

PROSPECTUS



Far East Knitting & Dyeing Industries Limited

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

PROSPECTUS

**Initial Public Offer of 25,000,000 Ordinary Shares of Tk. 10/- each at an issue price of Tk. 27/- each including a premium of Tk. 17/- per share worth Tk. 675,000,000
Far East Knitting & Dyeing Industries Limited**

For General Public Quota

Opening date for subscription: **June 15, 2014** Closing date for subscription: **June 19, 2014**

For Non-Resident Bangladeshi Quota

Opening date for subscription : **June 15, 2014** Closing date for subscription : **June 28, 2014**

Manager to the Issue



IDLC Investments Limited

Eunoos Trade Center (Level 21), 52-53 Dilkusha C/A, Dhaka 1000
Phone: 9571170, Fax: 9571171, Website: www.idlc.com

Underwriters

| | |
|---|--|
| BMSL Investment Limited Sadharan Bima Tower (7th Floor), 37/A Dilkusha C/A, Dhaka 1000 Tel: 9567002, 9570624, Fax: 7123820 | LankaBangla Investments Limited Eunoos Trade Center (Level 21), 52-53 Dilkusha C/A, Dhaka 1000 Tel: 7113585, 9561238, Fax: 7115756, 9561107 |
| Green Delta Insurance Company Limited Green Delta AIMS Tower (6th Floor), 51-52 Mohakhali C/A Dhaka 1212, Tel: 9851170, Fax: 9851124 | Mutual Trust Bank Limited Corporate Head Office, MTB Center, 26 Gulshan Avenue, Gulshan 1 Dhaka 1212, Tel: 8817563, Ext 2450, 8826966, Fax: 8824337 |
| ICB Capital Management Limited BDBL Bhaban (Level 16), 8 Rajuk Avenue Dhaka 1000, Tel: 7160326, 7160327 | Prime Bank Investment Limited Peoples Insurance Bhaban (11th Floor), 36 Dilkusha C/A Dhaka 1000, Tel: 9555674, Fax: 9559257 |
| IDLC Investments Limited Eunoos Trade Center (Level 21), 52-53 Dilkusha C/A, Dhaka 1000 Tel: 9571170, Fax: 9571171 | Prime Finance Capital Management Limited PFI Tower (6th floor), 56-57 Dilkusha C/A Dhaka 1000, Tel: 9584874-6, Fax: 9584877 |
| IIDFC Capital Limited Eunoos Trade Center (Level 7), 52-53 Dilkusha C/A, Dhaka 1000 Tel: 9514637-8, Fax: 9514641 | |

Credit Rating Status

| Particulars | Long Term | Short Term |
|--------------------|--|------------------|
| Entity Rating | A+ | ST-2 |
| Date of Rating | 20 November 2013 | 20 November 2013 |
| Validity of Rating | 19 November 2014 | 19 May 2014 |
| Rating By | Credit Rating & Information Services Limited (CRISL) | |

Date of publication of Prospectus: April 13, 2014

The issue shall be placed in "N" Category



Far East Knitting & Dyeing Industries Limited

Registered Address Corporate Address

Bilquis Tower (3rd Floor) Moyeen Centre
Plot No. 6 (New), 2nd Circle Gulshan, Dhaka 1212 House No. 9/B, Road No. 3, Gulshan 1, Dhaka 1212
Phone: 8810170, 8828508, Fax: 8828509
Website: www.fareastknit.com

