Eastern Bank Ltd., Principal Branch

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Eastern Bank Limited out of the “FC Account for IPO”. Mozaffar Hossain Spinning Mills Limited has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over subscription if any.

**Applications not in conformity with the above requirements and the instructions printed on the application form are liable to be rejected.**

#### **DECLARATION ABOUT LISTING OF SHARES WITH STOCK EXCHANGES**

None of the Stock Exchanges, if for any reason, grant 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 exchange, 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.

#### **TRADING AND SETTLEMENT**

Trading And Settlement Regulation of the stock exchanges will apply in respect of trading and settlement of the shares of the Company.

**The Issue Shall Be Placed In “N” Category**

### **SECTION XXIII: MATERIAL CONTRACTS & OHTERS**

#### **MATERIAL CONTRACTS**

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

- Underwriting Agreement between the Company and the Underwriters.
- Issue Management Agreement between the Company and the Managers to the issue, Alpha Capital Management Limited and AFC Capital Limited.

#### **MANAGERS TO THE ISSUE**

**Alpha Capital Management Limited**, National Scout Bhaban (5<sup>th</sup> Floor), 70/1, Inner Circular Road, Dhaka-1000, and **AFC Capital Limited**, Tanaka Tower (2<sup>nd</sup> Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000, are the Managers to the Issue. The Issue Managers shall get Tk. 2,000,000.00 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. **EASTERN BANK LIMITED**, Principal Branch, 10 Dilkusha C/A, Dhaka-1000 will act as the lead banker to the issue.

## SECTION XXIV: BANKERS TO THE ISSUE

**Eastern Bank Limited**

Motijheel Branch, Dhaka  
 Shamoly Branch, Dhaka  
 Uttara Branch, Dhaka  
 Bashundhara Branch, Dhaka  
 Moghbazar Branch, Dhaka  
 Narayanganj Branch  
 Banasree Branch, Dhaka  
 Savar Branch, Dhaka  
 Mirpur Dar-us-salam Road Branch, Dhaka  
 Uttara Garib-E-Newaz Branch, Dhaka  
 Khulna Branch, Khulna  
 Jessore Branch, Jessore  
 Jubilee Road Branch, Chittagong  
 O. R. Nizam Road Branch, Chittagong  
 Changong Branch, Chittagong  
 Panchalaish Branch, Chittagong  
 Halishahar Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Bogra Branch, Bogra  
 Moulvi Bazar Branch, Sylhet  
 Upashahar Branch, Sylhet  
 Chouhatta Branch, Sylhet  
 Mymensingh SME Branch

**IFIC Bank Limited**

Federation Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Moakhali Branch, Dhaka  
 Banani Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Shantinagar Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Islampur Branch, Dhaka  
 Uttara Branch, Dhaka  
 Naya Palton Branch, Dhaka  
 Pallabi Branch, Dhaka  
 Malibagh Branch, Dhaka  
 North Brook Hall Road Branch, Dhaka  
 Stock Exchange Branch, Dhaka  
 Pragati Sarani Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Narsingdi Branch, Narsingdi  
 Faridpur Branch, Faridpur  
 Mymensingh Branch, Mymensingh  
 Agrabad Branch, Chittagong  
 CDA Avenue Branch, Chittagong  
 Madam Bibir Hat Branch, Chittagong  
 Sheikh Mujib Road Branch, Chittagong  
 Alanker More Branch, Chittagong  
 Cox's Bazar Branch, Cox's Bazar  
 Comilla Branch, Comilla  
 Brahmanbaria Branch, Brahmanbaria  
 Choumuhani Branch, Noakhali  
 Feni Branch, Feni  
 Rajshahi Branch, Rajshahi  
 Rangpur Branch, Rangpur  
 Bogra Branch, Bogra  
 Pabna Branch, Pabna  
 Dinajpur Branch, Dinajpur  
 Khulna Branch, Khulna  
 Bora Bazar Branch, Khulna  
 Jessore Branch, Jessore  
 Kushtia Branch, Kushtia  
 Barisal Branch, Barisal  
 Moulvi Bazar Branch, Moulvi Bazar  
 Sylhet Branch, Sylhet  
 Upohohor Branch, Sylhet  
 Tultiker Branch, Sylhet

**Jamuna Bank Limited**

Mohakhali Branch, Dhaka  
 Sonargong Road Branch, Dhaka  
 Dilkhusa Branch, Dhaka  
 Shantinagar Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Islampur Branch, Dhaka  
 Moulvi Bazar Branch, Dhaka  
 Ring Road Branch, Dhaka  
 Kustia Branch, Kustia  
 Motijheel Branch, Dhaka  
 Dholikhal Branch, Dhaka  
 Banani Branch, Dhaka  
 Uttara Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Malibagh Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Agrabad Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Bogra Branch, Bogra  
 Jubilee Road Branch, Chittagong  
 Khatungonj Branch, Chittagong  
 Comilla Branch, Comilla  
 Feni Branch, Feni  
 Jessore Branch, Jessore  
 Barisal Branch, Barisal  
 Sylhet Branch, Sylhet  
 Savar Branch, Dhaka  
 Konabari Branch, Gazipur  
 Rangpur Branch, Rangpur

**National Bank Limited**

Agrabad Branch, Chittagong  
 Anderkilla Branch, Chittagong  
 Asadgate Branch, Dhaka  
 Babubazar Branch, Dhaka  
 Banani Branch, Dhaka  
 Bangshal Road Branch, Dhaka  
 Barisal Branch, Barisal  
 Beani Bazar Branch, Sylhet  
 Batiary Branch, Chittagong  
 Bogra Branch, Bogra  
 CDA Avenue Branch, Chittagong  
 Chaktai Branch, Chittagong  
 Chandpur Natun Bazar Branch, Chandpur  
 Chawk Bazar Branch, Chittagong  
 Chowmuhani Branch, Noakhali  
 Khatungonj Branch, Chittagong  
 Khulna Branch, Khulna  
 Lake Circus Branch, Dhaka  
 Madhupur Branch, Tangail  
 Malibagh Branch, Dhaka  
 Mirarsari Branch, Chittagong  
 Mirpur Branch, Dhaka  
 Moakhali Branch, Dhaka  
 Mohammadpur Branch, Dhaka  
 Motijheel Branch, Dhaka  
 Muradpur Branch, Chittagong  
 Mymensingh Branch, Mymensingh  
 Narayanganj Branch, Narayanganj  
 Narsingdi Branch, Narsingdi  
 Netaiganj Branch, Narayanganj  
 Comilla Branch, Comilla  
 Dhanmondi Branch, Dhaka  
 Dilkhusa Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Faridpur Branch, Faridpur  
 Feni Branch, Feni  
 Foreign Exchange Branch, Dhaka  
 Gazipur Branch, Gazipur  
 Godagari Branch, Rajshahi  
 Gulshan Branch, Dhaka  
 Rajshahi Branch, Rajshahi  
 Rifles Square Branch, Dhaka  
 Rokeya Sarani Branch, Dhaka  
 S.K. Mojib Road Branch

Savar Bazar Branch, Savar, Dhaka  
 Sunamgonj Branch, Sunamgonj  
 Sylhet Branch, Sylhet  
 Tangail Branch, Tangail  
 Tongi Branch, Gazipur  
 Uttara Branch, Dhaka  
 Z.H. Sikder M.C Branch, Dhaka  
 Zindabazar Bazar, Sylhet  
 Halishahar Branch, Chittagong  
 Imamganj Branch, Dhaka  
 Islampur Branch, Dhaka  
 Jatrabari Branch, Dhaka  
 Jessore Branch, Jessore  
 Jubilee Road Branch, Chittagong  
 Kodomtoli Branch, Sylhet  
 Karwan Bazar Branch, Dhaka  
 KDA Branch, Khulna  
 New Eskaton Branch, Dhaka  
 North Book Hall Branch, Dhaka  
 Pabna Branch, Pabna  
 Pagla Bazar Branch, Narayanganj  
 Pahartali Branch, Chittagong  
 Pitiya Branch, Chittagong  
 Pragati Sarani Branch, Dhaka

**Trust Bank Limited**

Principial Branch, Dhaka  
 Dilkhusa Corp. Branch, Dhaka  
 Radisson Water Garden Hotel Br. Dhaka  
 Mirpur Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Uttara Corporate Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Elephant Road Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Narsingdi Branch, Narsingdi  
 Tongi Branch, Gazipur  
 Joydebpur Branch, Gazipur  
 Ashulia Branch, Dhaka  
 Momenshahi Cantonment Branch  
 Savar Cantonment Branch, Dhaka  
 S.S Cantonment Branch, Tangail  
 Halishahar Branch, Chittagong  
 Kadamtali Branch, Chittagong  
 Comilla Cantonment Branch, Comilla  
 Feni Branch, Feni  
 Chowmuhani Branch, Noakhali  
 Comilla Branch, Comilla  
 Ashugonj Branch, Brahmanbaria  
 Khulna Branch, Khulna  
 Jalalabad Cantonment Branch, Sylhet  
 Rangpur Cantonment Branch, Rangpur  
 Bogra Cantonment Branch, Bogra  
 Khwaja Yunus ali Medical College & Hospital Branch, Sirajgonj  
 Jessore Cantonment Branch, Jessore  
 Shahjalal Upohohor Branch, Sylhet  
 Rajshahi Branch, Rajshahi  
 Barisal Branch, Barisal  
 Joypara Branch, Dhaka

**Shahjalal Islami Bank Ltd.**

Dhaka Main Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Foreign Exchange Branch, Dhaka  
 Kawran Bazar branch, Dhaka  
 Motijheel Branch, Dhaka Bijoynagar Branch, Dhaka  
 Banani Branch, Dhaka  
 Eskaton Branch, Dhaka  
 Panthapath Branch, Dhaka  
 Agrabad Branch, Chittagong  
 Khatungonj Branch, Chittagong  
 Jubilee Road Branch, Chittagong  
 Sylhet Branch, Sylhet

Satmasjid Road Branch, Dhaka  
 Uttara Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Gulshan South Avenue Branch, Dhaka  
 Joydebpur Chowrasta Branch, Gazipur  
 Narayanganj Branch, Narayanganj

**One Bank Limited**

Principal Branch, Dhaka  
 Motijheel Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Uttara Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Banani Branch, Dhaka  
 Kakrail Branch, Dhaka  
 Progoti Sarani Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Jatrabari Branch, Dhaka  
 Nawabgonj Branch, Dhaka  
 Bangshal Branch, Dhaka  
 Ganakbari (EPZ) Branch, Dhaka  
 Imamganj Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Joypara Branch, Dhaka  
 Khatungonj Branch, Chittagong  
 CDA Avenue Branch, Chittagong  
 Nanupur Bazar Branch, Chittagong  
 Agrabad Branch, Chittagong  
 Cox's Bazar Branch, Cox's Bazar  
 Jubilee Road Branch, Chittagong  
 Khulna Branch, Khulna  
 Ring Road Branch, Dhaka  
 Chowmuhani Branch, Noakhali  
 Chandragonj Branch, Lakshmipur  
 Feni Branch, Feni  
 Raipur Branch, Lakshmipur  
 Dagon Bhuiyan Branch, Feni  
 Sylhet Branch, Sylhet  
 Sherpur Branch, Moulvi Bazar  
 Islampur Branch, Sylhet  
 Jessore Branch, Jessore  
 Bogra Branch, Bogra  
 Sirajgonj Branch, Sirajgonj  
 Laksham Branch, Comilla  
 Ramganj Branch, Laxmipur  
 Majidee Court Branch, Comilla  
 Banasree Branch, Dhaka  
 Rajshahi Branch, Rajshahi  
 Shahjadpur Branch, Dhaka  
 Jagannathpur Branch, Dhaka  
 Tongi Branch, Gazipur  
 Comilla Branch, Comilla  
 Basabo Branch, Dhaka  
 Satkhira Branch, Satkhira  
 Madhabdi Branch, Narsingdi  
 Rangamati Branch, Rangamati  
 Sitakunda Branch, Chittagong  
 Moghbazar Branch, Dhaka  
 Laldighirpar Branch, Sylhet  
 Rangpur Branch, Rangpur

**Investment Corporation of Bangladesh (ICB)**

Head Office Dhaka  
 Chittagong Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Khulna Branch, Khulna  
 Barisal Branch, Barisal  
 Sylhet Branch, Sylhet  
 Bogra Branch, Bogra  
 Local Office, Dhaka



