

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

PROSPECTUS



KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED


24/1, Chamelibag (5th & 8th Floor), Shantinagar, Dhaka-1217
Phone: +880-2-8332069, +880-2-8332108, Fax: +880-2-8332576
Email: info@kbgbd.com, Website: www.kbgbd.com

PUBLIC ISSUE OF 20,000,000 ORDINARY SHARES OF BDT 10.00 EACH AT AN ISSUE PRICE OF BDT 10.00 EACH AT PAR AMOUNTING TO BDT 200,000,000

Subscription opening and closing date:

For Resident Bangladeshis - Opening Date: August 24, 2014 Closing Date: August 28, 2014
For Non-Resident Bangladeshis - Opening Date: August 24, 2014 Closing Date: September 06, 2014

MANAGERS TO THE ISSUE:

| | | | |
|--|----------------------------|--|--------------------------------|
|  | AFC Capital Limited |  | BMSL Investment Limited |
| Tanaka Tower (2 nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000 Tel: +88-02-7120795; +88-02-7121348 Fax: +88-02-7121348; +88-02-9550040, Website: www.afccapital.org | | Sadharan Bima Tower (7 th Floor), 37/A Dilkusha C/A, Dhaka-1000 Tel: +88-02-7169428, 9570624, Fax: 7123820 Website: www.bmslinvestment.com | |

UNDERWRITERS:

| | |
|---|--|
| EASTERN BANK LIMITED | BMSL Investment Limited |
| Jiban Bima Bhan (2 nd Floor) | Sadharan Bima Tower (7 th Floor), |
| 10 Dilkusha C/A Dhaka-1000 | 37/A Dilkusha C/A, Dhaka-1000 |
| Tel: +88-02-9556360; | Tel: +88-02-7169428, 9570624, Fax: 7123820 |

THE ISSUE SHALL BE PLACED IN 'N' CATEGORY
ISSUE DATE OF THE PROSPECTUS: June 30, 2014

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



AVAILABILITY OF PROSPECTUS

The Prospectuses of the Company shall be available at the following addresses:

| Source | Address | Contact Person | Telephone |
|------------------------|--|--|---|
| Company | Khan Brothers PP Woven Bag Industries Ltd. 24/1, Chamelibagh (5 th & 8 th Floor), Shantinagar, Dhaka-1217 | Tapan Kumar Sarker CFO & Company Secretary | +880-2-8332069, +880-2-8332108 Email: info@kbgbd.com |
| Issue Managers | AFC Capital Limited Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000. | Md. Abul Bashar Parvez Senior Executive | +88-02-7120795 +88-02-7121348 Email: capital.afc@gmail.com |
| | BMSL Investment Limited Sadharan Bima Tower (7th Floor), 37/A Dilkusha C/A, Dhaka-1000 | Md. Riyad Matin Managing Director | +88-02-7169428 +88-02-9570624 Email: info@bmsl.com.bd |
| Underwriters | Eastern Bank Limited Jiban Bima Bhan (2 nd Floor) 10 Dilkusha C/A Dhaka-1000 | M. Shahryr Faiz Associate Manager | +88-02-9556360; Email: rahmanmsr@ebl.com |
| | BMSL Investment Limited Sadharan Bima Tower (7th Floor), 37/A Dilkusha C/A, Dhaka-1000 | Md. Riyad Matin Managing Director | +88-02-7169428 +88-02-9570624 Email: info@bmsl.com.bd |
| Stock Exchanges | Dhaka Stock Exchange Limited 9/F Motijheel C/A, Dhaka 1000 | Library of DSE | +88-02-7175705-9 |
| | Chittagong Stock Exchange Limited CSE Building, 1080, Sheikh Mujib Road Chittagong 4100 | Library of CSE | +88-031-714632-3 +88-031-720871-3 |

Prospectus is also available on the websites of Khan Brothers PP Woven Bag Industries Limited (www.kbgbd.com), AFC Capital Limited (www.afccapital.org), BMSL Investment Limited (www.bmslinvestment.com), BSEC (www.sec.gov.bd), DSE (www.dsebd.org), CSE (www.csebd.com) and at the Public Reference room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and study.

Auditor's Information

| Name | Address | Contact No. |
|--|---|---|
| MAHFEL HUQ & CO. Chartered Accountants | BGIC Tower (4 th Floor) 34 Topkhana Road, Dhaka-1000. | +88-02- 7171316; +88-02- 9553143 E-mail: mahfelcofca@yahoo.com |





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ACRONYMS

| | |
|-------------------|---|
| Allotment | : Letter of allotment for shares |
| BB | : Bangladesh Bank |
| BO A/C | : Beneficiary Owner Account or Depository Account |
| BSEC | : Bangladesh Securities and Exchange Commission |
| Commission | : Bangladesh Securities and Exchange Commission |
| Companies Act | : Companies Act, 1994 (Act. No. XVIII of 1994) |
| CSE | : Chittagong Stock Exchange Limited |
| DSE | : Dhaka Stock Exchange Limited |
| FC Account | : Foreign Currency Account |
| FI | : Financial Institution |
| GOB | : The Government of People's Republic of Bangladesh |
| IPO | : Initial Public Offering |
| Issue | : Public offer of KBPPWBIL's shares |
| Issuer | : Khan Brothers PP Woven Bag Industries Limited |
| KBPPWBIL | : Khan Brothers PP Woven Bag Industries Limited |
| NAV | : Net Asset Value of the Company |
| NBR | : National Board of Revenue |
| NRB | : Non Resident Bangladeshi |
| Offering Price | : Price of the securities of KBPPWBIL being offered |
| Registered Office | : Registered Office of KBPPWBIL |
| RJSC | : Registrar of Joint Stock Companies & Firms |
| SC | : Share Certificate |
| Securities | : Shares of Khan Brothers PP Woven Bag Industries Limited |
| Share Market | : Market of the Securities |
| Sponsors | : The sponsor shareholders of KBPPWBIL |
| STD Account | : Short Term Deposit Account |
| Stockholders | : Shareholders |
| Subscription | : Application money |
| The Company | : Khan Brothers PP Woven Bag Industries Limited |



GENERAL INFORMATION

AFC Capital Limited & BMSL Investment Limited (The Managers to the issue) have prepared this Prospectus based on the information provided by **Khan Brothers PP Woven Bag Industries Limited (the Issuer)** and also upon several discussions with the Chairman, Managing Director and related executives of the Company. The Directors including Managing Director of the Issuer and that of the Issue Managers collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

The form and content of the prospectus was developed under the guidelines of the Securities and Exchange Commission (Public Issue) Rules, 2006.

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 Company or Issue Manager.

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

A copy of this Prospectus may be obtained from the Head Office of Khan Brothers PP Woven Bag Industries Limited and that of the issue managers, the underwriters and the Stock Exchanges where the securities will be traded.



**PART I STATUTORY DISCLOSURES, CONDITIONS, DECLARATIONS AND DUE DILIGENCE CERTIFICATES****A. DISCLOSURES IN RESPECT OF ISSUANCE OF SECURITIES IN DEMATERIALIZED FORMAT**

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

B. CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969**PART-A**

1. The company shall go for Initial Public Offer (IPO) for **20,000,000** ordinary shares of **Tk. 10.00** each at an issue price of **Tk. 10.00** each at par amounting to **Tk. 200,000,000.00** (Twenty Crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and Regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in **4 (Four)** national daily newspapers (two in Bangla and two in English), within **5 (Five) working days** of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within **5 (Five) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to BSEC, the stock exchanges and the issue 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 Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue 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 BSEC 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 traveling to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to BSEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely: -
“Declaration about Listing of Shares with the stock exchange(s):

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

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

The issue 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, wherever applicable.
13. The Company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within **5 (Five) working days**, in respect of the following matters, namely: -
 - 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 manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in **2 (Two) CDs** and final status of subscription to the Commission within **3 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **5 (Five) weeks** from the date of the subscription closure), if any of the following events occur:
 - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.

17. 20% of total public offering shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী, 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 60% shall be open for subscription by the general public. In case of under-subscription under any of the 20% and 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the managers to the issue shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000/- (Five Thousands 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. 19 and 21 above.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.

A compliance report in this regard shall be submitted to the Commission within **7 (Seven) weeks** from the date of closure of subscription.



24. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriters to take up the underwritten shares within **10 (Ten) days** of the closing of subscription on full payment of the share money within **15 (Fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue 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 BSEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the Commission jointly by the issuer and issue 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 BSEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to BSEC.
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 30 June, 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 manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with BSEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. 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. While certifying fund utilization, the auditors have to confirm that assets have been procured/imported/constructed at reasonable price.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the 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 Guideline as per the provision of the Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/Admin/44 Dated 7 August 2012 shall be submitted to the Commission before 07 (seven) working days of the IPO subscription opening.**

11. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and the section 13 of the Securities and Exchange Rules, 1987.
12. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.
13. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

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 Beneficiary Owners (BO) account.

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

**C. DECLARATIONS AND DUE DILIGENCE CERTIFICATES****Declaration about the Responsibility of the Directors including the CEO of the Issuer, “Khan Brothers PP Woven Bag Industries 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/- |
| Mohammed Enamul Kabir Khan | Tofayel Kabir Khan | Md. Ruhul Kabir Khan |
| Chairman & Director | Managing Director & Director | Director |
| Sd/- | Sd/- | Sd/- |
| Hazrat Ali | Mohammad Zakirul Kabir Khan | Jerin Kabir Khan |
| Director | (Representative Director from Khan Brothers Ship Building Ltd.) | (Representative Director from Khan Brothers Infotech Ltd.) |

Consent of the Director(s) to serve as Director(s)

We hereby agree that we have been serving as Director(s) of “Khan Brothers PP Woven Bag Industries Limited” and continue to act as Director(s) of the Company.

| | | |
|-----------------------------------|--|---|
| Sd/- | Sd/- | Sd/- |
| Mohammed Enamul Kabir Khan | Tofayel Kabir Khan | Md. Ruhul Kabir Khan |
| Chairman & Director | Managing Director & Director | Director |
| Sd/- | Sd/- | Sd/- |
| Hazrat Ali | Mohammad Zakirul Kabir Khan | Jerin Kabir Khan |
| Director | (Representative Director from Khan Brothers Ship Building Ltd.) | (Representative Director from Khan Brothers Infotech 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 by 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 BSEC 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 shall be published with the approval of the Commission.

For Issuer

Sd/-

Tofayel Kabir Khan

Managing Director

Khan Brothers PP Woven Bag Industries Limited

Declaration by the Issue Manager about the approval from BSEC 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 shall be published with the approval of the Commission.

For Manager to the Issue

Sd/-

Mahbub H. Mazumdar FCMA

Chief Executive

AFC Capital Limited

For Manager to the Issue

Sd/-

Md. Riyad Matin

Managing Director

BMSL Investment Limited



Due Diligence Certificate of Managers to the Issue

Sub: Public offer of 20,000,000 Ordinary Shares of BDT 10.00 each of Khan Brothers PP Woven Bag Industries Limited.

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

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

WE CONFIRM THAT:

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

For Manager to the Issue

For Manager to the Issue

Sd/-

Sd/-

Mahbub H. Mazumdar FCMA
Chief Executive
AFC Capital Limited

Md. Riyad Matin
Managing Director
BMSL Investment Limited



Due Diligence Certificate of the Underwriter(s)

Sub: Public offer of 20,000,000 Ordinary Shares of BDT 10.00 each of Khan Brothers PP Woven Bag Industries 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 discussions 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/-

Chief Executive/Managing Director/ CEO

Eastern Bank Limited*

BMSL Investment Limited

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

PART II RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS**(a) Interest Rate Risks**

A business entity tends to get exposed to the unpredictability in the interest rates in the money markets. Higher rate and/or rising in the rate, of interests adversely affect the profitability of the company having outsiders' loan in its financing, sometimes casting significant doubt on the sustainability of the company.

Management Perception:

The management of KBPPWBIL is well aware of cost of capital of the company. It has decided to liquidate its entire present long term loan out of the fund received from IPO proceeds, which will reduce the cost of capital of the company, resulting in higher profitability for the upcoming periods.

(b) Exchange Rate Risks

A business involved in overseas transactions may face a potential loss arising from fluctuation of foreign currency rates. The loss may be aggravated due to consistently downwards trends of Bangladesh Taka against other foreign currencies.

Management Perception:

KBPPWBIL settles its foreign transaction through US Dollars in cases 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.

(c) Industry Risks**1) Market Demand:**

Company's sales and revenues are dependent on the aggregate demand of its products. Any economic recession, changes in requirements, national income and other related factors may cause to decline the market demand of the company products.

Management Perception:

Strong brand loyalty of the company's products to its customers has enabled the company to capture significant market share in the sector. And the company is continuously penetrating into the market and upgrading the quality of the products to minimize the market risks.

2) Competition and globalization effects:

KBPPWBIL is operating in a free market economy regime. The company might have to face stiff competitions from its competitors. Easy availability of global products in the local markets adds to the competition, challenging the profitability of the business.

Management Perception:

Bangladesh is the prime source of cheapest labor in the world, gaining comparative advantages for its industries over their global competitors. Other overhead costs are also low in Bangladesh. As a result, the company has been able to maintain its cost of products most competitive. Moreover, over the last few years the company has built a trustworthy relationship with its customers, which helps the company avoid competition with others.

3) Raw Materials and Energy costs:

Instability in raw materials and energy costs may hamper the profitability of the company significantly. A recent government decision regarding escalation of electricity prices will put a huge pressure on the product cost of the local businesses.

Management perception:

Our management believe that efficient management of inventories, proper sourcing & timing, economic order quantity and efficient handling of credit facilities can reduce the cost of procurement. For power and electricity, KBPPWBIL is totally independent, enabling to ensure low cost energy and uninterrupted production process.

(d) Market and Technology Related Risks

- 1) **Market risks** refer to the risk of adverse market conditions affecting the sales and profitability of the company. Such as, shortage in raw material supplies, inefficient labor supplies, fall in product demand, etc. which signifies the adverse external and internal business environment. Those types of risks may impede the success of the business.

Management perception:

Aggregate demands for most of the products that KBPPWBIL produces are huge in Bangladesh comparing to the volume of production of those goods. In addition, over the last decade the macro economy of Bangladesh has developed constantly, uncovering the opportunities of diversified sector developments in Bangladesh economy. As a result, demand for the company's products, our management believes, will increase in the days to come.

- 2) **Technology risks** stems from the contemporary changes in the technology which make the existing technology obsolete or reduces its cost efficiency compared to that of the competitors. New entrant may come forward with a more sophisticated technology which can give a threat to the cost efficiency of the company.

Management perception:

The present plant and machinery implanted in the company's manufacturing plant are efficient and cost effective in its kind. The management of the company is aware of any technological changes in the future.

(e) Potential or existing government regulations

The Company operates under the Companies Act, 1994; Securities Related Ordinance, Act, Rules and Regulations; Income Tax Ordinance 1984; Value Added Tax (VAT) Act, 1991; and contemporary notifications made under those laws. Any unexpected changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

Management perception:

Economy of Bangladesh has been developing over the decades because of business friendly rules and regulations adopted by the various regulatory bodies of the country. Our fiscal policy gives various incentives to the newly established companies so that it can grow and mature.

(f) Potential changes in global or national policies

Every company operates under the economic policies formulated and imposed by the political government. The government tends to reshape these policies time to time for the sake of greater interest of the country's economy. Sometimes those changes in existing policy or any future policy framework adversely affects the smooth operation of the companies.

Management perception:

Since the independence, all the governments of our country have shown objectivity and sincerity in developing industrial sector of the country. In the fiscal policies, there are various protective measures to protect the local industries against any sort of aggressive moves by global entrants. The government of the country has also taken a number of initiatives for the local business to market their products in the international arena. Different regional trade alliances and bilateral agreement can be taken as examples.

(g) History of non-operation, if any

Management perception:

Being incorporated on 18 May, 2006, Khan Brothers PP Woven Bag Industries Limited started its commercial operation on 1 December, 2007. Since then the company kept on its operation incessantly till date. The company had never been inoperative after it started its commercial operation.

(h) Operational Risks

Possible failure of human resources, failure of the production systems, inefficient internal control procedures, etc may cause for the company to make it a total unsuccessful venture.

Management perception:

The company implanted modern technology, employed skilled manpower, established on-the-job and off-the-job training facilities so that the employees can reshape their skills as required by the concurrent situations adopted sufficient safety measures in its production plant in order to ensure uninterrupted production process in the plant.

(i) Other risk factors:**1) 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.

2) Possible slowdown in economic growth in Bangladesh.

Our performance and growth are dependent on the 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 changes may adversely affect our business and financials.

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.



3) **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 KBPPWBIL 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. For example, all the assets of our company are insured.

4) **Investment risk:**

The company made invest in shares of other company but no dividend was received so far from these investment.

Management Perception:

The investment was made in shares of two companies which are both the sister concerns of Khan Brothers PP Woven Bag Industries Limited. Both the companies have been incorporated very recently and they reinvested their earnings in the expansion of their business. Both the companies' performances and positions are satisfactory. Therefore, our management believes the investment is fully secured and expected to provide return in the coming years.



PART III CAPITAL STRUCTURE AND USE OF PROCEEDS

(a) CAPITAL STRUCTURE OF THE COMPANY:

| Particulars | Amount in Taka |
|---|--------------------|
| Authorized Capital | 1,000,000,000 |
| 100,000,000 ordinary shares of Tk. 10.00 each | |
| 1. Issued, Subscribed & Paid Up capital | 435,000,000 |
| 43,500,000 ordinary shares of Tk. 10.00 each | |
| 2. Initial Public Offering | 200,000,000 |
| Issue of 20,000,000 Ordinary Shares of Tk. 10.00 each | |
| Total Paid up capital after IPO (1+2) | 635,000,000 |

(b) NET PROCEEDS FROM THE IPO:

| Sources of Fund: | Taka |
|--|--------------------|
| Issue size (Number of share to be issued) | 20,000,000 |
| Issue price (at face value) | 10.00 |
| Issue size in Amount (Tk.) | 200,000,000 |
| IPO Cost (Details in Breakdown of IPO Expenses in Page-30) | 12,948,500 |
| Net IPO Proceeds | 187,051,500 |

(c) USE OF THE NET PROCEEDS AND IMPLEMENTATION SCHEDULE:

Net Proceeds from initial public offering (IPO) will be used for expansion of business activities and repayment of high interest- bearing loan to boost the profitability, cash flows and liquidity of the company.

The details of which is stated as under:

| Sl. | Particulars | Amount | Projected Date/ Period |
|-----|---|--------------------|---|
| 1 | Machinery | 119,176,274 | Within 4-5 months of receiving IPO fund |
| 2 | Factory Building | | Within 6-7 months of receiving IPO fund |
| 2.1 | One Stored Factory Building (7,200 sft) | 12,309,459 | |
| 2.2 | Three Stored Administration Building (4 Storied Foundation 2790 sft) | 13,229,059 | |
| 2.3 | Officer' Quarter (3 Storied-1440 sft) | 7,336,708 | |
| 3 | Partial repayment of Long Term Loan amounting Tk. 19,634,950 with current portion (Note # 10.00 of the audited financial statement for the year ended 30 June, 2013); Jamuna Bank Limited and United Leasing Company Limited. | 19,634,950 | Within 1 month of receiving IPO fund |
| 4 | Working Capital | 15,365,050 | Within 4-5 months of receiving IPO fund |
| | Grand Total | 187,051,500 | |



Break down of IPO Proceeds

1. Details of Machinery:

| Sl. No. | Description | Qty (Nos.) | Unit Price (USD) | Total Price (USD) |
|---|---|------------|------------------|------------------------|
| 1. | CAPITAL MACHINERY FOR PP WOVEN BAG INDUSTRY HARMONIC CODE : 8477.20.00 Plastic Extrusion Plant & machinery : Tape Extrusion Line Model Lorex E 105B, 1400 complete with 264 nos Cheese Wincer with Standard Accessories, Country of origin: India, Validity: 23 February, 2015 | 01 | 3,87,825.00 | 3,87,825.00 |
| 2. | HARMONIC CODE : 8446.29.90/8446.29.00 Circular Loom Model LSL610 with Standard Accessories. Country of origin: India, Validity: 23 February, 2015 | 12 | 18,000.00 | 2,16,000.00 |
| 3. | HARMONIC CODE : 8446.29.90/8446.29.00 Circular Loom Model Nova 6 with Standard Accessories. Country of origin: India, Validity: 23 February, 2015 | 10 | 16,000.00 | 1,60,000.00 |
| 4. | MODEL : FD-6B/805 6 SHUTTLES CIRCULAR LOOM (BELT TYPE, WITHOUT OIL) H.S CODE : 8446.2900, Country of origin: Taiwan, Validity: 29 December, 2014 | 50 | 12,288.00 | 614,400.00 |
| 5. | MODEL : FD-ADH, VALVE FORMER UNIT AND DOUBLE, HEADSEWING UNIT H.S CODE : 8452.2190, Country of origin: Taiwan, Validity: 29 December, 2014 | 01 | 57,920.00 | 57,920.00 |
| Total Price | | | | \$ 14,36,145.00 |
| Total Price (including insurance, custom duty, clearing, carrying & installation charges) in BDT | | | | Tk. 119,176,274 |

2. Details of Factory Building:

| Description | Amount in Tk. |
|---|-------------------|
| 2.1. One Stored Factory Building (7,200 sft) | 12,309,459 |
| 2.2. Three Stored Administration Building (4 Storied Foundation 2790 sft) | 13,229,059 |
| 2.3. OFFICER' QUARTER (3 Storied-1440 sft) | 7,336,708 |
| Total | 32,875,226 |

2.1 One Stored Factory Building (7,200 sft)

Detail Estimate & BOQ for Construction of proposed one Storied Factory.

1. Foundation & Pilling works (Up to Plinth level) :

Item no 01.

Earth work in foundation & Plinth.

a. Earth Cutting in Foundation

5'-0" X 5'-0" X 5'-0" X 16

= 2000 cft

15'-0" X 30'-0" X 5'-0"

=2250 cft

=4250 cft @ 5.00

= Tk. 21,250.00

b. Earth filling

2500 X 1/3 + 10'-0" X 29'-2" X 2 =1416 cft @ 14.00

= Tk. 19,824.00

Item no 02.

Pilling works

a. Pile Boring

54 X 100'-0" = 5400 rft @ 200.00

=Tk. 1,080,000.00

b. Pipe casting

 $\pi/4d^2h$ X 54=11407 cft @ 290.00

= Tk.3,308,030.00

c. Pile head breaking

 $\pi/4d^2$ x 4'-0" X 54=228 cft @ 80.00

= Tk.18,240.00

Item no 03.

Brick Flat Soling

a. Soling In Foundation

5'-0" X 5'-0" X 48

=1200 sft

b. Soling In Floor

40'-0" X 60'-0"

=2400 sft

=3600 @ 30.00

= Tk. 108,000.00

Item no 04.

Cement concrete work in foundation

6'-0" X 6'-0" X 25 =900 @ 95.00

= Tk. 85,500.00

Item no 05.

Foundation work

a. Pile cap casting

4'-0" X 4'-0" X 1'-10" X 16

=466 cft

26'-0" X 9'-0" X 1'-8"

=390 cft

=856 CFT @ 290.00

= Tk. 248,240.00



**Item no 06.****Grade Beam****R.C.C casting**

361'-0" X 1'-2" X 2' = 800 cft @ 290.00 = Tk.232,000.00

Item no 07.**Floor casting (Rcc)**

30'-0" X 58'-0" X 2' = 3600 cft @ 290.00 = Tk. 1,044,000.00

Item no 08.**10" Brick work from GB to Plinth Level**

2 X (30'-0" + 60'-0") X 2'-0" X 2' = 720 cft

20'-0" x 2'-0" X 2 X 2' = 160 cft

14'-0" X 2'-0" X 4 X 2' = 220 cft

= 1100 cft @ 150.00 = Tk. 165,000.00

Item no 09.**M.S bar**

a) Pilling = 2509 kg

b) Pile cap = 745 kg

c) Gr. Beam = 731 kg

= 3985 kg @ 85.00 = Tk. 338,725.00

2. Super structure work (From plinth Level to 1st Roof).**Item no 01.****Column casting**

C1 = 7' X 7' X 6' = 292 cft

NC = 4' X 2' X 4'-0" X 6' = 192 cft

= 484 cft @ 290.00 = Tk. 140,360.00

Item no 02.**Lintel & Sun shed****a. Lintel:**

(30'+58") X 2 X 2 X 9" X 14" = 234 cft

b. Sun shed:

(18" X 4" X 7') 6 = 21 cft

= 255 cft @ 290.00 = Tk. 73,950.00

Item no 03.**Plaster work**

Wall - (20'+34') 2 X 28' X 2 = 6138 sft

Ceiling - 34' X 62' = 2108 sft

Mezzanine Floor (58' X 6.5') 2 = 754 sft

Total = 9,000 sft @ 12.00 = Tk. 108,000.00

Item no 04.**Grill work**

a) Window Grill (12.5' X 5') 6 = 344 sqft

b) Parapet Grill (58'+30') 2 = 176 sqft

Total = 520 sqft @ 140.00 = Tk. 72,800.00

Item no 05.**SS Grill on mezzanine floor**

(25' X 3') 2 = 150 sft @ 350.00 = Tk. 52,500.00

Item no 06.**Aluminum work****Window**

6' X 7.3' X 6 = 262 sft @ 320.00 = Tk. 83,840.00

Item no 07.**Collapsible Gate & Shutter**

12' X 11' = 132 sft @ 600.00 = Tk. 79,200.00

Item no 08.**CI Sheet work**

136' X 100' = 13600 sft @ 160.00 = Tk. 2,176,000.00

Item no 09.**Color work**

= 28000 Sft @ 12.50 = Tk. 350,000.00



**Item no 10.****Patent Stone casting on ground floor & roof top**

36' X 50' X 2 X 2 = 7200cft @195.00 =Tk. 1,404,000.00

Total =Tk. 11,209,459.00**Electric work 9.81% of civil work****= Tk. 1,100,000.00****Grand Total = Tk. 12,309,459.00****2.2 Three Stored Administration Building (4 storied foundation 2790 sft)****Item no 01****RCC work****a) Column casting (C1)**

(10'' x 10'' x 10' x 4) =27 cft

b) Column casting (C2)

(10''x 15''x 10' x 16) =167 cft

c) Column casting (C3)

(15''x 15''x 10' x7) =110 cft

d) Lintel + Sun shed

Lintel: (162+44) 2 x 10''x 15'' =410 cft

Sun shed: (18''x 4''x 8') 10 =60 cft

e) Roof Beam: Lenth =

[(162'+44') 2+44 x 7] =720' x 12' x 18'' =1080 cft

f) Roof Slab casting----- (162'x 44' x 7') =8370 cft**Total =10,224 cft @ 290 TK/cft =TK 2,964,960.00****Item no 02 (MS bar)****a) Column:- 303.825 cft x 2% =16,959 kg****b) Lintel +sun shed:- 316.11 cft x 1.5% =1054 kg****c) Roof Beam:- 1080 cft x 2% =4800 kg****d) Roof slab:- 4134.24 cft x 1% =9187 kg****-32000@85tk/kg = TK 2,720,000.00****Item no 03****Brick work.****a) 10''[(162'+44')2x805 - 7'x8' -(6x4.5)10]10''=2540@tk 150/cft = Tk 381,000.00****b) 5'' (39'x8.5')7= 2420sft@tk 70/sft = Tk 169,400.00****Item no 04****Plaster work****a) Wall- [(162'+44')2x8.5]2+39'x8.5x7x2 = 7667 sft****b) Ceiling ----- 162'x44' = 7783 sf****Total = 15,450 sqft @tk12/cft =Tk. 185,400.00****Item no 05****Grill work****a) Window Grill ----- (6'x4.5')10 = 270 sft****b) Parapet Grill ----- (162'+44')2x3 = 1236 sft****Total = 1506 sqft @tk140/sqft = Tk 210,840.00****Item no 06****Aluminium window ---- (6'x4.5x6) = 270 sft @320 tk/sft = Tk 86,400.00****Collapsible Gate + shutter---(7'x8') = 56 sft @600 tk/sft = Tk 33,600.00****Item no 07****Wooden door ----- 24 nos @ 15000 tk/no = Tk 360,000.00****Item no 08****Colour work -----15450 sft @12.5 tk/sft = Tk 193,125.00****Item no 09****Marble work---****162'x44'+(40''x4 + 50''x16 + 60'x7)8.5'= 8370sft @384 tk/cft = Tk 3,214,080.00****Item no 10****False ceiling ----- 162'x44' = 7128 sft @231 tk/sft = Tk 1,646,568.00****(Perforated aluminum sheet)****Item no 11****Electric work ----- = Tk 409,110.00****Sanitary + plumbing work ----- = Tk 654,576.00****Gross Total = Tk 13,229,059.00**



2.3 Officer's Quarter (3 storied- 1440 sft)

Item no 01**RCC work**

| | |
|---|-----------|
| a) Column casting (C1) | =14 cft |
| b) Column casting (C2) | =86 cft |
| c) Column casting (C3) | =57 cft |
| d) Lintel + Sun shed | |
| Lintel: | =210 cft |
| Sun shed: | =33 cft |
| e) Roof Beam: Length = | |
| 31' x 12' x 1.49' | =557 cft |
| f) Roof Slab casting----- (85'x 7.26' x 7') | =4320 cft |

Total =5,277 cft @ 290 TK/cft =TK 1,530,330.00

Item no 02 (MS bar)

| | | |
|-----------------------|----------------|-------------------|
| a) Column:- | 120 cft x 2% | =8,250 kg |
| b) Lintel +sun shed:- | 325 cft x 1.5% | =1121 kg |
| c) Roof Beam:- | 975 cft x 2% | =4450 kg |
| d) Roof slab:- | 365 cft x 1% | =2695 kg |
| <hr/> | | |
| =16516@85tk/kg | | = TK 1,403,860.00 |

Item no 03**Brick work.**

| | | |
|--------|----------------------|-----------------|
| c) 10" | 1311 sft @tk 150/cft | = Tk 196,650.00 |
| d) 5" | 1249 sft@tk 70/sft | = Tk 87,430.00 |

Item no 04**Plaster work**

| | | |
|------------|------------------------|----------------|
| c) Wall- | = 3250 sft | |
| d) Ceiling | = 4724 sf | |
| <hr/> | | |
| Total | = 7,974 sqft @tk12/cft | =Tk. 95,688.00 |

Item no 05**Grill work**

| | | |
|------------------------|------------------------|-----------------|
| c) Window Grill ----- | (6'x4.5')10 | = 270 sft |
| d) Parapet Grill ----- | (20'+64.5')2x3 | = 507 sft |
| <hr/> | | |
| Total | = 777 sqft @tk140/sqft | = Tk 108,780.00 |

Item no 06

| | | |
|-------------------------------|-------------------------------------|----------------|
| Aluminium window ---- | (6'x4.5x5.14) = 139 sft @320 tk/sft | = Tk 44,480.00 |
| Collapsible Gate + shutter--- | (5'x5.8') = 29 sft @600 tk/sft | = Tk 17,400.00 |

Item no 07

| | | |
|-------------------|----------------------|-----------------|
| Wooden door ----- | 12 nos @ 15000 tk/no | = Tk 180,000.00 |
|-------------------|----------------------|-----------------|

Item no 08

| | | |
|-------------------|-----------------------|----------------|
| Colour work ----- | 7974 sft @12.5 tk/sft | = Tk 99,675.00 |
|-------------------|-----------------------|----------------|

Item no 09

| | | |
|----------------------|--|-------------------|
| Marble work--- | | |
| 4320 sft @384 tk/cft | | = Tk 1,658,880.00 |

Item no 10

| | | |
|---------------------|-----------------------------------|-----------------|
| False ceiling ----- | 118.7'x31' = 3679 sft @231 tk/sft | = Tk 849,849.00 |
|---------------------|-----------------------------------|-----------------|

Item no 11

| | | |
|--------------------------------|--|-----------------|
| Electric work ----- | | = Tk 409,110.00 |
| Sanitary + plumbing work ----- | | = Tk 654,576.00 |

Gross Total = Tk 7,336,708.00

(d) TERMS OF CONTRACT:

The company did not enter into any contract for aforesaid utilization of IPO proceeds.

Sd/-

Tapan Kumar Sarker
CFO & Company Secretary

Sd/-

Tofayel Kabir Khan
Managing Director

**PART IV DESCRIPTION OF BUSINESS****1) Incorporation**

Khan Brothers PP Woven Bag Industries Ltd. (KBPPWBIL) was incorporated as a Private Limited Company on May 18, 2006 and was subsequently converted into a public limited company on 26 October, 2011 with the Registrar of Joint Stock Companies & Firms in Bangladesh under the Companies Act, 1994.

2) Commencement of commercial operation

The Company started its commercial operation on December 01, 2007.