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

Availability of the Prospectus

Prospectus of Far East Knitting & Dyeing Industries Limited may be obtained from following addresses

| Company | Contact person | Contact Details |
|--|--|--|
| Far East Knitting & Dyeing Industries Limited Moyeen Centre, House No. 9/B, Road No. 3 Gulshan 1, Dhaka 1212 | Mr. M.S. Zaman Sr. Manager (Accounts) & Company Secretary | Tel: 8810170, 8828508 Fax: 8828509 Email: zaman@fareastknit.com |
| Manager to the Issue | Contact person | Contact Details |
| IDLC Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka 1000 | Mr. Md. Moniruzzaman, CFA Managing Director | Tel: 9571170 Fax: 9571171 mzaman@idlc.com |
| Underwriters | Contact person | Contact Details |
| 1. BMSL Investment Limited Sadharan Bima Tower (7th Floor) 37/A Dilkusha C/A, Dhaka 1000 | Mr. Md. Riyad Matin Chief Executive Officer (CC) | Tel: 7169428, 9570624 Fax: 7123820 |
| 2. Green Delta Insurance Company Limited Green Delta AIMS Tower (6th Floor) 51-52 Mohakhali C/A, Dhaka 1000 | Mr. Syed Moinuddin Ahmed Company Secretary | Tel: 9851170 Ext: 207 Fax: 9851124 ahmed.moin@yahoo.com |
| 3. ICB Capital Management Limited BDBL Bhaban (Level 16) 8 Rajuk Avenue, Dhaka 1000 | Mr. Md. Moshir Rahman Chief Executive Officer | Tel: 7160326, 7160327 Fax: 9555707 ceocmcl@accessstel.net |
| 4. IDLC Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka 1000 | Mr. Md. Moniruzzaman, CFA Managing Director | Tel: 9571170 Fax: 9571171 mzaman@idlc.com |
| 5. IIDFC Capital Limited Eunoos Trade Center (Level 7) 52-53 Dilkusha C/A, Dhaka 1000 | Mr. Mohammad Saleh Ahmed Chief Executive Officer | Tel: 9514637-8 Fax: 9514641 icl@iidfc.com |
| 6. LankaBangla Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka 1000 | Mr. M Shakil Islam Bhuiyan Chief Executive Officer | Tel: 7122595, 9561238 Fax: 7113585 shakil.bhuiyan@lankabangla-investments.com |
| 7. Mutual Trust Bank Limited Corporate Head Office, MTB Center 26 Gulshan Avenue, Gulshan 1, Dhaka 1212 | Mr. Quamrul Islam Chowdhury Deputy Managing Director | Tel: 8826966 Ext: 2400 Direct: 9895965 Fax: 9861396 quamrul@mutualtrustbank.com |
| 8. Prime Bank Investment Limited Peoples Insurance Bhaban (11th Floor) 36 Dilkusha C/A, Dhaka 1000 | Mr. Khandoker Raihan Ali ACA Assistant Vice President | Tel: 9555674 Fax: 9559257 mbid@primebank.com.bd |
| 9. Prime Finance Capital Management Limited PFI Tower (6th floor), 56-57 Dilkusha C/A, Dhaka 1000 | Mr. M. Mosharraf Hossain, PhD, FCA Managing Director & CEO | Tel: 9584874-6 Fax: 9584877 |
| Stock Exchanges | Available at | Contact Details |
| Dhaka Stock Exchange Limited 9/F Motijheel C/A, Dhaka 1000 | DSE Library | 9564601 Fax: 9564727, 9569755 |
| Chittagong Stock Exchange Limited CSE Building, 1080, Sheikh Mujib Road Agrabad, Chittagong 4100 | CSE Library | 031-714632-3 031-720871-3 Fax: 714101 |

Prospectus would also be available on the web site of BSEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.cse.com.bd), Far East Knitting & Dyeing Industries Limited (www.fareastknit.com), IDLC Investments Limited (www.idlc.com) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

Name and Address of the Auditor

Masih Muhith Haque & Co.