## SECTION XXV: CORPORATE DIRECTORY

<b>Registered Office</b>	<b>MOZAFFAR HOSSAIN SPINNING MILLS LTD.</b> House # 315, Road # 04, Baridhara DOHS, Dhaka-1212, Bangladesh Tel: +88-02-8415961-3
<b>Auditors</b>	<b>AHMED ZAKER &amp; CO.</b> Chartered Accountants 45, Shaheed Syed Nazrul Islam Road Bijoy Nagar, Shaiham Tower (2 <sup>nd</sup> Floor), Dhaka-1000, Tel: +88-02- 9362787;+88-02-9362847
<b>Manager to the Issue</b>	<b>ALPHA CAPITAL MANAGEMENT LIMITED</b> 70/1 Inner Circular Road, Dhaka-1000 Phone: +88-02-9341277, Fax: +88-02-8351513
<b>Co-Manager to the Issue</b>	<b>AFC CAPITAL LIMITED</b> Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000 Tel: 7120795, 7121348 Fax: 7121348, 9550040
<b>Lead Banker</b>	<b>EASTERN BANK LIMITED</b> Principal Branch, 10 Dilkusha C/A, Dhaka-1000 Tel: +88-02-9558392 Fax: +88-02-7160747
<b>Banker to the Issue</b>	Eastern Bank Limited IFIC Bank Limited Jamuna Bank Limited National Bank Limited Trust Bank Limited Shahjalal Islami Bank Limited One Bank Limited Investment Corporation of Bangladesh (ICB)
<b>Underwriters</b>	Alpha Capital Management Ltd AFC Capital Limited BMSL Investment Limited Sonali Investment Limited Eastern Bank Limited Janata Capital & Investment Limited
<b>Company's CFO &amp; Company Secretary</b>	Md. Shahazul Islam ACA

**SECTION XXVI: AUDITORS REPORT AND RELATED CERTIFICATES****AUDITORS' REPORT TO THE SHAREHOLDERS OF  
Mozaffar Hossain Spinning Mills Limited**

We have audited the accompanying financial statements of Mozaffar Hossain Spinning Mills Limited, which comprise the Statement of Financial position as at December 31, 2012 along with Statement of comprehensive Income, Statement of Changes in equity and Statement of Cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

**Auditor's Responsibility**

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Mozaffar Hossain Spinning Mills Limited as of December 31, 2012 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

**Report on Other Legal and Regulatory Requirements****WE ALSO REPORT THAT;**

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 company's Statement of Financial position, Statement of comprehensive Income and Statement of Cash flows dealt with by the report are in agreement with the books of accounts;
- d) The expenditures incurred during the year were for the purpose of the business of the Company.

Date: Dhaka  
March 07, 2013

Sd/-  
**Ahmed Zaker & Co.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Financial Position**  
**As at December 31, 2012**

Particulars	Notes	Amount in Taka	
		31.12.2012	30.06.2012
<b>NON-CURRENT ASSETS</b>		<b>673,817,133</b>	<b>694,018,230</b>
Property, Plant and Equipments	5.00	673,817,133	694,018,230
<b>CURRENT ASSETS</b>		<b>602,327,542</b>	<b>488,794,755</b>
Inventories	6.00	250,827,813	212,525,076
Accounts Receivable	7.00	257,887,630	192,380,234
Advances, Deposits & Pre-Payments	8.00	90,374,070	82,237,793
Cash and bank balance	9.00	3,238,029	1,651,652
<b>TOTAL ASSETS</b>		<b>1,276,144,675</b>	<b>1,182,812,985</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>684,277,448</b>	<b>658,598,098</b>
Share Capital	10.00	349,750,000	349,750,000
Revaluation Reserve		130,314,640	130,314,640
Tax Holiday Reserve	11.00	62,413,547	57,743,696
Retained Earnings		141,799,261	120,789,762
<b>LONG TERM LIABILITY</b>		<b>277,821,115</b>	<b>224,722,298</b>
Long Term Loan Net Off Current Maturity	12.00	261,719,552	208,508,815
Deferred Tax Liability	13.00	16,101,563	16,213,483
<b>CURRENT LIABILITIES</b>		<b>314,046,112</b>	<b>299,492,589</b>
Accounts Payable	14.00	15,087,496	10,460,459
Workers profit participation fund	15.00	10,740,840	9,339,885
Current portion of long term loan	16.00	18,767,345	79,602,320
Short term Bank loan	17.00	235,719,463	181,816,973
Provision for Tax	18.00	11,343,619	8,891,948
Accrued Expenses	19.00	22,387,349	9,381,004
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,276,144,675</b>	<b>1,182,812,985</b>
<b>Net Asset Value Per Share (NAVPS)</b>		<b>19.56</b>	<b>18.83</b>

The annexed notes 1 to 29 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 7th March, 2013 and were signed on it behalf by:

Sd/-  
**Chairman**

Sd/-  
**Managing Director**

Sd/-  
**Director**

Signed as per annexed report on even date

Place: Dhaka  
Dated: March 07, 2013

Sd/-  
**AHMED ZAKER & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Comprehensive Income**  
**For the period ended December 31, 2012**

Particulars	Notes	Amount in Taka	
		31.12.2012	31.12.2011
Turnover	20.00	390,042,096	266,550,064
Less: Cost of goods sold	21.00	290,395,556	197,106,272
Gross Profit		<b>99,646,540</b>	<b>69,443,792</b>
Other Income	22.00	8	241,067
<b>Operating Expenses:</b>		<b>5,638,879</b>	<b>7,275,864</b>
Administrative Expenses	23.00	3,731,148	4,355,435
Marketing and Distribution Expenses	24.00	1,907,731	2,920,429
Profit from Operation		<b>94,007,669</b>	<b>62,408,995</b>
Less: Financial expenses	25.00	64,587,613	43,622,489
Net Profit before WPPF		<b>29,420,056</b>	<b>18,786,506</b>
Less: Workers profit participation fund 5%		1,400,955	894,596
Net Profit after WPPF		<b>28,019,101</b>	<b>17,891,910</b>
<b>Income tax expenses:</b>		<b>2,339,751</b>	<b>1,952,328</b>
Current tax		2,451,671	1,341,893
Deferred Tax	26.00	(111,920)	610,435
Net Profit after Tax Transferred to Equity		<b>25,679,350</b>	<b>15,939,582</b>
<b>Earnings Per Share for the period</b>	<b>27.00</b>	<b>0.73</b>	<b>0.46</b>

The annexed notes 1 to 29 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 7th March, 2013 and were signed on it behalf by:

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Director

Signed as per annexed report on even date

Place: Dhaka  
Dated: March 07, 2013

Sd/-  
**AHMED ZAKER & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Cash Flows**  
**For the period ended December 31, 2012**

Particulars	Notes	Amount in Taka	Amount in Taka
		31.12.2012	31.12.2011
<b>A. Cash flows from operating activities :</b>			
Cash received from customers		324,534,700	226,198,031
Cash paid to suppliers		(294,305,872)	(162,196,647)
Cash paid to Employees		(11,226,228)	(10,488,371)
Interest and other charges paid		(64,587,613)	(43,622,489)
Cash received from others sources		893,138	645,424
<i>Net cash flows from operating activities</i>		<b>(44,691,875)</b>	<b>10,535,948</b>
<b>B. Cash flow from investing activities:</b>			
Property, Plant & Equipment		-	(1,474,748)
FDR with Bank		-	10,000,000
<i>Net cash used in Investing Activities</i>		-	<b>8,525,252</b>
<b>C. Cash flow from financing activities:</b>			
Cash received/(Repaid) from short term loan		53,902,490	(38,369,816)
Financing (to)/ from inter company		-	13,851,783
Cash received/(Repaid) long term loan		(7,624,238)	5,309,112
<i>Net cash used in financing activities</i>		<b>46,278,252</b>	<b>(19,208,921)</b>
<b>D. Net Cash Inflow/ (outflow) (A+B+C)</b>		<b>1,586,377</b>	<b>(147,721)</b>
<b>E. Opening cash and cash equivalents</b>		<b>1,651,652</b>	<b>920,306</b>
<b>F. Closing cash and cash equivalents (D+E)</b>		<b>3,238,029</b>	<b>772,585</b>

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Changes in Equity**  
**For the period ended December 31, 2012**

Particulars	<i>Amount in Taka</i>				
	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2012	349,750,000	57,743,696	130,314,640	120,789,762	658,598,098
Net Profit / (Loss) for the period		-	-	25,679,350	25,679,350
Tax Holiday Reserve	-	4,669,851	-	(4,669,851)	-
<b>Balance as on 30.10.2012</b>	<b>349,750,000</b>	<b>62,413,547</b>	<b>130,314,640</b>	<b>141,799,261</b>	<b>684,277,448</b>

**Statement of Changes in Equity**  
**For the period ended December 31, 2011**

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2011	99,750,000	42,856,878	130,314,640	83,038,531	355,960,049
Adjustment for Deferred Tax				(14,979,864)	(14,979,864)
Opening Balance Re-stated	99,750,000	42,856,878	130,314,640	68,058,667	340,980,185
Issued during the year	250,000,000	-	-	-	250,000,000
Net Profit / (Loss) for the period	-	-	-	15,939,582	15,939,582
Tax Holiday Reserve	-	3,578,382	-	(3,578,382)	-
<b>Balance as on 30.06.2012</b>	<b>349,750,000</b>	<b>46,435,260</b>	<b>130,314,640</b>	<b>80,419,867</b>	<b>606,919,767</b>

These financial statements were approved by the Board of Directors on 7th March, 2013 and were signed on it behalf by:

Sd/-  
**Chairman**

Sd/-  
**Managing Director**

Sd/-  
**Director**

Signed as per annexed report on even date

Place: Dhaka  
Dated: March 07, 2013

Sd/-  
**AHMED ZAKER & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Fixed Assets Schedule**  
**For the Period ended December 31, 2012**

**Annexure A**  
**Amount in Taka**

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 31.12.2012
	Opening balance as at July 01,2012	Addition During the Period	As at 31.12.2012		Opening balance as at July 01,2012	Addition During the Period	As at 31.12.2012	
Land & Land Dev.	382,685,000	-	382,685,000	-	-	-	-	382,685,000
Factory Building	68,597,225	-	68,597,225	5%	11,333,585	1,714,931	13,048,516	55,548,709
Plant & Machinery	368,676,764	-	368,676,764	10%	115,426,462	18,433,838	133,860,300	234,816,464
Furniture & Fixture	1,046,569	-	1,046,569	10%	227,281	52,328	279,609	766,960
<b>Balance as on 31.12.2012</b>	<b>821,005,558</b>	<b>-</b>	<b>821,005,558</b>		<b>126,987,328</b>	<b>20,201,097</b>	<b>147,188,425</b>	<b>673,817,133</b>

Note: Ata Khan & Co., Chartered Accountants have revalued the Land & Land Development of the Company as of Amount in Taka following Current Cost Method showing Total Cost of Tk. 132,685,000 resulting in a revaluation surplus of Tk. 130,314,640

**Depreciation Charged To-**

Administrative Cost	52,328
Manufacturing Cost	20,148,769
<b>Total</b>	<b><u>20,201,097</u></b>

**Mozaffar Hossain Spinning Mills Limited**  
**Schedule of Accounts Receivable**  
**For the period ended December 31, 2012**

Annexure No. – B

**Disclosure as per requirement of Schedule XI, Part - I (A. Horizontal Form) of Companies Act. 1994**  
**In regard to sundry debtors the following particulars' shall be given separately:-**

**Accounts Receivable considered good in respect of which the company holds no security other than the debtor personal security :**

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

<b>Amount in Taka</b>				
<b>Name of Customer</b>	<b>Balance as at 01.07.2012</b>	<b>Addition during the period</b>	<b>Realized during the period</b>	<b>Balance as at 31.12.2012</b>
ACS Textile Mills Limited	6,348,768	4,311,340	8,023,608	2,636,500
Aftabunessa Textile Mills	-	3,105,225	2,440,334	664,891
Akhi Enterprise (P+S)	38,723,290	12,563,300	12,563,300	38,723,290
All Tex Textile	946,637	34,431,522	20,708,159	14,670,000
Crown Mills BD Ltd.	-	6,702,333	6,702,333	-
Dhaka Denime	61,886,127	18,650,201	9,084,627	71,451,701
Friend Fashion	3,049,915	2,727,685	2,218,400	3,559,200
Globex Agency	7,279,327	11,964,915	590,168	18,654,074
Master Textile	-	10,532,670	6,945,371	3,587,299
Newlook Enterprise	-	1,132,000	1,132,000	-
Quality Tex	-	7,773,200	237,600	7,535,600
Ramzan Ali	-	883,830	883,830	-
Refat Textile Mills	891,590	-	-	891,590
Shibchar Yarn Trading	-	38,445,855	38,445,855	-
Shikder Textile	5,166,841	11,137,847	11,468,488	4,836,200
Trust Fashion	-	11,305,500	11,305,500	-
<b>Total</b>	<b>124,292,495</b>	<b>175,667,423</b>	<b>132,749,573</b>	<b>167,210,345</b>

**Accounts Receivable due by Common management:**

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

<b>Amount in Taka</b>				
<b>Name of Customer</b>	<b>Balance as at 01.07.2012</b>	<b>Addition during the period</b>	<b>Realized during the period</b>	<b>Balance as at 31.12.2012</b>
SIM Fabrics Limited	68,087,739	214,374,673	191,785,127	90,677,285
<b>Total</b>	<b>68,087,739</b>	<b>214,374,673</b>	<b>191,785,127</b>	<b>90,677,285</b>