3) Nature of Business

The Company's main business is to manufacture of different types of PP Woven Bag, Flexible Intermediate Bulk Container (FIBC) bag, Jumbo bag, High Density Poly Ethylene (HDPE) Bag, Low Density Poly Ethylene (LDPE) Bag, Liner, Multi-layer Sack Kraft Paper and selling them in local and the international market.

4) Principal products or services of the company:

Khan Brothers PP Woven Bag Industries Limited is engaged in manufacturing different types of Woven Polypropylene Bags.

5) Markets for such products or services:

KBPPWBIL sells its products to both local and overseas (Singapore, England, Norway, UAE, China) markets.

6) Relative contributions of the products/services to sales or income that accounts for 10% or more of the company's total revenue:

The company produces a single product named PP Woven Bag. Therefore, there is no such segregation of product to calculate product wise contribution to the company revenue.

7) Name of associates, subsidiary/related holding company and their core area of business:

KBPPWBIL has no associates, subsidiary/ related holding company.

8) Way of distribution of products and/or services:

On receiving the orders from its customers, KBPPWBIL manufactures the products and supply them to the customers' destination as per their requirements. Since the export of the company is deemed export, it supplies the products to the local destinations.

9) Competitive conditions in the business:

In Bangladesh a number of firms are engaged in manufacturing PP Woven Bag for fertilizer Feed, Cement and seeds since Bangladesh is one of the prime sources of cheap labor in the world. KBPPWBIL has a number of competitors and these are follows:

| SL | Name | Origin |
|----|---------------------------------|------------|
| 1 | United Fiber Industries Ltd. | Bangladesh |
| 2 | Sino Bangla Industries Ltd. | Bangladesh |
| 3 | Miracle Industries Ltd. | Bangladesh |
| 4 | Sovon Woven Bag Industries Ltd. | Bangladesh |
| 5 | Desh Bondhu Polymer Ltd. | Bangladesh |

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

Main raw materials of the KBPPWBIL are yarn and chemicals, which the company procures from overseas market. The company has some trusted suppliers of its materials and chemicals. Below are examples:

| SL | Name of Company | Type of Raw Materials | Country of Origin |
|----|---------------------------------|-----------------------|-------------------|
| 1 | Basell | PP Yarn | Saudi Arabia |
| 2 | Sumitomo Chemical Asia Pte Ltd. | PP Yarn | Singapore |
| 3 | Honam Petrochemicals Ltd. | PP Yarn/Lamination | Korea |
| 4 | Oman Polypropylene | PP Yarn | Oman |
| 5 | Tara Holding | Calcium Carbonate | India |
| 6 | K.K. Poly Color | Filled LLDPE Compound | India |
| 7 | QAFCO | LLDPE/LDPE | Qatar |
| 8 | Bishal Paints & Chemicals | Ink and Thinner | India |
| 9 | Vishal Coating, Polymer Coating | Ink and Thinner | India |
| 10 | Q Chem Distributions | HDPE | Qatar |
| 11 | Domo Investment Group | PP Yarn | Belgium |
| 12 | Vinmar Internatioal | PP Yarn | America |

11) Sources of, and requirement for, power, gas and water, or any other utilities:

Power:

Company has both REB connections and Gas Generator.

| Sl. No. | Power | Capacity (KVA) | Utilization (KVA) |
|---------|---------------|----------------|-------------------|
| 1. | REB | 250 | 40 |
| 2. | Gas Generator | 1064 | 600 |

Water:

Presently the project requires about 30,000 liter/day of water for usual factory cleaning/washing which is raised from underground through a Deep tube well installed in the factory premises which is adequate to meet the expansion requirement. Deep Tube Well has the capacity to reserve 40,000 gallons.

GAS:

KBPPWBIL has the connections of Titas Gas Transmission and Distributions Co. with the capacity of 20 PSI. The company requires of Gas is about 448,000 cubic metre yearly.

**12) Name of the customers who purchase 10% or more of the company's products:**

KBPPWBIL sells its products to mostly a number of foreign buyers through L/Cs and TT and also to a few numbers of local buyers. The following buyers usually consume the company products at 10% or more. In the last accounting period, those buyers purchased the products of the company at the following ratio:

| SL | Name of Buyer | Country of Origin | % Purchased |
|----|---------------------------|-------------------|-------------|
| 1 | Maaz (Singapore) Pte Ltd. | Singapore | 17.75 |
| 2 | World Wide Shipping Ltd. | Singapore | 16.80 |
| 3 | M/s Bery Maritime As. | Norway | 15.68 |

Except for the above three customers, there are no other customers who purchase 10% or more of the company products.

13) Description of any contract with principal suppliers or customers:

The company has not entered into any contract with any of its suppliers or customers.

14) Description of any material patents, trademarks, licenses or royalty agreements:

The company neither obtained any Patent Right/ Trademarks nor signed any royalty agreement with any party.

15) Number of total employees and number of full-time employees:

(As per accounts)

- i) During the year there were 410 employees employed for the full year and 155 employees less than the full year at a remuneration of Taka 3,000 per month and above.
- ii) At the end of the period, there were 565 employees in the company.
- ii) Each employees received salaries more than Tk. 3,000.00

16) Production/service capacity and its current utilization:

The capacity to produce PP Woven Bags in numbers depends upon factors like weight of the bag, size & specification. The numbers of bags would vary in terms of weight & specifications.

(As per accounts)

| Installed Capacity | Actual Capacity | Utilization |
|---|-----------------|-------------|
| 8.0 Crore Pieces of Different types of Bags | 6.2 Crore Pcs | 77.50% |



PART V DESCRIPTION OF PROPERTY

Property and Plant of the KBPPWBIL are as follows:

| SL | Company Own Assets | Written down Value in Taka as per Audit Report As on 30-June-2013 |
|----|--------------------------------|---|
| 1 | Land & Land Development | 93,301,500 |
| 2 | Building & Other Construction | 93,322,540 |
| 3 | Plant & Machinery | 120,259,972 |
| 4 | Generator & Electric Equipment | 13,564,760 |
| 5 | Motor Vehicle | 1,907,925 |
| 6 | Office Decoration & Fittings | 2,355,833 |
| 7 | Furniture & Fixture | 2,612,237 |
| | Grand Total | 327,324,766 |

- The entire above mentioned asset are located at the manufacturing plant of the company located at Borochala, Borovabanipur, Joydebpur, Gazipur and head office at 24/1, chamellibag (5th & 8th Floor), shantinagar, Dhaka-1217.
- All the assets of the Company are in its own name.
- 407.50 decimals land out of 445.50 decimals, plant, machinery & equipment are mortgaged to Jamuna Bank Limited, Shantinagar branch as collateral for long term loan.
- All the assets are in good condition and no re-conditioned or second hand Assets or Machinery is used by the company.
- No Property is taken by the company under lease agreement.
- Details of Land:

| Sl. No. | Location | Deed No. | Area (Decimal) |
|---------|-------------------|----------|----------------|
| 1 | Kasimpur, Gazipur | 21784 | 387.50 |
| 2 | | 19002 | 20.00 |
| 3 | | 10650 | 8.00 |
| 4 | | 11276 | 30.00 |
| Total | | | 445.50 |

PART VI PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and external sources of cash

(As per Audited)

| Particulars | June 30, 2013 | June 30, 2012 | June 30, 2011 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Internal Sources of Cash | | | |
| Share Capital | 435,000,000 | 370,000,000 | 98,000,000 |
| Share Money Deposits | - | - | 20,000,000 |
| Revaluation Reserve | 97,975,485 | 97,975,485 | 97,975,485 |
| Retained Earning | 106,060,425 | 41,422,091 | 24,202,954 |
| Total | 639,035,910 | 509,397,576 | 240,178,439 |
| Long Term Loan | 783,522 | 12,314,015 | 24,144,143 |
| Current portion of Long Term Loan | 18,851,428 | 23,216,173 | 26,668,462 |
| Short Term Loan | 33,664,116 | 40,082,692 | 90,470,547 |
| Total | 53,299,066 | 75,612,880 | 141,283,152 |
| Grand Total | 692,334,976 | 585,010,456 | 381,461,591 |

(2) Material commitments for capital expenditure and expected sources of such funds for such commitments

The company has not yet made any material commitment for capital expenditure except for those that are mentioned in 'Use of Proceeds' from IPO fund.

(3) 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.

| Particular | 30-June-13 12 Months | 30-June-12 12 Months | 30-June-11 12 Months |
|--|-------------------------|-------------------------|-------------------------|
| Turnover | 916,879,628 | 530,754,633 | 450,625,128 |
| Less: Cost of Goods sold | 789,662,596 | 460,394,310 | 382,484,878 |
| Gross Profit | 127,217,033 | 70,360,323 | 68,140,250 |
| Less: Operating Expenses | 25,437,052 | 18,564,450 | 16,843,339 |
| Profit from operations | 101,779,981 | 51,795,873 | 51,296,911 |
| Less: Financial Expenses | 12,652,936 | 23,299,178 | 23,391,872 |
| Net Profit before WPPF & Income Tax | 89,127,045 | 28,496,695 | 27,905,039 |
| Provision for WPPF | 4,244,145 | - | - |
| Net Profit before Tax | 84,882,900 | 28,496,695 | 27,905,039 |
| Income Tax Expenses | 20,244,566 | 11,277,559 | 5,910,173 |
| Net Profit after Tax | 64,638,334 | 17,219,137 | 21,994,866 |



(4) Seasonal aspects of the company's business

KBPPWBIL supplies its products to its permanent buyers, who provide sufficient purchase orders to work throughout the year. As a result, no seasonal aspects can adversely affect the business of KBPPWBIL.

(5) Known trends, events and uncertainties that shall have a material effect on the company's future business

At present there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business except for those which are naturally beyond control of human being.

The business operation of the Company may be affected by the follow events:

- a) Political unrest
- b) Natural disaster

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

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

(7) Details of loan taken from or given to its holding/parent company or subsidiary company

The company neither took any loan from nor gave any loan to its holding/parent company or subsidiary company during the last five years since it has no holding/parent company and no subsidiary company.

(8) Details of future contractual liabilities and their impact on company's financial fundamentals

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

(9) Estimated future capital expenditure

The company has no plan for capital expenditure except for those mentioned in the 'Use of Proceeds' from IPO fund.

(10) VAT, Income Tax, Customs Duty or other tax liability, any including contingent liability and reasons for their non-payment prior to the issuance of this prospectus

- (a) **VAT:** There is no VAT Liability of the Company as on 30 June, 2013.
- (b) **Customs Duty or other tax liabilities:** There is no customs duty or other tax liabilities of the Company as on 30 June, 2013.
- (c) **Contingent liability:** There is no contingent liability of the Company as on 30 June, 2013.

(d) **Income Tax:**

The company is a regular tax payer. The TIN number of the company is 221-200-4547, Circle-189 (Companies), Taxes Zone-9. Following are the details of income tax related information of the company:

| Income Year | Assessment Year | Status |
|-------------|-----------------|--|
| 2011-2012 | 2012-2013 | As per certificate given by Deputy Commissioner of Taxes of Circle-189 (Companies), Taxes Zone-09, Dhaka, dated 14.02.13 the assessment of the company for the assessment year 2012-2013 has been completed u/s, 82BB of Income Tax Ordinance 1984 & tax paid in full. |
| 2010-2011 | 2011-2012 | (As per certificate given by DCT dated 28/3/12) এই মর্মে প্রত্যয়ন করা যাইতেছে যে, Khan Brothers PP Woven Bag Industries Ltd. সার্কেল-১৮৯ (কোম্পানীজ), কর অঞ্চল-৯ ঢাকার একটি নিবন্ধিত করদাতা-কোম্পানী। করদাতা-কোম্পানী ২০১১-২০১২ করবর্ষের জন্য সার্বজনীন স্বনির্ধারণী পদ্ধতিতে (৮২ বিবি ধারায়) আয়কর রিটার্ন দাখিল করেছে যাহা নিষ্পত্তি বলে গণ্য এবং করদাতা-কোম্পানী অত্র সনের আয়কর পরিশোধ করেছে। |
| 2009-2010 | 2010-2011 | (As per certificate given by DCT dated 15/2/11) এই মর্মে প্রত্যয়ন করা যাইতেছে যে, খান ব্রাদার্স পি.পি ওভেন ব্যাগ ইন্ডাস্ট্রিজ লিমিটেড, কর সার্কেল-৭৫, কর অঞ্চল-৭ ঢাকা এর নিবন্ধিত করদাতা কোম্পানী। করদাতা কোম্পানীর ২০১০-২০১১ করবর্ষের আয়কর মামলা ৮২বিবি ধারায় নিষ্পত্তি করা হয়েছে। |
| 2008-2009 | 2009-2010 | (As per certificate given by DCT dated 22/2/10) এই মর্মে প্রত্যয়ন করা যাইতেছে যে, খান ব্রাদার্স পি পি ওভেন ব্যাগ ইন্ডাস্ট্রিজ লিমিটেড, কর সার্কেল-৭৫, কর অঞ্চল-৭ ঢাকার নিবন্ধিত করদাতা কোম্পানী। করদাতা কোম্পানীর ২০০৯-২০১০ করবর্ষের আয়কর মামলা সার্বজনীন স্বনির্ধারণী পদ্ধতিতে নিষ্পত্তি করা হইয়াছে এবং উক্ত বৎসরের প্রদেয় কর পরিশোধ করিয়াছেন। |

(11) **Details of operating lease during last five years:**

The company has no operating lease obligation with anyone. However, the corporate head office of the Company is established in a rented space under the following condition:

| Address | Area (Sft) | Rent/Sft. | Period | Rent p/m |
|---|------------|-----------|----------------------|-----------|
| 24/1, Chamelibagh (5 th Floor), Shantinagar, Dhaka-1217 | 550 | 35.00 | 01-07-11 to 30-06-16 | 19,250.00 |

(12) Details of any financial commitment, including lease commitment during past five years and way of their liquidation

| SL | Name of Bank | Amount of Loan (Tk.) | Purpose of Loan | Sanction date | Installment/month (Tk.) | Outstanding at 30 June, 2013 (Tk.) |
|----|-------------------------|----------------------|-------------------|---------------|-------------------------|------------------------------------|
| 1 | Jamuna Bank Ltd. | 595.00 Lac | Capital Machinery | 11-09-2008 | 4,281,745.00 | 15,273,890 |
| 2 | Jamuna Bank Ltd. | 30.50 Lac | | 12-04-2009 | 74,850.00 | 969,315 |
| 3 | United Leasing Co. Ltd. | 90.00 Lac | | 23-09-2010 | 241,447.00 | 3,391,745 |
| 4 | United Leasing Co. Ltd. | 46.00 Lac | | 13-04-2008 | 168,278.00 | Nil |
| 5 | Mutual Trust Bank Ltd. | 245.00 Lac | | 04-03-2008 | 1,894,475.00 | Nil |

NB: Apart from the above loans the company has not or did not have during the period since its commencement of commercial operation any finance lease or such type of other commitment.

(13) Personnel related scheme

Khan Brothers PP Woven Bag Industries Limited has established a profit participation fund for the welfare of its workers.

(14) Break down of IPO issue expenses:

| Sl. No. | Particulars | Basis | Amount in BDT (approx.) | |
|--------------------|--|--|-------------------------|-------------------|
| A. | MANAGERS TO THE ISSUE FEES | | | 2,300,000 |
| 1 | Managers to the Issue fee (AFC Capital Ltd.-15.00 Lac & BMSL Investment Ltd.-5.00 Lac) | 1% of public offering, Maximum 2,000,000 (Twenty Lac) | 2,000,000 | |
| 2 | VAT against Issue Management Fees | 15% of issue management fees | 300,000 | |
| 3 | FEES RELATED TO LISTING WITH THE STOCK EXCHANGES | | | 2,280,000 |
| 4 | Prospectus Submission Fee to DSE | Fixed | 5,000 | |
| 5 | DSE and CSE Annual Fee | Fixed | 170,000 | |
| 6 | Fees related to Listing with the stock exchanges | @ 0.25% on Tk. 10 Crore and 0.15% on the rest amount of paid up capital range; (minimum 10 thousand maximum Tk. 20 Lac for each exchanges) | 2,105,000 | |
| B. | BSEC FEES | | | 310,000 |
| 7 | Application fee | Fixed | 10,000 | |
| 8 | Consent fee | fee @ 0.15% on entire offer | 300,000 | |
| C. | IPO RELATED FEES | | | 2,500,000 |
| 9 | Underwriting commission (0.50%) | Commission @ 0.5% on Underwritten Amount | 500,000 | |
| 10 | Bankers to the Issue commission | Commission @ 0.1% of Collected Amount (Assumed 10 Times) | 2,000,000 | |
| D. | CDBL FEES AND EXPENSES | | | 719,625 |
| 11 | Security Deposit | At Actual | 500,000 | |
| 12 | Documentation fee | At Actual | 2,500 | |
| 13 | Annual fee | At Actual | 100,000 | |
| 14 | Connection Fee (TK. 500 per month* 12) | At Actual | 6,000 | |
| 15 | Initial Public Offering fee | fee @ 0.0175% of issue size | 111,125 | |
| E. | PRINTING AND POST PUBLIC OFFER EXPENSES | | | 4,838,875 |
| 16 | Publication of prospectus | Estimated (7,000 Numbers) | 700,000 | |
| 17 | Abridge Version of Prospectus and Notice in 4 daily news paper | Estimated (to be paid at actual) | 200,000 | |
| 18 | Notice for prospectus, Lottery, Refund etc. in 4 daily news paper | Estimated (to be paid at actual) | 100,000 | |
| 19 | Printing of forms | Estimated (to be paid at actual) | 400,000 | |
| 20 | Lottery related expenses including BUET fee | Estimated (to be paid at actual) | 800,000 | |
| 21 | Data Processing, Distribution | Estimated (to be paid at actual) | 2,000,000 | |
| 22 | Courier Expenses | Estimated (to be paid at actual) | 238,875 | |
| 23 | Allotments & Refunds | Estimated (to be paid at actual) | 100,000 | |
| 24 | Administrative & Stationary Expense | Estimated (to be paid at actual) | 300,000 | |
| Grand Total | | | | 12,948,500 |

(15) Revaluation of company's assets Report needed

Information regarding revaluation of assets

The company made revaluation of its (1) Land and Land Developments (2) Building & Other Construction and (3) Plant-Machinery & Generator-Electrical Equipments at the year ended 30th June, 2010 to reflect fair value of the properties in terms of the prevailing market price of the same. **G. KIBRIA & CO.**, Chartered Accountants, 24-25, Dilkusha C/A (5th Floor) Dhaka-1000 have revalued the said properties of the company as of 30 June, 2010 following the Current Cost method, showing total cost of the same as **BDT 194,597,580.00**, resulting in a revaluation surplus of **BDT 97,975,485.00**

Details of Revaluation of Fixed Assets:

| Particulars of the assets | Name of Valuer | Qualification of Valuer | Date of Revaluation | Carrying amount of Assets | Value of Assets after revaluation | Revaluation Surplus |
|---|-----------------|-------------------------|---------------------|---------------------------|-----------------------------------|---------------------|
| Land & Land Development | G. KIBRIA & CO. | Chartered Accountants | 30 June, 2010 | 3,840,478 | 91,687,500 | 87,847,022 |
| Building & Other Construction | | | | 12,984,350 | 16,077,600 | 3,093,290 |
| Plant-Machinery & Generator-Electrical Equipments | | | | 79,797,267 | 86,832,480 | 7,035,213 |
| Totals | | | | 96,622,095 | 194,597,580 | 97,975,485 |

Reason for Valuation: To reflect fair value of (1) Land and Land Developments (2) Building & Other Construction and (3) Plant-Machinery & Generator-Electrical Equipments in terms of the prevailing market price.

Works done by G. KIBRIA & CO.:

Following is a list of the major works done previously by G. KIBRIA & CO.

- Rongpur Dairy & Food Products Ltd.
- Pran Dairy Limited
- Bangladesh Insulator & Sanitaryware Limited
- Ishwardi Feed Mill Limited
- Bablu Motso Khamar Limited
- Agrani Agro Co. Limited
- Pran Agro Limited
- Narsingdi Hatcheries Limited
- Surza Nagar Fisheries Limited
- Saif Powertec Limited

(16) Transactions with holding/subsidiary Company or associate company during last five years

There is no such transaction took place in last five years in KBPPWBIL with their associations. KBPPWBIL has no subsidiary or parent company.



(17) Auditors' certificate regarding any allotment of shares to the directors and subscribers to the Memorandum of Association and Articles of Association for any consideration otherwise than for cash

This is to certify that the paid-up capital of **Khan Brothers PP Woven Bag Industries Limited** as of June 30, 2013 was Tk. 435,000,000.00 divided into 43,500,000 ordinary shares of Tk. 10.00 each. Details are as follows:

| Particulars of Allotment | Date of Allotment | No. of Shares issued | | | Amount of Share capital (Taka) |
|---|-------------------|-----------------------|-------------------------------|-------------|--------------------------------|
| | | Consideration in cash | Consideration other than cash | Bonus Share | |
| First (subscription to the Memorandum & Articles of Association at the time of incorporation) | 18-05-2006 | 400,000 | - | - | 40,000,000 |
| Second | 18-12-2010 | - | - | 90,000 | 9,000,000 |
| Third | 26-12-2010 | 490,000 | - | - | 49,000,000 |
| Fourth | 02-10-2011 | 20,000 | - | - | 2,000,000 |
| Fifth | 29-06-2012 | 1,042,500 | - | - | 10,425,000 |
| Sixth | 30-06-2012 | 25,957,500 | - | - | 259,575,000 |
| Seventh | 30-03-2013 | 6,500,000 | - | - | 65,000,000 |
| Total | | | | | 435,000,000 |

Place: Dhaka

Date: July 22, 2013

Sd/-

Mahfel Huq & Co.

Chartered Accountants

(18) Declaration Regarding Non-Suppression of Material Information:

This is to declare that to the best of our knowledge and belief no information, facts, circumstance, that are material have not been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-

Tofayel Kabir Khan

Managing Director

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.





PART VII

DIRECTORS AND OFFICERS

(1) Name, age, qualification and experience of each director and nominated director:

| SL | Name | Age | Experience | Position |
|----|--|-----|------------|-------------------------|
| 1 | Mr. Mohammed Enamul Kabir Khan | 46 | 20 Years | Chairman |
| 2 | Mr. Tofayel Kabir Khan | 40 | 15 Years | Director & MD |
| 3 | Mr. Md. Ruhul Kabir Khan | 45 | 11 Years | Director |
| 4 | Mr. Hazrat Ali | 41 | 10 Years | Director |
| 5 | Mohammad Zakirul Kabir Khan (Representative Director from Khan Brothers Ship Building Ltd.) | 36 | 8 Years | Representative Director |
| 6 | Jerin Kabir Khan (Representative Director from Khan Brothers Info tech Ltd.) | 34 | 5 Years | Representative Director |

(2) Tenure of directorship of the directors:

| SL No. | Name | Designation | Date of first Directorship | Expiry of Current Team |
|--------|--|-------------------------|----------------------------|-----------------------------|
| 1 | Mohammed Enamul Kabir Khan | Chairman | 06-05-2007 | * |
| 2 | Tofayel Kabir Khan | Director & MD | 18-05-2006 | * |
| 3 | Md. Ruhul Kabir Khan | Director | 18-05-2006 | * |
| 4 | Mr. Hazrat Ali | Director | 18-05-2006 | * |
| 5 | Mohammad Zakirul Kabir Khan (Representative Director from Khan Brothers Ship Building Ltd.) | Representative Director | 15-10-2012 | 8 th AGM in 2014 |
| 6 | Jerin Kabir Khan (Representative Director from Khan Brothers Info tech Ltd.) | Representative Director | 15-10-2012 | 8 th AGM in 2014 |

**** One third of total directors or if their number is not three or multiple of three then the number nearest to one-third shall retire from office by rotation at the Annual General Meeting.

(3) Involvement of directors in other organization

| SL | Name | Involved in | Position |
|----|---|--|-------------------|
| 1 | Mohammed Enamul Kabir Khan Chairman | 1. Khan Brothers Bag Industries Ltd. | Chairman |
| | | 2. Khan Brothers Ship Building Ltd. | |
| | | 3. Khan Brothers Knitwear Industries Ltd. | |
| | | 4. Khan Brothers Slipways & Engr. Works Ltd. | |
| | | 5. Khan Brothers InfoTech Ltd. | |
| | | 6. ST International Ltd. | |
| 2 | Tofayel Kabir Khan Director & MD | 1. Khan Brothers Bag Industries Ltd. | Managing Director |
| | | 2. Khan Brothers Ship Building Ltd. | |
| | | 3. Khan Brothers Slipways & Engr. Works Ltd. | |
| | | 4. ST International Ltd. | |
| | | 5. Khan Brothers Knitwear Industries Ltd. | Director |
| | | 6. Khan Brothers InfoTech Ltd. | |
| | | 7. Khan Brothers International. | Proprietor |
| | | 8. Kibria Trading Corporation. | |
| | | 9. Hamza Engineering & Electric Co. | |
| | | 10. Nova Engineering & Electric Co. | |
| | | 11. Neptune Inland Carrier | |
| 3 | Md. Ruhul Kabir Khan Director | 1. Khan Brothers Bag Industries Ltd. | Director |
| | | 2. Khan Brothers Ship Building Ltd. | |
| | | 3. Khan Brothers Slipways & Engr. Works Ltd. | |
| | | 4. Khan Brothers Info tech Ltd. | |
| | | 5. ST International Ltd. | |
| 4 | Md. Hazrat Ali Director | 1. Khan Brothers Knitwear Industries Ltd. | Managing Director |
| | | 2. Khan Brothers Info tech Ltd. | Director |
| 5 | Mohammad Zakirul Kabir Khan Representative Director | 1. Khan Brothers Bag Industries Ltd. | Director |
| | | 2. Khan Brothers Ship Building Ltd. | |
| | | 3. Khan Brothers Slipways & Engr. Works Ltd. | |
| | | 4. ST International Ltd. | |
| | | 5. Khan Brothers InfoTech Ltd. | Managing Director |
| 6 | Jerin Kabir Khan Representative Director | 1. Khan Brothers InfoTech Ltd. | Shareholder |

(4) Family relationship among director and top five officers of the company

(a) Family relationship among directors

Mr. Mohammed Enamul Kabir Khan, Mr. Md. Tofayel Kabir Khan, Mr. Md. Ruhul Kabir Khan, Mr. Mohammad Zakirul Kabir Khan are four brothers and Jerin Kabir Khan and Tofayel Kabir Khan is Husband and wife.

(b) Family relationship among directors and top five officers of the company

There is no relationship exists between directors and top management officers except Managing director.

(5) Short bio-data of each director**Mr. Mohammed Enamul Kabir Khan***Chairman, Khan Brothers PP Woven Bag Industries Ltd.*

Mohammed Enamul Kabir Khan, the chairman of Khan Brothers PP Woven Bag Industries Ltd. was born in December 30, 1965 in Barisal, Bangladesh. He completed his Honors and Masters in Accounting from the University of Dhaka in 1990 & 1991 respectively and he started his journey in corporate life in City Bank Ltd. with his accounting background. He served that company 14 years as a manager and he used to maintain the bank Account of Aljajira, Jeddah, Saudi Arabia. He was gathered experience to serve managerial position in different companies.

During his tenure period in corporate life and abroad he learned the key objectives of a business and those objectives encourage him to an entrepreneur of Khan Brothers PP Woven Bag Industries Ltd.

Tofayel Kabir Khan*Director & Managing Director, Khan Brothers PP Woven Bag Industries Ltd*

Tofayel Kabir Khan was born on February 03, 1972 in Barisal, Bangladesh. He received a Bachelor of commerce degree in Business Administration from Dhaka University and a Master of Commerce degree majoring in Marketing from Dhaka University. After having these degrees he also completed his MBA to enrich his knowledge.

After completing his graduation, he joined Miracle Industries Ltd. as an Assistant Manager (marketing) and served that company for the period of 1997 to 1998. His interests are in the areas of Marketing, Project Management, Communication, Team Building and Knowledge-Based Expert Systems gave him the opportunity to work for Meghna Group in 1999 to 2001. He always looked forward to diversification and challenges which made him the employee of Ananda Bag Industries Ltd. in 2002 to 2006.

He has over 5 years' experience in the planning, design, procurement, operation and manufacturing of PP woven Bag projects while he was working in Ananda Bag Industries Ltd. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.

Currently he is the Managing Director of Khan Brothers PP woven Bag Industries Ltd. and some others company of Khan Brothers Group.



Md. Ruhul Kabir Khan

Director, Khan Brothers PP Woven Bag Industries Ltd.

Md. Ruhul Kabir Khan, one of the Directors of Khan Brothers PP Woven Bag Industries Ltd., is holding his position with his knowledge of Business management as he graduated (M.Com) from Dhaka University majoring in Management.

He joined Khan Brothers Group with his 5 years working experience in Bag Industries and he is showing his significant work from those years. Company faces a lot of achievement only because of his contribution and this contribution gives some new innovative idea for business.

Md. Hazrat Ali

Director, Khan Brothers PP Woven Bag Industries Ltd.

Hazrat Ali is one of the industrialists in Bangladesh in his early age of forty one. He holds directorship position in Khan Brothers PP Woven Bag Industries Ltd. As he has 16 years working experience in Bag industries operations. This company is looking forward to utilize his experience and insight in marketing and management. He is not only the director of this company but also the Managing Director of Khan Brothers Knitwear Industries Ltd.

Mohammad Zakirul Kabir Khan

Representative Director, Khan Brothers PP Woven Bag Industries Ltd.

Mohammad Zakirul Kabir Khan was born on October 17, 1976. He received a Masters of Information System from Central Queensland University, Sydney, Australia

After completing his education, he joined Bangladesh Power Development Board (BPDB) as a System Engineer and serves that company for the period of 1997 to 1998. His interests are in the areas of Engineering, Project Management, Communication, Team Building and Knowledge-Based Expert Systems.

He has over 8 years' experience in the planning, design, procurement, operation and manufacturing of Electricity Development Projects while he was working in BPDB. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.

Now he is a Representative Director of Khan Brothers PP Woven Bag Industries Limited and also Managing Director of Khan Brothers Infotech Ltd. and Director of Khan Brothers Ship Building Ltd.



**Jerin Kabir Khan***Representative Director, Khan Brothers PP Woven Bag Industries Ltd.*

Jerin Kabir Khan was born on November 01, 1978 and completed B.A (Pass) from National University. She is wife of Tofayel Kabir Khan and holds some shares in Khan Brothers Infotech Ltd.

Now she is a Representative Director of Khan Brothers PP Woven Bag Industries Limited for Khan Brothers Infotech Limited.

(6) Credit Information Bureau (CIB) report:

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

(7) Name, position, academic qualification, date of joining and experience of CEO, CFO, CS, Advisors, Consultants, Additional and Deputy MD and all departmental Heads

| SL | Name of the Officers | Position | Academic Qualification | Date of Joining | Total Experience (Years) |
|----|----------------------|----------------------|-------------------------|-----------------|--------------------------|
| 1 | Tofayel Kabir Khan | MD & CEO | M.Com(Mkt), DU | 18.05.2006 | 15 years |
| 2 | Md. Mokhlesur Rahman | Technical Director | B.Sc Engr. (Mechanical) | 18.05.2006 | 15 years |
| 3 | Tapan Kumar Sarker | CFO & CS | MBA & CACC | 01.01.2008 | 15 years |
| 4 | Md. Bahalul Kabir | Advisor & Consultant | M.Com, CACC & LLB | 18.05.2006 | 15 years |
| 5 | Md. Moksedur Rahman | GM (Marketing) | M.COM(Mkt.) | 01.07.2008 | 12 years |
| 6 | Md. Iqbal Hossain | Manager (Production) | M.Com | 01.01.2007 | 12 years |

**PART VIII INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS**

None of the Directors or Officers of Khan Brothers PP Woven Bag Industries Ltd. was involved in any of the following types of legal proceedings in the last 10 (ten) years:

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

PART IX CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company does not have any transaction during the last two years, or any proposed transaction, between the issuer and any of the following persons:

- (a) Any director or executive officer of the issuer
- (b) Any director or officer
- (c) Any person owning 5% or more of the outstanding shares of the issuer
- (d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons
- (e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a Director or in any way connected with a Director of either the Issuer Company or any of its subsidiaries/holding company or associate concerns, or who was a Director or connected in any way with a Director at any time during the last three years prior to the issuance of the prospectus, except disclosure under caption '**related party transaction**' in note no. 23 of audited accounts, transaction between related companies within last five years, '**transaction with the directors and subscribers to the memorandum**' and "**Executive Compensation**" part of this prospectus.

| | Related Party Disclosure: | 30-Jun-13 | 30-Jun-12 |
|----|---|------------------|------------------|
| | Transaction with Key Management Personnel of the entity: | | |
| a) | Managerial Remuneration paid or payable during the year to the directors, including managing directors or manager | 3,093,000 | 3,312,000 |
| b) | Board Meeting Fees Paid During this Year | 33,000 | 30,000 |
| c) | Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable. | - | - |
| d) | Other allowances and commission including guarantee commission | - | - |
| e) | Pensions etc. | - | - |
| | (i) Pensions | - | - |





| | | | |
|----|---|------------------|------------------|
| | (ii) Gratuities | - | - |
| | (iii) Payments from a provident funds, in excess of own subscription and interest thereon | - | - |
| f) | Share Based payments | - | - |
| g) | Investment in share (Common Directorship): | | - |
| | Khan Brothers Knitwear Industries Ltd. | 1,000,000 | 1,000,000 |
| | Khan Brothers Group of Industries Ltd. | 50,000 | 50,000 |
| h) | Land (387.50 decimals of land was purchased from Mr. Tofael Kabir Khan, Mr. Mohammed Enamul Kabir Khan, Mr. Md. Ruhul Kabir Khan and Mr. Md. Hzzrat Ali, all are subscribers to the Memorandum) | 2,712,500 | 2,712,500 |
| | | 6,888,500 | 7,104,500 |

(f) **Loan Given/Taken:**

No such loan was taken or given from or to Directors or any person connected with the Directors of Khan Brothers PP Woven Bag Industries Ltd.