Chartered Accountants

Level 13, UTC Building, 8 Panthopoth, Dhaka 1215

Tel: 9144357, 9130657; Fax: 8119252



Prospectus

Far East Knitting & Dyeing Industries Limited

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Glossary

A

| | |
|-----------|------------------------|
| AGM | Annual General Meeting |
| Allotment | Allotment of shares |

B

| | |
|--------|---|
| BAS | Bangladesh Accounting Standards |
| BB | Bangladesh Bank |
| BDT | Bangladeshi Taka |
| BO A/C | Beneficiary Owner's Account |
| BSEC | Bangladesh Securities & Exchange Commission |

C

| | |
|------------|---|
| CAGR | Cumulative Average Growth Rate |
| CDBL | Central Depository Bangladesh Limited |
| CIB | Credit Information Bureau |
| Commission | Bangladesh Securities and Exchange Commission |
| CSE | Chittagong Stock Exchange |
| C&F | Clearing & Forwarding Agent |

D

| | |
|-----|----------------------|
| DSE | Dhaka Stock Exchange |
|-----|----------------------|

E

| | |
|-----------|--------------------------|
| EPB | Export Promotion Bureau |
| EU | European Union |
| ETP | Effluent Treatment Plant |
| Exchanges | Stock Exchanges |

F

| | |
|------------|---|
| FC Account | Foreign Currency Account |
| FEKDIL | Far East Knitting & Dyeing Industries Limited |
| FESIL | Far East Spinning Industries Limited |
| FY | Full Year |

G

| | |
|-----|----------------------------------|
| GOB | Government of Bangladesh |
| GSP | Generalized System of Preference |

I

| | |
|------|--------------------------|
| IDLC | IDLC Investments Limited |
| IPO | Initial Public Offering |

I

| | |
|---------------|--|
| Issuer | Far East Knitting & Dyeing Industries Ltd. |
| Issue Manager | IDLC Investments Limited |

K

| | |
|-----|------------------|
| KVA | Kilo Volt Ampere |
|-----|------------------|

L

| | |
|-----|------------------|
| L/C | Letter of Credit |
|-----|------------------|

M

| | |
|----|------------|
| MT | Metric Ton |
| MW | Mega Watt |

N

| | |
|------|-----------------------------------|
| NAV | Net Asset Value |
| NBFI | Non Banking Financial Institution |
| NBR | National Board of Revenue |
| NRB | Non Resident Bangladeshi |

P

| | |
|-------|------------------|
| PSI | Per Square Inch |
| PE | Price to Earning |
| P/NAV | Price to NAV |

R

| | |
|------|--|
| REB | Rural Electrification Board |
| RJSC | Registrar of Joint Stock Companies & Firms |
| RMG | Ready Made Garments |

U

| | |
|-----|----------------------|
| USD | United States Dollar |
|-----|----------------------|

V

| | |
|-----|-----------------|
| VAT | Value Added Tax |
|-----|-----------------|

Section I: Statutory conditions

Section II: Declarations and due diligence certificates

Section III : Risk factors and management's perception about the risks



Factory Premises

SECTION I

Statutory Condition

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

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

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

PART-A

1. The company shall go for Initial Public Offer (IPO) for 25,000,000 Ordinary Shares of Taka 10 each at an issue price of Tk. 27 each including a premium of Taka 17 per share totaling Taka 675,000,000 following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 5 (Five) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within 5 (Five) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to BSEC, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (Forty) copies of the printed prospectus to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within 5 (Five) working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the BSEC jointly by the issuer and the issue manager within 2 (Two) working days from the date of said dispatch of the prospectus 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 manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 7 (Seven) days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **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 Limited, 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 affected small investors, 10% of total public offering shall be reserved for Non-Resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission and the remaining 60% shall be open for subscription by the general public. In case of under subscription under any of the 20% and 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the manager to the issue shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **200 shares worth Taka 5,400/-** (Taka five thousand and four hundred only). If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
20. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the 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. 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 manager, along with a confirmation thereof from the



custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and will remain in lock in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock in confirmation with BSEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsor/ Directors/ Promoters the issuer will ensure their lock in of those shares and submit a statement to this effect to BSEC.

28. The company shall apply to the stock exchanges for listing within 7 (Seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
29. **The company shall not declare any benefit/dividend other than cash based on the financial statements for the year ended 30 June, 2013 before listing of its capital with Stock Exchange(s).**

PART-B

1. The issuer and Issue Manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with BSEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. 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. 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.
11. In the event of arising 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.