**Mozaffar Hossain Spinning Mills Limited**  
**Schedule of Accounts Trade Creditors**  
For the period ended December 31, 2012

**Annexure No. – C**  
**Amount in Taka**

**Trade Creditors:**

<b>Name of Supplier</b>	<b>Balance as at 01.07.2012</b>	<b>Payment during the period</b>	<b>Bill during the period</b>	<b>Balance as at 31.12.2012</b>
Akhi Enterprise	3,027,121	1,950,000		1,077,121
Akhi Waste cotton	-			-
AB Enterprise	2,107,273	122,877,000	125,152,340	4,382,613
Cotton Bezz	-	46,406,830	46,406,830	-
Sinha Enterprise	2,007,930	49,978,000	50,387,607	2,417,537
NHK Fabrics	-	8,101,905	8,101,905	-
Intimate International	-		46,970	46,970
Nurul Islam Enterprise	136,490	-	-	136,490
<b>Sub Total (A)</b>	<b>7,278,814</b>	<b>229,313,735</b>	<b>230,095,652</b>	<b>8,060,731</b>

**Bills Payable:****Amount in Taka**

<b>Name of Supplier/Service Provider</b>	<b>Balance as at 01.07.2012</b>	<b>Payment during the period</b>	<b>Bill during the period</b>	<b>Balance as at 31.12.2012</b>
Ahmed zaker & Co.	50,000.00	-	-	50,000
Cargo Control Group	71,305	-	18,577	89,882
Simul Traders	729,087	1,000,000	1,107,400	836,487
S.S. Vission Ltd.	127,500	-	-	127,500
Uttaran Paper Products	481,945	1,410,000	1,566,892	638,837
Fahim Transport Agency	102,700	287,000	270,200	85,900
Liberty Association Ltd.	51,750	-	-	51,750
Rams Engineering	-	58,400	58,400	-
3N Printers	53,109	50,000	63,820	66,929
A Hossain & Co.	358,800	50,000	150,000	458,800
A. K. M Golam Faruk	162,300	160,000	16,150	18,450
ASSL Textile	10,000	-	-	10,000
Bangla Trac Limited	189,278	1,874,720	2,383,387	697,945
Care Inspection Ltd.	257	-	-	257
Delzan Enterprise	233,570	150,000	198,845	282,415
Doel Engineering	89,300	-	-	89,300
Islamia Commercial Insurance	544	187,624	187,625	545
Reyan Machineries	11,100	-	-	11,100
Minarva Engineering Works	151,920	140,000	206,700	218,620
Road King Tyre	94,000	94,000	-	-
Sahara International	119,800	30,000	-	89,800
Prime Engineering	20,000	-	-	20,000
Shemel Engineering Works	31,550	30,000	29,700	31,250
Muntaj Enterprise	-	-	5,000	5,000
Shahin Ahmed	2,953	-	-	2,953
Shahazul Islam	16,615	9,000	10,626	18,241
Ali Refrigeration and Works	-	530,000	1,200,000	670,000
Tanbir & Sabbir Enterprise	600	-	-	600
Share Biz Kortcha	-	450,000	550,000	100,000
Trust Logistic	-	66,000	82,000	16,000
Textile Associate Ltd.	-	248,790	471,720	222,930
Tekno Pack Accessories Industries	6,162	-	-	6,162
United Trade Center	15,500	15,500	-	-
Union Insurance Co. Ltd.	-	-	2,109,112	2,109,112
Feedback Control & Automation	-	72,000	72,000	-
Hazrat Shahjalal Enterprise	-	6,500	6,500	-
<b>Sub Total (B)</b>	<b>3,181,645</b>	<b>6,919,534</b>	<b>10,764,654</b>	<b>7,026,765</b>
<b>Total (A+B)</b>				<b>15,087,496</b>

**Mozaffar Hossain Spinning Mills Limited**  
**Notes to the Accounts**  
**For the period ended 31 December, 2012**

**1. Legal Status of the Company**

Mozaffar Hossain Spinning Mills Limited (here in after referred to as “MHSML” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a private company Limited by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a public limited company on the same date and year

**Registered office of the company**

The registered office and principal place of business of the company is situated at House # 315, Road # 04, DOHS Baridhara, Dhaka-1206, Bangladesh, and the manufacturing establishment is located at Thakurbari Tec, Masumabad, Bhulta, Ruggong, Narayangong.

**2. Nature of Business Activities**

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented woven fabrics cotton yarn.

**3. Risk Exposure**

**3.1 Interest Rate Risk**

MHSML is exposed to the volatility of interest rate as it has long-term Bank Loan. Any higher trend in interest rate in the future will definitely aggravate the adversity.

**Management perception:**

The management of MHSML has decided to pay off the outstanding Bank Loan with the IPO proceeds to make the Gearing Ratio at a satisfactory level which is expected to reduce the financial leverage and interest burden significantly.

**3.2 Exchange Rate Risk**

MHSML is engaged in global trade as it procures its raw materials from overseas markets. Therefore, fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability and expose a threat to the stability of the Company.

**Management Perception:** MHSML settles its foreign transaction through US Dollars in case of both export and import. While the value of functional currency fluctuates, the loss or gain on currency fluctuation for export automatically sets off against the loss or gain on currency fluctuation for import. As the value of export is always greater than the value of import, some balance is created in the foreign currency transaction. Furthermore, the Company is contemplating about setting a system of hedging on foreign currency transactions in the future. Movement in the exchange rate adversely may expose the company to risks of foreign currency loss.

**3.3 Industry Risks**

**a) Market demand:** The products of MHSML are sold both in local and international markets. Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.

**Management Perception:** MHSML always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications.

**b) Competition:** MHSML is operating in a free market economy regime. The company might have to face stiff competition from its competitors:

**Management Perception:** Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of MHSML employs their efficiencies; expertise and discretions to minimize the cost of its products.

**c) Rising of Raw Materials costs:** the cost of yarn and other chemicals are rising gradually and drastically round the year. It may hamper the profitability of the company to a greater extent.

**Management Perception:** MHSML is aware of the continuing market situation of its raw materials. The management of MHSML believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and lessen the risk of rising of materials cost.

**3.4 Risks steaming from technological changes:**

Changes in technologies may reduce the cost efficiency of the company.

Management perception: MHSML applies the latest technology in the dyeing process in the production. The machineries and equipment of the company are also the latest invention in the sector which is imported from renowned manufacturers of the world.

**3.5 Other risk factors:**

a) Political Unrest: Bangladesh is prone to serious unrest in the political condition embraced by Hartal, Road-Block and many other politicized barriers to the business. Due to these factors it would stem the cost of the product upwards.

Management Perception: During the last forty one years of post independence period, Bangladesh has gone through a variety of political situations. But presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

b) Possible slowdown in economic growth in Bangladesh. Our performance and growth are dependent on the sound health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant change may adversely affect our business and economy significantly.

Management Perception: Bangladesh economy is booming for last few years. Consistent industrial growth along with increased agricultural production has made the Per Capita Income higher than that of recent years. In addition, favorable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

c) Natural calamities: Bangladesh is a country where recurrent natural calamities take place every year. It is a serious threat to the business.

Management perception: This type of situation is totally beyond the control of human being. Though the management of MHSML has a very little to do with, we can and should have some precaution measures to minimize the damage of the business in such situations.

**4. Basis of preparation and significant accounting policies****4.1 Basis of Measurement of Elements of Financial Position**

The financial statements have been prepared on the Historical Cost convention basis and therefore, do not take into consideration the effect of inflation except that arising from revaluation of lands and land developments and buildings, as specified in Note 4.10. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with that of the previous year.

**4.2 Statement on Compliance with Local Laws**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

**4.3 Statement on Compliance of Bangladesh Accounting Standards**

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

**4.4 Going Concern**

As per BAS-1, a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

**4.5 Accrual Basis**

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.

**4.6 Structure, Content and Presentation of Financial Position**

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS 1: “Presentation of Financial Statements”. A complete set of financial statements comprise:

- i) Statement of Financial Position as at December 31, 2012.
- ii) Statement of Comprehensive Income for the period ended December 31, 2012.
- iii) Statement of Changes in Equity for the period ended December 31, 2012.
- iv) Statement of Cash Flows for the period ended December 31, 2012.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the period ended December 31, 2012.

**4.7 Reporting Period**

The Financial statements of the company under audit cover a period for six months from 01 July 2012 to December 31, 2012.

**4.8 Inventories**

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production overhead attributable to bringing the goods to the stage of sale under the convention of BAS-2.

**4.9 Revenue**

Revenue represents the invoice value of goods supplied to customers during the period. Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed orders. Sales in these accounts are stated at Fair Value as per BAS-18.

**4.10 Property, Plant and Equipment****Initial Recognition and measurement**

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc. The land and land developments with an effect as on June 30, 2011 have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following “Current Cost Method”.

**Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an 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 statement of comprehensive income as “Repair & Maintenance” when it is incurred.

### Depreciation on Fixed Assets

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Full year depreciation is charged in the year of acquisition regardless of the date of purchase. No depreciation is charged in the year of disposal regardless of the date of disposal. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on **reducing balance method**. Rates of depreciation is noted below:

Particular of Assets	Rate of Depreciation
Land & Land Developments	0%
Factory Building	5%
Plant & Machinery	10%
Furniture and Fixture	10%

The gain or loss on disposal or retirement of assets is included statement of comprehensive income when the item is disposed off/derecognized.

The fair value of the property, plant and equipment as on 31.12.2012 is not materially differing with the carrying amount.

#### 4.11 Revaluation Reserve

In the year 2011, land under the ownership of MHSML was revalued by a professional chartered accountants firm namely ATA KHAN & Co, Chartered Accountants. The fair market value of the land was estimated at Tk. 132,685,000 as against the net book value of Tk. 2,370,360 resulting in a revaluation surplus of Taka 130,314,640 which was accounted for and transferred to revaluation reserve account.

#### 4.12 Cash and Cash Equivalent and Statement of Cash Flows:

Cash and cash equivalents comprise cash in-hand and in current account that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Statement of Cash Flows is prepared using the **Direct Method** as stipulated in Bangladesh Accounting Standards (BAS) No. 7 “Statement of Cash Flows”

#### 4.13 Earnings Per Share

The company calculates Earnings Per Share (EPS) in accordance with the requirement of BAS – 33: “Earning Per Share”, which has been shown on the face of the Statement of Comprehensive Income and the computation, is shown in “Note - 24”.

Basic earnings:

This represents earnings for the period ended December 31, 2012 attributable to the ordinary shareholders.

##### Basic earnings per share:

This has been calculated by dividing the basic earning by the number of ordinary shares outstanding for the period.

##### Diluted Earnings Per Share:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33. As the company has no dilutive potential ordinary shares, so diluted earnings per shares was not calculated.

**4.14 Foreign Currency Transactions**

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

**4.15 Impairment of Assets**

All assets, except inventory, arising from construction contracts and financial assets is assessed at the end of each reporting period to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease. No such assets have been impaired during the period under audit and for this reason no provision has been made for impairment of assets. As such there are no reasons for the impairment assets during the period.

**4.16 Borrowing Cost**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund and are recognized as an expense in the period in which it incurs.

**4.17 Authorization date for issuing Financial Statements**

The financial statements were authorized for issue by the Board of Directors on 7<sup>th</sup> March, 2013.

**4.18 Reporting Currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

**4.19 Risk and uncertainty for use of estimates (Provisions):**

The Preparation of Financial Statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines in BAS – 37: “Provisions, Contingent Liabilities and Contingent Assets”, provisions are recognized in the following situations; -

- When the company has an obligation as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

#### 4.20 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance in BAS 1 Presentation of Financial Statements. In order to meet their objectives, Financial Statements, except for cash flow statement and related information, are prepared on accrual basis of accounting. Under the basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the years to which they relate.

Other Payables are not interest bearing and are stated at their nominal value.

#### 4.21 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of comprehensive income.

#### 4.22 Financial Instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

##### Initial recognition

An entity recognizes a financial assets or liabilities in its statement of financial position when, and only when, the entity becomes a party to the contractual provision of the instrument and subsequently recognized at their Amortized Cost.

Bills receivable are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with BAS-21: The Effects of Changes in Foreign Exchange Rates.

#### 4.23 Segment Reporting

As the Company operates in a single industry segment, so no segment reporting is applicable for the Company as per BAS 14: "Segment reporting",.

#### 4.24 Related Party Disclosures

The information as required by BAS 24: "Related party Disclosure" has been disclosed separately in notes to the accounts (Note 26).

#### 4.25 Corporate Tax

- a. **Current Tax:** Current Tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Current tax is recognized in profit or loss account except to the extent that it relates to business combination or item recognized directly in equity.