(g) **Directors' Facilities:**

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

(h) There were no facilities whether pecuniary or non-pecuniary enjoyed by the Directors except salary as mentioned above.

PART X EXECUTIVE COMPENSATION(a) **Name, designation and remuneration paid to top five salaried officers in the last accounting year**

| SL | Name | Designation | Remuneration/salaries (Tk.) |
|----|-----------------------------|------------------------------|-----------------------------|
| 1 | Tofayel Kabir Khan | MD & CEO | 1,500,000.00 |
| 2 | Tapan Kumar Sarker | CFO & CS | 960,000.00 |
| 3 | Md. Moksedur Rahman Sirajee | General Manager (Marketing) | 840,000.00 |
| 4 | Md. Fakhrul Islam | Sr. Manager (Commercial) | 720,000.00 |
| 5 | Md. Iqbal Hossain | Manager (Production) | 540,000.00 |
| 6 | Md. Farid Ahmed | Manager (Accounts & Finance) | 480,000.00 |

(b) **Aggregate amount of remuneration paid to all directors and officers during the last accounting year**

| SL | Name | Amount in Taka for 2012-13 |
|----|----------------------------|----------------------------|
| 1 | Managing Director's salary | 1,500,000 |
| 2 | Remuneration of Directors | 1,590,000 |
| 3 | Board Meeting fee | 33,000 |
| 4 | Salaries and allowances | 31,428,620 |
| | Total | 34,551,620 |



- (c) **Remuneration paid to any director who was not an officer during the last accounting year**
No director is given any Remuneration who was not an officer during the last accounting year.
- (d) **Contract with any director or officer regarding any future compensation**
The company has not entered into any contract with any of its Directors or Officers for any future compensation packages.
- (e) **Information regarding intention to substantially increase remuneration paid to directors and officers**
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.

PART XI DETAILS OF OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The Khan Brothers PP Woven Bag Industries Ltd. did not grant any option to its directors, officers and/or any other employees for the purpose of issuing shares.

PART XII TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- a) **Benefits From the Company during last five years:**
The Directors and subscribers to the memorandum have not received any benefit except remuneration, directly or indirectly during the last five years. The issuer has received 387.50 decimals of land from Md. Tofayel Kabir Khan, Mohammed Enamul Kabir Khan, Md. Ruhul Kabir Khan and Md. Hazrat Ali amounting Tk. 27.125 lac.
- b) **Directors and Subscribers' Assets to the Company:**
The company purchased land of 387.50 decimals of land from Md. Tofayel Kabir Khan, Mohammed Enamul Kabir Khan, Md. Ruhul Kabir Khan and Md. Hazrat Ali who are the subscriber to the Memorandum of the company in 2006. KBPPWBIL paid Tk. 27.125 lac to them against the land.

**PART XIII TANGIBLE ASSETS PER SHARE**

Net Tangible Asset backing per unit of the securities being offered as at 30th June, 2013:

| Particulars | Amount in Taka |
|---|--------------------|
| Non-Current Assets (A) [Excluding Pre-Operating Expenses] | 328,374,766 |
| Current Assets (B) | 396,564,485 |
| Current Liabilities (C) | 78,478,612 |
| Long Term Liabilities (D) | 783,522 |
| Deferred Tax Liability (E) | 9,773,238 |
| Net Assets (F=A+B-C-D-E) | 635,903,879 |
| Number of Shares (G) | 43,500,000 |
| Net Tangible Assets Value Per Share (H=F/G) | 14.62 |

PART XIV

OWNERSHIP OF THE COMPANY'S SECURITIES

Ownership of the Securities:

(As per R/JSC certificate)

| SL | Name | Address | Position | No. of Share | % |
|----|----------------------------------|---|---------------------------------------|--------------|--------|
| 1 | Tofayel Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Director & MD | 3,080,000 | 7.08% |
| 2 | Md. Ruhul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Director | 1,531,250 | 3.52% |
| 3 | Hazrat Ali | House-322 (3 rd Floor), Road-5, DOHS, Baridhara, Dhaka Cantt., Dhaka | Director | 1,276,250 | 2.93% |
| 4 | Mohammed Enamul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Chairman | 1,742,500 | 4.01% |
| 5 | Mohammad Zakirul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder & Representative Director | 50,000 | 0.11% |
| 6 | Khusnahr Khanam | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 550,000 | 1.26% |
| 7 | Nurun Nahar Chowdhury | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 100,000 | 0.23% |
| 8 | Md. Kabir Uddin Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 550,000 | 1.26% |
| 9 | Fahmida Mannan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 550,000 | 1.26% |
| 10 | Farah Diba Sultana | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 50,000 | 0.11% |
| 11 | Kamrun Nahar | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 350,000 | 0.80% |
| 12 | Jerin Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder & Representative Director | 300,000 | 0.69% |
| 13 | Farid Ahmed | 213/1, Sherebangla Road, Royer bazar, Dhaka. | Shareholder | 550,000 | 1.26% |
| 14 | Aliuzzaman Chowdhury | H # 8, R # 7/A, Block-M, Banasree, Rampura, Dhaka. | Shareholder | 2,081,000 | 4.78% |
| 15 | Ekramul Haque | House # 29, Vojohori Saha Street, Sutrapur, Dhaka-1100 | Shareholder | 500,000 | 1.15% |
| 16 | Md. Fakhrul Islam | Village.: Chandpur, P.O.: Comilla, P.S.: Kotwali, Dist.: Comilla. | Shareholder | 275,000 | 0.63% |
| 17 | Khan Brothers Infotech Ltd. | 24/1, Chamelibagh(5th Floor), Shantinagar, Dhaka | Director | 2,000,000 | 4.60% |
| 18 | Khan Brothers Ship Building Ltd. | 24/1, Chamelibagh(5th Floor), Shantinagar, Dhaka | Director | 10,000,000 | 22.99% |
| 19 | Tasneem Afroze | 4/1, K.M. Das Lane, Tikatuly, Dhaka | Shareholder | 100,000 | 0.23% |
| 20 | Md. Saydur Rahman | Flat # B1, Property Prime, 42/A Segun Bagicha, Dhaka | Shareholder | 50,000 | 0.11% |
| 21 | Salina Alam | House # 266, Road # 6, CDA R/A, Chittagong | Shareholder | 10,000 | 0.02% |



| | | | | | |
|----|--------------------------|---|-------------|-----------|-------|
| 22 | Sayd Rafiqul Haq | Flat # C-5, House # 15, Road # 1, Dhanmondi, Dhaka | Shareholder | 10,000 | 0.02% |
| 23 | Mrs. Monira Akter | House # 50, Road # 3, Block # B, Nikaton, Gulshan, Dhaka | Shareholder | 10,000 | 0.02% |
| 24 | Md. Khalid Hossain Khan | House # 50, Road # 3, Block # B, Nikaton, Gulshan, Dhaka | Shareholder | 1,010,000 | 2.32% |
| 25 | Tabassum Ifterkhar | House # 34/A, Road # 10/A, Dhanmondi R/A, Dhaka | Shareholder | 10,000 | 0.02% |
| 26 | Sayd Jalal Ahmed Rumman | Northwest Securities Ltd. Jibon Bima Bhaban, Ctg. | Shareholder | 5,000 | 0.01% |
| 27 | Gopal Krishana Roy | Anwarul Azim & Sons, P.O. Jalalabad, Saleh Bazar, Ctg | Shareholder | 5,000 | 0.01% |
| 28 | Tareq Hasan Jewel | Northwest Securities Ltd. Kader Tower (5th Fl.) Jubilee Road, Chittagong | Shareholder | 5,000 | 0.01% |
| 29 | Shahina Akther | 6 Lal Chandra Road, Kazi House, Chawk Bazar, Chittagong | Shareholder | 5,000 | 0.01% |
| 30 | Syed Jamal Ahmed | Northwest Securities Ltd. Jibon Bima Bhaban, Ctg. 3rd Fl. 56 Agrabad C/A. ctg | Shareholder | 5,000 | 0.01% |
| 31 | Md. Momen Uddin | House # 50, Road # 3, Block # B, Niketon, Gulshan, Dhaka | Shareholder | 25,000 | 0.06% |
| 32 | A.K.M Saleh Uddin | 36, East Rampura, Dewan Monjil, Dhaka | Shareholder | 25,000 | 0.06% |
| 33 | Saiful Islam | House # 50, Road # 3, Block # B, Niketon, Gulshan, Dhaka | Shareholder | 25,000 | 0.06% |
| 34 | Md. Wareh Ali | 1/H-2, Mirbag, Mogbazar, Romna, Dhaka | Shareholder | 10,000 | 0.02% |
| 35 | Md. Zabihul Haque | House # 12, Road # 10, Block # B, Niketon, Gulshan, Dhaka | Shareholder | 20,000 | 0.05% |
| 36 | Shaikh Mostafizur Rahman | House # 22, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka | Shareholder | 100,000 | 0.23% |
| 37 | Dr. Farhana Alam | Flat # 1A, House # 130, Road # 9A, Dhanmondi, Dhaka- 1209 | Shareholder | 100,000 | 0.23% |
| 38 | Sosanta Kumar Podder | 333/1 (New-8/1), Segun Baghicha, 2nd Floor, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 39 | Rajib Kumar Saha | 333/1 (New-8/1), Segun Baghicha, 2nd Floor, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 40 | Md. Mazedur Rashid | 103/5, Nam Graden Officers Quater, Mirpur-13, Dhaka-1216 | Shareholder | 100,000 | 0.23% |
| 41 | Abdullan Al Shafee | Apt-A7, Navana Bailly Star, 9 Nawratan Clolony, New Bailly Road, Dhaka | Shareholder | 100,000 | 0.23% |
| 42 | Md. Mahabubur Rahman | Room # 308, House # 135/B, Sarder Colony, South Kamlapur, Dhaka | Shareholder | 22,500 | 0.05% |
| 43 | Mohammad Shibley | Flat # B-3, House # 17, Road # 13A, Dhanmondi R/A, Dhaka-1205 | Shareholder | 100,000 | 0.23% |



| | | | | | |
|----|-------------------------|---|-------------|-----------|-------|
| 44 | Md. Anayet Kabir | House # 2, Road # 4, Block # C, Section # 10, Mirpur, Dhaka | Shareholder | 100,000 | 0.23% |
| 45 | Maj Sabbir Ahmed | Appt.- D, Duplex, Eastern Housing, 2A, Easkaton Road, Ramna, Dhaka | Shareholder | 100,000 | 0.23% |
| 46 | Md. Golam Mostafa | House # 17, Road # 5, Block # D, Banasree, Dhaka | Shareholder | 100,000 | 0.23% |
| 47 | Md. Saiful Alam | 805 West Kazi Param Mirpur, Dhaka | Shareholder | 10,000 | 0.02% |
| 48 | Md. Tajul Islam | Dhitpur Hazi Md. Lal Mia High School, Demra, Dhaka | Shareholder | 100,000 | 0.23% |
| 49 | Mohammad Lukman | Appt.- A2, H-287, R- 15(Old), 8/A(New), Dhanmondi, Dhaka-1209 | Shareholder | 150,000 | 0.34% |
| 50 | Md. Habibur Rahman | Prudential Capital Ltd., Suite#1604(16th Floor), 28, Dilkusha C/A, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 51 | Md. Ruhul Amin | 31/3/B, Borobagh, Mirpur-2, Dhaka. | Shareholder | 50,000 | 0.11% |
| 52 | A.A Abul Kalam Azad | 559, Baitul Aman Housing, Road-09, Adabar, Shyamoli, dhaka. | Shareholder | 100,000 | 0.23% |
| 53 | Nasim-Ul-Mahmod | 129/1, Shah Alibag, B-5, Madhukunja, Mirpur-1 | Shareholder | 2,500 | 0.01% |
| 54 | Md. Hashim Reza | House no-1, Road no.-3, Sector-11, Uttara, Dhaka. | Shareholder | 100,000 | 0.23% |
| 55 | Ahmed Kabir Majumder | Room# 12/A, Bhuyan Mansion(2nd Fl), 6 Motijheel, Dhaka-1000 | Shareholder | 2,500 | 0.01% |
| 56 | Md. Sahariful Islam | B-7, F-504, Manasi Lake View, Shinepukur, Mirpur-1, Dhaka. | Shareholder | 2,500 | 0.01% |
| 57 | Rawshan Ara | 273/4, Ahmed Nagar, Paikpara, Mirpur-1, Dhaka | Shareholder | 2,500 | 0.01% |
| 58 | Md. Shahid Ullah Sarder | 53, West Hajipara, Rampura, Dhaka | Shareholder | 2,500 | 0.01% |
| 59 | Md. Shariful Islam | 6 Motijheel(2nd Fl), Room# 9, Dhaka-1000 | Shareholder | 2,500 | 0.01% |
| 60 | Imtiaz Ahmed | Room# 12/A, Bhuyan Mansion, 6 Motijheel, Dhaka-1000 | Shareholder | 2,500 | 0.01% |
| 61 | Prodip Kumar Roy | 195/4-B, Tejkunipara,(2nd Fl), Tejgaon, Dhaka. | Shareholder | 100,000 | 0.23% |
| 62 | Saifuddin Ahmed | 29, Alkaran Lane-1, GPO, Kotwali, CTG | Shareholder | 2,500 | 0.01% |
| 63 | Quazi Shamsuddoha | H # 2, Road- Sonargoan Janapath, Sector-12, Uttara, Dhaka-1230 | Shareholder | 100,000 | 0.23% |
| 64 | Hoque Mahtab Morshed | H # 4, Road # 3, Arakan Housing Society, Badurtata, Ctg. | Shareholder | 50,000 | 0.11% |
| 65 | Mohammad Zakir Hossain | 535, West Nakhhalpara, Tejgaon, Dhaka | Shareholder | 20,000 | 0.05% |
| 66 | Mohammad Yakub | 268, Sultangonj Road, Rayer Bazar, Dhaka-1209 | Shareholder | 25,000 | 0.06% |
| 67 | BMSL Investment Ltd. | Sadharan Bima Tower (7th Floor), 37/A, Dilkusha C/A, Dhaka. | Shareholder | 2,159,000 | 4.96% |



| | | | | | |
|----|-----------------------------|--|-------------|-----------|-------|
| 68 | Mrs. Farhana Ahmed | Flat # 501, Aziz Palace, 55/A Siddeshwari Lane, Dhaka-1217 | Shareholder | 100,000 | 0.23% |
| 69 | Kazi Ariful Hossain | 271/8, East Kafrul, Dhaka. | Shareholder | 50,000 | 0.11% |
| 70 | Md. Mahamudur Rahman Akand | H # 18, R # 10/A, Block # H, Banani, Dhaka. | Shareholder | 47,500 | 0.11% |
| 71 | Md. Toufiqul Arif | Chanmare Road, Matotenagar, Bogra | Shareholder | 50,000 | 0.11% |
| 72 | Rashedul Islam | 2 Rahamatgonj By Lane, Dhaka. | Shareholder | 35,000 | 0.08% |
| 73 | Md. Anisur Rahman Chowdhury | Suraiya Mansion(4th Fl), 30, Agrabad, Ctg. | Shareholder | 30,000 | 0.07% |
| 74 | Jewel Ahmed | H-14, Road-4, Senpara Porbota, Mirpur-10, Dhaka | Shareholder | 450,000 | 1.03% |
| 75 | Abdul Hasnat | Salta Capital Ltd., Sena Kalyan Bhaban(18th Floor), 1805/A, Motijheel | Shareholder | 220,000 | 0.51% |
| 76 | M. Shefaque Ahmed | Appt- B4, H# 20, R # 66, Gulshan, Dhaka. | Shareholder | 600,000 | 1.38% |
| 77 | Md. Yunus Ali | Sadharan Bima Tower (7th Floor), 37/A, Dilkusha C/A, Dhaka. | Shareholder | 50,000 | 0.11% |
| 78 | Md. Nurul Islam | 224/1, 4th Floor, Kathalbagan, Dhaka | Shareholder | 50,000 | 0.11% |
| 79 | Arif Ahasan Khan | 56/1-A, Bhojohori Shaha Street, Narinda, Dhaka-1100 | Shareholder | 50,000 | 0.11% |
| 80 | Rezaul Karim | Sadharan Bima Tower (7th Floor), 37/A, Dilkusha C/A, Dhaka. | Shareholder | 50,000 | 0.11% |
| 81 | Mr. Ashfaq Ahmed | House#25, Road# 6, Block-B, Banasree, Rampura, Dhaka. | Shareholder | 50,000 | 0.11% |
| 82 | Utpal Dhar | BJA Bhaban(3rd Floor), 77, Motijheel C/A, Dhaka-1000 | Shareholder | 150,000 | 0.34% |
| 83 | Md. Akhtarul Alam | H # 5, R # 36, Gulshan-2, Dhaka-1212 | Shareholder | 200,000 | 0.46% |
| 84 | Sanaullah Shahid | 39, Purana Paltan(6th Floor), Dhaka-1000 | Shareholder | 200,000 | 0.46% |
| 85 | Mr. Masuduzzaman | 901(8th Floor) 158-160 Motijheel C/A, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 86 | Kazi Rezaul Karim | 451, Jahour Hawkar Market, Court Hill, Ctg. | Shareholder | 100,000 | 0.23% |
| 87 | S.M Sirafur Salehin | North West Securities Ltd., Jiban Bima Bhaban(3rd Fl), 56, Agrabad C/A, Chittagong | Shareholder | 100,000 | 0.23% |
| 88 | Mr. Shahadat Hossain Khan | Eastern Orchid Flat, 1/40/ Circuit House Road, Dhaka | Shareholder | 100,000 | 0.23% |
| 89 | Md. Rafiqul Anwar | Global Brand(Pvt.) Ltd., 19/2, West Panthapath(5th Floor), Dhanmondi, Dhaka | Shareholder | 200,000 | 0.46% |
| 90 | Capt. M. Moazzam Hossain | House#271, Eastern Road, DOHS, Baridhara, Dhaka. | Shareholder | 1,000,000 | 2.30% |
| 91 | Md. Abu Zafar | House-21, North Goran, Khilgaon, Dhaka. | Shareholder | 100,000 | 0.23% |



| | | | | | |
|-----|------------------------------------|---|-------------|-----------|-------|
| 92 | Md. Kamrul Hassan | 46/B, North Maniknagar, Dhaka-1203 | Shareholder | 150,000 | 0.34% |
| 93 | Md. Nasir Uddin | 6/9, Prominent Housing# 3, P.C. Culture Road, Mohammadpur, Dhaka. | Shareholder | 100,000 | 0.23% |
| 94 | Gobinda Prosad Roy | 210, South Pirerbag, Mirpur, Dhaka-1216 | Shareholder | 100,000 | 0.23% |
| 95 | S.M. Ifthekhar Imam | Imperial Capital Ltd. Saiham Sky View Tower, 45 Bijoyagar, Dhaka. | Shareholder | 100,000 | 0.23% |
| 96 | Mr. Hajee Abul Hasnat | House # 34, Road # 10B, Block-H, PO.-Banani, Dhaka | Shareholder | 2,000,000 | 4.60% |
| 97 | Zahir Ahmed | House # 33, Road # 02, Dhanmondi R/A, Dhaka-1205 | Shareholder | 1,000,000 | 2.30% |
| 98 | Capt. Saifur Rahman | House # 03, Road # 62, Apartment A-3, Gulshan-2, Dhaka-1212 | Shareholder | 1,000,000 | 2.30% |
| 99 | Md. Habibur Rahman | Metronet BD Ltd., PBL Tower, Gulshan-2, Dhaka. | Shareholder | 150,000 | 0.34% |
| 100 | Syed Atiar Rahman | 430, Noorpur, South Donia, Shyampur, Dhaka-1215 | Shareholder | 50,000 | 0.11% |
| 101 | Nurul Afsar | Olympic Dry Wash, 129/1, Sufi Market, Truk Road, Feni. | Shareholder | 50,000 | 0.11% |
| 102 | Sifat Mahmud Barsa | F-12, Road-08, Arambag Housing, Pallabi, Dhaka. | Shareholder | 100,000 | 0.23% |
| 103 | Hajee Md. Asaduzzaman | 16, B.C. Das Street, Lalbagh, Dhaka. | Shareholder | 20,000 | 0.05% |
| 104 | Dr. M Shamsher Ali | House # 28, Road # 4, Dhanmondi R/A, Dhaka-1205 | Shareholder | 50,000 | 0.11% |
| 105 | M. Habibur Rahman | Banglo No-8, Port R/A, Monohorkhali, Chittagong. | Shareholder | 100,000 | 0.23% |
| 106 | Agrani Equity & Investment Limited | Swantex Bhaban(4th Floor), 9/I, Motijheel C/A, Dhaka-1000 | Shareholder | 1,000,000 | 2.30% |
| 107 | Nurunnahar Begum | National Scout Bhaban (5th Floor), 70/1, Inner Circular Road, Kakrail, Dhaka-1000 | Shareholder | 75,000 | 0.17% |
| 108 | Nahid Chowdhury | Appt- B-3, House # 52, Road # 8/A, Dhanmondi R/A, Dhaka | Shareholder | 175,000 | 0.40% |
| 109 | Pompa Saha | 79, Siddeswari Road, Flat # A/7, Dhaka. | Shareholder | 100,000 | 0.23% |
| 110 | Soma Rani Saha | 79, Siddeswari Road, Flat # A/7, Dhaka. | Shareholder | 150,000 | 0.34% |
| 111 | Galaxy Capital Ltd. | National Scout Bhaban (5th Floor), 70/1, Inner Circular Road, Kakrail, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 112 | Alpha Capital Management Ltd. | National Scout Bhaban (5th Floor), 70/1, Inner Circular Road, Kakrail, Dhaka-1000 | Shareholder | 100,000 | 0.23% |
| 113 | Rahnuma Anjum | National Scout Bhaban (5th Floor), 70/1, Inner Circular Road, Kakrail, Dhaka-1000 | Shareholder | 300,000 | 0.69% |
| 114 | Pijush Saha | 55/13, S.M. Maleh Road, Tanbazar, Narayanganj | Shareholder | 500,000 | 1.15% |



| | | | | | |
|--------------|-------------------------------|---|-------------|-------------------|-------------|
| 115 | Jahar Lal Saha | 55/13, S.M. Maleh Road, Tanbazar, Narayanganj | Shareholder | 500,000 | 1.15% |
| 116 | Dr. Mijanur Rahman | Professor, Dept of Marketing, Dhaka University, Dhaka | Shareholder | 50,000 | 0.11% |
| 117 | Shuball Chandra Misra | 21, Dilkusha C/A(2nd Floor), Motijheel, Dhaka | Shareholder | 200,000 | 0.46% |
| 118 | Masuma Begum | House-C61, Road-5A, Arambagh R/A, Mirpur-7, Dhaka-1216 | Shareholder | 15,000 | 0.03% |
| 119 | Md. Tariqul Islam | Flat # 4B, House # 246/2, Free School Street, Kathal Bagan, Dhaka-1209. | Shareholder | 20,000 | 0.05% |
| 120 | Md. Tenzir Ahmed Khan | Sarulia, Demra, Dhaka. | Shareholder | 25,000 | 0.06% |
| 121 | Farzana Akhtar Mahbub | 160, Green Road, Dhaka. | Shareholder | 25,000 | 0.06% |
| 122 | Md. Shahjalal | 98/1, Esat Bashabo, Dhaka-1214 | Shareholder | 10,000 | 0.02% |
| 123 | Mizanur Rahman Mridha | House-01, Road-06, Block-C, Banasree, Rampura, Dhaka-1219 | Shareholder | 10,000 | 0.02% |
| 124 | Mohammad Mezbah Uddin Bhuiyan | H-18, Mouchak Market (Ground Floor), Dhaka-1217. | Shareholder | 30,000 | 0.07% |
| 125 | ABM Hassanuzaman | 17/A, Paribag, Dhaka. | Shareholder | 20,000 | 0.05% |
| 126 | Md. Shafiqur Rahman | 4, Mayakanon, Shabujbagh, Dhaka-1214 | Shareholder | 70,000 | 0.16% |
| Total | | | | 43,500,000 | 100% |



(a) Securities owned by each director:

| Sl. No. | Name | Address | No. of Shares held | % of Holding |
|---------|---|---|--------------------|--------------|
| 1 | Mohammed Enamul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 1,742,500 | 4.01 |
| | Chairman | | | |
| 2 | Tofayel Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 3,080,000 | 7.08 |
| | Director & MD | | | |
| 3 | Md. Ruhul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 1,531,250 | 3.52 |
| | Director | | | |
| 4 | Md. Hazrat Ali | House-322 (3 rd Floor), Road-5, DOHS, Baridhara, Dhaka Cantt., Dhaka | 1,276,250 | 2.93 |
| | Director | | | |
| 5 | Mohammad Zakirul Kabir Khan | 24/1, Chamelibagh(5 th Floor), Shantinagar, Dhaka | 10,000,000 | 22.99 |
| | (Representative Director from Khan Brothers Ship Building Ltd.) | | | |
| 6 | Jerin Kabir Khan | 24/1, Chamelibagh (5 th Floor), Shantinagar, Dhaka | 2,000,000 | 4.60 |
| | (Representative Director from Khan Brothers Infotech Ltd.) | | | |
| Total | | | 19,630,000 | 45.13 |

(b) Name and address of the person who owns, beneficially or of record, 5% or more of the securities of the company:

| SL | Shareholders' Name | Address | No of Share held | % of Holding |
|----|----------------------------------|--|------------------|--------------|
| 1 | Tofayel Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 3,080,000 | 7.08 |
| 2 | Khan Brothers Ship Building Ltd. | 24/1, Chamelibagh(5 th Floor), Shantinagar, Dhaka | 10,000,000 | 22.99 |

(c) Securities owned by each of top ten salaried officer, and all other officers as a group

There is no employee in the Khan Brothers PP Woven Bag Industries Ltd. who holds any shares of the company except Managing Director.



(d) Post IPO Securities owned by each director:

| Sl. No. | Name | Address | No. of Shares held | % of Holding |
|---------|---|---|--------------------|--------------|
| 1 | Mohammed Enamul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 1,742,500 | 2.74 |
| | Chairman | | | |
| 2 | Tofayel Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 3,080,000 | 4.85 |
| | Director & MD | | | |
| 3 | Md. Ruhul Kabir Khan | House # 8, Road # 7/A, Block-M, Banasree, Rampura, Dhaka. | 1,531,250 | 2.41 |
| | Director | | | |
| 4 | Md. Hazrat Ali | House-322 (3 rd Floor), Road-5, DOHS, Baridhara, Dhaka Cantt., Dhaka | 1,276,250 | 2.01 |
| | Director | | | |
| 5 | Mohammad Zakirul Kabir Khan | 24/1, Chamelibagh (5 th Floor), Shantinagar, Dhaka | 10,000,000 | 15.75 |
| | (Representative Director of Khan Brothers Ship Building Ltd.) | | | |
| 6 | Jerin Kabir Khan | 24/1, Chamelibagh (5 th Floor), Shantinagar, Dhaka | 2,000,000 | 3.15 |
| | (Representative Director of Khan Brothers Infotech Ltd.) | | | |
| Total | | | 19,630,000 | 30.91 |

**PART XV DETERMINATION OF OFFERING PRICE: UNDER FIXED PRICE METHOD**

The issue price at Tk. 10.00 each share is justified as details below:

| Particulars | Amount (in Tk.) |
|---|-----------------|
| Method 1: Net Asset Value (NAV) per share/Equity based value per share | |
| 1 (a) Price based on Net Asset Value per share (with Revaluation Reserve) | 14.69 |
| 1 (b) Price based on Net Asset Value per share (without Revaluation Reserve) | 12.44 |
| Method 2: Historical Earnings based value per share | |
| 2: Earnings based Value per share based on Overall Market P/E | 13.60 |

Calculation of Methodologies**Method 1: Share price on Net Asset Value (NAV)/Equity based value per share**

| 1 (a) Price based on Net Asset Value per share/Equity based Value (with Revaluation Reserve) | | |
|--|---------------------|--------------------|
| Sl. No. | Particulars | Amount |
| i) | Share Capital | 435,000,000 |
| ii) | Revaluation Reserve | 97,975,484 |
| iii) | Retained Earnings | 106,060,425 |
| Total Shareholders' Equity | | 639,035,909 |
| Number of Shares | | 43,500,000 |
| Net Asset Value per share as per Audited Report as at 30 June, 2013 | | 14.69 |
| 1 (b) Price based on Net Asset Value per share/Equity based Value (without Revaluation Reserve) | | |
| Sl. No. | Particulars | Amount |
| i) | Share Capital | 435,000,000 |
| ii) | Retained Earnings | 106,060,425 |
| Total Shareholders' Equity | | 541,060,425 |
| Number of Shares | | 43,500,000 |
| Net Asset Value per share as per Audited Report as at 30 June, 2013 | | 12.44 |

Method 2: Historical Earnings based value per share

| Average Price Earnings of Market & Sectoral | | | |
|--|--------|--------------|--------------|
| | Month | Sectoral | Market |
| | Jan-14 | 25.20 | 16.74 |
| | Dec-13 | 23.71 | 15.07 |
| | Nov-13 | 22.42 | 15.08 |
| Average | | 23.78 | 15.63 |
| Considering Lesser P/E of 23.78 & 15.63 is 15.63 | | | |



| Year | No. of Share | Net Profit after tax | Weight of No. of Shares | Weighted Average of Net Profit after tax |
|---|----------------------|----------------------|-------------------------|--|
| 30-Jun-09 | 4,000,000 | 1,900,017 | 0.04 | 77,315 |
| 30-Jun-10 | 4,000,000 | 8,583,451 | 0.04 | 349,276 |
| 30-Jun-11 | 9,800,000 | 21,994,866 | 0.10 | 2,192,774 |
| 30-Jun-12 | 37,000,000 | 17,219,137 | 0.38 | 6,481,262 |
| 30-Jun-13 | 43,500,000 | 64,638,334 | 0.44 | 28,603,942 |
| Total | 98,300,000.00 | | 1.00 | 37,704,569 |
| No. of shares outstanding before IPO | | | | 43,500,000 |
| Diluted EPS based on weighted Average of Net Profit after Tax | | | | 0.87 |
| 3 Months average P/E (Lesser of 23.78 & 15.63) | | | | 15.63 |
| Earnings based Value per share based on overall Market P/E | | | | 13.60 |

Source: DSE Monthly Review.

Therefore, the management of the company believes that the offering price of Tk. 10.00 per share is justified.

PART XVI MARKET FOR THE SECURITIES BEING OFFERED

Stock Exchanges:

The issuer shall apply to all the stock exchanges in Bangladesh within 7 (seven) working days from the date of consent accorded by the Commission to issue the prospectus.



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



Ctg. Stock Exchange Limited (CSE)
CSE Building, 1080 Sheikh Mujib Road, Chittagong- 4100.

**Declaration about Listing of Shares with Stock Exchanges**

In case 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 fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **75 (Seventy Five) days**, as the case may be.

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

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

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 WITH DSE AND CSE**PART XVII DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED****(a) Dividend, voting and 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. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors and Auditors and other usual agenda of General Meeting, Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

(b) Conversion and liquidation rights

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

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.





(c) Dividend policy

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, will be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.
- b) No larger dividend will 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.
- c) No dividend will be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) 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.
- e) A transfer of Shares will not pass the right to any dividend declared thereon before the registration of transfer.
- f) There is no limitation on the payment of dividend.

(d) Other rights of stockholders

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

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

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

PART XVIII DEBT SECURITIES

The Company has not issued or is planning to issue any debt security within six months.