As the company has enjoying tax holiday @ 100% upto October 2010, and has been enjoying 50% tax holiday starting from November 2010 for which provision for current tax has been made on taxable income to that extent as prescribed in Income Tax Ordinance, 1984.

- b. **Tax Holiday**

The company has been enjoying tax holiday for five years commencing November 1, 2008. Tax holiday reserve has been made 30% on exempted Income as provision and 10% on exempted income which is required to be invested in the purchase of Shares of a company listed with any stock exchange as per section 46 B in the income tax ordinance 1984.

### c. Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the balance sheet date.

### 4.26 Contingent Assets and Liabilities

A contingent asset is disclosed when it is a possible that asset arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The company has no contingent assets or liabilities which require disclosure under BAS: 37. Contingent assets and contingent liabilities are not recognized in the financial statements.

A contingent assets is disclosed as per BAS 37, where an inflow of or economic benefits is probable. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

### 4.27 Event after reporting period.

An event, which could be favorable or unfavorable, that occurs between the end of the reporting period and on the date that the financial statements are authorized for issue.

An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period and financial statements required to adjust for those events.

An event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

There were no adjusting or non adjusting events after reporting period.

### 4.28

#### Comparative Information

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

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

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

**5.00 Property, Plant and Equipment's**

	Amount in Taka	
	31.12.2012	30.06.2012
Land & Land Development	382,685,000	382,685,000
Factory Building	55,548,709	57,263,640
Plant & Machinery	234,816,464	253,250,302
Furniture & Fixture	766,960	819,288
<b>Tk.</b>	<b>673,817,133</b>	<b>694,018,230</b>

Please refer to Annexure-'A' for further details

This is unsecured, considered good and is falling due within one year. No bad debts are considered during the period. Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

**6.00 Inventories:**

Break-up of this item is as follows:

	Qty. (Kg.)			
	31.12.2012	30.06.2012		
<b>Finished Goods:</b>				
Yarn	94,101	92,000	14,677,675	15,218,649
Working-in-process	65,015	67,227	14,677,675	15,218,649
<b>Raw Materials:</b>				
Virgin Cotton	770,245	778,818	11,669,059	8,986,483
Waste Cotton	1,091,406	527,216	215,987,952	178,808,259
Packing Materials			121,866,830	123,926,844
Store Materials			94,121,122	54,881,415
			667,159	953,501
			7,960,382	8,558,184
<b>Tk.</b>			<b>250,827,813</b>	<b>212,525,076</b>

The above Inventories are as per physical counting made and valued by the inventory team consists of management staff and auditors. Inventories in hand have been valued at lower of cost and net realizable value as per BAS-2.

**7.00 Accounts Receivable:**

Please refer to Annexure: B for details

This is unsecured, considered good and is falling due within one year No bad debts are considered during the period. Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

<b>I)</b>	Accounts Receivable considered good in respect of which the company holds no security other than the debtor personal security (Annexure B)	167,210,345	124,292,495
<b>II)</b>	Accounts Receivable due by Common management (Annexure B)	90,677,285	68,087,739
		<b>257,887,630</b>	<b>192,380,234</b>

**Aging of accounts receivable:**

Dues within three months	180,521,341	236,332,048
Dues within three months to six months	77,366,289	67,523,442
Dues within six months to one year	-	33,761,721
	<b>257,887,630</b>	<b>337,617,212</b>

**7.01 Contingent Asset/Liability (Tk. 20,09,42,105):**

The Company has received a letter of credit accepted by SIM Fabrics Ltd against sales of yarn worth Tk. 20,09,42,105 opened with Islami Bank Bangladesh Limited, Mouchak Branch. A short term loan worth Tk. 20,09,42,105 was sanctioned by Islamic Bank Bangladesh Ltd. Keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that Bills Receivable which is subject to realization upon 120 days. The company might have a liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

		Amount in Taka			
		31.12.2012	30.06.2012		
8.00	<b>Advances, Deposits &amp; Pre-Payments:</b>				
	Advance against Salaries	-	-		
	Advance against Purchase (Note-8.01)	83,739,183	76,495,338		
	Advance for Consultancy Fees	1,925,000	1,925,000		
	Advance against L/c for Cotton & Spares Import	-	369,736		
	Tax deducted at sources	4,709,887	3,447,719		
	<b>Tk.</b>	<b>90,374,070</b>	<b>82,237,793</b>		
8.01	<b>Advance against Purchase</b>				
	Dues within three months	58,617,428	53,546,737		
	Dues within three months to six months	25,121,755	15,299,068		
	Dues within six months to one year	-	7,649,534		
		<b>83,739,183</b>	<b>76,495,339</b>		
9.00	<b>Cash and bank balance:</b>				
	<b>Cash in hand</b>	1,863,230	1,086,792		
	<b>Cash at Banks:</b>				
	Bank Branch A/C Type				
	IBBL Mauchak CD-327918	1,869	16,754		
	IBBL Mauchak CD-438315	4,885	-		
	IBBL Mauchak Mudaraba Deposit Normal	454,234	385		
	IBBL Mauchak Mudaraba Deposit Special	155,279	134		
	Sonali Bank Motijheel CD-1892	5,000	5,000		
	Bank Asia Scotia CD-3534	75	528,000		
	Bank Asia Scotia CD-36551	3,677	3,678		
	Bank Asia Scotia STD-738	1	909		
	Jamuna Bank Gulshan CD-1259	5,000	5,000		
	Dutch Bangla Bank Bashundhara CD-5894	739,779			
	IBBL Gaosia CD-987	5,000	5,000		
		1,374,799	564,860		
	<b>Tk.</b>	<b>3,238,029</b>	<b>1,651,652</b>		
10.00	<b>Share Capital:</b>				
	This represents the followings:				
	<b>Authorised capital:</b>				
	100,000,000 ordinary Shares of tk 10/= each	1,000,000,000	1,000,000,000		
	<b>Issued subscribed and paid up capital:</b>				
	34,975,000 ordinary shares of taka 10/= each	349,750,000	349,750,000		
	<b>Tk.</b>	<b>349,750,000</b>	<b>349,750,000</b>		
10.01	<b>Share Holding Position:</b>				
	Shareholding position is as follows:				
	a) Sponsors	4,144,250	11.85%	41,442,500	41,442,500
	b) SIM Fabrics Limited	25,000,000	71.48%	250,000,000	250,000,000.00
	c) Other Shareholders	5,830,750	16.67%	58,307,500	58,307,500.00
		34,975,000	100.00%	349,750,000	349,750,000
11.00	<b>Tax Holiday Reserve</b>				
	<b>A. Restatement of Opening balance</b>			57,743,696	42,856,879
	Tax Holiday Reserve (30%)			43,307,772	32,142,659
	Reserve for Investment (10%)			14,435,924	10,714,220
	Less : Adjustment				-
	<b>B. Add: Transferred from retained earning</b>			4,669,851	14,886,817
	Tax Holiday Reserve (30%)			3,502,388	11,165,113
	Reserve for Investment (10%)			1,167,463	3,721,704
	<b>Total (A+B)</b>			62,413,547	57,743,696

Amount in Taka	
31.12.2012	30.06.2011

**12.00 Long Term Loan :**

Outstanding for HPSM-489	199,835,277	204,378,171
Outstanding for HPSM-529	80,651,620	83,732,964
	<b>280,486,897</b>	<b>288,111,135</b>
<b>Less: Current portion of Long term loan</b>	<b>18,767,345</b>	<b>79,602,320</b>
Outstanding for HPSM-489	12,132,259	52,299,877
Outstanding for HPSM-529	6,635,086	27,302,444
	<b>261,719,552</b>	<b>208,508,815</b>

This represents amount payable to Islami Bank Bangladesh Limited Mouchak Branch for import of capital machineries under deferred payment. Break up of this item is as follows with terms & conditions.

1. Purpose of Investment - To purchase/import capital machinery for BMRE of the project.
2. Period of Investment - 05 (five) years excluding gestation of 9-months.
3. Rate of return - 13% per annum and collateral is given below-  
A.108.00 decimal project land along with 88,200 sft. Project building vide FSV 79.30 million.  
B.48.10 decimal project land vide FSV 1.92 million.

**13.00 Deferred Tax Liabilities**

Book Value	282,816,649	322,411,343
Tax Base	175,472,896	218,476,019
Difference	107,343,753	103,935,324
Tax Rate	15%	15%
<b>Deferred Tax Liability</b>	<b>16,101,563</b>	<b>15,590,299</b>

**14.00 Accounts Payable**

Trade Creditors ( Annexure-C )	8,060,731	7,278,814
Bills Payable ( Annexure-C )	7,026,765	3,181,645
	<b>15,087,496</b>	<b>10,460,459</b>

**15.00 Workers profit participation fund**

Opening	9,339,885	5,618,181
Add; During the year	1,400,955	3,721,704
<b>Total</b>	<b>10,740,840</b>	<b>9,339,885</b>

**16.00 Current portion of long term loan**

Outstanding for HPSM-489	12,132,259	52,299,877
Outstanding for HPSM-529	6,635,086	27,302,444
	<b>18,767,345</b>	<b>79,602,320</b>

**17.00 Short term bank loan:****Islami Bank Bangladesh Limited Mouchak Br.**

Loan against Local purchase (MTR)	107,187,804	108,437,804
L/C Liability for Import Merchandise (MPI)	-	13,788,185
L/C Liability for Import Merchandise (MURA)	84,249,778	54,373,884
L/C Liability for Import Merchandise (MURA FC)	-	5,217,100
Deferred LC against virgin cotton	44,281,881	-
<b>Tk.</b>	<b>235,719,463</b>	<b>181,816,973</b>

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and Export bills receivable at terms & condition is given below.

1. Purpose of Investment - To purchase/import raw materials for the project.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return - 13% per annum or the rate to be determined by the bank from time to time.
4. Collateral:

A.108.00 decimal project land along with 88,200 sft. Project building vide FSV 79.30 million.

B.48.10 decimal project land vide FSV 1.92 million.

C.194.75 decimal project land along with 96,345 sft. Factory building vide FSV 47.48 million.

D. Personal Guarantee of all Directors of the Project Companies & Mortgages in their individual capacity.

				Amount in Taka	
				31.12.2012	30.06.2012
<b>18.00</b>	<b>Provision for Income tax</b>				
	Opening			8,891,948	3,309,391
	Add: During the period			2,451,671	5,582,557
	Total			<b>11,343,619</b>	<b>8,891,948</b>
<b>19.00</b>	<b>Accrued Expenses:</b>				
	Professional fees & charges			175,000	600,000
	Salaries & Allowances			4,116,511	3,003,747
	MD & Directors' Remuneration			1,200,000	-
	Gas Bill			5,778,200	3,850,718
	Others			14,625	14,625
	Provision for interest			9,172,048	-
	Store Purchase			1,930,965	1,911,914
		<b>Tk.</b>		<b>22,387,349</b>	<b>9,381,004</b>
<b>20.00</b>	<b>Turnover</b>				
		<b>Kg.</b>	<b>Rate</b>		
	Yarn 20's	739,790	224.00	165,712,960	94,994,535
	Yarn 16's	257,520	216.00	55,624,320	42,984,405
	Yarn 12's	721,200	192.00	138,470,400	36,911,607
	Yarn 10's	132,500	188.00	24,910,000	81,524,388
	Yarn 9's	-	-	-	284,326
	Yarn 7's	33,750	157.76	5,324,416	9,850,803
		<b>1,884,760</b>		<b>390,042,096</b>	<b>266,550,064</b>
<b>21.00</b>	<b>Cost of Goods Sold:</b>				
	Opening Work-in-Process			8,986,483	14,268,662
	Raw materials consumed			238,660,634	154,961,270
	Accessories & Stores Consumed			7,531,157	6,325,824
	Packing Materials Consumed			2,313,124	1,652,429
	Factory overhead (Note-21.01)			44,790,959	36,385,122
	Closing Work-in-Process			(11,669,059)	(14,268,662)
	Cost of Production			<b>290,613,298</b>	<b>199,324,645</b>
	Opening stock of FG			15,218,649	14,281,104
	Cost of Goods Available for Sale			<b>305,831,947</b>	<b>213,605,749</b>
	Closing stock of Finished Goods			(14,543,261)	(16,095,120)
	Wastage Sales			(893,130)	(404,357)
	Cost of Goods Sold			<b>290,395,556</b>	<b>197,106,272</b>
<b>21.01</b>	<b>Factory Overhead</b>				
	Gas Bill			9,617,364	5,054,130
	Salary & Wages			11,219,962	8,271,071
	Repair & Maintenance			255,517	672,725
	Factory Insurance			2,109,112	1,738,512
	Sundry Carrying Charges			944,151	312,865
	Sundry daily labor charges			193,471	190,800
	Other Expenses			302,613	38,750
	Depreciation			20,148,769	20,106,269
		<b>Tk.</b>		<b>44,790,959</b>	<b>36,385,122</b>
<b>22.00</b>	<b>Other Operating Income:</b>				
	Interest on FDR			-	241,000
	Interest on Bank Account			8	67
				<b>8</b>	<b>241,067</b>

		Amount in Taka	
		31.12.2012	31.12.2011
<b>23.00 Administrative Expenses:</b>			
Salary and Allowances		828,630	753,300
Bonus		145,200	132,000
Audit Fees		50,000	175,000
Managing Director Remuneration		300,000	300,000
Director's Remuneration		900,000	900,000
Board Meeting Fees		40,000	40,000
Entertainment		121,046	103,383
Travelling and Conveyance		103,411	93,746
House rent		105,401	82,311
Telephone (mobile)		28,110	22,800
General Maintenance		142,322	140,500
Other Expenses		914,700	1,560,067
Depreciation		52,328	52,328
	<b>Tk.</b>	<b>3,731,148</b>	<b>4,355,435</b>

**Payment/ Perquisites to Directors and officers**

The aggregate amount paid/ provided during the year in respect of Directors and officers of the company as defined in the Securities and Exchange Rules 1987 are disclosed below :

**Particulars**

Managing Director Remuneration	300,000	300,000
Director's Remuneration	900,000	900,000
Board Meeting Fees	40,000	40,000

During the period two Board meeting were held in the company.

**24.00 Marketing, Selling & Distribution Expenses:**

Salaries and Allowances	145,200	132,000
Advertisement	550,000	10,000
Export Expenses	110,331	685,330
Other Expenses	1,102,200	2,093,099
	<b>Tk. 1,907,731</b>	<b>2,920,429</b>

**25.00 Financial Expenses:**

Bank Charges and Commission	Islami Bank	539,469	2,883,205
Interest on HPSM investment	Bangladesh	19,896,762	17,359,112
Interest in BAI Murabah FC Bills	Limited	6,709,553	1,021,309
Interest on MDB Loan	Mouchak	12,281,098	8,261,851
Interest on MPI	Branch	3,440,322	4,464,828
Interest on Murabaha TR		2,115,443	9,632,184
Interest on LDBC Loan	Bank Asia, Scotia	564,166	-
	<b>Tk.</b>	<b>64,587,613</b>	<b>43,622,489</b>

**26.00 Deferred Tax Expense/(Income)**

Book Value	282,816,649	322,411,343
Tax Base	175,472,896	218,476,019
<b>Difference</b>	<b>107,343,753</b>	<b>103,935,324</b>
Tax Rate	15%	15%
<b>Deferred Tax Liability</b>	<b>16,101,563</b>	<b>15,590,299</b>
Closing Balance as on 31.12.2012	16,101,563	15,590,299
Closing Balance as on 30.06.20112	16,213,483	14,979,864
<b>Deferred Tax Expense/(Income)</b>	<b>(111,920)</b>	<b>610,435</b>

		Amount in Taka	
		31.12.2012	31.12.2011
<b>27.00 Earnings Per Share</b>			
Net Profit for the Period		<b>25,679,350</b>	<b>15,939,582</b>
Weighted average no. of Shares		34,975,000	34,975,000
<b>Basic EPS for the period (Re-stated)</b>		<b>0.73</b>	<b>0.46</b>

\*Previous year's EPS has been adjusted as per the requirement of BAS-33 "Earning per share".

**28.00 General:**

**28.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on Amount in Taka

**28.02 Credit Facilities not Availed**

There is no credit facilities available to the Company but not availed of as on 31.12.2012. under any contract, other than trade credit available in the ordinary course of business.

**28.03 Commission, Brokerage or Discount Against Sales**

No commission, brokerage or discount was incurred or paid by the Company against sales during the ended Amount in Taka

**28.04 Directors Responsibility Statements**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

**28.05 Employee Details:**

During the period there were 249 permanent employees employed for the full year out of which 187 employees received salary Taka 3,000 per month and above.

**28.06 Rounding Off**

Amounts appearing in these financial statements have been rounded off to the nearest Taka and wherever considered necessary.

**28.07 Rearrangement of Last period Figures**

To facilitate comparison, certain relevant balances pertaining to the last period have been rearranged or reclassified whenever considered necessary to conform to current period presentation.

**28.08 Disclose as per requirement of schedule XI, part II para 8**

**Value of Raw material, packing materials and Capital goods**

Particular	Local Purchase	Import	Total Purchase	Consumption
Raw Material	172,298,507	103,541,820	275,840,327	238,660,634
Packing Materials	2,026,782	-	2,026,782	2,313,124
Spare Parts	6,621,895	-	6,621,895	7,219,697

**Value of Export**

Particular	In Foreign Currency USD	In BDT
Export	\$ 4,875,526.20	390,042,096

**28.09 Details of capacity has given below**

Particular	License Capacity (6 months)	Installed Capacity (6 months)	Actual Production
Half Yearly Production (kg)	2,275,000	2,275,000	1,886,861

**29.00 Related Party Disclosure****a) Transaction with Key Management Personnel of the entity:**

<b>No.</b>	<b>Particulars</b>	<b>Value in Tk.</b>
(a)	Managerial Remuneration paid or payable during the year to the directors, including managing directors or manager	1,200,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	40,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(e)	Share Based payments (Notes-4.28)	Nil

**b) Transaction with Related Entity:**

<b>Sl.</b>	<b>Name of Customer</b>	<b>Relationship</b>	<b>Balance as at 01.07.2012</b>	<b>Addition during the period</b>	<b>Realized during the period</b>	<b>Balance as at 31.12.2012</b>
(a)	SIM Fabrics Limited yarn sale	Common Management	68,087,739	214,374,673	191,785,127	90,677,285
	Total		<b>68,087,739</b>	<b>214,374,673</b>	<b>191,785,127</b>	<b>90,677,285</b>

**c) Transaction with Related Entity:**

<b>Sl.</b>	<b>Name of Customer</b>	<b>Relationship</b>	<b>Balance as at 01.07.2012</b>	<b>Addition during the period</b>	<b>Realized during the period</b>	<b>Balance as at 31.12.2012</b>
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	Total		<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>250,000,000</b>

**Mozaffar Hossain Spinning Mills Limited****Auditors' report Under Section -135 (1) and Para-24(1) of Part-II of Schedule -III Of the Companies Act, 1994**

We as the auditors having examined the Financial Statements of Mozaffar Hossain Spinning Mills Limited for the period December 31, 2012 and the Year Ended June 30, 2012, 2011, 2010, 2009, 2008 and in pursuance of section - 135(1) and Para-24(1) of Part-II of Schedule -III of the Companies Act, 1994 report that:

**A) Statement of Assets and Liabilities of the company as under :**

<b>APPLICATION FOR FUND:</b>	<b>Amount in Taka</b>					
	<b>31-Dec-12</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>30-Jun-08</b>
<b>Non-Current Assets (A)</b>	<b>673,817,133</b>	<b>694,018,230</b>	<b>482,095,676</b>	<b>361,385,740</b>	<b>284,262,893</b>	<b>166,585</b>
Property, Plant and Equipment	673,817,133	694,018,230	482,095,676	359,701,620	284,262,893	31,700
Investment in share	-	-	-	1,684,120	-	-
Preliminary Expenses	-	-	-	-	-	134,885
<b>Current Assets (B)</b>	<b>602,327,542</b>	<b>496,414,984</b>	<b>428,276,750</b>	<b>302,298,065</b>	<b>152,005,592</b>	<b>833,415</b>
Inventories	250,827,813	212,525,076	177,230,593	116,341,936	43,253,127	-
Accounts Receivable	257,887,630	200,000,463	150,835,086	131,493,758	84,110,764	-
Fixed Deposits with Bank	-	-	10,000,000	-	-	-
Other Receivable	-	-	604,869	-	-	-
Intercompany current account	-	-	13,851,783	8,071,182	3,008,550	-
Advance, Deposits & Pre-payments	90,374,070	82,237,793	74,834,113	43,952,042	20,592,558	-
Cash& bank Balance	3,238,029	1,651,652	920,306	2,439,147	1,040,593	833,415
<b>Total Assets (C) = (A+B)</b>	<b>1,276,144,675</b>	<b>1,190,433,214</b>	<b>910,372,426</b>	<b>663,683,805</b>	<b>436,268,485</b>	<b>1,000,000</b>
<b>SOURCES OF FUND</b>						
<b>Shareholder's Equity (D)</b>	<b>684,277,448</b>	<b>658,598,098</b>	<b>355,960,049</b>	<b>162,766,981</b>	<b>17,841,187</b>	<b>1,000,000</b>
Share Capital	349,750,000	349,750,000	99,750,000	99,750,000	1,000,000	1,000,000
Revaluation Reserve	130,314,640	130,314,640	130,314,640	-	-	-
Tax Holiday Reserve	62,413,547	57,743,696	42,856,878	25,206,793	6,736,475	-
Retained Earnings	141,799,261	120,789,762	83,038,531	37,810,188	10,104,712	-
<b>Long Term Liability (E)</b>	<b>277,821,115</b>	<b>224,722,298</b>	<b>252,603,952</b>	<b>248,426,117</b>	<b>290,995,700</b>	<b>-</b>
LONG TERM LIABILITY	261,719,552	208,508,815	252,603,952	248,426,117	290,995,700	-
Deferred Tax Liability	16,101,563	162,134,833	-	-	-	-
<b>Current Liabilities (F)</b>	<b>314,046,112</b>	<b>307,112,818</b>	<b>301,808,425</b>	<b>252,490,707</b>	<b>127,431,598</b>	<b>-</b>
Accounts Payable	15,087,496	10,460,459	19,151,858	14,061,823	-	-
Workers profit participation fund	10,740,840	9,339,885	5,618,181	2,308,790	-	-
Current portion of long term loan	18,767,345	79,602,320	36,339,400	62,540,203	33,062,800	-
Sort term Bank loan	235,719,463	189,437,202	231,382,616	171,065,720	51,074,558	-
Provision for Tax	11,343,619	8,891,948	3,309,391	-	-	-
Accrued Expenses	22,387,349	9,381,004	6,006,979	2,514,171	43,294,240	-
<b>Total Equity &amp; Liabilities (G) = (D+E+F)</b>	<b>1,276,144,675</b>	<b>1,190,433,214</b>	<b>910,372,426</b>	<b>663,683,805</b>	<b>436,268,485</b>	<b>1,000,000</b>
<b>Net Asset Value Per Share (NAVPs)</b>	<b>19.56</b>	<b>18.83</b>	<b>10.18</b>	<b>16.32</b>	<b>178.41</b>	<b>10.00</b>

**Note: Local Bill Purchase (MDB) is net off with accounts receivable and has been re-arranged with the previous financial years**

**B) The Statements of operating results of the company is as follows:**

<b>PARTICULARS</b>	Amount in Taka					
	<b>31-Dec-12</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>30-Jun-08</b>
<b>Revenue:</b>						
Turnover	390,042,096	738,494,616	638,921,387	442,588,794	184,637,739	-
Less: Cost of Goods Sold	290,395,556	558,078,030	488,294,678	345,393,446	144,918,215	-
<b>Gross Profit</b>	<b>99,646,540</b>	<b>180,416,586</b>	<b>150,626,709</b>	<b>97,195,348</b>	<b>39,719,524</b>	-
Other Income	8	241,067	608,592	-	-	-
<b>Operating Expenses:</b>	<b>5,638,879</b>	<b>9,725,660</b>	<b>8,100,554</b>	<b>4,164,486</b>	<b>5,614,975</b>	-
Administrative Expenses	3,731,148	6,500,981	4,358,609	3,635,392	5,133,520	-
Marketing and Distribution Expenses	1,907,731	3,224,679	3,741,945	529,094	481,455	-
<b>Profit from Operation</b>	<b>94,007,669</b>	<b>170,931,993</b>	<b>143,134,747</b>	<b>93,030,862</b>	<b>34,104,549</b>	-
Less: Financial Expenses	64,587,613	92,776,200	73,637,537	44,546,278	17,263,362	-
<b>Net Profit before WPPF</b>	<b>29,420,056</b>	<b>78,155,793</b>	<b>69,497,210</b>	<b>48,484,584</b>	<b>16,841,187</b>	-
Less: Workers profit participation fund 5%	1,400,955	3,721,704	3,309,391	2,308,790	-	-
<b>Net Profit after WPPF</b>	<b>28,019,101</b>	<b>74,434,089</b>	<b>66,187,819</b>	<b>46,175,794</b>	<b>16,841,187</b>	-
<b>Income Tax Expenses:</b>	<b>2,339,751</b>	<b>6,816,176</b>	<b>3,309,391</b>	-	-	-
Current tax	2,451,671	5,582,557	3,309,391	-	-	-
Deferred tax	(111,920)	1,233,619	-	-	-	-
<b>Net Profit after Tax Transferred to Equity</b>	<b>25,679,350</b>	<b>67,617,913</b>	<b>62,878,428</b>	<b>46,175,794</b>	<b>16,841,187</b>	-
Less: Tax Holiday Reserve	-	-	-	-	6,736,475	-
<b>Net profit after Tax holiday Reserve</b>	<b>25,679,350</b>	<b>67,617,913</b>	<b>62,878,428</b>	<b>46,175,794</b>	<b>10,104,712</b>	-
Less: Deferred tax	-	-	-	-	-	-
<b>Profit after Tax</b>	<b>25,679,350</b>	<b>67,617,913</b>	<b>62,878,428</b>	<b>46,175,794</b>	<b>10,104,712</b>	-
Earnings Per Share (EPS)	<b>0.73</b>	<b>2.78</b>	<b>6.30</b>	<b>4.63</b>	<b>55.78</b>	-

1. The Company was incorporation on November 29, 2005;
2. The Company has started its operation from November 1, 2008 so the statement of operating results and cash flow statement have been given from June 30, 2009;
3. The company did not declare any dividend in the aforesaid years;
4. The company has no subsidiary;
5. No proceeds or parts of proceeds of the issue of share were applied directly to the company in the purchase of any business.