**PART XIX 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 Khan Brothers PP Woven Bag Industries Limited:

| SL | Name | Position | Shareholdings | % | Date of Acquisition | Lock-in Period [from issue date of prospectus] |
|----|-----------------------------|---------------------------------------|--------------------|-------|-----------------------|---|
| 1 | Tofayel Kabir Khan | Director & MD | 3,080,000 | 7.08% | 18-May-06 | 3 Years |
| 2 | Md. Ruhul Kabir Khan | Director | 1,531,250 | 3.52% | 18-May-06 | 3 Years |
| 3 | Hazrat Ali | Director | 1,276,250 | 2.93% | 18-May-06 | 3 Years |
| 4 | Mohammed Enamul Kabir Khan | Chairman | 1,742,500 | 4.01% | 18-May-06 | 3 Years |
| 5 | Mohammad Zakirul Kabir Khan | Shareholder & Representative Director | 50,000 | 0.11% | 26-Dec-10 | 3 Years |
| 6 | Khusnahr Khanam | Shareholder | 550,000 | 1.26% | 26-Dec-10 | 3 Years |
| 7 | Nurun Nahar Chowdhury | Shareholder | 100,000 | 0.23% | 26-Dec-10 | 3 Years |
| 8 | Md. Kabir Uddin Khan | Shareholder | 550,000 | 1.26% | 26-Dec-10 | 3 Years |
| 9 | Fahmida Mannan | Shareholder | 550,000 | 1.26% | 26-Dec-10 | 3 Years |
| 10 | Farah Diba Sultana | Shareholder | 50,000 | 0.11% | 26-Dec-10 | 3 Years |
| 11 | Kamrun Nahar | Shareholder | 350,000 | 0.80% | 26-Dec-10 | 3 Years |
| 12 | Jerin Kabir Khan | Shareholder & Representative Director | 300,000 | 0.69% | 26-Dec-10 | 3 Years |
| 13 | Farid Ahmed | Shareholder | 550,000 | 1.26% | 26-Dec-10 | 3 Years |
| 14 | Aliuzzaman Chowdhury | Shareholder | 2,500 2,078,500 | 4.78% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 15 | Ekramul Haque | Shareholder | 500,000 | 1.15% | 30-Jun-12 | 1 Year |
| 16 | Md. Fakhru Islam | Shareholder | 275,000 | 0.63% | 30-Jun-12 | 1 Year |



| | | | | | | |
|----|----------------------------------|-------------|------------|--------|-----------|---------|
| 17 | Khan Brothers Infotech Ltd. | Director | 2,000,000 | 4.60% | 30-Jun-12 | 1 Year |
| 18 | Khan Brothers Ship Building Ltd. | Director | 10,000,000 | 22.99% | 30-Jun-12 | 1 Year |
| 19 | Tasneem Afroze | Shareholder | 10,000 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 90,000 | | 29-Jun-12 | 1 Year |
| 20 | Md. Saydur Rahman | Shareholder | 10,000 | 0.11% | 2-Oct-11 | 3 Years |
| | | | 40,000 | | 30-Jun-12 | 1 Year |
| 21 | Salina Alam | Shareholder | 10,000 | 0.02% | 2-Oct-11 | 3 Years |
| 22 | Sayd Rafiqul Haq | Shareholder | 10,000 | 0.02% | 2-Oct-11 | 3 Years |
| 23 | Mrs. Monira Akter | Shareholder | 10,000 | 0.02% | 2-Oct-11 | 3 Years |
| 24 | Md. Khalid Hossain Khan | Shareholder | 10,000 | 2.32% | 2-Oct-11 | 3 Years |
| | | | 1,000,000 | | 30-Jun-12 | 1 Year |
| 25 | Tabassum Ifterkhar | Shareholder | 10,000 | 0.02% | 2-Oct-11 | 3 Years |
| 26 | Sayd Jalal Ahmed Rumman | Shareholder | 5,000 | 0.01% | 2-Oct-11 | 3 Years |
| 27 | Gopal Krishana Roy | Shareholder | 5,000 | 0.01% | 2-Oct-11 | 3 Years |
| 28 | Tareq Hasan Jewel | Shareholder | 5,000 | 0.01% | 2-Oct-11 | 3 Years |
| 29 | Shahina Akther | Shareholder | 5,000 | 0.01% | 2-Oct-11 | 3 Years |
| 30 | Syed Jamal Ahmed | Shareholder | 5,000 | 0.01% | 2-Oct-11 | 3 Years |
| 31 | Md. Momen Uddin | Shareholder | 10,000 | 0.06% | 2-Oct-11 | 3 Years |
| | | | 15,000 | | 30-Jun-12 | 1 Year |
| 32 | A.K.M Saleh Uddin | Shareholder | 10,000 | 0.06% | 2-Oct-11 | 3 Years |
| | | | 15,000 | | 30-Jun-12 | 1 Year |
| 33 | Saiful Islam | Shareholder | 10,000 | 0.06% | 2-Oct-11 | 3 Years |
| | | | 15,000 | | 30-Jun-12 | 1 Year |
| 34 | Md. Waresh Ali | Shareholder | 10,000 | 0.02% | 2-Oct-11 | 3 Years |
| 35 | Md. Zabihul Haque | Shareholder | 10,000 | 0.05% | 2-Oct-11 | 3 Years |
| | | | 10,000 | | 30-Jun-12 | 1 Year |
| 36 | Shaikh Mostafizur Rahman | Shareholder | 7,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 92,500 | | 30-Jun-12 | 1 Year |
| 37 | Dr. Farhana Alam | Shareholder | 7,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 92,500 | | 29-Jun-12 | 1 Year |
| 38 | Sosanta Kumar Podder | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 29-Jun-12 | 1 Year |
| 39 | Rajib Kumar Saha | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 29-Jun-12 | 1 Year |
| 40 | Md. Mazedur Rashid | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 29-Jun-12 | 1 Year |
| 41 | Abdullan Al Shafee | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 29-Jun-12 | 1 Year |
| 42 | Md. Mahabubur Rahman | Shareholder | 2,500 | 0.05% | 2-Oct-11 | 3 Years |
| | | | 20,000 | | 30-Jun-12 | 1 Year |
| 43 | Mohammad Shibley | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 30-Jun-12 | 1 Year |
| 44 | Md. Anayet Kabir | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 30-Jun-12 | 1 Year |



| | | | | | | |
|----|-----------------------------|-------------|------------------|-------|-----------------------|-------------------|
| 45 | Maj Sabbir Ahmed | Shareholder | 2,500 97,500 | 0.23% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 46 | Md. Golam Mostafa | Shareholder | 2,500 97,500 | 0.23% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 47 | Md. Saiful Alam | Shareholder | 2,500 7,500 | 0.02% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 48 | Md. Tajul Islam | Shareholder | 2,500 97,500 | 0.23% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 49 | Mohammad Lukman | Shareholder | 2,500 147,500 | 0.34% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 50 | Md. Habibur Rahman | Shareholder | 2,500 97,500 | 0.01% | 2-Oct-11 30-Jun-12 | 3 Years 1 Year |
| 51 | Md. Ruhul Amin | Shareholder | 50,000 | 0.11% | 29-Jun-12 | 1 Year |
| 52 | A.A Abul Kalam Azad | Shareholder | 100,000 | 0.23% | 29-Jun-12 | 1 Year |
| 53 | Nasim-Ul-Mahmod | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 54 | Md. Hashim Reza | Shareholder | 100,000 | 0.23% | 29-Jun-12 | 1 Year |
| 55 | Ahmed Kabir Majumder | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 56 | Md. Sahariful Islam | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 57 | Rawshan Ara | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 58 | Md. Shahid Ullah Sarder | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 59 | Md. Shariful Islam | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 60 | Imtiaz Ahmed | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 61 | Prodip Kumar Roy | Shareholder | 100,000 | 0.23% | 29-Jun-12 | 1 Year |
| 62 | Saifuddin Ahmed | Shareholder | 2,500 | 0.01% | 29-Jun-12 | 1 Year |
| 63 | Quazi Shamsuddoha | Shareholder | 100,000 | 0.23% | 29-Jun-12 | 1 Year |
| 64 | Hoque Mahtab Morshed | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 65 | Mohammad Zakir Hossain | Shareholder | 20,000 | 0.05% | 30-Jun-12 | 1 Year |
| 66 | Mohammad Yakub | Shareholder | 25,000 | 0.06% | 30-Jun-12 | 1 Year |
| 67 | BMSL Investment Ltd. | Shareholder | 2,159,000 | 4.96% | 30-Jun-12 | 1 Year |
| 68 | Mrs. Farhana Ahmed | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 69 | Kazi Ariful Hossain | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 70 | Md. Mahamudur Rahman Akand | Shareholder | 47,500 | 0.11% | 30-Jun-12 | 1 Year |
| 71 | Md. Toufique Arif | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 72 | Rashedul Islam | Shareholder | 35,000 | 0.08% | 30-Jun-12 | 1 Year |
| 73 | Md. Anisur Rahman Chowdhury | Shareholder | 30,000 | 0.07% | 30-Jun-12 | 1 Year |
| 74 | Jewel Ahmed | Shareholder | 450,000 | 1.03% | 30-Jun-12 | 1 Year |
| 75 | Abdul Hasnat | Shareholder | 220,000 | 0.51% | 30-Jun-12 | 1 Year |
| 76 | M. Shefaque Ahmed | Shareholder | 600,000 | 1.38% | 30-Jun-12 | 1 Year |
| 77 | Md. Yunus Ali | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 78 | Md. Nurul Islam | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 79 | Arif Ahasan Khan | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 80 | Rezaul Karim | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |





| | | | | | | |
|-----|------------------------------------|-------------|-----------|--------|-----------|---------|
| 81 | Mr. Ashfaq Ahmed | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 82 | Utpal Dhar | Shareholder | 150,000 | 0.34% | 30-Jun-12 | 1 Year |
| 83 | Md. Akhtarul Alam | Shareholder | 200,000 | 0.46% | 30-Jun-12 | 1 Year |
| 84 | Sanaullah Shahid | Shareholder | 200,000 | 0.46% | 30-Jun-12 | 1 Year |
| 85 | Mr. Masuduzzaman | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 30-Jun-12 | 1 Year |
| 86 | Kazi Rezaul Karim | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 87 | S.M Sirafur Salehin | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 88 | Mr. Shahadat Hossain Khan | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 89 | Md. Rafiqul Anwar | Shareholder | 200,000 | 0.46% | 30-Jun-12 | 1 Year |
| 90 | Capt. M. Moazzam Hossain | Shareholder | 1,000,000 | 2.30% | 30-Jun-12 | 1 Year |
| 91 | Md. Abu Zafar | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 92 | Md. Kamrul Hassan | Shareholder | 150,000 | 0.34% | 30-Jun-12 | 1 Year |
| 93 | Md. Nasir Uddin | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 94 | Gobinda Prosad Roy | Shareholder | 2,500 | 0.23% | 2-Oct-11 | 3 Years |
| | | | 97,500 | | 30-Jun-12 | 1 Year |
| 95 | S.M. Iftekhar Imam | Shareholder | 100,000 | 0.23% | 30-Mar-13 | 1 Year |
| 96 | Mr. Hajee Abul Hasnat | Shareholder | 2,000,000 | 4.60% | 30-Mar-13 | 1 Year |
| 97 | Zahir Ahmed | Shareholder | 1,000,000 | 2.30% | 30-Mar-13 | 1 Year |
| 98 | Capt. Saifur Rahman | Shareholder | 1,000,000 | 2.30% | 30-Mar-13 | 1 Year |
| 99 | Md. Habibur Rahman | Shareholder | 150,000 | 0.34% | 30-Mar-13 | 1 Year |
| 100 | Syed Atiar Rahman | Shareholder | 50,000 | 0.11% | 30-Mar-13 | 1 Year |
| 101 | Nurul Afsar | Shareholder | 50,000 | 0.11% | 30-Mar-13 | 1 Year |
| 102 | Sifat Mahmud Barsa | Shareholder | 100,000 | 0.23% | 30-Mar-13 | 1 Year |
| 103 | Hajee Md. Asaduzzaman | Shareholder | 20,000 | 0.05% | 30-Mar-13 | 1 Year |
| 104 | Dr. M Shamsher Ali | Shareholder | 50,000 | 0.11% | 30-Mar-13 | 1 Year |
| 105 | M. Habibur Rahman | Shareholder | 100,000 | 0.23% | 30-Mar-13 | 1 Year |
| 106 | Agrani Equity & Investment Limited | Shareholder | 1,000,000 | 2.30% | 26-Dec-10 | 3 Years |
| 107 | Nurunnahar Begum | Shareholder | 75,000 | 0.17% | 30-Jun-12 | 1 Year |
| 108 | Nahid Chowdhury | Shareholder | 175,000 | 0.40% | 30-Jun-12 | 1 Year |
| 109 | Pompa Saha | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 110 | Soma Rani Saha | Shareholder | 150,000 | 0.34% | 30-Jun-12 | 1 Year |
| 111 | Galaxy Capital Ltd. | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 112 | Alpha Capital Management Ltd. | Shareholder | 100,000 | 0.23% | 30-Jun-12 | 1 Year |
| 113 | Rahnuma Anjum | Shareholder | 300,000 | 0.69% | 30-Jun-12 | 1 Year |
| 114 | Pijush Saha | Shareholder | 500,000 | 1.15% | 30-Jun-12 | 1 Year |
| 115 | Jahar Lal Saha | Shareholder | 500,000 | 1.15% | 30-Jun-12 | 1 Year |
| 116 | Dr. Mijanur Rahman | Shareholder | 50,000 | 0.11% | 30-Jun-12 | 1 Year |
| 117 | Shuball Chandra Misra | Shareholder | 200,000 | 0.46% | 30-Jun-12 | 1 Year |
| 118 | Masuma Begum | Shareholder | 15,000 | 0.03% | 30-Jun-12 | 1 Year |
| 119 | Md. Tariqul Islam | Shareholder | 20,000 | 0.05% | 30-Jun-12 | 1 Year |
| 120 | Md. Tenzir Ahmed Khan | Shareholder | 25,000 | 0.06 % | 30-Jun-12 | 1 Year |
| 121 | Farzana Akhtar Mahbub | Shareholder | 25,000 | 0.06% | 30-Jun-12 | 1 Year |



| | | | | | | |
|-----|-------------------------------|-------------|--------|-----------|-----------|--------|
| 122 | Md. Shahjalal | Shareholder | 10,000 | 0.02 % | 30-Jun-12 | 1 Year |
| 123 | Mizanur Rahman Mridha | Shareholder | 10,000 | 0.02 % | 30-Jun-12 | 1 Year |
| 124 | Mohammad Mezbah Uddin Bhuiyan | Shareholder | 30,000 | 0.07 % | 30-Jun-12 | 1 Year |
| 125 | ABM Hassanuzaman | Shareholder | 20,000 | 0.05 % | 30-Jun-12 | 1 Year |
| 126 | Md. Shafiqur Rahman | Shareholder | 70,000 | 0.16 % | 30-Jun-12 | 1 Year |

PART XX REFUND OF SUBSCRIPTION MONEY

As per Bangladesh Securities and Exchange Commission (BSEC) Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

- (a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or
- (b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

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

PART XXI SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concern bank, for the value of Securities applied for through crossed bank cheque marking "Account Payee only".
2. The value of Securities applied for by such person may be paid in Taka or US Dollar, UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
3. Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. 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.

PART XXII AVAILABILITY OF SECURITIES

- (1) IPO will be 20,000,000 ordinary shares @ TK. 10.00 each share; totaling Tk. 200,000,000.00. As per the Securities and Exchange Commission (Public Issue) Rules, 2006, 10% of total Initial Public Offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the commission and 20% for small investors who lost money to the capital market and remaining 60% shall be open for subscription by the general public. The position is thus as follows:

| Securities | | Number of shares | Total amount (Tk.) |
|--------------|--|-------------------|--------------------|
| A | 10% of IPO i.e. 2,000,000 ordinary shares shall be reserved for Non-Resident Bangladeshis (NRB). | 2,000,000 | 20,000,000 |
| B | 10% of IPO i.e. 2,000,000 ordinary shares shall be reserved for mutual funds and collective investment schemes registered with the Commission. | 2,000,000 | 20,000,000 |
| C | 20% of IPO i.e. 4,000,000 ordinary shares shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী | 4,000,000 | 40,000,000 |
| D | Remaining 60% of IPO i.e. 12,000,000 ordinary shares shall be open for subscription by the general public. | 12,000,000 | 120,000,000 |
| Total | | 20,000,000 | 200,000,000 |

- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Bangladesh Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Bangladesh Securities and Exchange Commission.
- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the un-subscription portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the un-subscribed portion of the Securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

PART XXIII ISSUE MANAGERS

The board of directors of the issuer company “**Khan Brothers PP Woven Bag Industries Ltd.**” has appointed **AFC Capital Limited**, Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000, & **BMSL Investment Limited**, Sadharan Bima Tower (7th Floor), 37/A Dilkusha C/A, Dhaka-1000 as the Issue Managers to the Issue for the purpose of making the Initial Public Offering (IPO). In this regard an agreement has been reached and signed by the Issuer Company and the Issue Managers. **AFC Capital Limited** and **BMSL Investment Limited** are registered by the Bangladesh Securities and Exchange Commission. License number of the issue managers:

| SL | Name of Issue Manager | License Number |
|----|-------------------------|----------------|
| 1 | AFC Capital Limited | MB-72/2011 |
| 2 | BMSL Investment Limited | MB-71/2011 |

Fees for the issue management services:

As per Rule 16(1) (i) of the Securities and Exchange Commission (Public Issue) Rules, 2006, the Issue Managers shall get **1%** on the Public Offering or Tk. 20.00 (Twenty) Lac whichever is lower as issue management fee.

PART XXIV UNDERWRITERS

As per Rule 14 (1) of the Securities of Exchange Commission (Public Issue) Rules, 2006, the board of directors of the issuer company has appointed the following underwriters having certificate of registration from the Bangladesh Securities and Exchange Commission to carry out the purpose of underwriting on a firm commitment basis:

- i) Eastern Bank Limited
- ii) BMSL Investment Limited

The Initial Public Offering (IPO) is for 20,000,000 ordinary shares of Tk. 10/- each at an issue price of Tk. 10/- each, amounting to Tk. 200,000,000.00 of Khan Brothers PP Woven Bag Industries LTD. As per the guidelines of the Bangladesh Securities and Exchange Commission, 50% of the said amount i.e. 10,000,000 ordinary shares of Tk. 10/- each at an issue price of Tk. 10/- each, amounting to Tk. 100,000,000.00 has been underwritten by the underwriters in the following proportion:

| SL | Name of the Underwriter | No. of Shares underwritten | Amount of Underwritten (Tk.) |
|----|-------------------------|----------------------------|------------------------------|
| 1 | Eastern Bank Limited | 5,000,000 | 50,000,000 |
| 2 | BMSL Investment Limited | 5,000,000 | 50,000,000 |
| | Totals | 10,000,000 | 100,000,000 |

1. If and to the extent that the Shares offered to the public through 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 to subscribe the shares not so subscribed and ask the underwriter to pay for them in

- cash in full within 15 (fifteen) days of the date of said notice and said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account credited.
 3. In any case within 7 (seven) days after expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and deposit of share money by the underwriters, to the Commission.
 4. In the case of failure by any underwriters to pay for the Shares within the stipulated time, the Company or Issuer will be of no obligation to pay any underwriting commission under this agreement.
 5. in case of failure by the Company through call upon the underwrites for the aforementioned purpose within the stipulate time, the company and its Directors shall individually and collectively be held responsible for consequence and /or penalties as determined by the Bangladesh Securities and Exchange Commission under the law.

Commission for Underwriters: The Company shall pay to the underwriters an underwriting commission at the rate of 0.50% of 50% of the total IPO amount (i.e. Tk. 100,000,000.00) 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

PART XXV APPLICATION FOR SUBSCRIPTION

Application for Subscription:

1. Application for Shares may be made for a minimum lot for 500 (Five) Ordinary Shares to the value of **Tk. 5,000.00** 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 Ctg. Stock Exchange Limited 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, whole or part of application money may be forfeited by the Commission and 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 “**Khan Brothers PP Woven Bag Industries 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. 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.
11. 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 BSEC, Issuer, Issue Manager, DSE and CSE.

12. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company’s STD Account No.0002-0320002508 with **Mutual Trust Bank Ltd., Principal Branch, Dhaka**, 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 **Mutual Trust Bank Ltd., Principal Branch, Dhaka**. In case of over subscription, refund shall be made by the Company out of the respective FC Accounts:

| SL | Name of the FC A/C | Account No. | Bank & Branch |
|----|--------------------|---------------|------------------|
| 1. | US Dollar | MTB/PB/FC/420 | Principal Branch |
| 2. | UK Pound Sterling | MTB/PB/FC/421 | Principal Branch |
| 3. | Euro | MTB/PB/FC/422 | Principal Branch |

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by the company out of the “FC Account for IPO”. Khan Brothers PP Woven Bag Industries Ltd. has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over subscription, if any.
15. তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।”
16. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.

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

Allotment of Shares:

The company reserves the rights of accepting any application, either in whole, or in part. Successful applicants will be notified by the dispatch of an allotment letter by registered post/courier. Letter of allotment and refund warrants will be issued within 5(five) weeks from the closing of the subscription. After allotment the company will have to transfer the shares to the allottees' Beneficiary Owners (BO) account, which has been mentioned in the application form.

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

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



PART XXVI BANKERS TO THE ISSUE



Bankers to the Issue:

| National Bank Limited | | | | |
|--|--|--|---|---|
| 1. Agrabad Br., Chittagong | 13. Dhanmondi Br., Dhaka | 24. Jatrabari Br., Dhaka | 35. Moulvibazar Br., Moulvibazar | 46. Rajshahi Br., Rajshahi |
| 2. Anderkilla Br., Chittagong | 14. Dilkusha Br., Dhaka | 25. Jubilee Road Br., Chittagong | 36. Muradpur Br., Chittagong | 47. Rangpur Br., Rangpur |
| 3. Babubazar Br., Dhaka | 15. Elephant Road Br., Dhaka | 26. Kawan Bazar Br., Dhaka | 37. Mymensingh Br., Mymensingh | 48. Rifles Square Br., Dhaka |
| 4. Banani Branch, Dhaka | 16. Faridpur Br., Faridpur | 27. Khatunonj Br., Chittagong | 38. Narayanganj Br., Narayanganj | 49. Rokeya Sarani Br., Dhaka |
| 5. Asadgate Br., Dhaka | 17. Feni Br., Feni | 28. Khulna Br., Khulna | 39. Narshingdi Br., Narshingdi | 50. S.K. Mojib Road Br., Chittagong |
| 6. Bangshal Road Br., Dhaka | 18. Foreign Ex. Br., Dhaka | 29. Lake Circus Br., Dhaka | 40. Netaigon Br., Narayanganj | 51. Savar Bazar Br., Savar |
| 7. Barisal Br., Barisal | 19. Gazipur Br., Gazipur | 30. Malibagh Br., Dhaka | 41. New Eskaton Br., Dhaka | 52. Sunamganj Br., Sunamganj |
| 8. Bogra Br., Bogra | 20. Gulshan Br., Dhaka | 31. Mirpur Br., Dhaka | 42. North brookHall Br., Dhaka | 53. Sylhet Br., Sylhet |
| 9. CDA Avenue Br., Chittagong | 21. Halishahar Br., Chittagong | 32. Mohakhali Br., Dhaka | 43. Pagla Bazar Br., Narayanganj | 54. Tangail Br., Tangail |
| 10. Chowmohani Br., Noakhali | 22. Imamganj Br., Dhaka | 33. Mohammadpur Br., Dhaka | 44. Pahartali Br., Chittagong | 55. Tongi Br., Tongi |
| 11. Chawk Bazar Br., Chittagong | 23. Islampur Br., Dhaka | 34. Motijheel Br., Dhaka | 45. Pragati Sononi Br., Dhaka | 56. Uttara Br., Dhaka |
| 12. Comilla Br., Comilla | | | | 57. Z. H. Sikder M.C. Br., Dhaka |
| Eastern Bank Limited | | | | |
| 1. Motijheel Br., Dhaka | 6. Narayanganj Br., | 11. Khulna Br., Khulna | 16. Panchlaish Br., Chittagong | 21. Mirpur Dar-us-salam Road Br., Dhaka |
| 2. Shyamoli Br., Dhaka | 7. Banasree Br., Dhaka | 12. Jessore Br., Jessore | 17. Halishahar Br., Chittagong | 22. Chouhatta Br., Sylhet |
| 3. Uttara Br., Dhaka | 8. Saver Br., Dhaka | 13. Upashahar Br., Sylhet | 18. Rajshahi Br., Rajshahi | 23. Mymensingh SME Br., |
| 4. Bashundhara Br., Dhaka | 9. Jubilee Road Br., Chittagong | 14. O. R. Nizam Road Br., Chittagong | 19. Bogra Br., Bogra | |
| 5. Moghbazar Br., Dhaka | 10. Chandgaon Br., Chittagong | 15. Uttara Garib-E-Newaz Br., Dhaka | 20. Moulvi Bazar Br., Sylhet | |
| Investment Corporation Of Bangladesh (ICB) | | | | |
| 1. Principal Branch, Dhaka (Head Office) | 2. Agrabad Branch, Chittagong | 3. Rajshahi Branch, Rajshahi | 4. Khulna Branch, Khulna | 5. Barisal Branch, Barisal |
| 6. Sylhet Branch, Sylhet | 7. Bogra Branch, Bogra | 8. Local Office, Dhaka | | |
| Bank Asia | | | | |
| 1. Agrabad Branch, Ctg. | 8. Dhanmondi Branch, Dhaka | 15. MCB Dilkusha Branch, Dhaka | 22. Sylhet Upashohor Branch, Sylhet | 29. Bahadderhat Branch, Chittagong |
| 2. Anderkilla Branch, Ctg. | 9. Gulshan Branch, Dhaka | 16. MCB Sk. Mujib Road Branch, Ctg., | 23. Paltan Branch, Dhaka | 30. Station Road Branch, Ctg. |
| 3. Shyamoli Branch, Dhaka | 10. Jessore Branch, Jessore | 17. Mirpur Branch, Dhaka | 24. Principal Office Branch, Dhaka | 31. Strand Road Branch, Chittagong |
| 4. Bashundhara Branch, Dhaka | 11. Kamal Bazar Branch, Ctg. | 18. Mitford Branch, Dhaka | 25. Progoti Sarani Branch, Dhaka | 32. Sylhet Main Branch, Sylhet |
| 5. Bogra Branch, Bogra | 12. Khatunonj Branch, Ctg. | 19. Moghbazar Branch, Dhaka | 26. Rajshahi Branch, Rajshahi | 33. North South Road Branch, Dhaka |
| 6. CDA Avenue Branch, Ctg. | 13. Khulna Branch, Khulna | 20. Mohakhali Branch, Dhaka | 27. Scotia Branch, Dhaka | 34. Uttara Branch, Dhaka |
| 7. Corporate Branch, Dhaka | 14. MCB Banani Branch, Dhaka | 21. Tarail Branch, Tarail, Kishoreganj | 28. Shantinagar Branch, Dhaka | |
| One Bank Limited | | | | |
| 1. Principal Br., Dhaka | 14. Bangshal Br., Dhaka | 25. Chowmuhuni Br., Noakhali | 37. Ramganj Br., Laxipur | 49. Sitakunda Br., Sitakunda, Chtg. |
| 2. Motijheel Br., Dhaka | 15. Khulna Br., Khulna | 26. Chandraganj Br., Lakshimpur. | 38. Majidee Court Br., Noakhali | 50. Moghbazar Br., Dhaka |
| 3. Kawan Bazar Br., Dhaka | 16. Imamganj Br., Dhaka | 27. Feni Br., Feni. | 39. Banasree Br., Dhaka | 51. Laldighirpar Br., Sylhet. |
| 4. Gulshan Br., Dhaka | 17. Narayanganj Br., Narayanganj, | 28. Raipur Br., Laxipur. | 40. Rajshahi Br., Rajshahi | 52. Rangpur Br., Rangpur. |
| 5. Mirpur Br., Dhaka | 18. Joypara Br., Dohar, Dhaka | 29. Dagon Bhuiyan Br., Feni. | 41. Shahjadpur SME/Agriculture Br., Sirajgonj | 53. Ganakbari (EPZ) Br., Savar |
| 6. Uttara Br., Dhaka | 19. Agrabad Br., Chittagong | 30. Sylhet Br., Sylhet | 42. Jaggannathpur Br., Dhaka | 54. Ring Road Br., Shamoli, Dhaka |
| 7. Dhanmondi Br., Dhaka | 20. Khatunonj Br., Chittagong | 31. Sherpur Br., Moulvi Bazar | 43. Tongi SME/Agriculture Br., Dhaka | 55. Boalkhali Br., Boalkhali, Chittg. |
| 8. Banani Br., Dhaka | 21. CDA Avenue Br., Ctg | 32. Islampur Br., Sylhet | 44. Comilla Br., Comilla | 56. Razon Br., Razon, Chittagong |
| 9. Kakrail Br., Dhaka | 22. Nanupur Bazar Br., Ctg | 33. Jessore Br., Jessore | 45. Bashabo Br., Dhaka | 57. Ranirhat Br., Rangunia, Chittg. |
| 10. Pragati Sarani Br., Dhaka | 23. Cox's Bazar Br., Cox's Bazar | 34. Bogra Br., Bogra | 46. Sackhira Br., Sackhira. | 58. Chandgaon Br. Chittagong |
| 11. Elephant Road Br., Dhaka | 24. Jubilee Road Br., Chittagong | 35. Sirajgonj Br., Sirajgonj | 47. Madhabdi Br., Narsingdi. | 59. Brahmanbaria Br., Brahmanbaria. |
| 12. Jatrabari Br., Dhaka | | 36. Laksham Br., Comilla | 48. Rangamati Br., Rangamati. | |
| 13. Nawabgonj Br., Dhaka | | | | |
| South East Bank Limited | | | | |
| 1. Principal Br., Dhaka | 15. Shaymoli Br., Dhaka. | 28. Bandar Bazar Br., Sylhet | 41. Pathantula Br., Sylhet | 54. Momin Road Br., Chittagong |
| 2. Corporate Br., Dhaka. | 16. Agnagar Br., Dhaka. | 29. Moulvibazar Br., Moulvibazar | 42. Agrabad Br., Ctg. | 55. Rangpur Br., Rangpur |
| 3. Imamganj Br., Dhaka | 17. Kawan Bazar Br., Dhaka | 30. Sackhira SME Br., Sackhira | 43. Khatunonj Br., Chittagong | 56. Bogra Br., Bogra |
| 4. Dhanmondi Br., Dhaka | 18. Madhabdi Br., (Rural), Narshingdi. | 31. Narsingdi SME Br., Narsingdi | 44. Jubilee Road Br., Chittagong | 57. Jessore SME Br., Jessore |
| 5. Uttara Br., Dhaka | 19. Ashulia Br., (Rural), Dhaka | 32. Islampur Br., Dhaka | 45. Halishahar Br., Chittagong | 58. Barisal Br., Barisal |
| 6. New Elephant Road Br., Dhaka | 20. Narayanganj Br., Narayanganj, Dhaka | 33. Kotwali Br., Dhaka | 46. Motijheel Br., Dhaka | 59. Dhanra Br., (Rural) |
| 7. Gulshan Br., Dhaka | 21. Rokeya Sarani Br., Dhaka. | 34. Madambibir Hat Br., Chittagong | 47. Chowmuhuni Br., Noakhali | 60. Naogon Br., Naogon |
| 8. Kakrail Br., Dhaka | 22. Saver Br., Dhaka | 35. Comilla Br., Comilla | 48. CDA Avenue Br., Chittagong | 61. Rajshahi Br., Rajshahi |
| 9. Banani Br., Dhaka | 23. Mouchak Br., Dhaka | 36. Munshigonj Br., Munshigonj | 49. Cox's Bazar Br., Cox's Bazar | 62. Tangail SME Br., Tangail |
| 10. Bangshal Br., Dhaka | 24. Konabari Br., (Rural), Gazipur | 37. Chouhatta Br., Sylhet | 50. Chhagalnaiya Br., Feni. | 63. Sat Mashjid Road Br., Dhaka |
| 11. New Eskaton Br., Dhaka. | 25. Tongi Br., Gazipur | 38. Laldighirpar Br., Sylhet | 51. Feni Br., Feni. | 64. Dinajpur Br., Dinajpur |
| 12. Pragati Sarani Br., Dhaka | 26. Bashundhara Br., Dhaka | 39. Shahjalal Upshahar Br., Sylhet | 52. Pahartali Br., Chittagong | 65. Hemayetpur Br., (Rural) |
| 13. Agargaon Br., Dhaka. | 27. Mohammadpur Br., Dhaka | 40. Khulna Br., Khulna | 53. Bashurhat Br., (Rural), Noakhali | 66. Joydebpur Br., (Rural) |
| 14. Chapainawabganj Br., Chbganj | | | | |
| Mutual Trust Bank Limited | | | | |
| 1. Agrabad Br., Chittagong | 13. Chakoria Br., Ctg | 24. Gulshan Br., Dhaka | 35. MTB Corporate Center Br., Dhaka | 46. Rangpur Br., Rangpur |
| 2. Alanker Mour Br., Chittagong | 14. Comilla Br., Comilla | 25. Hobiganj Br., Hobiganj | 36. Narayanganj Br., Narayanganj | 47. Raipur Br., Laxmipur |
| 3. Aman Bazar Br., Ctg | 15. Cox's Bazar Br., Cox's Bazar | 26. Ishwardi Br., Ishwardi | 37. Nazirhat Br., Ctg | 48. Saver Br., Dhaka |
| 4. Babu Bazar Br., Dhaka | 16. Dagonbhuiyan Br., Feni | 27. Jessore Br., Jessore | 38. Noria Br., Shariyapur | 49. Shanir Akhra Br., Dhaka |
| 5. Baridhara Br., Dhaka | 17. Dhanmondi Br., Dhaka | 28. Joypurhat Br., Joypurhat | 39. Oxyzen Mour Br., Ctg | 50. Sreenagar Br., Dhaka |
| 6. Bashundhara Br., Dhaka | 18. Dholakhal Br., Dhaka | 29. Jubilee road Br., Chittagong | 40. Pabna Br., Pabna | 51. Syedpur Br., Sunamganj |
| 7. Banani Br., Dhaka | 19. Dilkusha Branch, Dhaka | 30. Khatunonj Br., Chittagong | 41. Pallabi Br., Dhaka | 52. Sonargaon Br., Dhaka |
| 8. Bogra Br., Bogra | 20. Elephant Road Br., Dhaka | 31. Kushtia Branch, Kushtia | 42. Panthapath Br., Dhaka | 53. Sylhet Br., Sylhet |
| 9. Brahmanbaria Br., Brahmanbaria | 21. Feni Branch, Feni | 32. Mohammadpur Br., Dhaka | 43. Pragati Sarani Br., Dhaka | 54. Tongi Br., Dhaka |
| 10. CDA Avenue Br., Chittagong | 22. FulBaria Br., Dhaka | 33. Mymensingh Br., Mymensingh | 44. Principal Br., Dhaka | 55. Thakurgaon Br., Thakurgaon |
| 11. Chandra Br., Dhaka | 23. Gourmadi Br., Barisal | 34. Moulvi Bazar Branch, Sylhet | 45. Rajshahi Br., Rajshahi | 56. Uttara Model Town Br., Dhaka |
| 12. Chawk Moghaltuli Br., Dhaka | | | | |
| National Credit and Commerce Bank Limited | | | | |
| 1. Agrabad Br., Ctg. | 12. Chowmohoni Br., Noakhali | 23. Islampur Br., Dhaka. | 34. Madaripur Br., Madaripur. | 45. Narayanganj Br., Narayanganj. |
| 2. Anderkilla Br., Ctg. | 13. Comilla Br., Comilla. | 24. Jatrabari Br., Dhaka. | 35. Majidee Br., Noakhali | 46. Nawabpur Road Br., Dhaka |
| 3. Babubazar Br., Dhaka. | 14. Cox's Bazar Br., Cox's Bazar. | 25. Jessore Br., Jessore. | 36. Majhirhat Br., Ctg. | 47. O.R. Nizam Road Br., Ctg. |
| 4. Banani Br., Dhaka. | 15. Dhanmondi Br., Dhaka. | 26. Jubilee Road Br., Ctg. | 37. Malibagh Br., Dhaka. | 48. Pragati Sarani Br., Dhaka. |
| 5. Bangshal Road Br., Dhaka. | 16. Dilkusha Br., Dhaka. | 27. Kadamtali Br., Ctg. | 38. Mirpur Br., Dhaka. | 49. Rajshahi Br., Rajshahi |
| 6. Barisal Br., Barisal | 17. Dinajpur Br., Dinajpur. | 28. Kawan Bazar Br., Dhaka. | 39. Mitford Br., Mitford Road, Dhaka. | 50. Rangpur Br., Rangpur |
| 7. Bijoyagar Br., Kakrail, Dhaka. | 18. Elephant Road Br., Dhaka. | 29. Khatunonj Br., Ctg. | 40. Moghbazar Br., Dhaka. | 51. Savar Br., Savar. |
| 8. Bogra Br., Bogra | 19. Feni Br., Feni. | 30. Khulna Br., Khulna | 41. Motijheel Br., Dhaka. | 52. Shyamoli Br., Mirpur Road, Dhaka. |
| 9. Brahmanbaria Br., Brahmanbaria. | 20. Foreign Exchange Br., Motijheel C/A, Dhaka | 31. Kushtia Br., Kushtia. | 42. Moulvibazar Br., Moulvibazar | 53. Tangail Branch, Tangail. |
| 10. CEPZ Br., Ctg. | 21. Gulshan Br., Dhaka. | 32. Laldighirpar Br., Sylhet. | 43. Mymensingh Br., Mymensingh. | 54. Uttara Br., Dhaka |
| 11. Chowhatta Br., Sylhet. | 22. Halishahar Br., Ctg. | 33. Laxmipur Br., Laxmipur | 44. Naogaon Br., Naogaon. | |
| Standard Bank Limited | | | | |
| 1. Agrabad Br., Ctg. | 7. Dhanmondi Br., Dhaka, | 13. Imamganj Br., Dhaka | 19. Mirpur Br., Dhaka | 26. Principal Br., Dhaka |
| 2. Banani Br., Dhaka | 8. Dinajpur Br., Dinajpur | 14. Jessore Br., Jessore | 20. Moulvibazar Br., Sylhet | 27. Rajshahi Br., Rajshahi |
| 3. Barisal Br., Barisal | 9. Faridpur Br., Faridpur | 15. Jubilee Road Br., Ctg. | 21. Mymensingh Br., Mymensingh | 28. Rangpur Br., Rangpur |
| 4. Beani Bazar Br., Sylhet | 10. Foreign Exchange Br., Dhaka | 16. Khatunonj Br., Ctg. | 22. Narayanganj Br., Narayanganj | 29. Sadarghat Br., Ctg. |
| 5. CDA Avenue Br., Ctg. | 11. Green Road Br., Dhaka | 17. Khulna Br., Khulna | 23. Nawabpur Br., Dhaka | 30. Sylhet Br., Sylhet |
| 6. Commilla Br., Commilla | 12. Gulshan-2 Br., Gulshan, Dhaka | 18. Kushtia Br., Kushtia | 24. Panthapath Br., Dhaka | 31. Tophkana Road Br., Dhaka |
| | | | 25. Pragati Sarani Br., Dhaka | 32. Uttara Br., Dhaka |