Dhaka  
Dated: March 07, 2013

Sd/-  
**AHMED ZAKER & CO.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Auditor's certificate regarding calculation of EPS and Ratios**

This is to certify that Mozaffar Hossain Spinning Mills Limited Has maintained the following ratios as computed on the basis of the audited financial statements for the period December 31, 2012 and the Year Ended June 30, 2012, 2011, 2010, 2009, 2008

Particulars		31-Dec-12	30-Jun-12	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08
<b>1. Liquidity Ratios:</b>							
Current Ratio	Current assets / Current liabilities	1.92	1.43	1.29	1.14	1.14	-
Quick Ratio	(Current assets-Inventories-Adv & Deposit) / Current liabilities	0.83	0.95	0.88	0.82	0.89	-
Times Interest Earned Ratio	PBIT / Interest Expense	1.46	1.84	1.94	2.09	1.98	-
Debt to Equity Ratio	Total debt / Total equity	0.39	0.81	1.74	3.27	21.65	-
<b>2. Operating Ratios:</b>							
Accounts Receivable Turnover Ratio	Average net receivable/Net credit sales	-	2.37	2.41	2.38	1.44	-
Inventory Turnover Ratio	Cost of sales / Average inventory	-	2.86	3.33	4.33	3.35	-
Asset Turnover Ratio	Turnover / Capital employed (TA-CL)	-	0.62	0.70	0.70	0.77	-
<b>3. Profitability Ratios:</b>							
Gross Margin Ratio	Gross profit / Turnover	26%	24.43%	23.58%	21.96%	21.51%	-
Operating Income Ratio	Operating profit / Turnover	23.33%	23.15%	22.40%	21.02%	18.47%	-
Net Income Ratio (before tax)	PBIT/ Turnover	7%	10.08%	9.84%	10.43%	5.47%	-
Net Income Ratio (after tax)	Net profit after tax / Turnover	7%	9.16%	9.84%	10.43%	5.47%	-
Return on Assets Ratio	Net profit after tax / Average total assets	-	13.51%	14.99%	14.45%	11.37%	-
Return on Equity Ratio	Net profit after tax / Total equity	-	10.18%	6.90%	7.35%	4.20%	-
Earnings Per Share (EPS)	Net profit after tax / ordinary shares outstanding	0.73	2.78	6.30	4.63	55.78	-

Dhaka

Dated: March 07, 2013

**Sd/-**  
**Ahmed Zaker & Co.**  
Chartered Accountants

Calculation of EPS for the period ended December 31, 2012 was for six months and the rest calculation are for one year.

EPS for the year ended June 30, 2009 was Tk. 55.78 and for the year ended June 30, 2010 was Tk. 4.63. The reason behind the difference in EPS is increasing number of shares. The total number of shares for the year ended 2009 was 1,000,000 and 9,975,000 for the year ended June 30, 2010.

## SECTION XXVII: AUDITORS' ADDITIONAL DISCLOSURE

1. Please confirm that the financial expenses amounting to tk. 64,587,613 is paid to bank in cash during the year 31/12/2012.

**Response to the above:**

*the total financial expenses for the period ended 31.12.2012 is TK. 64,587,613.00 out of which Islami Bank (BD) Ltd. and Bank Asia Ltd. has taken away TK. 55,415,565.00 by debiting from our MTR, MPI & MURA account maintained with the above Banks during the period and balance TK. 9,172,048.00 (64,587,613.00-55,415,565.00) has been paid to the Bank on subsequent dates.*

2. Whether sales to SIM Fabrics Ltd. are made at the same price as to other customers and also include a comparative sales price and quantity schedule to all customers;

**Response to the above:**

*MHSML sells their products to different customer with competitive market price based on negotiating with the parties' concerned on individual L/C wise. Few examples are cited below:*

Products		Customer (Price per Kg)			
Yarn	Grade	SIM Fabrics Limited	Master Textile	Aftabunnesa Tex	Alltex Textile
	20's	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85
	16's	\$ 2.70	-	-	-
	10's	\$ 2.50	-	-	-

*Quantity schedule to customers are as follows:*

Products		Customer (Qty. Kg)			
Yarn	Grade	SIM Fabrics Limited	Master Textile	Aftabunnesa Tex	Alltex Textile
	20's	632,790	25,000	7,000	75,000
	16's	257,520	-	-	-
	10's	892,322	-	-	-

3. It appears from the Statement of Financial Position that the company has provided deferred tax liability for the period ended December 31, 2012. Please mention in the Notes to the Accounts, from which year the company is maintaining deferred tax liabilities and specify the reasons for not maintaining the same in the earlier years;

**Response to the above:**

*Deferred Tax was not recognized in the earlier periods on the basis of such assumption as the company was enjoying Tax Holiday facilities, though deferred tax should have been charged in the tax holiday periods also. However, deferred tax has been maintained and provided in the accounts from the financial year 2011-12.*

4. Please confirm that whether provision for 'Income Tax Ordinance 1984' is followed in respect of Tax holiday reserve;

**Response to the above:**

The provision for 'Income Tax' ordinance 1984 has been followed in respect of Tax holiday reserve;

5. Please specify to whom advance for consultancy fees amounting Tk. 19,25,000 is paid and subsequent status thereon;

**Response to the above:**

Following is the breakup of Tk. 19, 25,000:

<i>Name</i>	<i>Date</i>	<i>Amount in Taka</i>	<i>Total</i>	<i>Reason</i>	<i>Subsequent Status</i>	<i>Reason for not adjustment</i>
<i>Alpha Capital Management Ltd</i>	<i>30/06/2011</i>	<i>100,000</i>	<i>Tk. 10,25,000</i>	<i>Issue Management Fee</i>	<i>Not settled</i>	<i>Will be Settled after Receiving the consent letter of IPO from BSEC</i>
	<i>12/12/2011</i>	<i>100,000</i>				
	<i>28/12/2011</i>	<i>250,000</i>				
	<i>20/03/2012</i>	<i>275,000</i>				
	<i>09/04/2012</i>	<i>300,000</i>				
<i>Corporate Counselling Ltd. (CCL)</i>	<i>09/02/2012</i>	<i>200,000</i>	<i>Tk. 9,00,000</i>	<i>Consultancy Fee</i>	<i>Not Settled</i>	<i>Will be Settled after Receiving the consent letter of IPO from BSEC</i>
	<i>12/07/2012</i>	<i>300,000</i>				
	<i>15/08/2012</i>	<i>400,000</i>				
<i>Total</i>			<i>Tk. 19,25,000</i>			

6. Explain why Gas bill amounting to Tk. 5,778,200 is not paid and whether it is paid subsequently;

**Response to the above:**

The Company could not make the payment of gas bill on time due to paucity of fund at that time. However, the same was paid subsequently.

7. Explain the item store purchase shown under note 19;

**Response to the above:**

The following items were considered under Store Purchase item.

List of store materials (note 19)	
Chain rope card	Printing & stationery
Packing materials	Machinery spare parts
Oil & lubricant	Electrical spare parts
Dyes & chemical	Miscellaneous

8. Confirm that all transactions excluding petty cash expenditure have been affected through the companies bank account as per requirement of our consent letter for raising of capital dated November 13, 2011;

**Response to the above:**

All the transactions excluding petty cash expenditure have been affected through the company's bank account as per requirement of your consent letter for raising of capital dated November 13, 2011.

**9. Please show separately land and Land Development cost in the Fixed Asset Schedule of the company;**

**Response to the above:**

*The breakup of Land and Land Development cost are as follows:*

<b>Particulars</b>	<b>Amount in Taka</b>
Land	252,061,000
Land Development	309,360
Revaluation Surplus	130,314,640
<b>Total</b>	<b>382,685,000</b>

**10. Explain the reason for having Cash In Hand of Tk. 18,63,230;**

**Response to the above:**

*The amount as shown Cash in Hand was for the payment of wages to the factory employees.*

**11. Please specify the reason for not paying MD and Director's remuneration of Tk. 12,00,000 (Note:19.00);**

**Response to the above:**

*The Salary/Remuneration payable to the MD and Director's were not drawn by them at regular interval but subsequently drawn.*

**12. Whether Re-stated NAV and EPS are shown by you is calculated as per IAS;**

**Response to the above:**

*While preparing and presenting the statement of financial position, there was mistake made inadvertently of calculation of NAV and EPS are given without re-stated.*

Dhaka

Dated: May 02, 2013

Sd/-  
**AHMED ZAKER & CO.**  
Chartered Accountants

**SECTION XXVIII: Information included as per BSEC's notification no.  
SEC/CMRRCD/2008/115/admin/30 dated October 05, 2011**

**1. Earnings per Share (EPS) on fully diluted basis (The total existing no. of shares):**

Particulars	Amount in Taka
Net profit after Tax	67,617,913
No. of shares before IPO	34,975,000
<b>Earnings per Share (EPS) on fully diluted basis</b>	<b>1.93</b>

**2. Net profit excluding Extra-ordinary income or non-recurring income coming from other than core operations:**

Particulars	Amount in Taka
Net profit before Tax	67,617,913
Less: Other Income	241,067
<b>Net profit before tax except other income</b>	<b>67,376,846</b>
Less: Provision for Taxation	10,106,527
<b>Net profit after tax except other income</b>	<b>57,270,319</b>

**3. Earnings per shares excluding extra-ordinary income or non-recurring income coming from other than core operations:**

Particulars	Amount in Taka
Net profit before Tax	67,617,913
Less: Other Income	241,067
<b>Net profit before tax except other income</b>	<b>67,376,846</b>
Less: Provision for Taxation	10,106,527
<b>Net profit after tax except other income</b>	<b>57,270,319</b>
No. of shares before IPO	34,975,000
<b>Earnings per Share (EPS) on fully diluted basis</b>	<b>1.64</b>

**4. Net Asset Value per Share:**

a) Net Asset Value with Revaluation Reserve based on fully diluted basis:

b) Net Asset Value without Revaluation Reserve based on fully diluted basis:

Particulars	Amount in Taka
Share Capital	349,750,000
Revaluation Reserve	130,314,640
Tax Holiday Reserve	62,413,547
Retained Earnings	141,799,261
<b>Total Shareholders' Equity (with Revaluation Reserve)</b>	<b>684,277,448</b>
<b>Total Shareholders' Equity (without Revaluation Reserve)</b>	<b>553,962,808</b>
Total Number of Ordinary Share	34,975,000
<b>a) Net Assets Value (NAV) at BDT 10.00 per share</b>	<b>19.56</b>
<b>b) Net Assets Value (NAV) at BDT 10.00 per share</b>	<b>15.84</b>

## SECTION XXIX: APPLICATION FORM

**"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন"**

**"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE  
MANAGER"**

**MOZAFFAR HOSSAIN SOINNING MILLS LTD.**

## APPLICATION FORM

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

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

## The Managing Director & Director

Mozaffar Hossain Spinning Mills Ltd

House: 315, Road No: 4, Baridhara DOHS, Dhaka-1206

Banker's Sl. No.

Dear Sir,

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

1. Number of Ordinary Shares ..... of Tk. 10.00 Each at par.  
2. Amount of Tk. (in figure). .....Taka (in word)..... only deposited vide  
Cash/Cheque/DD/PO No..... dated.....  
on.....Bank.....Branch.....

- ### 3. Beneficiary Owner (B/O) Account

**[If you do not mention your valid BO (Beneficiary Owner) account number, your application will be treated as invalid.]**

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

5. Particulars of Applicant(s):

**a) Sole/First Applicant:**

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

**b) Second Applicant:**

Name: Mr./Mrs./Ms.		
Father's/Husband's Name :		
Mothers Name:		
Mailing Address:		
Occupation:	Nationality:	Tel No. (if any):

6. I/we hereby declare that I/we have read the Prospectus of **Mozaffar Hossain Spinning Mills Ltd.** and have willingly subscribed for .....Nos. of Shares of **Tk. 10.00** each per share on this form.