PART XXVII CORPORATE DIRECTORY

Corporate Directory:

| | |
|--|--|
| Registered & Head Office | 24/1, Chamelibagh (5 th & 8 th Floor), Shantinagar, Dhaka-1217 Phone:+880-2-8332069,8332108;Fax:+880-2-8332576 Email: info@kbgbd.com , Website: www.kbgbd.com |
| Factory | Borochala, Boro Bhabanipur, Joydebpur, Gagipur E-mail: info@kbgbd.com |
| Auditor | MAHFEL HUQ & CO. Chartered Accountants BGIC Tower (4th Floor) 34 Topkhana Road, Dhaka-1000. Telephone: +88-02- 7171316; +88-02- 9553143 E-mail: mahfelcofca@yahoo.com |
| Legal Advisor | Tania Amir Amir & Amir Law Associates Barister-at-Law, Advocate Supreme Court of Bangladesh 203, Concord Tower (2nd Floor), 113, Kazi Nazrul Islam Avenue Dhaka-1000 |
| Lead Banker | Mutual Trust Bank Limited |
| Tax Consultant | B. Kabir & Associates 14, Kakrail, (3 rd Floor), Room # 06, Dhaka-1000 |
| Managers to the Issue | <div>  AFC Capital Limited Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000. Website: www.afccapital.org </div> <div>  BMSL INVESTMENT LIMITED Sadharan Bima Tower (7th Floor),37/A Dilkusha C/A, Dhaka-1000 Website: www.bmslinvestment.com </div> |
| Chief Financial Officer & Company Secretary | Tapan Kumar Sarker |

All investors are hereby informed that **Mr. Tapan Kumar Sarker, Chief Financial Officer & Company Secretary**, who will monitor the compliance of the Acts, and rules, regulations, notification, guidelines, conditions, order/directors etc. issued by the commission and/or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the company, and for redressing investors' grievances.



PART XXVIII MATERIAL CONTRACTS & OTHERS

Material Contracts:

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

- (a) Underwriting Agreement between the Company and the Underwriters.
- (b) Issue Management Agreement between the Company and the Managers to the issue, **AFC Capital Limited & BMSL Investment Limited**.
- (c) Agreement with CDBL, if any 111 Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

Commission to the Banker to the Issue:

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

**PART XXIX****INDEPENDENT AUDITORS' REPORT AND RELATED CERTIFICATES**

- (a) Auditors' report for the year ended 30th June, 2013

INDEPENDENT AUDITOR'S REPORT

To

THE SHAREHOLDERS OF KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

We have audited the accompanying financial statements of Khan Brothers PP Woven Bag Industries Ltd, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 present fairly, in all material respects, the financial position of Khan Brothers PP Woven Bag Industries Ltd as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.





We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka;
22 July, 2013

Sd/-
MAHFEL HUQ & Co.
Chartered Accountants



Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217
Statement of Financial Position
As at June 30, 2013

| Particulars | Notes | 30-Jun-13 Taka | 30-Jun-12 Taka |
|---|-------|--------------------|--------------------|
| Assets: | | | |
| NON-CURRENT ASSETS | | 331,506,797 | 333,995,739 |
| Property, Plant and Equipments | 3.00 | 327,324,766 | 328,247,692 |
| Investment in Share | 4.00 | 1,050,000 | 1,050,000 |
| Pre-Operating Expenses | | 3,132,031 | 4,698,047 |
| CURRENT ASSETS | | 396,564,485 | 266,604,376 |
| Inventories | 5.00 | 244,165,032 | 179,717,774 |
| Accounts Receivable | 6.00 | 81,644,049 | 74,260,388 |
| Advances, Deposits & Pre-Payments | 7.00 | 18,202,768 | 10,871,644 |
| Cash and Cash Equivalents | 8.00 | 52,552,636 | 1,754,570 |
| TOTAL ASSETS | | 728,071,282 | 600,600,115 |
| Equity and Liabilities: | | | |
| SHAREHOLDERS' EQUITY | | 639,035,910 | 509,397,576 |
| Share Capital | 9.00 | 435,000,000 | 370,000,000 |
| Revaluation Reserve | | 97,975,485 | 97,975,485 |
| Retained Earnings | | 106,060,425 | 41,422,091 |
| LONG TERM LIABILITY | | 783,522 | 12,314,015 |
| Long Term Loan Net Off Current Maturity | 10.00 | 783,522 | 12,314,015 |
| DEFERRED TAX LIABILITY | 11.00 | 9,773,238 | 5,444,216 |
| CURRENT LIABILITIES | | 78,478,612 | 73,444,309 |
| Accounts Payable | 12.00 | 465,700 | 1,563,450 |
| Current portion of long term loan | 10.00 | 18,851,428 | 23,216,173 |
| Short term Bank loan | 13.00 | 33,664,116 | 40,082,692 |
| Accrued Expenses | 14.00 | 5,337,680 | 2,748,651 |
| Provision for Workers Profit Participation Fund | | 4,244,145 | - |
| Provision for Taxation | 15.00 | 15,915,543 | 5,833,343 |
| TOTAL EQUITY & LIABILITIES | | 728,071,282 | 600,600,115 |
| Net Asset Value Per Share (NAVPS)-Restated | | 14.69 | 11.71 |

The annexed notes from 1 to 25 form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per annexed report on even date

Place: Dhaka
Dated: July 22, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217
Statement of Comprehensive Income
For the year ended June 30, 2013

| Particulars: | Notes | 30-Jun-13 Taka | 30-Jun-12 Taka |
|--|--------------|--------------------|-------------------|
| Turnover | 16.00 | 916,879,628 | 530,754,633 |
| Less: Cost of goods sold | 17.00 | 789,662,596 | 460,394,310 |
| Gross Profit | | 127,217,033 | 70,360,323 |
| Operating Expenses: | | 25,437,052 | 18,564,450 |
| Administrative Expenses | 18.00 | 20,253,870 | 15,790,979 |
| Marketing and Distribution Expenses | 19.00 | 5,183,182 | 2,773,471 |
| Profit from Operation | | 101,779,981 | 51,795,873 |
| Less: Financial expenses | 20.00 | 12,652,936 | 23,299,178 |
| Net Profit before WPPF & Income Tax | | 89,127,045 | 28,496,695 |
| Provision for WPPF | | 4,244,145 | - |
| Net Profit before Tax | | 84,882,900 | 28,496,695 |
| Income tax expenses: | 21.00 | 20,244,566 | 11,277,559 |
| Net Profit after Tax | | 64,638,334 | 17,219,137 |
| Add: Retained Earnings at the beginning of the year | | 41,422,091 | 24,202,954 |
| Retained Earnings transferred to Statement of Financial Position | | 106,060,425 | 41,422,091 |
| Earning Per Share (Par Value Tk. 10/-Restated) | 22.00 | 1.67 | 0.45 |

The annexed notes from 1 to 25 form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per annexed report on even date

Place: Dhaka
Dated: July 22, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217
Statement of Cash Flow
For the year ended June 30, 2013

| Particulars | 30-Jun-13 Taka | 30-Jun-12 Taka |
|--|---------------------|----------------------|
| A. Cash Flows from Operating Activities : | | |
| Collection from Turnover | 909,495,968 | 488,046,329 |
| Payment to suppliers and creditors for expenses | (858,325,061) | (509,220,582) |
| Financial Expenses paid | (12,652,936) | (23,299,178) |
| Income Tax Paid | (9,632,315) | (6,523,884) |
| Net cash inflow/(outflow) from operating activities | 28,885,656 | (50,997,315) |
| B. Cash flow from Investing Activities: | | |
| Acquisition of Property, Plant & Equipment | (20,773,776) | (134,862,051) |
| Net cash inflow/ (outflow) in Investing Activities | (20,773,776) | (134,862,051) |
| C. Cash flow from Financing Activities: | | |
| Receipts from ordinary shares issued | 65,000,000 | 252,000,000 |
| Short term loan Received/(Re-paid) | (6,418,576) | (50,387,855) |
| Long term loan Received/(Re-paid) | (15,895,238) | (15,282,417) |
| Net cash inflow/(outflow) in financing activities | 42,686,186 | 186,329,728 |
| D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C) | 50,798,066 | 470,362 |
| E. Opening of Cash and Cash Equivalent | 1,754,570 | 1,284,208 |
| F. Ending Cash and Cash Equivalent (D+E) | 52,552,636 | 1,754,570 |

The annexed notes from 1 to 25 form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per annexed report on even date

Place: Dhaka
Dated: July 22, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217
Statement of Changes in Equity
For the year ended June 30, 2013

| Particulars | Share Capital | Share Money Deposit | Revaluation Reserve | Retained Earnings | Total |
|------------------------------------|--------------------|---------------------|---------------------|-------------------|--------------------|
| Balance as on July 01, 2011 | 98,000,000 | 20,000,000 | 97,975,485 | 24,202,954 | 240,178,439 |
| Net Profit / (Loss) for the year | - | | - | 17,219,137 | 17,219,137 |
| Dividend | - | | - | - | - |
| Share Money Deposit | | 252,000,000 | | | 252,000,000 |
| Allotment of Ordinary Share | 272,000,000 | (272,000,000) | | | - |
| Revaluation reserve | | | - | - | - |
| Balance as on June 30, 2012 | 370,000,000 | - | 97,975,485 | 41,422,091 | 509,397,576 |

| | | | | | |
|------------------------------------|--------------------|----------|-------------------|--------------------|--------------------|
| Balance as on July 01, 2012 | 370,000,000 | - | 97,975,485 | 41,422,091 | 509,397,576 |
| Net Profit / (Loss) for the year | - | | - | 64,638,334 | 64,638,334 |
| Share Money Deposit | - | - | - | - | - |
| Dividend | - | - | - | - | - |
| Allotment of Ordinary Share | 65,000,000 | - | - | - | 65,000,000 |
| Revaluation reserve | | | - | - | |
| Balance as on June 30, 2013 | 435,000,000 | - | 97,975,485 | 106,060,425 | 639,035,910 |

The annexed notes from 1 to 25 form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per annexed report on even date

Place: Dhaka
Dated: July 22, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

1.00 Corporate History of the Reporting Entity

1.01 Legal Status of the Entity

Khan Brothers' PP Woven Bag Industries Ltd. (The Company) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-61800(3809)/2006 dated 18 May, 2006 subsequently converted into a public limited company on 26.10.2011

1.02 Corporate Business

The Company's main business is to Manufacture of different types PP Woven Bag, FIBC bag, Jumbo bag, HDPE Bag, LDPE Bag, Liner, Multi-layer Sack Kraft Paper and selling them in local and the international market.

2.00 Basis of preparation, presentation and disclosures of financial statements

2.01 Statement of Compliance

The financial statements have been prepared under historical cost convention on a going concern basis following accrual basis of accounting in accordance with the Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994 and Securities and Exchange Rules, 1987.

2.02 Other regulatory compliances

In addition the Company is also required to comply with the following major legal provisions.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Tax Rules, 1991

The Customs Act 1969

2.03 Corporate Financial Statements and Reporting

This comprises Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity and explanatory notes and disclosures covering accounting policies.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets and liabilities at the reporting date. Uncertainty involved in making estimates and actual result reported might differ from those estimates.

2.04 Fundamental Accounting Concepts/ Assumption

The financial statements have been prepared under historical cost concept, based on Going concern assumption, under Accrual basis and such other convention as required by BAS-1 for fair presentation of financial statements.





2.05 Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.06 Reporting Period

The period of the financial statements covers period from July 01 to June 30 of the following year.

2.07 Provisions

In accordance with the guidelines as prescribed by BAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. reliable estimates can be made of the amount of the obligation.

2.08 Events after the reporting period

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

2.09 Functional and Presentational (Reporting) Currency

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

Figures in brackets indicated negative balance.

2.10 Comparative Information and Rearrangement Thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.11 Principal Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements within the framework of BAS-1 "Presentation of Financial Statements", have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation:





- a. BAS 1 Presentation of Financial Statements
- b. BAS 2 Inventories
- c. BAS 7 Cash Flow Statements
- d. BAS 10 Events After the Balance sheet Date
- e. BAS 12 Income Taxes
- f. BAS 16 Property Plant & Equipments
- g. BAS 18 Revenue
- h. BAS 23 Borrowing Cost
- i. BAS 24 Related Party Disclosure
- j. BAS 28 Investment in Associates
- k. BAS 33 Earning Per Share
- l. BAS 36 Impairment of Assets
- m. BAS-37: Provisions, Contingent Liabilities and Contingent Assets,

2.12 Property Plant & Equipment (PPE)

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the PPE, the expenditure is capitalized as an additional cost of the PPE.

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

2.13 Depreciation

Depreciation on all PPE other than Land & Land development is computed using the reducing balance method so as to write off the assets over their expected useful life.

After considering the useful life of PPE as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

| Particulars | 30-Jun-2013 | 30-Jun-2012 |
|---------------------------------|-------------|-------------|
| Land & Land Development | 0% | 0% |
| Building & Others Construction | 5% | 5% |
| Plant & Machinery | 10% | 10% |
| Generator & Electric Equipemnts | 15% | 15% |
| Motor Vehicle | 20% | 20% |
| Office Decoration & Fittings | 10% | 10% |
| Furniture & Fixture | 10% | 10% |

2.14 Impairment of assets

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reason no provision has been made for Impairment of assets.





2.15 Revenue Recognition

Revenue are Recognized when goods are delivered from the factory godown, delivery Challan is issued and ownership transferred as per BAS-18.

2.16 Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services.

2.17 Inventories

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

2.18 Income Tax:

Provision for Tax

A provision for Taxation @ 37.5% on net profit Less 50% rebate on export sales has been made during the year under audit.

Deferred Tax

Deferred tax is recognised using balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are revised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Differed tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

2.19 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

2.20 Cash Flow Statement

Statement of Cash Flow is prepared principally in accordance with BAS-7 "Statement of Cash Flow" and the cash flows from the operating activities have been presented under direct method.

2.21 Borrowing Costs

Financial Expenses (Borrowing Costs) incurred during the year was recognized as revenue expenses in accordance with BAS-23 "Borrowing Cost".



**3.00 Property, Plant and Equipments: Tk. 327,324,766****30-Jun-13****30-Jun-12**

This includes the written down value as on 30 June 2013. Break up of the PPE is as follows; :

| | Amount in Taka | Amount in Taka |
|---------------------------------|-----------------------|-----------------------|
| Land & Land Development | 93,301,500 | 93,301,500 |
| Building & Others Construction | 93,322,540 | 98,234,252 |
| Plant & Machinery | 120,259,972 | 113,479,315 |
| Generator & Electric Equipemnts | 13,564,760 | 15,577,641 |
| Motor Vehicle | 1,907,925 | 2,384,906 |
| Office Decoration & Fittings | 2,355,833 | 2,617,592 |
| Furniture & Fixture | 2,612,237 | 2,652,485 |
| | 327,324,766 | 328,247,692 |

Fixed assets have been physically verified by management as at the balance sheet date.

Details of PPE has been given in Annexure-'A'

4.00 Investment in Share: Tk. 1,050,000**30-Jun-13****30-Jun-12**

This includes the invetsment made in shares of associated companies under Khan Brothers Group as following:

| | | Amount in Taka | Amount in Taka |
|--|---------------|-----------------------|-----------------------|
| Khan Brothers Knitwear Industries Ltd. | 10,000 Shares | 1,000,000 | 1,000,000 |
| Khan Brothers Group of Industries Ltd. | 500 shraes | 50,000 | 50,000 |
| | | 1,050,000 | 1,050,000 |

This represents the face value shares held by Khan Brothers PP Woven Bag Industries Ltd.

5.00 Inventories Tk. 244,165,032**30-Jun-13****30-Jun-12**

Break-up of this item is as follows:

| | Amount in Taka | Amount in Taka |
|------------------------------|-----------------------|-----------------------|
| Finished Goodes: Notes- 5.01 | 9,029,280 | 2,968,200 |
| Raw Materials: Notes- 5.02 | 206,270,423 | 160,469,064 |
| Working-in-process | 24,466,580 | 13,526,870 |
| Store Materials | 4,398,749 | 2,753,640 |
| | 244,165,032 | 179,717,774 |

The above Inventories are as per physical counting made by the inventory team consists of management staff and auditors and valued and certified by management. Inventories in hand have been valued at cost being lower of market value as per BAS-2. Inventories are hypothecated against working capital facilities from the bank (Islami Bank BD Ltd.).

5.01 Closing Stock of Finished Goods: Tk. 9,029,280

| Particulars | Qty | Unit | Rate | Amount in Taka |
|--------------------|------------|-------------|-------------|-----------------------|
| PP Woven Bag | 46,304 | Kg | 195.00 | 9,029,280 |
| Total | | | | 9,029,280 |



**5.02 Closing Stock of Raw Materials: Tk. 206,270,423**

Item wise break up of stock have given below;

| Particulars | Qty | Unit | Unit Price | Total (Tk.) |
|------------------------------|--------|------|------------|--------------------|
| PP Yarn Grade | 30,779 | bag | 4,135.00 | 127,271,165.00 |
| CaCo3 | 2,340 | Bag | 1,444.75 | 3,380,715.00 |
| HDPE | 5,200 | Bag | 3,650.00 | 18,980,000.00 |
| LDPE | 2,800 | Bag | 4,375.00 | 12,250,000.00 |
| LLDPE | 1,750 | Bag | 3,800.00 | 6,650,000.00 |
| Omagh CaCo3 | 870 | bag | 2,320.00 | 2,018,400.00 |
| Master Batch(White) | 350 | bag | 3,640.00 | 1,274,000.00 |
| Master Batch(Red) | 400 | bag | 4,775.00 | 1,910,000.00 |
| Master Batch(Blue) | 250 | bag | 4,300.00 | 1,075,000.00 |
| Master Batch(Beige) | 320 | bag | 4,550.00 | 1,456,000.00 |
| Master Batch(Yellow) | 250 | bag | 4,150.00 | 1,037,500.00 |
| Master Batch(Green) | 150 | bag | 4,580.00 | 687,000.00 |
| Master Batch(Orange) | 60 | bag | 4,580.00 | 274,800.00 |
| PP Lamination | 3,700 | bag | 4,870.00 | 18,019,000 |
| Sewing Thread | 3,000 | Kg | 180.00 | 540,000.00 |
| Poly Tape | 134 | Roll | 350.00 | 46,900.00 |
| PP Clip | 87 | Pkt | 65.00 | 5,655.00 |
| Printing Ink | 7,306 | Kg | 255.00 | 1,863,030.00 |
| Sweing Oil | 870 | Ltr | 175.00 | 152,250.00 |
| Gear Oil | 122 | Ltr | 170.00 | 20,740.00 |
| Mobil | 208 | Ltr | 125.00 | 26,000.00 |
| Diamond Gum | 8 | Kg | 213.00 | 1,704.00 |
| Retader | 2,770 | Ltr | 120.00 | 332,400.00 |
| Exetiter | 200 | Ltr | 120.00 | 24,000.00 |
| Adhesive Tape(Both side) -2" | 8 | Roll | 38.00 | 304.00 |
| Solvent/Thiner | 17,480 | Ltr | 165.00 | 2,884,200.00 |
| Hydrolic Oil | 59 | Ltr | 145.00 | 8,555.00 |
| Compassor Oil | 85 | Ltr | 155.00 | 13,175.00 |
| Nalco-2000 | 25 | Kg | 680.00 | 17,000.00 |
| Greeze | 10 | Kg | 98.00 | 980.00 |
| Adhesive Gum(Glue) | 6,250 | Kg | 20.00 | 125,000.00 |
| Adhessive Tape-2" | 75 | Roll | 38.00 | 2,850.00 |
| Krapt Paper | 78,442 | Kg | 50.00 | 3,922,100.00 |
| Total | | | | 206,270,423 |

**6.00 Accounts Receivable: Tk. 81,644,049**

Break-up of this item is as follows:

Export Bills Receivable: Note- 6.01

Mehera Corporation

Ashirbad Syndicate

Bombay Sweets & Co.

D H Plastic

Kabir Enterprise

Kazi Agro

R M Trade Line

Shuvo Enterprise

S N Traders

30-Jun-13**30-Jun-12**

| <u>Amount in Taka</u> | <u>Amount in Taka</u> |
|-----------------------|-----------------------|
| 76,936,119 | 52,250,675 |
| 445,300 | 1,568,970 |
| 576,117 | 2,759,840 |
| 572,911 | 3,587,940 |
| 587,960 | 2,850,420 |
| 645,420 | 3,564,215 |
| 451,912 | 2,065,128 |
| 482,730 | 1,756,400 |
| 565,200 | 2,204,500 |
| 380,380 | 1,652,300 |
| 81,644,049 | 74,260,388 |

These are considered good.

6.01 Export Bills Receivable: Tk. 76,936,119Party Name & CountryContact No**30-Jun-13**Amount in Taka

URALKALI TRADING SA, SWITZARLAND

KBPPWBIL/EXP/24/13 dt. 26-06-13

20,120,145

SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE

KBPPWBIL/EXP/25/13 dt. 26-06-13

15,895,462

M/S BERY MARITIME AS, NORWAY

KBPPWBIL/EXP/26/13 dt. 27-06-13

18,548,310

DRAGON ASIA FERTILIZER LTD, Hongkong

KBPPWBIL/EXP/27/13 dt. 27-06-13

22,372,202

Total**76,936,119****7.00 Advances, Deposits & Pre-Payments: Tk. 18,202,768**

This consist of the following:

30-Jun-13**30-Jun-12**

T & T Phone

Amount in TakaAmount in Taka

8,000

8,000

Titas Gas

448,900

448,900

Pallibidyut

240,600

240,600

Advance Income Tax

6,723,488

2,924,516

Advance agst. L/C : Note- 7.01

10,136,780

6,877,128

Salary Advance

645,000

372,500

18,202,768**10,871,644****7.01 Advance against L/C: Tk. 10,136,780**LC NoBank Name**30-Jun-13**Amount in Taka

LC No-0059/13

Jamuna Bank Ltd

128,469

LC No-0070/13

Jamuna Bank Ltd

559,222

LC No-0072/13

Jamuna Bank Ltd

1,207,433

LC No-0075/13

Jamuna Bank Ltd

1,114,831

LC No-0017/13

Mutual Trust Bank Ltd

911,658

LC No-379/13

Mutual Trust Bank Ltd

199,576

LC No-0399/13

Mutual Trust Bank Ltd

2,348,808

LC No- 0001/13

One Bank Ltd.

1,960,455

LC No-0006/13

One Bank Ltd.

1,706,328

10,136,780

**8.00 Cash and Cash Equivalents: Tk. 52,552,636**

This consist of the following balances;

Cash in hand**Cash at Banks:**

Jamuna Bank Ltd.-CD-6233

One Bank Ltd. CD-490006

Mutual Trust Bank Ltd.-CD-11251

Term Deposit (Reliance Finance Ltd.)

30-Jun-13
Amount in Taka**30-Jun-12**
Amount in Taka

2,540,782

1,741,623

5,218

1,367

5,869

8,400

767

3,180

50,000,000

-

50,011,854

12,947

52,552,636**1,754,570**

Bank balance have been certified by the bank and Cash balance by the management.

9.00 Share Capital: Tk. 435,000,000

This represents the followings:

Authorized capital:

100,000,000 ordinary Shares of tk 10/= each

Issued subscribed and paid up capital:

43,500,000 Ordinary shares of Taka 10/- each

30-Jun-13**30-Jun-12****Amount in Taka****Amount in Taka**

1,000,000,000

1,000,000,000

435,000,000

370,000,000

435,000,000**370,000,000**

During the year paid up capital of the company has been increased to Tk. 435,000,000 through allotment of 6,500,000 shares @ TK 10 each with due permission from BSEC vide Allotment dated-30.03.2013

The share price of the company is consolidated into TK 10 from TK 100 each vide *EGM dated 26.10.2011*

10.00 Long Term Loan : Tk. 783,522

Opening Balance

Lease Finance from Jamuna Bank Ltd.

Lease Finance from ULCL

Total

Current portion

Long term portion

30-Jun-13**30-Jun-12****Amount in Taka****Amount in Taka**

16,243,205

29,846,574

3,391,745

5,683,614

19,634,950**35,530,188**

18,851,428

23,216,173

783,522**12,314,015**

*** Note-** The amount of long term loan that is scheduled to be paid within one (1) year from the Balance Sheet date has been identified as Current Portion of Long Term Loan

i) Lease Finance by Jamuna Bank Ltd. was sanctioned to take over the Lease Finance and Term Loan liabilities of the borrower with MTBL financed payment with the following terms & conditions.

1. Purpose of Investment - to take over the Lease Finance and Term Loan liabilities of the borrower with MTBL financed loan.
2. Period of Investment - 04 (Four) years.
3. Rate of return (Interest payable) - 15% per annum.
4. Ownership of the concerned Plant, Machinery and Equipment will remain in the name of JBL until full & final adjustment of the liabilities.
5. A letter of Hypothecation & Notarized Power of Attorney to be executed by the borrower in favor of the Bank to sell the machine in case of any default to repay the liability.





6. Insurance of the concerned plant, Machinery & Equipment in favor of the Bank.
7. 20 (twenty) post-dated cheques corresponding to quarterly installments and 01 (one) Un-dated cheque covering the entire lease facility amount.
8. Usual Charge Documents

ii) Lease Finance by United Leasing Company Limited was sanctioned for import of capital machineries under deferred payment with the following terms & conditions:

1. Purpose of Investment - Purchase/import of capital machinery.
2. Period of Investment - 04 (four) years
3. Rate of return - 16% per annum.
4. Personal Guarantees of the directors of the company.

11.00 Deferred Tax Expense TK. 4,329,023

This has been arrived as under:

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|--|-----------------------|-----------------------|
| | Amount in Taka | Amount in Taka |
| Carrying Amount of PPE | 234,023,266 | 234,946,192 |
| Tax Base Value of PPE | 181,899,330 | 205,910,376 |
| Taxable Timing Differences | 52,123,937 | 29,035,816 |
| Tax rate (50% of 37.5%) | 18.75% | 18.75% |
| Deferred Tax Liabilities Closing Balance | 9,773,238 | 5,444,216 |
| Less opening balance of Deferred Tax Liabilities | 5,444,216 | - |
| Deferred Tax Expenses | 4,329,023 | 5,444,216 |

12.00 Accounts Payable: Tk. 465,700

This is made up as follows:

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|---------------|-----------------------|-----------------------|
| | Amount in Taka | Amount in Taka |
| Bills Payable | 465,700 | 1,563,450 |
| | 465,700 | 1,563,450 |

13.00 Short term bank Loan: Tk. 33,664,116

This is made up as follows:

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|---|-----------------------|-----------------------|
| | Amount in Taka | Amount in Taka |
| Cash Credit (Hypo) From JBL, Account No. 0240 | 15,604,584 | 15,486,772 |
| Loan against Trust Receipts (LTR) | 18,059,532 | 24,595,920 |
| | 33,664,116 | 40,082,692 |

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.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return - 15 % per annum or the rate to be determined by the bank from time to time.
4. Collateral:
 - A. Lien on Shipping Documents.
 - B. Counter Guarantee.
 - C. Post-dated Cheque covering the entire limit.
 - D. Usual Charge Documents.

**14.00 Accrued Expenses Tk. 5,337,680**

This is made up as follows:

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|-----------------------------------|-------------------------|-------------------------|
| | Amount in Taka | Amount in Taka |
| Factory Electricity Bill | 20,342 | 20,201 |
| Factory Gas Bill | 1,492,692 | 371,513 |
| Directors Remuneration | 257,500 | 278,500 |
| Factory Wages & Salary | 1,974,480 | 1,436,018 |
| Factory Overtime | 656,624 | 35,870 |
| Salary & Allowance | 772,791 | 467,677 |
| VAT Payable | 56,580 | - |
| Audit Fee | 50,000 | 50,000 |
| Telephone Bill | 4,660 | 12,755 |
| Internet Bill | 7,500 | 7,500 |
| Printing Bill | 18,426 | 26,451 |
| Office electricity, Wasa & Others | 26,085 | 42,165 |
| | <u>5,337,680</u> | <u>2,748,651</u> |

15.00 Provision for Tax: Tk. 15,915,543

This has been arrived as under:

Opening Balance

Provision during the year:

Tax charge during the year@37.50%

Less: 50% Rebate for Export Sales

Less: Adjusted during the year

Closing Balance

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|-----------------------------------|--------------------------|-------------------------|
| | Amount in Taka | Amount in Taka |
| Opening Balance | 5,833,343 | 5,910,173 |
| Provision during the year: | | |
| Tax charge during the year@37.50% | 31,831,087 | 10,686,261 |
| Less: 50% Rebate for Export Sales | 15,915,544 | 4,852,918 |
| | 15,915,543 | 5,833,343 |
| Less: Adjusted during the year | 5,833,343 | 5,910,173 |
| Closing Balance | <u>15,915,543</u> | <u>5,833,343</u> |

16.00 Turnover: Tk. 916,879,628

This is the value of export made during the year through Advance TT and L/Cs:

Export

Local

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|--------|---------------------------|---------------------------|
| | Amount in Taka | Amount in Taka |
| Export | 916,879,628 | 482,059,865 |
| Local | - | 48,694,768 |
| | <u>916,879,628</u> | <u>530,754,633</u> |

17.00 Cost of Goods Sold: Tk. 789,662,596

This has been arrived as under:

Opening Work-in-Process

Raw materials consumed: (Notes-17.01)

Factory overhead (Note-17.02)

Less Closing Work-in-Process

Cost of Production

Opening stock of Finished Goods

Cost of Goods Available for Sale

Closing stock of Finished Goods

Cost of Goods Sold

| | <u>30-Jun-13</u> | <u>30-Jun-12</u> |
|---|---------------------------|---------------------------|
| | Amount in Taka | Amount in Taka |
| Opening Work-in-Process | 13,526,870 | 12,310,565 |
| Raw materials consumed: (Notes-17.01) | 740,722,133 | 407,356,713 |
| Factory overhead (Note-17.02) | 65,941,253 | 56,013,752 |
| Less Closing Work-in-Process | (24,466,580) | (13,526,870) |
| Cost of Production | <u>795,723,676</u> | <u>462,154,160</u> |
| Opening stock of Finished Goods | 2,968,200 | 1,208,350 |
| Cost of Goods Available for Sale | <u>798,691,876</u> | <u>463,362,510</u> |
| Closing stock of Finished Goods | (9,029,280) | (2,968,200) |
| Cost of Goods Sold | <u>789,662,596</u> | <u>460,394,310</u> |



**17.01 Raw Materials Consumed: Tk. 740,722,133**

This is made up as follows:

Opening Stock

Add: Purchase during the Year

Less: Closing Stock

30-Jun-13**30-Jun-12****Amount in Taka****Amount in Taka**

160,469,064

113,217,099

786,523,492

454,608,678

946,992,556

567,825,777

206,270,423

160,469,064

740,722,133**407,356,713****17.02 Manufacturing Overhead: Tk. 65,941,253**

This consists of the following:

Wages & salary

Overtime & Incentive

Workers Food Allowance

Electricity Bill

Gas Bill

Diesel for Generator

Spare Parts

Factory Maintenance

Machinery Maintenance

Electric materials

Daily Labor

Worker Transport Expenses

Medical Expenses

Hardware Materials

Depreciation

30-Jun-13**30-Jun-12****Amount in Taka****Amount in Taka**

23,220,286

17,232,221

7,726,577

5,359,841

618,068

428,474

287,828

396,716

4,383,715

3,904,469

430,720

2,802,130

2,301,500

1,358,681

456,397

292,962

3,569,248

2,083,299

801,986

677,211

312,970

147,263

864,661

743,189

78,300

48,864

221,284

10,400

20,667,713

20,528,032

65,941,253**56,013,752****18.00 Administrative Expenses: Tk. 20,253,870**

This consists of the following:

Salary and Allowances

Directors Remuneration and allowance

Entertainment

Traveling & Conveyance

Office rent

Office Electricity, Wasa and Others Bill

Printing & Stationery

Registration & renewals

Telephone Bill

Legal Fee

Mobile Bill

Internet Bill

Audit Fees

SEC Fees

RJSC Expenses

Repair & Maintenance HO

Vehicle Maintenance

30-Jun-13**30-Jun-12****Amount in Taka****Amount in Taka**

8,208,334

5,612,128

3,123,000

3,342,000

666,152

325,178

487,258

192,150

503,580

231,000

257,497

117,317

1,022,791

770,922

204,492

100,300

55,922

63,170

57,500

-

491,900

310,465

90,000

90,000

57,500

50,000

58,000

99,000

3,306

425,100

70,165

71,060

1,044,717

731,523



| | | |
|--|-------------------------|------------------------|
| Pre-Operating Expenses written off | 1,566,016 | 1,566,016 |
| Preliminary Expenses written off | - | 54,980 |
| Depreciation | 1,028,989 | 1,181,791 |
| Other Expenses | 1,256,751 | 456,879 |
| | 20,253,870 | 15,790,979 |
| 19.00 Marketing, Selling & Distribution Expenses: Tk. 5,183,182 | 30-Jun-13 | 30-Jun-12 |
| This consists of the following: | Amount in Taka | Amount in Taka |
| Sales Commission | 1,714,800 | 871,550 |
| Carriage Outward & Delivery | 1,498,811 | 705,290 |
| Advertisement | 110,300 | 40,000 |
| Fuel & Lubricants | 529,591 | 270,677 |
| Salary & Allowance | 1,189,730 | 834,976 |
| Toll expenses | 139,950 | 50,978 |
| | 5,183,182 | 2,773,471 |
| 20.00 Financial Expenses: Tk. 12,652,936 | 30-Jun-13 | 30-Jun-12 |
| This consists of the following: | Amount in Taka | Amount in Taka |
| Bank Charges & Commission | 139,572 | 999,164 |
| Lease Finance | 4,452,463 | 6,555,095 |
| Bank Charges & Interest | 8,060,901 | 15,744,919 |
| | 12,652,936 | 23,299,178 |
| 21.00 Income Tax Expense: Tk. 20,244,566 | 30-Jun-13 | 30-Jun-12 |
| This has been arrived as under: | Amount in Taka | Amount in Taka |
| Current Tax Note- 15 | 15,915,543 | 5,833,343 |
| Deferred Tax Note- 11 | 4,329,023 | 5,444,216 |
| Income tax expenses | 20,244,566 | 11,277,559 |
| 22.00 Earning Per Share: Tk. 1.67 | 30-Jun-13 | 30-Jun-12 |
| The computation of EPS is given bellow: | Amount in Taka | Amount in Taka |
| Net Profit for the Year | 64,638,334 | 17,219,137 |
| Weighted average no. of Shares Note- 22.01 | 38,656,164 | 38,656,164 |
| Basic EPS | 1.67 | 0.45 |
| 22.01 Weighted average number of share: | | |
| | Number of Shares | Days |
| | 37,000,000 | 365 |
| | 6,500,000 | 93 |
| Totals | 43,500,000 | Factor |
| | | Weighted Number |
| | | 37,000,000 |
| | | 1,656,164 |
| | | 38,656,164 |

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



| 23.00 | Related Party Disclosure: | 30-Jun-13 | 30-Jun-12 |
|-------|---|------------------|------------------|
| | Transaction with Key Management Personnel of the entity: | | |
| a) | Managerial Remuneration paid or payable during the year to the directors, including managing directors or manager | 3,093,000 | 3,312,000 |
| b) | Board Meeting Fees Paid During this Year | 33,000 | 30,000 |
| c) | Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable. | - | |
| d) | Other allowances and commission including guarantee commission | - | |
| e) | Pensions etc. | - | |
| | (i) Pensions | - | |
| | (ii) Gratuities | - | |
| | (iii) Payments from a provident funds, in excess of own subscription and interest thereon | - | |
| f) | Share Based payments | - | |
| g) | Investment in share (Common Directorship): | | |
| | Khan Brothers Knitwear Industries Ltd. | 1,000,000 | 1,000,000 |
| | Khan Brothers Group of Industries Ltd. | 50,000 | 50,000 |
| | Land (387.50 decimals of land was purchased from Mr. Tofael Kabir | | |
| h) | Khan, Mr. Mohammed Enamul Kabir Khan, Mr. Md. Ruhul Kabir Khan and Mr. Md. Hzzrat Ali, all are subscribers to the Memorandum) | 2,712,500 | 2,712,500 |
| | | 6,888,500 | 7,104,500 |

24.00 General:**24.01 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2013.

24.02 Claims not Acknowledged

There is no claim against the Company acknowledged as debt as on 30.06.2013

24.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the ended June 30, 2013

24.04 Directors Responsibility Statements

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

24.05 Employee Details:

- i) During the year there were 410 employees employed for the full year and 155 employees less than the full year at a remuneration of Taka 3,000 per month and above.
- ii) At the end of the period, there were 565 employees in the company.
- ii) Each employees received salaries more than Tk. 3,000.00

25.00 Capacity and Capacity Utilization

| Installed Capacity | Actual Capacity | Utilization |
|---|-----------------|-------------|
| 8.0 Crore Pieces of Different types of Bags | 6.2 Crore Pcs | 77.50% |





Khan Brothers' PP Woven Bag Industries Ltd.
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217
Schedule of Non Current Assets
For the year ended June 30, 2013

Annexure A

| Particulars | COST | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.13 | Written down value as on 30.06.2012 |
|------------------------------------|--------------------|--------------------------|--------------------|--------------|-------------------|--------------------------|-------------------|-----------------------------------|-------------------------------------|
| | As at 01.07.12 | Addition During the year | As at 30.06.13 | | As at 01.07.12 | Addition During the year | As at 30.06.13 | | |
| Land & Land Development | 93,301,500 | | 93,301,500 | - | - | - | - | 93,301,500 | 93,301,500 |
| Building & Others Construction | 107,229,520 | | 107,229,520 | 5% | 8,995,268 | 4,911,713 | 13,906,980 | 93,322,540 | 98,234,252 |
| Plant & Machinery | 149,768,239 | 20,142,876 | 169,911,115 | 10% | 36,288,924 | 13,362,219 | 49,651,143 | 120,259,972 | 113,479,315 |
| Generator & Electric Equipemnts | 31,882,287 | 380,900 | 32,263,187 | 15% | 16,304,646 | 2,393,781 | 18,698,427 | 13,564,760 | 15,577,641 |
| Motor Vehicle | 4,651,303 | | 4,651,303 | 20% | 2,266,397 | 476,981 | 2,743,378 | 1,907,925 | 2,384,906 |
| Office Decoration & Fittings | 3,013,840 | | 3,013,840 | 10% | 396,248 | 261,759 | 658,007 | 2,355,833 | 2,617,592 |
| Furniture & Fixture | 3,436,425 | 250,000 | 3,686,425 | 10% | 783,940 | 290,249 | 1,074,188 | 2,612,237 | 2,652,485 |
| Balance as on June 30, 2013 | 393,283,114 | 20,773,776 | 414,056,890 | | 65,035,422 | 21,696,702 | 86,732,124 | 327,324,766 | 328,247,692 |
| Balance as on June 30, 2012 | 258,421,063 | 134,862,051 | 393,283,114 | | 26,704,856 | 16,620,743 | 43,325,599 | 215,095,464 | - |

Depreciation:

| | |
|---------------------|--------------------------|
| Administrative Cost | 1,028,989 |
| Manufacturing Cost | 20,667,713 |
| Total | <u>21,696,702</u> |





(b) Auditors' report under section 135(1), Para 24(1) of part II of the Third Schedule of Companies Act, 1994

Khan Brothers' PP Woven Bag 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 Khan Brothers PP Woven Bag Limited for the years ended 30 June 2013, 30 June 2012 and 2011 and the comparative Balance Sheet (statement of assets and liabilities) & comparative Income Statement (statement of profit & loss) for the year ended 30 June 2010 audited by M/s. Ahmad & Akhtar, Chartered Accountants and 30 June, 2009 audited by Anisur Rahman & Co, Chartered Accountants and the figures extracted from the financial statements in terms of Section-135 (1) and Para-24 (1) of Part-II of Schedule-III of the Companies Act, 1994, report that:

i) The statements of assets and liabilities of the company are as under:

| Particulars | 30-Jun-13 | 30-Jun-12 | 30-Jun-11 | 30-Jun-10 | 30-Jun-09 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| NON-CURRENT ASSETS | 331,506,797 | 333,995,739 | 222,464,507 | 195,884,930 | 104,146,571 |
| Property, Plant and Equipment | 327,324,766 | 328,247,692 | 215,095,464 | 186,936,126 | 95,197,767 |
| Investment in Share | 1,050,000 | 1,050,000 | 1,050,000 | 1,050,000 | 1,050,000 |
| Pre-Operating Expenses | 3,132,031 | 4,698,047 | 6,264,063 | 7,830,079 | 7,830,079 |
| Preliminary Expenses | - | - | 54,980 | 68,725 | 68,725 |
| CURRENT ASSETS | 396,564,485 | 266,604,376 | 170,311,679 | 95,062,606 | 58,370,174 |
| Inventories | 244,165,032 | 179,717,774 | 129,631,314 | 87,714,618 | 55,332,948 |
| Accounts Receivable | 81,644,049 | 74,260,388 | 31,552,084 | 270,622 | 1,304,842 |
| Advances, Deposits & Pre-Payments | 18,202,768 | 10,871,644 | 7,844,073 | 6,891,060 | 1,604,964 |
| Cash and bank balance | 52,552,636 | 1,754,570 | 1,284,208 | 186,306 | 127,420 |
| TOTAL ASSETS | 728,071,282 | 600,600,115 | 392,776,186 | 290,947,536 | 162,516,745 |
| SHAREHOLDERS' EQUITY | 639,035,910 | 509,397,576 | 240,178,439 | 149,183,573 | 42,624,638 |
| Share Capital | 435,000,000 | 370,000,000 | 98,000,000 | 40,000,000 | 40,000,000 |
| Share Money Deposit | - | - | 20,000,000 | - | - |
| Revaluation Reserve | 97,975,485 | 97,975,485 | 97,975,485 | 97,975,485 | - |
| Proposed Dividend | - | - | - | 9,000,000 | - |
| Retained Earnings | 106,060,425 | 41,422,091 | 24,202,954 | 2,208,088 | 2,624,638 |
| LONG TERM LIABILITY | 783,522 | 12,314,015 | 24,144,143 | 56,671,610 | 67,016,024 |
| LONG TERM LOAN NET OFF CURRENT MATURITY | 783,522 | 12,314,015 | 24,144,143 | 56,671,610 | 67,016,024 |
| DEFERRED TAX LIABILITY | 9,773,238 | 5,444,216 | - | - | - |
| CURRENT LIABILITIES | 78,478,612 | 73,444,309 | 128,453,604 | 85,092,353 | 52,876,083 |
| Accounts Payable | 465,700 | 1,563,450 | 2,268,510 | 679,323 | 8,850,773 |
| Current portion of long term loan | 18,851,428 | 23,216,173 | 26,668,462 | - | - |
| Short term Bank loan | 33,664,116 | 40,082,692 | 90,470,547 | 78,043,552 | 41,306,295 |
| Provision for Taxation | 15,915,543 | 5,833,343 | 5,910,173 | 2,489,291 | 536,109 |
| Accrued Expenses | 5,337,680 | 2,748,651 | 3,135,912 | 3,880,187 | 2,182,906 |
| Provision for WPPF | 4,244,145 | - | - | - | - |
| TOTAL EQUITY & LIABILITIES | 728,071,282 | 600,600,115 | 392,776,186 | 290,947,536 | 162,516,745 |



ii) The statement of operating results of the company is as follow:

| Particulars | 30-Jun-13 | 30-Jun-12 | 30-Jun-11 | 30-Jun-10 | 30-Jun-09 |
|---|---------------------|--------------------|---------------------|--------------------|--------------------|
| Turnover | 916,879,628 | 530,754,633 | 450,625,128 | 223,987,065 | 200,218,622 |
| Less: Cost of goods sold | (789,662,596) | (460,394,310) | (382,484,878) | (190,175,583) | (179,633,582) |
| Gross Profit | 127,217,033 | 70,360,323 | 68,140,250 | 33,811,482 | 20,585,040 |
| Operating Expenses: | (25,437,052) | (18,564,45) | (16,843,339) | (7,467,158) | (7,741,602) |
| Administrative Expenses | (20,253,870) | (15,790,979) | (14,778,229) | (6,812,891) | (6,499,680) |
| Marketing and Distribution Expenses | (5,183,182) | (2,773,471) | (2,065,110) | (654,267) | (1,241,922) |
| Profit from Operation | 101,779,981 | 51,795,873 | 51,296,911 | 26,344,324 | 12,843,438 |
| Less: Financial expenses | (12,652,936) | (23,299,178) | (23,391,872) | (15,271,583) | (10,407,312) |
| Net Profit before WPPF & Income Tax | 89,127,045 | 28,496,695 | 27,905,039 | 11,072,741 | 2,436,126 |
| Provision for WPPF | (4,244,145) | - | - | - | - |
| Net Profit before Tax | 84,882,900 | 28,496,695 | 27,905,039 | 11,072,741 | 2,436,126 |
| Income tax expenses: | (20,244,566) | (11,277,559) | (5,910,173) | (2,489,291) | (536,109) |
| Current tax | (15,915,543) | (5,833,343) | (5,910,173) | (2,489,291) | (536,109) |
| Deferred tax | (4,329,023) | (5,444,216) | - | - | - |
| Net Profit after Tax Transferred to Equity | 64,638,334 | 17,219,137 | 21,994,866 | 8,583,450 | 1,900,017 |

| iii) Dividend: | | | | | |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Particulars | 30-Jun-13 | 30-Jun-12 | 30-Jun-11 | 30-Jun-10 | 30-Jun-09 |
| Cash dividend | 10% | - | - | - | - |
| Stock dividend | - | - | - | 2.25% | - |

- iv) The company was incorporated as a private limited company by shares under the Companies Act 1994, on 18 May, 2006 and converted into public limited company on 26 October, 2011
- v) The company has no subsidiary company.
- vi) The company did not prepare any accounts for any period subsequent to 30th June, 2013.
- vii) Figures related to previous years have been rearranged where considered necessary.
- viii) No proceeds or part of proceeds of the issue of shares were applied directly to the company in the purchase of any business.

Sd/-

Place: Dhaka

Dated: July 22, 2013

MAHFEL HUQ & CO.

Chartered Accountants



- (c) Auditors' certificate regarding selected ratios on liquidity, profitability and solvency of the company

Khan Brothers PP Woven Bag Industries Ltd.

Auditors' Certificate regarding the calculation of EPS & other ratio(s)

(Selected Ratio as specified in Rule 8B (20) I - Annexure-B of the Securities and Exchange Commission {(Public Issues)} Rules, 2006

| Particulars | | Formulae | 30.06.13 | 30.06.12 | 30.06.11 | 30.06.10 | 30.06.09 |
|-------------------------------------|---|--|----------|----------|----------|----------|----------|
| Liquidity Ratios : | | | | | | | |
| Current ratio (Times) | = | Current assets / Current liabilities | 5.05 | 3.63 | 1.33 | 1.12 | 1.10 |
| Quick (Acid Test) ratio | = | (Current assets - | 1.94 | 1.18 | 0.32 | 0.09 | 0.06 |
| Times interest earned ratio (Times) | = | EBIT / Interest Expense | 8.04 | 2.22 | 2.19 | 1.73 | 1.23 |
| Debt to equity ratio (Times) | = | Total debt / Total equity | 0.12 | 0.15 | 0.59 | 0.90 | 2.54 |
| Operating ratios : | | | | | | | |
| Accounts receivable turnover ratio | = | Average net receivable/Net credit sales | 0.0850 | 0.0997 | 0.0353 | 0.0035 | 0.0051 |
| Inventory turnover ratio | = | Cost of sales / Average inventory | 3.73 | 2.98 | 3.52 | 2.66 | 3.29 |
| Total asset turnover ratio | = | Turnover / Capital employed (TA-CL) | 1.41 | 1.01 | 1.70 | 1.09 | 1.83 |
| Profitability ratios : | | | | | | | |
| Gross profit margin | = | Gross profit / Turnover | 13.87% | 13.26% | 15.12% | 15.10% | 10.28% |
| Operating profit margin | = | Operating profit / Turnover | 11.10% | 9.76% | 11.38% | 11.76% | 6.41% |
| Net Profit Margin (NPATM) | = | PBIT/ Turnover | 7.05% | 5.37% | 6.19% | 4.94% | 1.22% |
| Return on Assets (ROA) | = | Net profit after tax / Average total assets | 9.73% | 3.47% | 6.43% | 3.79% | 1.16% |
| Return on Equity (ROE) | = | Net profit after tax / Average total equity | 11.26% | 4.59% | 11.30% | 8.95% | 4.56% |
| Earnings Per Share (Taka) | = | Profits attributable to ordinary shareholders / No | 1.67 | 1.72 | 3.38 | 1.75 | 0.48 |

Place: Dhaka
Dated: July 22, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants

d) AUDITORS ADDITIONAL DISCLOSURE

1. Explain the reason for increasing/decreasing account receivable for the year 2013-72.75%, 2012-135.35%, 2011-11,559%, 2010-(79.26%) and 2009-74.38%, specially for the year 2011. Which shows an increase of 11,559% over 2010 which was decreased by 79.26% in 2010 over 2009;

Response to the above:

We verified the amount of accounts receivables and recalculated the trend. In our findings we observed the ratio as under:

| Year | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Turnover | 916,879,628 | 530,754,633 | 450,625,128 | 223,987,065 | 200,218,622 | 162,569,955 |
| Accounts Receivable | 81,644,049 | 74,260,388 | 31,552,084 | 270,622 | 1,304,842 | 748,256 |
| % of A/R on Turnover | 8.90% | 13.99% | 7.00% | 0.12% | 0.65% | 0.46% |
| % of A/R increase (Decrease) | 72.75% | 135.35% | 11,559% | (79.26%) | 74.38% | - |

In this type of industry, a significant portion of exports are made through Telegraphic Transfer (TT). As a result, the size of accounts receivables does not get high. Though, in the years of 2011-12 and 2010-11 KBPPWBIL made few of its exports through deferred L/C. So, in those years the amount of accounts receivables remained at much greater percentages on sales compared to that of the previous years.

2. Specify separately the amount of land and land development cost with an explanation of land development cost;

Response to the above:

The revaluation of company's land and land developments was made during the year ended 30th June, 2011.

After the revaluation, total value of the land and land development as of 30th June, 2013 stood at Tk. 93,301,500.

| Item | Amount in taka |
|--|-------------------|
| Land | 4,215,478 |
| Land development | 1,239,000 |
| Total cost of land and land development | 5,454,478 |
| Revaluation Reserve for Land | 87,847,022 |
| Total Land & Land Development | 93,301,500 |

3. You have not provided any description regarding pre-operating expenses;

Response to the above:

Pre-operating expenses is such revenue expenditure which was incurred up to the time of starting the commercial operation of the business.

4. Whether restated NAV as shown by you is as calculated per IAS;

Response to the above:

The restated NAV was shown as per IAS. Restatements are made in the comparative financial statements. Therefore, NAV was restated to present the comparable figure.



5. Show the calculation of NAV;

Response to the above:

The NAV was calculated as under:

| Particulars | 30-Jun-13 | 30-Jun-12 |
|-----------------------------------|--------------------|--------------------|
| A. SHAREHOLDERS' EQUITY | 639,035,910 | 509,397,576 |
| Share Capital | 435,000,000 | 370,000,000 |
| Revaluation Reserve | 97,975,485 | 97,975,485 |
| Retained Earnings | 106,060,425 | 41,422,091 |
| | | |
| B. Latest Number of Shares | 43,500,000 | 43,500,000 |
| NAV (A / B) | 14.69 | 11.71 |

For the purpose of restatement of NAV in year ended 30-Jun-12, total shareholders' equity of the year was divided by the latest number of shares.

6. You have not provided quantity wise schedule of sales, purchase and opening inventories;

Response to the above:

Quantity wise schedules of purchase, sales and opening inventory are as follows:

Statement showing details about purchases during the year:

| SL. No. | B/E No & Date | Party Name | Item/Product Name | Qty/ MT/KG | USD | Rate | Amount BD.TK |
|---------|---------------------|-------------------------------------|-----------------------|------------|---------------|-------|---------------|
| 1 | C437311 Dt.07-08-12 | Borouge Pte Ltd | HDPE | 99.00 MT | \$ 130,680.00 | 82.30 | 10,754,964.00 |
| 2 | C499960 Dt.12-09-12 | Ineos Commercial Services Ltd | PP Yarn | 99.00 MT | \$ 133,650.00 | 82.30 | 10,999,395.00 |
| 3 | C467068 Dt.26-08-12 | Q-Chem II Distribution Co Ltd | HDPE | 51.00 MT | \$ 68,850.00 | 82.30 | 5,666,355.00 |
| 4 | C37421 Dt.29-07-12 | Polymer Coatings and Inks Pvt Ltd | Ink and Thiner | 15.12 MT | \$ 25,866.00 | 82.25 | 2,127,478.50 |
| 5 | C390093 Dt.18-07-12 | SCG Plastics Co Ltd | PP Lamination | 51.75 MT | \$ 82,282.50 | 82.25 | 6,767,735.63 |
| 6 | C445702 Dt.11-08-12 | Domo Investment Group | PP Yarn | 247.500 | \$ 331,650.00 | 82.30 | 27,294,795.00 |
| | C468065 Dt.27-08-12 | | | 247.500 | \$ 331,650.00 | 82.30 | 27,294,795.00 |
| 7 | C467048 Dt.26-08-12 | Borouge Pte Ltd | HDPE | 49.50 MT | \$ 62,865.00 | 82.30 | 5,173,789.50 |
| 8 | C467044 Dt.26-08-12 | Sumitomo Corporation Asia Pte Ltd | PP Lamination | 16.00 MT | \$ 26,720.00 | 82.30 | 2,199,056.00 |
| 9 | C479969 Dt.02-09-12 | Q-Chem II Distribution Co Ltd | HDPE | 85.00 MT | \$ 110,500.00 | 82.30 | 9,094,150.00 |
| 10 | C530416 Dt.29-09-12 | ITOCHU Plastics Pte Ltd | LDPE | 99.00 MT | \$ 129,690.00 | 82.30 | 10,673,487.00 |
| 11 | C468064 Dt.27-08-12 | Omega Plasto Compounds Pvt. Ltd | PP Grade Polycom | 21.00 MT | \$ 22,680.00 | 82.30 | 1,866,564.00 |
| 12 | C55519 Dt.15-11-12 | KK Poly Color Asia Ltd | Filled LLDPE Compound | 30.00 MT | \$ 20,100.00 | 82.30 | 1,654,230.00 |
| 13 | C465704 Dt.23-08-12 | Sumitomo Chemical Asia Pte Ltd | LLDPE Film Grade | 49.50 MT | \$ 66,825.00 | 82.30 | 5,499,697.50 |
| 14 | C543739 Dt.06-10-12 | Domo Investment Group | PP Yarn | 198.00 MT | \$ 275,220.00 | 82.18 | 22,617,579.60 |
| 15 | C533336 Dt.01-10-12 | Oman Polypropylene LLC | PP Yarn | 148.50 MT | \$ 206,415.00 | 82.18 | 16,963,184.70 |
| 16 | C546085 Dt.08-10-12 | Oman Polypropylene LLC | PP Yarn | 148.50 MT | \$ 206,415.00 | 82.18 | 16,963,184.70 |
| 17 | C608475 Dt.11-11-12 | Vinmar International Ltd | PP Yarn | 99.00 MT | \$ 138,600.00 | 82.30 | 11,406,780.00 |
| 18 | C590371 Dt.25-10-12 | Vinmar International Ltd | PP Yarn | 198.00 MT | \$ 281,160.00 | 82.18 | 23,105,728.80 |
| 19 | C59166 Dt.29-10-12 | Honam petro Chemical Corporation | PP Lamination | 69.60 MT | \$ 111,360.00 | 82.18 | 9,151,564.80 |
| 20 | C608613 Dt.11-11-12 | Q-Chem II Distribution Co Ltd | HDPE | 112.00 MT | \$ 154,560.00 | 82.30 | 12,720,288.00 |
| 21 | C652123 Dt.01-12-12 | Proven Suynergy SDN BHD | Calcium Carbonate | 24.00 MT | \$ 15,600.00 | 82.02 | 1,279,496.40 |
| 22 | C705796 Dt.24-12-12 | Gulf Polymers Distribution Co. FZCO | PP Yarn | 192.00 MT | \$ 264,960.00 | 82.02 | 21,731,754.24 |
| 23 | C608646 Dt.11-11-12 | Q-Chem II Distribution Co Ltd | HDPE | 96.00 MT | \$ 132,480.00 | 82.30 | 10,903,104.00 |
| 24 | C10847 Dt.05-01-13 | Gulf Polymers Distribution Co. FZCO | PP Yarn | 240.00 MT | \$ 331,200.00 | 82.10 | 27,191,520.00 |
| 25 | C702385 Dt.22-12-12 | Toyo ink Pte Ltd | Ink | 15.626 | \$ 41,230.08 | 82.02 | 3,381,649.93 |
| | C702384 Dt.22-12-12 | | | 4.480 | \$ 17,390.40 | 82.02 | 1,426,343.22 |
| 26 | C13890 Dt.07-01-13 | SCG Plastics Co Ltd | PP Lamination | 51.75 MT | \$ 80,730.00 | 82.10 | 6,627,933.00 |
| 27 | C49914 Dt.20-01-13 | Q-Chem II Distribution Co Ltd | HDPE | 96.00 MT | \$ 133,440.00 | 82.10 | 10,955,424.00 |
| 28 | C2589 Dt.14-01-13 | Kalpena Industries Ltd | PE Compound | 100.00 MT | \$ 25,000.00 | 82.10 | 2,052,500.00 |
| | C61313 Dt.19-12-12 | | | | \$ 25,000.00 | 82.02 | 2,050,475.00 |
| 29 | C154529 Dt.04-03-13 | Domo Investment Group | PP Yarn | 247.50 MT | \$ 361,350.00 | 80.14 | 28,959,709.19 |
| 30 | C204608 Dt.26-03-13 | Q-Chem II Distribution Co Ltd | HDPE | 48.00 MT | \$ 68,640.00 | 80.14 | 5,501,022.38 |
| 31 | C204305 Dt.26-03-13 | Omega Plasto Compounds Pvt. Ltd | PP Grade Polycom | 21.00 MT | \$ 24,150.00 | 80.14 | 1,935,455.87 |
| 32 | C215965 Dt.01-04-13 | Q-Chem II Distribution Co Ltd | HDPE | 48.00 MT | \$ 68,640.00 | 80.14 | 5,501,022.38 |
| 33 | C170009 Dt.10-03-13 | Domo Investment Group | PP Yarn | 198.00 MT | \$ 293,040.00 | 80.14 | 23,485,134.02 |
| 34 | C268009 Dt.24-04-13 | Reliance Industries Ltd | PP Yarn | 104.00 MT | \$ 164,320.00 | 79.60 | 13,079,872.00 |
| 35 | C299066 Dt.09-05-13 | Reliance Industries Ltd | PP Yarn | 104.00 MT | \$ 164,320.00 | 79.31 | 13,032,728.59 |
| 36 | C161187 Dt.07-03-13 | Sumitomo Corporation Asia Pte Ltd | PP Lamination | 16.00 MT | \$ 28,000.00 | 80.14 | 2,244,006.80 |



| | | | | | | | | |
|----------------|---------------------|-------------------------------------|---------------|--------|----|----------------|-------|---------------|
| 37 | C364797 Dt.03-06-13 | Reliance Industries Ltd | PP Yarn | 104.00 | MT | \$ 121,680.00 | 78.68 | 9,573,891.91 |
| | C364811 Dt.03-06-13 | | | | | \$ 40,560.00 | 78.68 | 3,191,297.30 |
| 38 | C323248 Dt.18-05-13 | Reliance Industries Ltd | PP Yarn | 104.00 | MT | \$ 164,320.00 | 79.31 | 13,032,728.59 |
| 39 | C236006 Dt.10-04-13 | Lotte Chemical Corporation | PP Yarn | 156.60 | MT | \$ 245,862.00 | 79.60 | 19,570,615.20 |
| 40 | C339852 Dt.25-05-13 | Q-Chem Distribution Co Ltd | HDPE | 48.00 | MT | \$ 72,480.00 | 79.31 | 5,748,613.49 |
| 41 | C308275 Dt.12-05-13 | Domo Investment Group | PP Yarn | 198.00 | MT | \$ 300,960.00 | 79.31 | 23,870,070.58 |
| 42 | C347039 Dt.28-05-13 | SCG Plastics Co Ltd | PP Lamination | 51.75 | MT | \$ 83,317.50 | 79.31 | 6,608,169.21 |
| 43 | C401865 Dt.16-06-13 | Domo Investment Group | PP Yarn | 198.00 | MT | \$ 281,160.00 | 78.68 | 22,121,921.84 |
| 44 | C364858 Dt.03-06-13 | Gulf Polymers Distribution Co. FZCO | HDPE | 48.00 | MT | \$ 79,600.00 | 78.68 | 6,262,999.64 |
| 45 | C388306 Dt.11-06-13 | Petromax Petrochem Corporation | LLDPE | 16.50 | MT | \$ 24,502.50 | 78.68 | 1,927,878.75 |
| 46 | C32166 Dt.27-06-13 | Vishal Coating Pvt Ltd | Thinner | 17.00 | MT | \$ 29,750.00 | 78.68 | 2,340,756.78 |
| Total Import | | | | | | \$6,601,420.98 | | 535,582,897 |
| Local Purchase | | | | | | | | 250,940,595 |
| Total Purchase | | | | | | | | 786,523,492 |