7. **Specimen Signature(s):**

1 <sup>st</sup> Applicant: Name (in Block Letters)		Signature :	
2 <sup>nd</sup> Applicant: Name (in Block Letters)		Signature :	

\*In case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

## BANKER'S ACKNOWLEDGMENT

Certified that this Bank has received Tk. (in figure)..... (in word)  
 ..... only from Mr./Mrs./Ms./..... being the Application money  
 for..... Nos. of Ordinary Shares of **Mozaffar Hossain Spinning Mills Ltd.**

Banker's Sl. No.

Seal &amp; Date

**Authorized Signature**  
(Name & Designation)

Issue Manager:



Alpha Capital Management Ltd.

Co-Issue Manager:



AFC Capital Limited

## INSTRUCTIONS

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



## Bankers to the issue

**Eastern Bank Limited**

Motijheel Branch, Dhaka  
 Shamoly Branch, Dhaka  
 Uttara Branch, Dhaka  
 Bashundhara Branch, Dhaka  
 Moghbazar Branch, Dhaka  
 Narayanganj Branch  
 Banasree Branch, Dhaka  
 Savar Branch, Dhaka  
 Mirpur Dar-us-salam Road Branch, Dhaka  
 Uttara Garib-E-Newaz Branch, Dhaka  
 Khulna Branch, Khulna  
 Jessore Branch, Jessore  
 Jubilee Road Branch, Chittagong  
 O. R. Nizam Road Branch, Chittagong  
 Changong Branch, Chittagong  
 Panchalaish Branch, Chittagong  
 Halishahar Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Bogra Branch, Bogra  
 Moulvi Bazar Branch, Sylhet  
 Upashahar Branch, Sylhet  
 Chouhatta Branch, Sylhet  
 Mymensingh SME Branch

**IFIC Bank Limited**

Federation Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Moakhali Branch, Dhaka  
 Banani Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Shantinagar Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Islampur Branch, Dhaka  
 Uttara Branch, Dhaka  
 Naya Palton Branch, Dhaka  
 Pallabi Branch, Dhaka  
 Malibagh Branch, Dhaka  
 North Brook Hall Road Branch, Dhaka  
 Stock Exchange Branch, Dhaka  
 Pragati Sarani Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Narsingdi Branch, Narsingdi  
 Faridpur Branch, Faridpur  
 Mymensingh Branch, Mymensingh  
 Agrabad Branch, Chittagong  
 CDA Avenue Branch, Chittagong  
 Madam Bibir Hat Branch, Chittagong  
 Sheikh Mujib Road Branch, Chittagong  
 Alanker More Branch, Chittagong  
 Cox's Bazar Branch, Cox's Bazar  
 Comilla Branch, Comilla  
 Brahmanbaria Branch, Brahmanbaria  
 Choumuhani Branch, Noakhali  
 Feni Branch, Feni  
 Rajshahi Branch, Rajshahi  
 Rangpur Branch, Rangpur  
 Bogra Branch, Bogra  
 Pabna Branch, Pabna  
 Dinajpur Branch, Dinajpur  
 Khulna Branch, Khulna  
 Bora Bazar Branch, Khulna  
 Jessore Branch, Jessore  
 Kushtia Branch, Kushtia  
 Barisal Branch, Barisal  
 Moulvi Bazar Branch, Moulvi Bazar  
 Sylhet Branch, Sylhet  
 Uposhohor Branch, Sylhet  
 Tultiker Branch, Sylhet

**Jamuna Bank Limited**

Mohakhali Branch, Dhaka  
 Sonargong Road Branch, Dhaka  
 Dilkhusa Branch, Dhaka  
 Shantinagar Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Islampur Branch, Dhaka  
 Moulvi Bazar Branch, Dhaka  
 Ring Road Branch, Dhaka  
 Kustia Branch, Kustia  
 Motijheel Branch, Dhaka  
 Dhokhal Branch, Dhaka  
 Banani Branch, Dhaka  
 Uttara Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Malibagh Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Agrabad Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Bogra Branch, Bogra  
 Jubilee Road Branch, Chittagong  
 Khatungonj Branch, Chittagong  
 Comilla Branch, Comilla  
 Feni Branch, Feni  
 Jessore Branch, Jessore  
 Barisal Branch, Barisal  
 Sylhet Branch, Sylhet  
 Savar Branch, Dhaka  
 Konabari Branch, Gazipur  
 Rangpur Branch, Rangpur

**National Bank Limited**

Agrabad Branch, Chittagong  
 Anderkilla Branch, Chittagong  
 Asadgate Branch, Dhaka  
 Babubazar Branch, Dhaka  
 Banani Branch, Dhaka  
 Bangshal Road Branch, Dhaka  
 Barisal Branch, Barisal  
 Beani Bazar Branch, Sylhet  
 Batiary Branch, Chittagong  
 Bogra Branch, Bogra  
 CDA Avenue Branch, Chittagong  
 Chaktai Branch, Chittagong  
 Chandpur Natun Bazar Branch, Chandpur  
 Chawk Bazar Branch, Chittagong  
 Chowmuhani Branch, Noakhali  
 Khatungonj Branch, Chittagong  
 Khulna Branch, Khulna  
 Lake Circus Branch, Dhaka  
 Madhupur Branch, Tangail  
 Malibagh Branch, Dhaka  
 Mirarsari Branch, Chittagong  
 Mirpur Branch, Dhaka  
 Moakhali Branch, Dhaka  
 Mohammadpur Branch, Dhaka  
 Motijheel Branch, Dhaka  
 Muradpur Branch, Chittagong  
 Mymensingh Branch, Mymensingh  
 Narayanganj Branch, Narayanganj  
 Narsingdi Branch, Narsingdi  
 Netaiganj Branch, Narayanganj  
 Comilla Branch, Comilla  
 Dhanmondi Branch, Dhaka  
 Dilkhusa Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Faridpur Branch, Faridpur  
 Feni Branch, Feni  
 Foreign Exchange Branch, Dhaka  
 Gazipur Branch, Gazipur  
 Godagari Branch, Rajshahi  
 Gulshan Branch, Dhaka  
 Rajshahi Branch, Rajshahi  
 Rifles Square Branch, Dhaka  
 Rokeya Sarani Branch, Dhaka  
 S.K. Mojib Road Branch

Savar Bazar Branch, Savar, Dhaka  
 Sunamgonj Branch, Sunamgonj  
 Sylhet Branch, Sylhet  
 Tangail Branch, Tangail  
 Tongi Branch, Gazipur  
 Uttara Branch, Dhaka  
 Z.H. Sikder M.C Branch, Dhaka  
 Zindabazar Bazar, Sylhet  
 Halishahar Branch, Chittagong  
 Imamganj Branch, Dhaka  
 Islampur Branch, Dhaka  
 Jatrabari Branch, Dhaka  
 Jessore Branch, Jessore  
 Jubilee Road Branch, Chittagong  
 Kodomtoli Branch, Sylhet  
 Karwan Bazar Branch, Dhaka  
 KDA Branch, Khulna  
 New Eskaton Branch, Dhaka  
 North Book Hall Branch, Dhaka  
 Pabna Branch, Pabna  
 Pagla Bazar Branch, Narayanganj  
 Pahartali Branch, Chittagong  
 Patiya Branch, Chittagong  
 Pragati Sarani Branch, Dhaka

**Trust Bank Limited**

Principal Branch, Dhaka  
 Dilkhusa Corp. Branch, Dhaka  
 Radisson Water Garden Hotel Br. Dhaka  
 Mirpur Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Uttara Corporate Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Elephant Road Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Narsingdi Branch, Narsingdi  
 Tongi Branch, Gazipur  
 Joydebpur Branch, Gazipur  
 Ashulia Branch, Dhaka  
 Momenshahi Cantonment Branch  
 Savar Cantonment Branch, Dhaka  
 S.S Cantonment Branch, Tangail  
 Halishahar Branch, Chittagong  
 Kadamtali Branch, Chittagong  
 Comilla Cantonment Branch, Comilla  
 Feni Branch, Feni  
 Chowmuhani Branch, Noakhali  
 Comilla Branch, Comilla  
 Ashugonj Branch, Brahmanbaria  
 Khulna Branch, Khulna  
 Jalalabad Cantonment Branch, Sylhet  
 Rangpur Cantonment Branch, Rangpur  
 Bogra Cantonment Branch, Bogra  
 Khwaja Yunus ali Medical College & Hospital Branch, Sirajgonj  
 Jessore Cantonment Branch, Jessore  
 Shahjalal Uposhohor Branch, Sylhet  
 Rajshahi Branch, Rajshahi  
 Barisal Branch, Barisal  
 Joypara Branch, Dhaka

**Shahjalal Islami Bank Ltd.**

Dhaka Main Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Foreign Exchange Branch, Dhaka  
 Kawran Bazar branch, Dhaka  
 Motijheel Branch, Dhaka Bijoyanagar Branch, Dhaka  
 Banani Branch, Dhaka  
 Eskaton Branch, Dhaka  
 Panthapath Branch, Dhaka  
 Agrabad Branch, Chittagong  
 Khatungonj Branch, Chittagong  
 Jubilee Road Branch, Chittagong  
 Sylhet Branch, Sylhet

Satmasjid Road Branch, Dhaka  
 Uttara Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Gulshan South Avenue Branch, Dhaka  
 Joydebpur Chowrasta Branch, Gazipur  
 Narayanganj Branch, Narayanganj

**One Bank Limited**

Principal Branch, Dhaka  
 Motijheel Branch, Dhaka  
 Karwan Bazar Branch, Dhaka  
 Gulshan Branch, Dhaka  
 Mirpur Branch, Dhaka  
 Uttara Branch, Dhaka  
 Dhanmondi Branch, Dhaka  
 Banani Branch, Dhaka  
 Kakrail Branch, Dhaka  
 Progoti Sarani Branch, Dhaka  
 Elephant Road Branch, Dhaka  
 Jatrabari Branch, Dhaka  
 Nawabgonj Branch, Dhaka  
 Bangshal Branch, Dhaka  
 Ganakbari (EPZ) Branch, Dhaka  
 Imamganj Branch, Dhaka  
 Narayanganj Branch, Narayanganj  
 Joypara Branch, Dhaka  
 Khatungonj Branch, Chittagong  
 CDA Avenue Branch, Chittagong  
 Nanupur Bazar Branch, Chittagong  
 Agrabad Branch, Chittagong  
 Cox's Bazar Branch, Cox's Bazar  
 Jubilee Road Branch, Chittagong  
 Khulna Branch, Khulna  
 Ring Road Branch, Dhaka  
 Chowmuhani Branch, Noakhali  
 Chandragonj Branch, Lakshmipur  
 Feni Branch, Feni  
 Raipur Branch, Lakshmipur  
 Dagon Bhuiyan Branch, Feni  
 Sylhet Branch, Sylhet  
 Sherpur Branch, Moulvi Bazar  
 Islampur Branch, Sylhet  
 Jessore Branch, Jessore  
 Bogra Branch, Bogra  
 Sirajgonj Branch, Sirajgonj  
 Laksham Branch, Comilla  
 Ramganj Branch, Laximipur  
 Majidee Court Branch, Comilla  
 Banasree Branch, Dhaka  
 Rajshahi Branch, Rajshahi  
 Shahjadpur Branch, Dhaka  
 Jagannathpur Branch, Dhaka  
 Tongi Branch, Gazipur  
 Comilla Branch, Comilla  
 Basabo Branch, Dhaka  
 Satkhira Branch, Satkhira  
 Madhabdi Branch, Narsingdi  
 Rangamati Branch, Rangamati  
 Sitakunda Branch, Chittagong  
 Moghbazar Branch, Dhaka  
 Laldighirpar Branch, Sylhet  
 Rangpur Branch, Rangpur

**Investment Corporation of Bangladesh (ICB)**

Head Office Dhaka  
 Chittagong Branch, Chittagong  
 Rajshahi Branch, Rajshahi  
 Khulna Branch, Khulna  
 Barisal Branch, Barisal  
 Sylhet Branch, Sylhet  
 Bogra Branch, Bogra  
 Local Office, Dhaka



"শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন"

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER"

**MOZZAFFAR HOSSAIN SPINNING MILLS LIMITED**

APPLICATION FORM

**APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)**

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

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

**The Managing Director & Director**

Mozaffar Hossain Spinning Mills Limited  
House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh

Dear Sir,

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

- Number of ordinary shares ..... of Tk. 10.00 each at par.
- Amount of Tk. (in figure). ..... (in word) ..... only Convertible into US Dollar 1.00=Tk. .... UK Pound Sterling 1.00=Tk. .... EURO 1.00=Tk. ....
- Payment by cheque/draft no..... dated..... for US Dollar/UK Pound Sterling/EURO or Tk. .... drawn on..... Bank..... Branch .....
- Beneficiary Owner (B/O) 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 Account .....