Statement showing sales of the company during the year:

| Sl | Party Name | Description of Goods | T.T/ L/c no | Amount (USD) | Amount (BDT) |
|----|--|--|-----------------------------------|--------------|---------------|
| 1 | 2 | 3 | 4 | 6 | 7 |
| 1 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 10,04,358 pcs | 2012070800120420 Dt.07.07.2012 | 316,372.74 | 25,246,545 |
| 2 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 9,56,710 pcs | 2012071300008285 Dt. 13.07.2012 | 248,744.52 | 19,862,250 |
| 3 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 10,19,925 pcs | 5432512510JO Dt. 22.07.2012 | 265,180.44 | 21,235,650 |
| 4 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 7,58,727 pcs | 4827-22457412012, Dt. 28.07.2012 | 301,999.07 | 24,265,625 |
| 5 | KIMONO GENERLA TRADING CO, LLC, UAE | WPP Bag with Inner liner with print 3,10,000 pcs | 2012092000042521 Dt. 01.08.2012 | 77,461.00 | 6,285,883 |
| 6 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 6,97,123 pcs | 2012092000012272 Dt. 20.09.2012 | 219,593.78 | 17,556,523 |
| 7 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 8,80,890 pcs | 4827-22412574101, Dt. 17.10.2012 | 277,480.24 | 21,907,065 |
| 8 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 9,65,530 pcs | 5412485120JO Dt. 07.11.2012 | 251,037.76 | 20,145,780 |
| 9 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 9,90,900 pcs | 2012121200021435 Dt. 12.12.2012 | 277,451.72 | 22,154,520 |
| 10 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 8,78,533 pcs | 4827-122456215841, Dt. 25.01.2013 | 245,989.31 | 19,568,450 |
| 11 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 9,31,805 pcs | 2013031000140043 Dt.10.03.2013 | 293,518.37 | 22,535,460 |
| 12 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 10,81,185 pcs | 2013030400023452 Dt. 03.04.2013 | 340,573.39 | 26,752,040 |
| 13 | THOMAS EXCHANGE GLOBAL LTD, UK | WPP Bag with Inner Print pcs | P201304290017740 Dt. 29.04.2013 | 41,965.00 | 3,231,263 |
| 14 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 12,58,555 pcs | 4827-223458468102, Dt. 04.05.2013 | 327,224.29 | 25,487,500 |
| 15 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 12,25,120 pcs | 2013200500025468 Dt. 20.05.2013 | 385,912.24 | 30,120,450 |
| 16 | URALKALI TRADING SA, SWITZERLAND | WPP Bag with LLDPE Inner Liner 12,87,205 pcs | AZMAT 34562578125, Dt. 03.06.2013 | 405,469.47 | 31,646,892 |
| 17 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 136,125 pcs | 2013062600110894 Dt.26.06.2013 | 35,392.50 | 2,747,895 |
| 18 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 297,000 pcs | 4720300177JO Dt. 26.06.2013 | 77,220.00 | 5,993,380 |
| 19 | KIMONO GENERLA TRADING CO, LLC, UAE | WPP Bag with LDPE Inner Liner 1,34,950 pcs | 073457059 Dt. 14.03.2013 | 35,087.00 | 2,736,786.00 |
| 20 | WAVES LINK GENERAL TRADING , CO,LLC UAE | WPP Bag with LDPE Inner Liner 56,673 pcs | 2013080500131231 Dt. 06.05.2013 | 14,735.00 | 1,136,805.25 |
| 21 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 326,074 pcs | FTS206282393400, Dt.28.06.2012 | 88,692.00 | 7,213,874.00 |
| 22 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 538,776 pcs | FTS207102190400, Dt. 10.07.2012 | 146,532.00 | 11,920,378.00 |
| 23 | URALKALI TRADING SA, SWITZERLAND | WPP Bag with LLDPE Inner Liner 892,588 pcs | AZMAT 23071201572, Dt. 23.07.2012 | 227,595.90 | 18,504,684.87 |
| 24 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with HDPE Inner Liner 1,149,550 pcs | PAY120802C01182, Dt. 02.08.2012 | 301,182.00 | 24,425,860.00 |
| 25 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 10,98,155 pcs | 4827-22496562434, Dt. 12.08.2012 | 345,918.74 | 28,054,010.00 |
| 26 | URALKALI TRADING SA, SWITZERLAND | WPP Bag with LLDPE Inner Liner 10,50,000 pcs | AZMAT 14081270982, Dt. 14.08.2012 | 231,000.00 | 18,734,100.00 |
| 27 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 8,26,486 pcs | PAY120822C008920, Dt. 22.08.2012 | 214,060.00 | 17,360,266.00 |
| 28 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 11,56,158 pcs | FTS278122160200, Dt. 27.08.2012 | 364,189.64 | 29,535,780.00 |
| 29 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 510,000 pcs | 4827-22496562272, Dt. 05.09.2012 | 153,000.00 | 12,454,200.00 |
| 30 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 7,99,980 pcs | 4827-22496556487, Dt. 08.09.2012 | 251,993.92 | 20,512,305.00 |
| 31 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 4,95,192 pcs | 4827-22636926764, Dt. 19.09.2012 | 154,500.00 | 12,576,300.00 |
| 32 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 10,78,380 pcs | FTS208133180500, Dt. 25.09.2012 | 301,946.56 | 24,578,450.00 |
| 33 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LLDPE Inner Liner 5,84,270 pcs | 4827-22757374590 Dt. 01.10.2012 | 156,000.00 | 12,675,000.00 |
| 34 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 8,43,760 pcs | 4827-22496556992, Dt. 16.10.2012 | 236,252.84 | 19,325,482.00 |
| 35 | URALKALI TRADING SA, SWITZERLAND | WPP Bag with LLDPE Inner Liner 9,36,490 pcs | AZMAT 14081280901, Dt. 27.10.2012 | 294,994.35 | 24,012,540.00 |





| | | | | | |
|----|--|--|-----------------------------------|---------------|---------------|
| 36 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 594,928 pcs | FTS121149209300, Dt. 14.11.2012 | 157,656.00 | 12,793,784.40 |
| 37 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 974,040 pcs | PAY121115C002660, Dt. 15.11.2012 | 272,730.30 | 22,145,700.00 |
| 38 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 9,69,740 pcs | 4827-22496564585, Dt. 26.11.2012 | 305,467.98 | 24,804,000.00 |
| 39 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 9,39,290pcs | FTS0312122180400, Dt. 03.012.2012 | 244,215.72 | 19,825,432.00 |
| 40 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 8,79,260 pcs | FTS2012123204600, Dt. 19.12.2012 | 246,192.07 | 20,015,415.00 |
| 41 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 5,29,870 pcs | AZMAT 23071201572, Dt. 01.01.2013 | 148,363.71 | 12,045,650.00 |
| 42 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 8,21,586 pcs | PAY130122C002860, Dt. 22.01.2013 | 258,799.48 | 21,024,870.00 |
| 43 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 6,91,560 pcs | 2013020600038254, Dt. 06.02.2013 | 193,637.00 | 15,645,870.00 |
| 44 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 7,09,165 pcs | FTS1254021503400, Dt. 23.02.2012 | 198,566.09 | 15,984,570.00 |
| 45 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 8,57,540pcs | AZMAT 25465879545, Dt. 03.03.2012 | 240,110.71 | 19,545,012.00 |
| 46 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 7,85,565 pcs | 4827-68459745886, Dt. 18.04.2012 | 247,453.24 | 19,845,750.00 |
| 47 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 1,89,189 pcs | 2013051000037267, Dt. 10.05.2013 | 48,965.00 | 3,767,465.00 |
| 48 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 10,50,000 pcs | KBPPWBIL/EXP/24/13 dt. 26-06-13 | 247,176.23 | 20,120,145.00 |
| 49 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 7,94,500 pcs | KBPPWBIL/EXP/25/13 dt. 26-06-13 | 206,570.00 | 15,895,462.00 |
| 50 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LLDPE Inner Liner 9,27,462 pcs | KBPPWBIL/EXP/26/13 dt. 27-06-13 | 241,140.00 | 18,548,310.00 |
| 51 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 11,18,942 pcs | KBPPWBIL/EXP/27/13 dt. 27-06-13 | 290,925.00 | 22,372,201.10 |
| | | | | 11,454,234.34 | 916,879,628 |

Statement showing details of opening Inventory:

Break-up of this item is as follows:

| | Amount in Taka |
|--------------------------------------|--------------------|
| Finished Goods: (Notes- 1.00) | 2,968,200 |
| Working-in-process | 13,526,870 |
| Raw Materials: (Notes- 2.00) | 160,469,064 |
| Store Materials | 2,753,640 |
| | 179,717,774 |

1.00 Stock of Finished Goods

| Particulars | Quantity | | Unit Price | Total (Tk.) |
|------------------------|--------------|-----------|------------|------------------|
| PP Woven Bag (44"X45") | 4200 | kg | 180.00 | 756,000 |
| PP Woven Bag (43"X45") | 2500 | kg | 180.00 | 450,000 |
| PP Woven Bag (40"X45") | 1650 | kg | 180.00 | 297,000 |
| PP Woven Bag (37"X50") | 1530 | kg | 180.00 | 275,400 |
| PP Woven Bag (22"X23") | 1840 | kg | 180.00 | 331,200 |
| PP Woven Bag (22"X38") | 2230 | kg | 180.00 | 401,400 |
| PP Woven Bag (24"X45") | 2540 | kg | 180.00 | 457,200 |
| Total | 16490 | kg | | 2,968,200 |

2.00 Stock of Raw Materials

| Particulars | Quantity | | Unit Price | Total (Tk.) |
|---------------|----------|-----|------------|-------------|
| PP Yarn Grade | 22,200 | bag | 4,180.00 | 92,796,000 |
| CaCo3 | 1,820 | bag | 1,395.00 | 2,538,900 |
| HDPE | 4,200 | bag | 3,675.00 | 15,435,000 |
| LDPE | 2,500 | bag | 4,400.00 | 11,000,000 |
| LLDPE | 1,500 | bag | 3,800.00 | 5,700,000 |
| Omega CaCo3 | 650 | bag | 2,300.00 | 1,495,000 |



| | | | | |
|-------------------------------|--------|------|----------|--------------------|
| Master Batch(White) | 320 | bag | 3,636.00 | 1,163,520 |
| Master Batch(Red) | 380 | bag | 4,770.00 | 1,812,600 |
| Master Batch(Blue) | 225 | bag | 4,288.00 | 964,800 |
| Master Batch(Beige) | 350 | bag | 4,541.00 | 1,589,350 |
| Master Batch(Yellow) | 175 | bag | 4,131.00 | 722,925 |
| Master Batch(Green) | 65 | bag | 4,541.00 | 295,165 |
| PP Lamination | 3,520 | bag | 4,900.00 | 17,248,000 |
| Swing Thread | 2,400 | kg | 165.00 | 396,000 |
| Poly Tape | 45 | roll | 350.00 | 15,750 |
| PP Clip | 75 | pkt | 45.00 | 3,375 |
| Printing Ink | 12,430 | kg | 245.00 | 3,045,350 |
| Sweing Oil | 820 | ltr | 163.50 | 134,070 |
| Gear Oil | 420 | ltr | 160.00 | 67,200 |
| Mobil | 230 | ltr | 120.00 | 27,600 |
| Diamond Gum | 8 | kg | 213.00 | 1,704 |
| Retarder | 12,000 | ltr | 120.00 | 1,440,000 |
| Exetiter | 165 | ltr | 120.00 | 19,800 |
| Adhesive Tape(Both side) -12" | 5 | roll | 3,200.00 | 16,000 |
| Solvent/Thiner | 14,500 | ltr | 165.00 | 2,392,500 |
| Hydrolic Oil | 360 | ltr | 145.00 | 52,200 |
| Compassor Oil | 85 | ltr | 135.00 | 11,475 |
| Nalco | 50 | ltr | 500.00 | 25,000 |
| Greeze | 10 | kg | 93.00 | 930 |
| Adhesive Gum(Glue) | 2,800 | kg | 20.00 | 56,000 |
| Adhesive Tape-2" | 75 | roll | 38.00 | 2,850 |
| | | | | 160,469,064 |



7. Detailed information about working -in-progress is not given;

Response to the above:

Detailed information about work-in-progress is as under:

Statement showing detailed information about Work In Progress:

| Closing Stock of Work-in-Process | | | | | |
|--|--------|-----|------------|-----------------|-------------------|
| Particulars | Qty. | | Unit Price | Sub Total (Tk.) | Total Amount(Tk.) |
| a) Tape Line Section | | | | | |
| PP Yarn | 1545 | kg | 3,650.00 | 5,639,250.00 | |
| CaCo3 | 925 | bag | 1,170.00 | 1,082,250.00 | |
| Master Batch(White) | 280 | kg | 152 | 42,560.00 | |
| Master Batch(Blue) | 245 | kg | 171 | 41,895.00 | |
| Master Batch(Red) | 64 | kg | 165 | 10,560.00 | |
| Master Batch(Beige) | 128 | kg | 174 | 22,272.00 | |
| Master Batch(Yellow) | 25 | kg | 165 | 4,125.00 | |
| Master Batch(Green) | 159 | kg | 174 | 27,666.00 | |
| Bobin | 4,100 | kg | 180 | 738,000.00 | |
| | | | | | 7,608,578 |
| b) Loom & Floor | | | | | |
| Fabrics | 34,145 | kg | 180 | 6,146,100.00 | |
| Bobin | 13,500 | kg | 180 | 2,430,000.00 | |
| | | | | | 8,576,100 |
| c) Lamination Section | | | | | |
| Lamination Resin | 986 | bag | 4,060.00 | 4,003,160.00 | |
| Fabrics | 17,320 | kg | 200 | 3,464,000.00 | |
| | | | | | 7,467,160 |
| d) Printing Section | | | | | |
| Different size of bags | 1155 | kg | 180 | 126,720.00 | |
| Printing Ink | 325 | kg | 255 | 82,875.00 | |
| Retader | 138 | kg | 120 | 16,560.00 | |
| Solvent /Thiner | 45 | kg | 165 | 7,425.00 | |
| Multiwall Section | | | | | |
| Ink | 730 | kg | 255 | 186,150.00 | |
| Thiner/Solvent | 63 | ltr | 165 | 10,395.00 | |
| Adhesive Gule | 465 | kg | 20 | 9,300.00 | |
| Kraft Paper | 1125 | kg | 50 | 56,250.00 | 495,675 |
| e) Cutting & Sewing Section | | | | | |
| Different size color bags | 1655 | kg | 180 | 297,900.00 | |
| Cement Bag | 1323 | pcs | 16 | 21,166.68 | |
| Cotton Thread | - | kg | 180 | - | 319,067 |
| Total | | | | | 24,466,580 |



8. Provide name of parties from whom export bills are receivable with subsequent balance thereon;

Response to the above:

Name of parties from whom export bills are receivable with subsequent balance are as under:

| SL | Name of Party | L/C No and date | Total value in Tk. | Present status |
|----|---|------------------------------------|--------------------|----------------|
| 1 | URALKALI TRADING SA, SWITZARLAND | KBPPWBIL/EXP/24/13 dt. 26-06-13 | 20,120,145 | Realized |
| 2 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | KBPPWBIL/EXP/25/13 dt. 26-06-13 | 15,895,462 | Realized |
| 3 | M/S BERY MARITIME AS, NORWAY | KBPPWBIL/EXP/26/13 dt. 27-06-13 | 18,548,310 | Realized |
| 4 | DRAGON ASIA FERTILIZER LTD, Hongkong | KBPPWBIL/EXP/27/13 dt. 27-06-13 | 22,372,202 | Realized |

9. Provide name wise schedule of advance against LC with subsequent status thereon;

Response to the above:

Name wise schedule of advance against L/C and present status is as under:

| STOCK IN TRANSIT For the Financial Year 2012-13 | | | | | |
|--|----------------|-----------------------|---------------|-------------------|----------|
| SL | GIT NO | Bank Name | Item Name | Total TK | Status |
| 1 | LC No-0059/13 | Jamuna Bank Ltd | Spare Parts | 128,469 | Adjusted |
| 2 | LC No-0070/13 | Jamuna Bank Ltd | PP Yarn | 559,222 | do |
| 3 | LC No-0072/13 | Jamuna Bank Ltd | HDPE | 1,207,433 | do |
| 4 | LC No-0075/13 | Jamuna Bank Ltd | Thinner | 1,114,831 | do |
| 5 | LC No-0017/13 | Mutual Trust Bank Ltd | PP Yarn | 911,658 | do |
| 6 | LC No-379/13 | Mutual Trust Bank Ltd | HDPE | 199,576 | do |
| 7 | LC No-0399/13 | Mutual Trust Bank Ltd | PP Yarn | 2,348,808 | do |
| 8 | LC No- 0001/13 | One Bank Ltd. | PP Lamination | 1,960,455 | do |
| 9 | LC No-0006/13 | One Bank Ltd. | PP Yarn | 1,706,328 | do |
| | | | | 10,136,780 | |

10. Explain the reason for charging 50% of 37.5% tax rate in case of deferred tax;

Response to the above:

A private limited company is taxed at the rate of 37.5%. But as an export oriented industry, KBPPWBIL enjoys reduced rate of Income Tax. Income Tax may be charged by 15% of Net Earnings before tax or 37.5% of Net Earnings calculated from the revenue reduced by 50%. In the later case the effective rate of Income Tax stands at 50% of 37.5%. This incentive is provided to the export oriented companies by the National Board of Revenues (NBR) through its Finance Act.





11. Provide name wise schedule of accounts payable with aging and subsequent status thereon;

Response to the above:

Name wise schedule of accounts payable with aging and subsequent status is as under:

| Name of Party | Total | More than 3 Months | Less than 3 Months | Present Status |
|----------------------|----------------|--------------------|--------------------|----------------|
| Chawdhury Transport | 22,650 | - | 22,650 | Continue |
| Mercantile Insurance | 150,000 | - | 150,000 | Continue |
| Rita Transport | 125,000 | - | 125,000 | Continue |
| SS Corporation | 168,050 | - | 167,350 | Continue |
| Total | 465,700 | - | 465,700 | |

12. Short term bank loan provided by bank against keeping companies assets mortgaged as per loan agreement are not mentioned in note 13;

Response to the above:

The short term loan has been secured by stock hypothecation and export bills receivables. This have been disclosed in the note-13 of the financial statements

13. Whether accrued factory wages & salary is subsequently paid;

Response to the above:

Being the auditors of the company, we checked and inspected the documents related to the wages and salaries of the company and which supported the facts occurred up to the balance sheet date, wages & salaries are subsequently paid.

14. All information as per Schedule XI part I Para 4 are not provided.

Response to the above:

All the debtors of KBPPWIBL as per note: 6.00 of audit report considered good for which Company holds no security other than the directors' personal security.

At the end of the year under audit, debtors were dues from the following Companies which are not executed by the same management

| Sl. No | Particulars | Outstanding as on 30.06.2013 | Head of A/C |
|--------------|--|------------------------------|-------------|
| 1.0 | URALKALI TRADING SA, SWITZARLAND | 20,120,145 | A/R |
| 2.0 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | 15,895,462 | A/R |
| 3.0 | M/S BERY MARITIME AS, NORWAY | 18,548,310 | A/R |
| 4.0 | DRAGON ASIA FERTILIZER LTD, Hongkong | 22,372,202 | A/R |
| 5.0 | Mehera Corporation | 445,300 | A/R |
| 6.0 | Ashirbad Syndicate | 576,117 | A/R |
| 7.0 | Bombay Sweets & Co. | 572,911 | A/R |
| 8.0 | D H Plastic | 587,960 | A/R |
| 9.0 | Kabir Enterprise | 645,420 | A/R |
| 10.0 | Kazi Agro | 451,912 | A/R |
| 11.0 | R M Trade Line | 482,730 | A/R |
| 12.0 | Shuvo Enterprise | 565,200 | A/R |
| 13.0 | S N Traders | 380,380 | A/R |
| Total | | 81,644,049 | |



15. You have not provided information as per requirement of Schedule XI part II Para 4, 7 & 8 of Companies Act, 1994;

Response to the above:

Information as per requirement of Schedule XI part II Para 4, 7 & 8 of Companies Act, 1994 are as under:

(a) Remuneration and meeting participation fees were paid to the directors as under:

| SL | Name | Designation | Received for meeting fee Tk. | Received for remuneration Tk. | Total received Tk. |
|--|----------------------------|---------------------|------------------------------|-------------------------------|--------------------|
| 1 | Mohammed Enamul Kabir Khan | Chairman & Director | 9,000 | 1,470,000 | 1,479,000 |
| 2 | Tofayel Kabir Khan | MD & Director | 9,000 | 660,000 | 669,000 |
| 3 | Md. Ruhul Kabir Khan | Director | 7,500 | 480,000 | 487,500 |
| 4 | Md. Hazrat Ali | Director | 7,500 | 480,000 | 487,500 |
| Total received by the directors | | | 33,000 | 3,090,000 | 3,126,000 |

In each month one meeting has been held in the company and the directors were paid Tk. 750.00 for the participation in each meeting.

(b) The capacity and actual utilization were as under during the financial year 30th June, 2103:

| Installed Capacity | Actual Capacity | Capacity Utilization (%) |
|---|-----------------|--------------------------|
| 8.0 Crore Pieces of Different types of Bags | 6.2 Crore Pcs | 77.50% |

(c) Export statement for the year ended 30th June, 2013:

| Sl | Party Name | Description of Goods | T.T/ L/c no | Amount (USD) | Amount (BDT) |
|----|--|--|-----------------------------------|--------------|--------------|
| 1 | 2 | 3 | 4 | 6 | 7 |
| 1 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 10,04,358 pcs | 2012070800120420 Dt.07.07.2012 | 316,372.74 | 25,246,545 |
| 2 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 9,56,710 pcs | 2012071300008285 Dt. 13.07.2012 | 248,744.52 | 19,862,250 |
| 3 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 10,19,925 pcs | 5432512510JO Dt. 22.07.2012 | 265,180.44 | 21,235,650 |
| 4 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 7,58,727 pcs | 4827-22457412012, Dt. 28.07.2012 | 301,999.07 | 24,265,625 |
| 5 | KIMONO GENERLA TRADING CO, LLC, UAE | WPP Bag with Inner liner with print 3,10,000 pcs | 2012092000042521 Dt. 01.08.2012 | 77,461.00 | 6,285,883 |
| 6 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 6,97,123 pcs | 2012092000012272 Dt. 20.09.2012 | 219,593.78 | 17,556,523 |
| 7 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 8,80,890 pcs | 4827-22412574101, Dt. 17.10.2012 | 277,480.24 | 21,907,065 |
| 8 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 9,65,530 pcs | 5412485120JO Dt. 07.11.2012 | 251,037.76 | 20,145,780 |
| 9 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 9,90,900 pcs | 2012121200021435 Dt. 12.12.2012 | 277,451.72 | 22,154,520 |
| 10 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 8,78,533 pcs | 4827-122456215841, Dt. 25.01.2013 | 245,989.31 | 19,568,450 |



| | | | | | |
|----|--|---|--------------------------------------|------------|---------------|
| 11 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 9,31,805 pcs | 2013031000140043 Dt.10.03.2013 | 293,518.37 | 22,535,460 |
| 12 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 10,81,185 pcs | 2013030400023452 Dt. 03.04.2013 | 340,573.39 | 26,752,040 |
| 13 | THOMAS EXCHANGE GLOBAL LTD, UK | WPP Bag with Inner Print pcs | P201304290017740 Dt. 29.04.2013 | 41,965.00 | 3,231,263 |
| 14 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 12,58,555 pcs | 4827-223458468102, Dt. 04.05.2013 | 327,224.29 | 25,487,500 |
| 15 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 12.25.120 pcs | 2013200500025468 Dt. 20.05.2013 | 385,912.24 | 30,120,450 |
| 16 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 12,87,205 pcs | AZMAT 34562578125, Dt. 03.06.2013 | 405,469.47 | 31,646,892 |
| 17 | COMMODITY FIRST PTE LTD, SINGAPORE | WPP Bag with Inner Print 136,125 pcs | 2013062600110894 Dt.26.06.2013 | 35,392.50 | 2,747,895 |
| 18 | TRANSAMMONIA DMCC, UAE | WPP Bag with Inner Print 297,000 pcs | 4720300177JO Dt. 26.06.2013 | 77,220.00 | 5,993,380 |
| 19 | KIMONO GENERLA TRADING CO, LLC, UAE | WPP Bag with LDPE Inner Liner 1,34,950 pcs | 073457059 Dt. 14.03.2013 | 35,087.00 | 2,736,786.00 |
| 20 | WAVES LINK GENERAL TRADING , CO,LLC UAE | WPP Bag with LDPE Inner Liner 56,673 pcs | 2013080500131231 Dt. 06.05.2013 | 14,735.00 | 1,136,805.25 |
| 21 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 326,074 pcs | FTS206282393400, Dt.28.06.2012 | 88,692.00 | 7,213,874.00 |
| 22 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 538,776 pcs | FTS207102190400, Dt. 10.07.2012 | 146,532.00 | 11,920,378.00 |
| 23 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 892,588 pcs | AZMAT 23071201572, Dt. 23.07.2012 | 227,595.90 | 18,504,684.87 |
| 24 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with HDPE Inner Liner 1,149,550 pcs | PAY120802C01182, Dt. 02.08.2012 | 301,182.00 | 24,425,860.00 |
| 25 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 10,98,155 pcs | 4827-22496562434, Dt. 12.08.2012 | 345,918.74 | 28,054,010.00 |
| 26 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 10,50,000 pcs | AZMAT 14081270982, Dt. 14.08.2012 | 231,000.00 | 18,734,100.00 |
| 27 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 8,26,486 pcs | PAY120822C008920, Dt. 22.08.2012 | 214,060.00 | 17,360,266.00 |
| 28 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 11,56,158 pcs | FTS278122160200, Dt. 27.08.2012 | 364,189.64 | 29,535,780.00 |
| 29 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 510,000 pcs | 4827-22496562272, Dt. 05.09.2012 | 153,000.00 | 12,454,200.00 |
| 30 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 7,99,980 pcs | 4827-22496556487, Dt. 08.09.2012 | 251,993.92 | 20,512,305.00 |
| 31 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LDPE Inner Liner 4,95,192 pcs | 4827-22636926764, Dt. 19.09.2012 | 154,500.00 | 12,576,300.00 |
| 32 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 10,78,380 pcs | FTS208133180500, Dt. 25.09.2012 | 301,946.56 | 24,578,450.00 |
| 33 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LLDPE Inner Liner 5,84,270 pcs | 4827-22757374590 Dt. 01.10.2012 | 156,000.00 | 12,675,000.00 |
| 34 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 8,43,760 pcs | 4827-22496556992, Dt. 16.10.2012 | 236,252.84 | 19,325,482.00 |
| 35 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 9,36,490 pcs | AZMAT 14081280901, Dt. 27.10.2012 | 294,994.35 | 24,012,540.00 |
| 36 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 594,928 pcs | FTS121149209300, Dt. 14.11.2012 | 157,656.00 | 12,793,784.40 |
| 37 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 974,040 pcs | PAY121115C002660, Dt. 15.11.2012 | 272,730.30 | 22,145,700.00 |



| | | | | | |
|----|--|--|-----------------------------------|---------------|----------------|
| 38 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 9,69,740 pcs | 4827-22496564585, Dt. 26.11.2012 | 305,467.98 | 24,804,000.00 |
| 39 | WORLD WIDE SHIPPING LTD, SINGAPORE | WPP Bag with LLDPE Inner Liner 9,39,290 pcs | FTS0312122180400, Dt. 03.012.2012 | 244,215.72 | 19,825,432.00 |
| 40 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 8,79,260 pcs | FTS2012123204600, Dt. 19.12.2012 | 246,192.07 | 20,015,415.00 |
| 41 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 5,29,870 pcs | AZMAT 23071201572, Dt. 01.01.2013 | 148,363.71 | 12,045,650.00 |
| 42 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 8,21,586 pcs | PAY130122C002860, Dt. 22.012013 | 258,799.48 | 21,024,870.00 |
| 43 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 6,91,560 pcs | 2013020600038254, Dt. 06.02.2013 | 193,637.00 | 15,645,870.00 |
| 44 | OCEAN WISDOM ENTERPRISE LTD. UAE | WPP Bag with HDPE Inner Liner 7,09,165 pcs | FTS1254021503400, Dt. 23.02.2012 | 198,566.09 | 15,984,570.00 |
| 45 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 8,57,540 pcs | AZMAT 25465879545, Dt. 03.03.2012 | 240,110.71 | 19,545,012.00 |
| 46 | M/S BERY MARITIME AS, NORWAY | WPP Bag with HDPE Inner Liner 7,85,565 pcs | 4827-68459745886, Dt. 18.04.2012 | 247,453.24 | 19,845,750.00 |
| 47 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 1,89,189 pcs | 2013051000037267, Dt. 10.05.2013 | 48,965.00 | 3,767,465.00 |
| 48 | URALKALI TRADING SA, SWITZARLAND | WPP Bag with LLDPE Inner Liner 10,50,000 pcs | KBPPWBIL/EXP/24/13 dt. 26-06-13 | 247,176.23 | 20,120,145.00 |
| 49 | SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE | WPP Bag with HDPE Inner Liner 7,94,500 pcs | KBPPWBIL/EXP/25/13 dt. 26-06-13 | 206,570.00 | 15,895,462.00 |
| 50 | M/S BERY MARITIME AS, NORWAY | WPP Bag with LLDPE Inner Liner 9,27,462 pcs | KBPPWBIL/EXP/26/13 dt. 27-06-13 | 241,140.00 | 18,548,310.00 |
| 51 | DRAGON ASIA FERTILIZER LTD, Hongkong | WPP Bag with LLDPE Inner Liner 11,18,942 pcs | KBPPWBIL/EXP/27/13 dt. 27-06-13 | 290,925.00 | 22,372,201.10 |
| | | | | 11,454,234.34 | 916,879,628.48 |

16. Specify whether there is any off-balance sheet item;

Response to the above:

On the basis of the evidence obtained, we express that there is no off-balance sheet item.

17. Confirm that all transactions excluding petty cash expenditure have been affected through the company's bank account as per requirement of our consent letter for raising of capital dated 24/01/13 and 19/06/12;

Response to the above:

On the evidence obtained from the management of the company we confirm that: In the year ended 30th June, 2013 all the company expenditures except for petty cash expenses were transacted through the company's bank account.





18. Revaluation surplus is same with current year and last year. Depreciation has not been charged.

Response to the above:

The revaluation surplus was accounted for as per the guideline of the IAS. The value of the asset which was re-valued has been adjusted by the revaluation surplus amount and depreciation of the asset was charged on the adjusted value. Therefore, the depreciation was ultimately charged on the revaluation surplus that has appropriately reflected in the earnings of the company.

19. Please confirm whether provision of our notification dated 7 August, 2012 regarding appointment of independent director is complied with or not.

Response to the above:

We discussed the matter with those charged with governance of the company and they informed me that after being listed with the stock exchanges they (those in charged with governance) would take necessary steps to fully comply with the BSEC notification dated 7 August, 2012.

Dhaka
Dated: February 12, 2014

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants



| | |
|-----------------|--|
| PART XXX | 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 | 64,638,334 |
| No. of shares before IPO | 43,500,000 |
| Earnings per Share (EPS) on fully diluted basis | 1.67 |

| 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 | 84,882,900 |
| Less: Other Income | - |
| Net profit before tax except other income | 84,882,900 |
| Less: Provision for Taxation | 20,244,566 |
| Net profit after tax except other income | 64,638,334 |

| 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 | 84,882,900 |
| Less: Other Income | - |
| Net profit before tax except other income | 84,882,900 |
| Less: Provision for Taxation | 20,244,566 |
| Net profit after tax except other income | 64,638,334 |
| No. of shares before IPO | 43,500,000 |
| Earnings per Share (EPS) on fully diluted basis | 1.67 |

| | |
|---|--------------|
| 4. Net Asset Value per Share: | |
| a) Net Asset Value with Revaluation Reserve based on fully diluted basis: | 14.69 |
| b) Net Asset Value without Revaluation Reserve based on fully diluted basis: | 12.44 |

| Particulars | Amount in Taka |
|---|--------------------|
| Share Capital (i) | 435,000,000 |
| Revaluation Reserve (ii) | 97,975,484 |
| Retained Earnings (iii) | 106,060,425 |
| Total Shareholders' Equity (X₁=i+ii+iii) (with Revaluation Reserve) | 639,035,910 |
| Total Shareholders' Equity (X₂=i+iii) (without Revaluation Reserve) | 541,060,425 |
| Total Number of Ordinary Share (Y) | 43,500,000 |
| a) Net Assets Value (NAV) at BDT 10.00 per share (X₁/Y) | 14.69 |
| b) Net Assets Value (NAV) at BDT 10.00 per share (X₂/Y) | 12.44 |





PART XXXI

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"

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED

APPLICATION FORM

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

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

The Managing Director

Khan Brothers PP Woven Bag Industries Ltd.

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me / us upon the terms of the Company's Prospectus approved by the Bangladesh Securities and Exchange Commission subject to the Memorandum and Articles of Association of the company. Further, I/we authorize you to place my /our name (s) on the Register of Member (s) of the Company and deposit the said ordinary Shares in my / our Beneficiary Owner (BO) Account; I/we further authorize you to send a Crossed (A/C 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. No. of ordinary shares of Tk. 10/-each at par.

2. Amount of Tk. (in figure) 5000/- Taka (in words) Five Thousand only deposited vide

Cash/Cheque/Draft/Pay Order No..... Dated.....

On.....BankBranch.

3. Beneficiary Owner (BO) Account No.

(If you do not mention your valid BO account no., your application will be treated as invalid)

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

5. Particulars of Applicant(s):

a) Sole/First Applicant:

| | |
|--|--------------|
| Name: | |
| Father's /Husband's Name: | |
| Mother's Name: | |
| Postal Address: | |
| Occupation: | Nationality: |
| Telephone No. (If any): | |
| For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch. | |
| For refund purpose: I/We want refund through <input type="checkbox"/> Bank Account* <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made). | |
| Applicant's Bank A/C No.: | |
| Name of the Bank: | Branch: |

b) Second Applicant:

| | |
|---------------------------|--------------|
| Name: | |
| Father's /Husband's Name: | |
| Mother's Name: | |
| Postal Address: | |
| Occupation:- | Nationality: |
| Telephone No. (If any): | |

06. I/we hereby declare that I/We have read the Prospectus of KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED and have willingly subscribed for 500 No. of Ordinary Shares of Tk. 10/- each per share.

07. Specimen Signature(s):

| | |
|--|------------|
| 1 st Applicant: Name(in Block Letters) | Signature: |
| 2 nd Applicant: Name(in Block Letters) | Signature: |

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

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figure)..... (in word).....only from Mr./ Mrs./Ms..... being the Application Money for..... Nos. Ordinary Shares of Khan Brothers PP Woven Bag Industries Limited.

Banker's Sl. No.

Seal and Date

Authorized Signature
(Name & Designation)

Issue Managers :



AFC Capital Limited



BMSL Investment Limited



INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) Account number in the application form. If you do not mention your valid Beneficiary Owner (BO) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in Block Letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** Ordinary Shares. Any Application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the favoring A/C. Remittance should be in the form of Cash/ Cheque/ Bank Draft/ Pay Order payable to one of the Bankers to the Issue A/C "**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED**" and crossed "**A/C Payee only**" and must be drawn on a Bank in the same town as the Bank to which the Application Form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application Form for more than two persons will not be accepted. In case of Joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Applications from financial and market intermediary companies must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **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 will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment 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 "Account Payee" cheque(s) with bank account number and the 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 (BSEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purposes.
15. The Banker's to the Issue Banks 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 has 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) of their subscription money too.**





BANKERS TO THE ISSUE

| National Bank Limited | | | | |
|--|--|--|--|---|
| 1. Agrabad Br., Chittagong | 13. Dhanmondi Br., Dhaka | 24. Jatrabari Br., Dhaka | 35. Moulvibazar Br., Moulvibazar | 46. Rajshahi Br., Rajshahi |
| 2. Anderkillah Br., Chittagong | 14. Dilkusha Br., Dhaka | 25. Jubilee Road Br., Chittagong | 36. Muradpur Br., Chittagong | 47. Rangpur Br., Rangpur |
| 3. Babubazar Br., Dhaka | 15. Elephant Road Br., Dhaka | 26. Kawan Bazar Br., Dhaka | 37. Mymensingh Br., Mymensingh | 48. Rifles Square Br., Dhaka |
| 4. Banani Branch, Dhaka | 16. Faridpur Br., Faridpur | 27. Khatunonj Br., Chittagong | 38. Narayanganj Br., Narayanganj | 49. Rokeya Sarani Br., Dhaka |
| 5. Asadgate Br., Dhaka | 17. Feni Br., Feni | 28. Khulna Br., Khulna | 39. Narshingdi Br., Narshingdi | 50. S.K. Mojib Road Br., Chittagong |
| 6. Bangshal Road Br., Dhaka | 18. Foreign Ex. Br., Dhaka | 29. Lake Circus Br., Dhaka | 40. Netajonj Br., Narayanganj | 51. Savar Bazar Br., Savar |
| 7. Barisal Br., Barisal | 19. Garipur Br., Gazipur | 30. Malibagh Br., Dhaka | 41. New Eskaton Br., Dhaka | 52. Sunamganj Br., Sunamganj |
| 8. Bogra Br., Bogra | 20. Gulshan Br., Dhaka | 31. Mirpur Br., Dhaka | 42. North brookHall Br., Dhaka | 53. Sylhet Br., Sylhet |
| 9. CDA Avenue Br., Chittagong | 21. Halishahar Br., Chittagong | 32. Mohakhali Br., Dhaka | 43. Pagla Bazar Br., Narayanganj | 54. Tangail Br., Tangail |
| 10. Chowmohani Br., Noakhali | 22. Imamganj Br., Dhaka | 33. Mohammadpur Br., Dhaka | 44. Pahartali Br., Chittagong | 55. Tongi Br., Tongi |
| 11. Chwakh Bazar Br., Chittagong | 23. Islampur Br., Dhaka | 34. Motijheel Br., Dhaka | 45. Pragati Soroni Br., Dhaka | 56. Uttara Br., Dhaka |
| 12. Comilla Br., Comilla | | | | 57. Z. H. Sikder M.C. Br., Dhaka |
| Eastern Bank Limited | | | | |
| 1. Motijheel Br., Dhaka | 6. Narayanganj Br., | 11. Khulna Br., Khulna | 16. Panchlaish Br., Chittagong | 21. Mirpur Dar-us-salam Road Br., Dhaka |
| 2. Shyamoli Br., Dhaka | 7. Banasree Br., Dhaka | 12. Jessore Br., Jessore | 17. Halishahar Br., Chittagong | 22. Chouhatta Br., Sylhet |
| 3. Uttara Br., Dhaka | 8. Savar Br., Dhaka | 13. Upashahar Br., Sylhet | 18. Rajshahi Br., Rajshahi | 23. Mymensingh SME Br., |
| 4. Bashundhara Br., Dhaka | 9. Jubilee Road Br., Chittagong | 14. O. R. Nizam Road Br., Chittagong | 19. Bogra Br., Bogra | |
| 5. Moghbazar Br., Dhaka | 10. Chandgaon Br., Chittagong | 15. Uttara Garib-E-Newaz Br., Dhaka | 20. Moulvi Bazar Br., Sylhet | |
| Investment Corporation Of Bangladesh (ICB) | | | | |
| 1. Principal Branch, Dhaka (Head Office) | 2. Agrabad Branch, Chittagong | 3. Rajshahi Branch, Rajshahi | 4. Khulna Branch, Khulna | 5. Barisal Branch, Barisal |
| 6. Sylhet Branch, Sylhet | 7. Bogra Branch, Bogra | 8. Local Office, Dhaka | | |
| Bank Asia | | | | |
| 1. Agrabad Branch, Ctg. | 8. Dhanmondi Branch, Dhaka | 15. MCB Dilkusha Branch, Dhaka | 22. Sylhet Upashohor Branch, Sylhet | 29. Bahadderhat Branch, Chittagong |
| 2. Anderkilla Branch, Ctg. | 9. Gulshan Branch, Dhaka | 16. MCB Sk. Mujib Road Branch, Ctg., | 23. Paltan Branch, Dhaka | 30. Station Road Branch, Ctg. |
| 3. Shyamoli Branch, Dhaka | 10. Jessore Branch, Jessore | 17. Mirpur Branch, Dhaka | 24. Principal Office Branch, Dhaka | 31. Strand Road Branch, Chittagong |
| 4. Bashundhara Branch, Dhaka | 11. Kamal Bazar Branch, Ctg. | 18. Mitford Branch, Dhaka | 25. Progoti Sarani Branch, Dhaka | 32. Sylhet Main Branch, Sylhet |
| 5. Bogra Branch, Bogra | 12. Khatunonj Branch, Ctg. | 19. Moghbazar Branch, Dhaka | 26. Rajshahi Branch, Rajshahi | 33. North South Road Branch, Dhaka |
| 6. CDA Avenue Branch, Ctg. | 13. Khulna Branch, Khulna | 20. Mohakhali Branch, Dhaka | 27. Scotia Branch, Dhaka | 34. Uttara Branch, Dhaka |
| 7. Corporate Branch, Dhaka | 14. MCB Banani Branch, Dhaka | 21. Tarail Branch, Tarail, Kishoreganj | 28. Shantinagar Branch, Dhaka | |
| One Bank Limited | | | | |
| 1. Principal Br., Dhaka | 14. Bangshal Br., Dhaka | 25. Chowmuhuni Br., Noakhali | 37. Ramganj Br., Laxipur | 49. Sitakunda Br., Sitakunda, Chittg. |
| 2. Motijheel Br., Dhaka | 15. Khulna Br., Khulna | 26. Chandraganj Br., Lakshimpur. | 38. Majidee Court Br., Noakhali | 50. Moghbazar Br., Dhaka |
| 3. Kawan Bazar Br., Dhaka | 16. Imamganj Br., Dhaka | 27. Feni Br., Feni. | 39. Banasree Br., Dhaka | 51. Laldighirpar Br., Sylhet. |
| 4. Gulshan Br., Dhaka | 17. Narayanganj Br., Narayanganj, | 28. Raipur Br., Laxipur. | 40. Rajshahi Br., Rajshahi | 52. Rangpur Br., Rangpur. |
| 5. Mirpur Br., Dhaka | 18. Joypara Br., Dohar, Dhaka | 29. Dagon Bhuayan Br., Feni. | 41. Shahjapur SME/Agriculture Br., Sirajgonj | 53. Ganakbari (EPZ) Br., Savar |
| 6. Uttara Br., Dhaka | 19. Agrabad Br., Chittagong | 30. Sylhet Br., Sylhet | 42. Jaggannathpur Br., Dhaka | 54. Ring Road Br., Shamoli, Dhaka |
| 7. Dhanmondi Br., Dhaka | 20. Khatunonj Br., Chittagong | 31. Sherpur Br., Moulvi Bazar | 43. Tongi SME/Agriculture Br., Dhaka | 55. Boalkhali Br., Boalkhali, Chittg. |
| 8. Banani Br., Dhaka | 21. CDA Avenue Br., Ctg | 32. Islampur Br., Sylhet | 44. Comilla Br., Comilla | 56. Raozan Br., Raozan, Chittagong |
| 9. Kakrail Br., Dhaka | 22. Nanupur Bazar Br., Ctg | 33. Jessore Br., Jessore | 45. Bashabo Br., Dhaka | 57. Ranirhat Br., Rangunia, Chittg. |
| 10. Pragati Sarani Br., Dhaka | 23. Cox's Bazar Br., Cox's Bazar | 34. Bogra Br., Bogra | 46. Sakhira Br., Sakhira. | 58. Chandgaon Br. Chittagong |
| 11. Elephant Road Br., Dhaka | 24. Jubilee Road Br., Chittagong | 35. Sirajgonj Br., Sirajgonj | 47. Madhabdi Br., Narasingdi. | 59. Brahmanbaria Br., Brahmanbaria. |
| 12. Jatrabari Br., Dhaka | | 36. Laksham Br., Comilla | 48. Rangamati Br., Rangamati. | |
| 13. Nawabgonj Br., Dhaka | | | | |
| South East Bank Limited | | | | |
| 1. Principal Br., Dhaka | 15. Shaymoli Br., Dhaka. | 28. Bandar Bazar Br., Sylhet | 41. Pathantula Br., Sylhet | 54. Momin Road Br., Chittagong |
| 2. Corporate Br., Dhaka | 16. Aganagar Br., Dhaka. | 29. Moulvibazar Br., Moulvibazar | 42. Agrabad Br., Ctg. | 55. Rangpur Br., Rangpur |
| 3. Imamganj Br., Dhaka | 17. Kawan Bazar Br., Dhaka | 30. Sakhira SME Br., Sakhira | 43. Khatunonj Br., Chittagong | 56. Bogra Br., Bogra |
| 4. Dhanmondi Br., Dhaka | 18. Madhabdi Br., (Rural), Narshingdi. | 31. Narasingdi SME Br., Narasingdi | 44. Jubilee Road Br., Chittagong | 57. Jessore SME Br., Jessore |
| 5. Uttara Br., Dhaka | 19. Achulia Br., Dhaka. | 32. Islampur Br., Dhaka | 45. Halishahar Br., Chittagong | 58. Barisal Br., Barisal |
| 6. New Elephant Road Br., Dhaka | 20. Narayanganj Br., Narayanganj, Dhaka | 33. Kotwali Br., Dhaka | 46. Motijheel Br., Dhaka | 59. Dhania Br., (Rural) |
| 7. Gulshan Br., Dhaka | 21. Rokeya Sarani Br., Dhaka. | 34. Naadambir Hat Br., Chittagong | 47. Chowmuhuni Br., Noakhali | 60. Naogon Br., Naogon |
| 8. Kakrail Br., Dhaka | 22. Savar Br., Dhaka | 35. Comilla Br., Comilla | 48. CDA Avenue Br., Chittagong | 61. Rajshahi Br., Rajshahi |
| 9. Banani Br., Dhaka | 23. Mouchak Br., Dhaka | 36. Munshigonj Br., Munshigonj | 49. Cox's Bazar Br., Cox's Bazar | 62. Tangail SME Br., Tangail |
| 10. Bangshal Br., Dhaka | 24. Konabari Br., (Rural), Gazipur | 37. Chouhatta Br., Sylhet | 50. Chhagalnaiya Br., Feni. | 63. Sat Mashjid Road Br., Dhaka |
| 11. New Eskaton Br., Dhaka | 25. Tongi Br., Gazipur | 38. Laldighirpar Br., Sylhet | 51. Feni Br., Feni. | 64. Dinajpur Br., Dinajpur |
| 12. Pragati Sarani Br., Dhaka | 26. Bashundhara Br., Dhaka | 39. Shahjalal Uposhahar Br., Sylhet | 52. Pahartali Br., Chittagong | 65. Hemayetpur Br., (Rural) |
| 13. Agargaon Br., Dhaka. | 27. Mohammadpur Br., Dhaka | 40. Khulna Br., Khulna | 53. Bashurhat Br., (Rural), Noakhali | 66. Joydebpur Br., (Rural) |
| 14. Chapainawabganj Br., Chhaganj | | | | |
| Mutual Trust Bank Limited | | | | |
| 1. Agrabad Br., Chittagong | 13. Chakoria Br., Ctg | 24. Gulshan Br., Dhaka | 35. MTB Corporate Center Br., Dhaka | 46. Rangpur Br., Rangpur |
| 2. Alanker Mour Br., Chittagong | 14. Comilla Br., Comilla | 25. Hobiganj Br., Hobiganj | 36. Narayanganj Br., Narayanganj | 47. Raipur Br., Laxmipur |
| 3. Aman Bazar Br., Ctg | 15. Cox's Bazar Br., Cox's Bazar | 26. Ishwardi Br., Ishwardi | 37. Nazirhat Br., Ctg | 48. Savar Br., Dhaka |
| 4. Babu Bazar Br., Dhaka | 16. Dagonbhuayan Br., Feni | 27. Jessore Br., Jessore | 38. Noria Br., Shariyatpur | 49. Shanir Akhra Br., Dhaka |
| 5. Baridhara Br., Dhaka | 17. Dhanmondi Br., Dhaka | 28. Joypurhat Br., Joypurhat | 39. Oxyzen Mour Br., Ctg | 50. Sreenagar Br., Dhaka |
| 6. Bashundhara Br., Dhaka | 18. Dholakhal Br., Dhaka | 29. Jubilee road Br., Chittagong | 40. Pabna Br., Pabna | 51. Syedpur Br., Sunamganj |
| 7. Banani Br., Dhaka | 19. Dilkusha Branch, Dhaka | 30. Khatunonj Br., Chittagong | 41. Pallabi Br., Dhaka | 52. Sonargaon Br., Dhaka |
| 8. Bogra Br., Bogra | 20. Elephant Road Br., Dhaka | 31. Kushtia Branch, Kushtia | 42. Panthapath Br., Dhaka | 53. Sylhet Br., Sylhet |
| 9. Brahmanbaria Br., Brahmanbaria | 21. Feni Branch, Feni | 32. Mohammadpur Br., Dhaka | 43. Pragati Sarani Br., Dhaka | 54. Tongi Br., Dhaka |
| 10. CDA Avenue Br., Chittagong | 22. FulBaria Br., Dhaka | 33. Mymensingh Br., Mymensingh | 44. Principal Br., Dhaka | 55. Thakurgaon Br., Thakurgaon |
| 11. Chandra Br., Dhaka | 23. Gourmadi Br., Barisal | 34. Moulvi Bazar Branch, Sylhet | 45. Rajshahi Br., Rajshahi | 56. Uttara Model Town Br., Dhaka |
| 12. Chawk Moghaltuli Br., Dhaka | | | | |
| National Credit and Commerce Bank Limited | | | | |
| 1. Agrabad Br., Ctg. | 12. Chowmohoni Br., Noakhali | 23. Islampur Br., Dhaka. | 34. Madaripur Br., Madaripur. | 45. Narayanganj Br., Narayanganj. |
| 2. Anderkilla Br., Ctg. | 13. Comilla Br., Comilla. | 24. Jatrabari Br., Dhaka. | 35. Majidee Br., Noakhali | 46. Nawabpur Road Br., Dhaka |
| 3. Babubazar Br., Dhaka. | 14. Cox's Bazar Br., Cox's Bazar. | 25. Jessore Br., Jessore. | 36. Majhirhat Br., Ctg. | 47. O.R. Nizam Road Br., Ctg. |
| 4. Banani Br., Dhaka. | 15. Dhanmondi Br., Dhaka. | 26. Jubilee Road Br., Ctg. | 37. Malibagh Br., Dhaka. | 48. Pragati Sarani Br., Dhaka. |
| 5. Bangshal Road Br., Dhaka. | 16. Dilkusha Br., Dhaka | 27. Kadamtali Br., Ctg. | 38. Mirpur Br., Dhaka. | 49. Rajshahi Br., Rajshahi |
| 6. Barisal Br., Barisal | 17. Dinajpur Br., Dinajpur. | 28. Kawan Bazar Br., Dhaka. | 39. Mitford Br., Mitford Road, Dhaka. | 50. Rangpur Br., Rangpur |
| 7. Bijoynagar Br., Kakrail, Dhaka. | 18. Elephant Br., Dhaka. | 29. Khatunonj Br., Ctg. | 40. Moghbazar Br., Dhaka. | 51. Savar Br., Savar. |
| 8. Bogra Br., Bogra | 19. Feni Br., Feni. | 30. Khulna Br., Khulna | 41. Motijheel Br., Dhaka. | 52. Shyamoli Br., Mirpur Road, Dhaka. |
| 9. Brahmanbaria Br., Brahmanbaria. | 20. Foreign Exchange Br., Motijheel C/A, Dhaka | 31. Kushtia Br., Kushtia. | 42. Moulvibazar Br., Moulvibazar | 53. Tangail Branch, Tangail. |
| 10. CEPZ Br., Ctg. | 21. Gulshan Br., Dhaka. | 32. Laldighirpar Br., Sylhet. | 43. Mymensingh Br., Mymensingh. | 54. Uttara Br., Dhaka |
| 11. Chowhatta Br., Sylhet. | 22. Halishahar Br., Ctg. | 33. Laxmipur Br., Laxmipur | 44. Naogon Br., Naogon. | |
| Standard Bank Limited | | | | |
| 1. Agrabad Br., Ctg. | 7. Dhanmondi Br., Dhaka, | 13. Imamganj Br., Dhaka | 19. Mirpur Br., Dhaka | 26. Principal Br., Dhaka |
| 2. Banani Br., Dhaka | 8. Dinajpur Br., Dinajpur | 14. Jessore Br., Jessore | 20. Moulvibazar Br., Sylhet | 27. Rajshahi Br., Rajshahi |
| 3. Barisal Br., Barisal | 9. Faridpur Br., Faridpur | 15. Jubilee Road Br., Ctg. | 21. Mymensingh Br., Mymensingh | 28. Rangpur Br., Rangpur |
| 4. Beani Bazar Br., Sylhet | 10. Foreign Exchange Br., Dhaka | 16. Khatunonj Br., Ctg. | 22. Narayanganj Br., Narayanganj | 29. Sadarghat Br., Ctg. |
| 5. CDA Avenue Br., Ctg. | 11. Green Road Br., Dhaka | 17. Khulna Br., Khulna | 23. Nawabpur Br., Dhaka | 30. Sylhet Br., Sylhet |
| 6. Commilla Br., Commilla | 12. Gulshan-2 Br., Gulshan, Dhaka | 18. Kushtia Br., Kushtia | 24. Panthapath Br., Dhaka | 31. Tophkhana Road Br., Dhaka |
| | | | 25. Pragati Sarani Br., Dhaka | 32. Uttara Br., 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"

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

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

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

The Managing Director

Khan Brothers PP Woven Bag Industries Limited

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

Dear Sir,

I/we apply for and request you to allot me/us numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Company's Prospectus approved by the Bangladesh Securities and Exchange Commission subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said ordinary shares in my 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:

- No. of ordinary shares **500** of Tk. **10/-** each at par.
- Total subscription money of the Amount of TK. (in figure) **5000/-** Taka (in words) Five Thousand only convertible into US Dollar 1.00 = Tk. /UK Pound Sterling 1.00=Tk. / Euro 1.00 = Tk.
- Payment by Draft/Cheque No. date. for US Dollar/UK Pound Sterling/Euro BDT.
....drawn on. Bank. Branch.

4. Beneficiary Owner (B/O) A/C No.

(If you do not mention your valid BO A/C No., your application will be treated as invalid)

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

6. Particulars of Applicant(s):

a) Sole/First Applicant:

| | | |
|--|--------------|-------------------------|
| Name: | | |
| Father's /Husband's Name: | | |
| Mother's Name: | | |
| Postal Address: | | |
| Occupation: | Nationality: | Telephone No. (If any): |
| Passport No.: | Valid up to: | Date of Birth: |
| For Refunds: Please write the correct and full name of bank and branch (Application will not be treated as valid if any one uses a nonscheduled bank. Applicants are requested not to use the name of any non-scheduled bank). | | |
| Applicant's Bank A/C No.: | | |
| Name of the Bank: | | Branch: |

b) Second Applicant:

| | | |
|---------------------------|--------------|-------------------------|
| Name: | | |
| Father's /Husband's Name: | | |
| Mother's Name: | | |
| Postal Address: | | |
| Occupation: | Nationality: | Telephone No. (If any): |
| Passport No.: | Valid up to: | Date of Birth: |

Nominee's Name:

Mailing Address:

07. I/we hereby declare that I/we have read the Prospectus of KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED and have willingly subscribed for 500 No. of Ordinary Shares of Tk. 10/- each at par.

08. Specimen Signature(s):

| | |
|--|------------|
| 1st Applicant: Name(in Block Letters) | Signature: |
| 2st Applicant: Name(in Block Letters) | Signature: |
| Nominee's Name: (in Block Letters) | Signature: |

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





INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) account number in the Application Form. If you do not mention your valid Beneficiary Owner (BO) account number, your application will be treated as invalid.
2. All information must be written or typed in Block Letters in English and must not be abbreviated.
3. An application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring “**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED**” and crossed “**Account Payee only**”.
5. Application shall be sent by the applicant directly to the Company within August 28, 2014 so as to reach the Company within September 06, 2014 Applications sent after August 28, 2014 or received by the Company after September 06, 2014 will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque Payable at Dhaka with bank account number, Bank's name and Branch.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint Application by two persons will be acceptable. In such a case, allotment of refund shall be made by post to the first applicant. Note that a non-resident Bangladeshi (“NRB”) applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD/PO by US\$/UK Pound Sterling/EURO/BDT(supported by foreign currency encasement certificate). More than two applications by one cheque / DD/PO by US\$/UK Pound Sterling/EURO/BDT (supported by foreign currency encasement certificate) will not be allowed.
10. Application must be made by an individual, a company or societies, 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 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit the share subscription money by US Dollar (\$)/UK Pound Sterling/EURO demand draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of a non-resident foreign currency deposit account maintained in Bangladesh or in Taka, supported by a foreign currency encasement certificate issued by the bank concerned, for the ordinary shares applied for, through crossed bank cheque marked “Account Payee only”, such that the issuer's collecting bank can clear the proceeds and deposit the same into the issuer's account in time.
13. The spot buying rate (TT Clean) in US Dollar (\$)/UK Pound Sterling/EURO of Sonali Bank Limited as prevalent on the day of opening of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his/her being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him/her to travel to Bangladesh.**
15. In case of Joint Application, Joint Applicant shall also submit supporting papers/documents in support of their being a NRB as mentioned in para-14 (above).
16. **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 percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the application.**
17. **No issue of ordinary shares shall be made nor shall any money be taken from any person, in connection with such issue and subscription, until 25 (Twenty Five) days after the Prospectus have been published.**
18. In the case of non-allotment of the ordinary shares, if the applicants' bank accounts as mentioned in their Application Forms are maintained with any of the Bankers to the Issue, the amount refunded to those applicants will be directly credited into their ordinary respective bank accounts as mentioned in their Application Forms. Otherwise, refunds will be made only through “Account Payee” cheque(s) with bank account number and name of bank branch as mentioned in the Application Form, payable at Dhaka, Chittagong, Khulna, Barishal, Rajshahi or Sylhet, as the case may be.
19. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen) of their subscription money too.**

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





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"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"

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED
APPLICATION FOR SHARES BY AFFECTED SMALL INVESTORS (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী)

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

The Managing Director

Khan Brothers PP Woven Bag Industries Limited

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me / us upon the terms of the Company's Prospectus approved by the Bangladesh Securities and Exchange Commission subject to the Memorandum and Articles of Association of the company. Further, I/we authorize you to place my /our name (s) on the Register of Member (s) of the Company and deposit the said ordinary Shares in my / our Beneficiary Owner (BO) Account; I/we further authorize you to send a Crossed (A/C 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. No. of ordinary shares **500** of Tk. **10/-** each at par.

2. Amount of Tk. (in figure) **5000/-** Taka (in words) Five Thousand only deposited vide

Cash/Cheque/Draft/Pay Order No. Dated.....

On.....BankBranch.

3. Beneficiary Owner (BO) Account No.

(If you do not mention your valid BO account no., your application will be treated as invalid.)

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

5. Particulars of Applicant(s):

a) Sole/First Applicant:

| | |
|---|--------------------------------------|
| Name: | |
| Father's /Husband's Name: | |
| Mother's Name: | |
| Postal Address: | |
| Occupation: | Nationality: Telephone No. (If any): |
| For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch. | |
| For refund purpose: I/We want refund through <input type="checkbox"/> Bank Account* <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made). | |
| Applicant's Bank A/C No.: | |
| Name of the Bank: | Branch: |

b) Second Applicant:

| | |
|---------------------------|--------------------------------------|
| Name: | |
| Father's /Husband's Name: | |
| Mother's Name: | |
| Postal Address: | |
| Occupation:- | Nationality: Telephone No. (If any): |

06. I/we hereby declare that I/We have read the Prospectus of **KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED** and have willingly subscribed for **500** No. of Ordinary Shares of Tk.10/- each at par.

07. Specimen Signature(s):

| | |
|--|------------|
| 1 st Applicant: Name(in Block Letters) | Signature: |
| 2 nd Applicant: Name(in Block Letters) | Signature: |

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

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figure)..... (in word).....only from Mr./ Mrs./Ms..... being the Application Money for..... Nos. Ordinary Shares of **Khan Brothers PP Woven Bag Industries Limited**.



Banker's Sl. No.

Seal and Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your Beneficiary Owner (BO) Account number in the application form. If you do not mention your valid Beneficiary Owner (BO) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in Block Letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** Ordinary Shares. Any Application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the favoring A/C. Remittance should be in the form of Cash/ Cheque/ Bank Draft/ Pay Order payable to one of the Bankers to the Issue A/C "**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LIMITED**" and crossed "**A/C Payee only**" and must be drawn on a Bank in the same town as the Bank to which the Application Form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application Form for more than two persons will not be accepted. In case of Joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Applications from financial and market intermediary companies must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **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 will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment 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 "Account Payee" cheque(s) with bank account number and the 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 (BSEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purposes.
15. The Banker's to the Issue Banks 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 has 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) of their subscription money too.**
18. **তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।"**



PART XXXII

MANAGEMENT DISCLOSURE

1. Explain the reason for increasing/decreasing account receivable for the year 2013-72.75%, 2012-135.35%, 2011-11,559%, 2010-(79.26%) and 2009-74.38%, specially for the year 2011. Which shows an increase of 11,559% over 2010 which was decreased by 79.26% in 2010 over 2009;

Response to the above:

We verified the amount of accounts receivables and recalculated the trend. In our findings we observed the ratio as under:

| Year | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Turnover | 916,879,628 | 530,754,633 | 450,625,128 | 223,987,065 | 200,218,622 | 162,569,955 |
| Accounts Receivable | 81,644,049 | 74,260,388 | 31,552,084 | 270,622 | 1,304,842 | 748,256 |
| % of A/R on Turnover | 8.90% | 13.99% | 7.00% | 0.12% | 0.65% | 0.46% |
| % of A/R increase (Decrease) | 72.75% | 135.35% | 11,559% | (79.26%) | 74.38% | - |

In this type of industry, a significant portion of exports are made through Telegraphic Transfer (TT). As a result, the size of accounts receivables does not get high. Though, in the years of 2011-12 and 2010-11 KBPPWBIL made few of its exports through deferred L/C. So, in those years the amount of accounts receivables remained at much greater percentages on sales compared to that of the previous years.

2. Explain the reason for increasing inventories for the year 2013-35.86%, 2012- 36.63%, 2011-47.78%, 2010-58.52% and 2009-2.42%;

Our Response:

After the incorporation of our business, our sales have increased each year from that of the previous year. To meet the customers demand we had to maintain a certain level of inventory so that we could ensure the uninterrupted production process. Therefore, our in the years under observations the level of inventories increased with the increase in sales.

3. Explain the reason for increasing turnover for the year 2013-72.75%, 2012-17.78%, 2011-101.18%, 2010-11.87% and 2009-23.15%;

Our Response:

On getting incorporated our management had input concerted efforts to capture bigger market share in order to earn a significant amount of return on equity. Because of our continuous capacity build up and well defined marketing strategy we had been able to attract more customers each year than the previous years. It may be noted that our overseas sales volume have increased each year. Therefore, our total turnover has increased in the subsequent years.

Sd/-

Tofayel Kabir Khan
Managing Director