**[If you do not mention your valid BO (Beneficiary Owner) account number, your application will be treated as invalid.]**

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

6. Particulars of Applicant(s):

**A) Sole/First Applicant:**

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

**The applicant shall provide the same Bank Account Number in the application from as it is in the BO Account of the applicant.**

**Second Applicant:**

Name : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mothers Name :	
Mailing Address :	
Occupation :	Nationality :
Passport No. :	Valid Up to :
Date of Birth :	Tel No. (if any) :

**Nominee's Name**

Name:
Mailing Address:

7. I/ We hereby declare that I/we have read the Prospectus of **Mozaffar Hossain Spinning Mills Limited** and have willingly Subscribed for ..... Nos. of Ordinary Shares of **Tk. 10.00** per share

8. Specimen Signature(s):

1 <sup>st</sup> Applicant: Name (in Block Letters)	Signature:	
2 <sup>nd</sup> Applicant: Name (in Block Letters)	Signature:	
Nominee Name(in Block Letters)	Signature:	

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

## INSTRUCTIONS

01	As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (beneficiary owner) account number in the Application Form. If you do not mention your valid BO (beneficiary owner) account, your application will be treated as invalid.
02	All information must be written or typed in block letters in English and must not be abbreviated.
03	An application must not be for less than <b>500</b> Ordinary Shares and must be for a multiple of <b>500</b> ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
04	An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring <b>"Mozaffar Hossain Spinning Mills Limited"</b> and crossed <b>"Account Payee Only"</b> .
05	Application shall be sent by the applicant directly to the Company within <b>November 07, 2013</b> so as to reach the Company within <b>November 16, 2013</b> . Any applications sent after <b>November 07, 2013</b> or received by the Company after <b>November 16, 2013</b> will not be considered for allotment purpose.
06	Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant through A/C Payee Cheque payable at Dhaka with bank account number, bank's name and branch.
07	In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission.
08	Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
09	Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant. Note that a Non-Resident Bangladeshi (NRB) applicant cannot submit more than two applications. One in his/her own name and the other jointly with another person by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate) will not be allowed.
10	Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11	Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
12	The intending NRB applicants shall deposit the share subscription money by US\$/UK Pound Sterling/EURO demand draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
13	The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14	<b>The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him/her to travel to Bangladesh.</b>
15	In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).
16	<b>An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.</b>
17	<b>No issue of ordinary shares shall be made nor shall any money be taken from any person, in connection with such issue and subscription, until 25 (twenty five) days after the prospectus have been published.</b>
18	In the case of non-allotment of ordinary shares, if the applicants' bank accounts as mentioned in their application forms are maintained with any of the bankers to the issue, the amount refunded of those applicants will be directly credited into the respective bank accounts as mentioned in their Application Forms. Otherwise, refund will be made only through "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	<b>The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen percent) of their subscription money too.</b>

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



**"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"**

# APPLICATION FORM

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

## Banker's Sl. No.

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

- a) Sole/First Applicant:**

7. Specimen Signature(s):

1 <sup>st</sup> Applicant: Name (in Block Letters)	Signature:	
2 <sup>nd</sup> Applicant: Name (in Block Letters)	Signature:	

**Authorized Signature**  
(Name & Designation)

## INSTRUCTIONS

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

## SECTION XXX: MANAGEMENT DISCLOSURE

1. It appears from the prospectus that the issuer company will utilize the IPO proceeds of Tk. 27.50 crore for payment of term loan for Tk. 26.1465 crore and Tk. 1.3535 crore for IPO cost. It has been observed that the company has Tk. 25.79 crore accounts receivables from SIM Fabrics Ltd. which is under 100% common Directorship, common Managing Directorship and common Chairmanship. By recovering from the account receivables, the company can pay off the 98% of term loan. Please explain why IPO fund will be used to pay off loan, while not collecting outstanding accounts receivable.

**Our Response:** As you know that our sales are made through 120/ 90 days deferred L/C. Payment against the receivable becomes due after the maturity period of the related L/C. To finance those amounts invested in the receivables, we need to take short term loan from bank against the receivables. The loan sanction letter that we already submitted confirms that our short term loans (LBP, MDB, MTR, MPI, MURA, LDBC, etc.) were provided by different banks against our receivables. These loans are liquidated by the fund received against receivables being matured. The net receivable position, therefore, is much lower than the face value of the receivables (less than 10% of receivable on an average), because, there always remains a short term liability (90% of receivable excluding interests) against the receivable. We will pay off the long term loan partially and the amount of receivable to pay off short term loan and to meet the requirement of working capital for smooth operation of business.

2. Explanation for purchasing Store Materials of Tk. 6,933,355 instead of having stock of Tk.8,558,184;

**Our Response:** The Store Material items are basically electrical equipments and spare parts for machineries. The mentioned items are always required in the factory for smooth operation of business.

3. Non Compliance of Bangladesh labour law regarding utilization and maintenance of WPPF;

**Our Response:** We apologies for this inadvertent mistake. However, the provision for WPPF is already created and assuring you that all the compliance regarding WPPF will be properly maintained in future. More to the point, with the current reserve of WPPF the company will create a welfare fund for the employees with the 20% of total current reserve and the rest 80% of the reserve will be distributed among the deserving employees as soon as possible.

4. Compliance of Commission Notification dated August 07, 2012.

**Our Response:** we would like to draw your attention that the appointment of director is to be made through AGM of shareholders of the company. Since we very recently concluded our last AGM, we need to take the issue to the next AGM. In the next AGM we will make the necessary amendment in our board structure to comply with the said notification of Bangladesh Securities and Exchange Commission.

5. Explain the reason for not paying rent for the head office of your company;

**Our Response:** The house vide H # 315, R #04, Baridhara, DOHS, Dhaka-1206 is rented for the corporate office of SIM Group will be used by all unit of this group. The board of SIM group has decided and confirmed that all house rent of MHSML will be treated as revenue expense of SIM Fabrics Limited only and will be continued up to 30.06.2013. The house rent will be proportionately distributed to all unit of this group from July 01, 2013.

Sd/-

**Md. Mozaffar Hossain**  
Managing Director

**SECTION XXXI: AUDITOR'S CERTIFICATE REGARDING SECOND HAND MACHINERIES****TO WHOM IT MAY CONCERN**

This is to certify that we have physically inspected the imported second-hand machinery, as listed in the Annexure, of MOZAFFAR HOSSAIN SPINNING MILLS LTD. and verified the documents with all other concerned papers related to acquisition of the said machinery to assess the reasonableness in prices and economic lives thereof as stated by their foreign suppliers/manufacturers at the time of import. Based on the aforesaid physical inspection and verification, we certify that-

- (a) the present general condition and operational efficiency of the imported second-hand machinery are fair;
- (b) the remaining economic lives varying from 10 to 12 years of the imported second-hand machinery as estimated by the foreign suppliers/manufacturers at the time of import were fair; and
- (c) the prices of the imported second hand machinery as paid to the foreign suppliers were competitive.

Dated, Dhaka  
7<sup>th</sup> July 2013

Sd/-  
**S. F. Ahmed & Co**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Ltd.**  
**List of Machinery**

SL.No	Name of Machine	Name of Manufacturer	Country of origin	Type/Model No.	SL/Mfg/ Machine No.	Mfg year	Qty.	LC value Euro	LC N0 and Date	Commercial Invoice No and date	Bill of Entry # and date	Cost (Taka)	Accumulated Depreciation (Taka) .	Written down Value (Taka)
1	Unifloc-A-10	Rieter	Switzerland	A10	1001377	1998	1	1,800,000.00	0890-0702-0027 dt. 30.12.2007	10144 dt. 10.03.2008	2008 A 53572 dt. 26.05.2008	201,482,379.00	83,950,991.00	117,531,388.00
2	Waste Opener B2/5	Rieter	Switzerland	B2/5	12040-0136	1998	1							
3	Uniclean B11	Rieter	Switzerland	B11	11110-0018	1998	1							
4	Unimix-B70	Rieter	Switzerland	B70	40000750-00001, 40000750-00002	2000	2							
5	Vision Shield (Jossi)	Rieter	Switzerland	EE-21-800V FAB-214	3103561	2000	1							
6	Uniflex- B60	Rieter	Switzerland	B60	16602-0319	1998	2							
7	Carding C-51	Rieter	Switzerland	C51H	24505-0492	1998	1							
8	Carding C-51	Rieter	Switzerland	C51H	24505-0493	1998	1							
9	Carding C-51	Rieter	Switzerland	C51H	24505-0494	1998	1							
10	Carding C-51	Rieter	Switzerland	C51H	24505-0495	1998	1							
11	Carding C-51	Rieter	Switzerland	C51H	24505-0766	1998	1							
12	Carding C-51	Rieter	Switzerland	C51H	40000361-00208	2000	1							
13	Carding C-51	Rieter	Switzerland	C51H	40000361-00209	2000	1							
14	Draw frame	Rieter	Germany	RSBD30	4145-333	1998	1							
15	Draw frame	Rieter	Germany	RSBD30	4145-332	1998	1							
16	Draw frame	Rieter	Germany	RSBD30	40000402-001881	2000	1							
17	Draw frame	Rieter	Germany	RSBD30	40000402-01641	2000	1							
18	Rotor R-20	Rieter	Germany	R20-4625	46250090	1998	1							
19	Rotor R-20	Rieter	Germany	R20-4625	46250089	1998	1							
20	Rotor R-20	Rieter	Germany	R20	40000421-00450	2000	1							
21	Rotor R-20	Rieter	Germany	R20	40000421-00451	2000	1							
22	Rotor R-20	Rieter	Germany	R20	40000421-00300	1999	1							
23	Fire detector	Jossy	Switzerland	N/A	N/A	2000	1							
24	Palletizing system	N/A	Switzerland	N/A	N/A	2000	1							
25	Cane Tube	N/A	Switzerland	N/A	N/A	2000	2000							
26	Electric Panels cable	N/A	Switzerland	N/A	N/A	2000	4							
27	Bale Press	N/A	Italy	PCS/10	233/99	1999	1							
1	Carding C-51	Rieter	Switzerland	C51	40000870-00601	2002	1	180,000.00	0890-1001-0043 dt. 09.02.2010	0410-01 dt. 14.03.2010	2010 A 77345 dt. 14.06.2010	16,877,101.00	4,219,275.00	12,657,826.00
2	Carding C-51	Rieter	Switzerland	C51	40000870-00599	2002	1							
3	Draw frame	Rieter	Germany	RSBD30	4145-705	1998	1							
4	Draw frame	Rieter	Germany	RSBD30	40000402-01880	2000	1							
SL.No	Name of Machine	Name of Manufacturer	Country of origin	Type/Model No.	SL/Mfg/ Machine No.	Mfg year	Qty.	LC value Euro	LC #	Proforma Invoice # and date	Bill of Entry # and date	Assessment value in tk.	Acc Dep.	WDV
1	Rotor R-20	Rieter	Germany	R20	40000421-00885	2004	1	620,000.00	0890-1001-0028 dt. 21.01.2010	10043 dt. 03.03.2010	2010 A 53384 dt. 02.05.2010	60,279,194.00	9,951,999.50	50,327,194.50
2	Rotor R-20	Rieter	Germany	R20	40000421-00886	2004	1							
3	Rotor R-20	Rieter	Germany	R20	40000421-00888	2004	1							
4	Rotor R-20	Rieter	Germany	R20	40000421-00889	2004	1							
1	Uster tester-4	Zellweger Uster	Switzerland	UT4-CHANGER	400101-05200	1997	1	55,000.00	2084-1001-0477 dt. 11.08.2010	6989 dt. 13.09.2010	2010 A 246853 dt. 29.09.2010	5,095,125.00	1,273,781.00	3,821,344.00
1	Testing Equipments (Uster tensojet)	Zellweger Uster	Switzerland	UT3-AR	4322/0543	1999	1 Set	55,500.00	0890-1001-0046 dt. 10.02.2010	101109 dt. 23.01.2010	2010 A 101704 dt. 26.04.2010	5,395,960.00	2,139,565.00	3,256,395.00

**Total**      **289,129,759.00**      **101,535,611.50**      **187,594,147.50**

Dated, 21 July 2013

## **TO WHOM IT MAY CONCERN**

This is to certify that we, S. F. Ahmed & Co., chartered Accountants, continue to be the sole Bangladesh Technical Assistance Representative of Ernst and Young, UK since 1993 by virtue of the contract signed on 06 September 1993 between the Co-Chairman, E&Y, UK and the Senior Partner, S.F. Ahmed & Co., Bangladesh.

Sd/-

S.F. Ahmed & Co.  
Dhaka, Bangladesh