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 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.
An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.
2. The company and the issue manager shall ensure due compliance of all the above conditions and the Securities and Exchange Commission (Public Issue) Rules, 2006.

GENERAL INFORMATION

1. IDLC Investments Limited, the Issue Manager has prepared this prospectus based on the information provided by Far East Knitting & Dyeing Industries Limited (Issuer) and also several discussions with the Managing Director and concerned executives of the issuer company. The Directors, including Managing Director, of Far East Knitting & Dyeing Limited and IDLC Investments Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
2. No person is authorized to give any information or to make any representation not contained in this Prospectus, and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Issue Manager.
3. The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.
4. A copy of this Prospectus may be obtained from the Head Office of Far East Knitting & Dyeing Industries Limited, IDLC Investments Limited, the Underwriters and the Stock Exchanges where the securities will be traded.

SECTION II

Declaration & Due Diligence Certificates

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTOR(S), INCLUDING THE CEO OF THE COMPANY "FAR EAST KNITTING & DYEING 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/-
Farha Lazina
Chairman

Sd/-
Asif Moyeen
Managing Director & Director

Sd/-
Md. Bin Quasem
Director

Sd/-
Sadia Moyeen
Director

Sd/-
M.K.M. Mohiuddin
Director

Sd/-
Omar Moyeen
Director

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

We hereby confirm that we have been serving as Director(s) of Far East Knitting & Dyeing Industries Limited and continue to act as a Director of the Company.

Sd/-
Farha Lazina
Chairman

Sd/-
Asif Moyeen
Managing Director & Director

Sd/-
Md. Bin Quasem
Director

Sd/-
Sadia Moyeen
Director

Sd/-
M.K.M. Mohiuddin
Director

Sd/-
Omar Moyeen
Director

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

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994 on or before the date of publication of the prospectus.

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

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

For Issuer

Sd/-

Asif Moyeen

Managing Director & Director

Far East Knitting & Dyeing Industries Limited

DUE DILIGENCE CERTIFICATE OF THE MANAGER TO THE ISSUE

Subject: Public Offer of 25,000,000 Ordinary Shares of Tk. 10 each at an issue price of Tk. 27 each, totaling to Tk. 675,000,000 of Far East Knitting & Dyeing 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 discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue, and the contents of the documents, and other materials furnished by the issuer company.

WE CONFIRM THAT:

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

For Manager to the Issue

Sd/-

Mr. Md. Moniruzzaman

Managing Director

IDLC Investments Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Subject: Public Offer of 25,000,000 Ordinary Shares of Tk. 10 each at an issue price of Tk. 27 each totaling to Tk. 675,000,000 of Far East Knitting & Dyeing 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 for 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 that 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 fifteen (15) days of calling up thereof by the issuer; and
- c) This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-

Md. Riyad Matin

Managing Director & CEO
BMSL Investment Limited

Sd/-

M Shakil Islam Bhuiyan

Chief Executive Officer
LankaBangla Investments Limited

Sd/-

Farzana Chowdhury

Managing Director & CEO
Green Delta Insurance Company Limited

Sd/-

Anis A. Khan

Managing Director & CEO
Mutual Trust Bank Limited

Sd/-

Md. Moshir Rahman

Chief Executive Officer
ICB Capital Management Limited

Sd/-

Sheikh Mortuza Ahmed

Chief Executive Officer
Prime Bank Investment Limited

Sd/-

Md. Moniruzzaman

Managing Director
IDLIC Investments Limited

Sd/-

M. Mosharraf Hossain Phd, FCA

Managing Director & CEO
Prime Finance Capital Management Limited

Sd/-

Mohammed Saleh Ahmed

Chief Executive Officer
IIDFC Capital Limited

SECTION III

Risk Factors & Management Perception

Investment in capital market involves exposure to several types of risk. Far East Knitting & Dyeing Industries Limited (FEKDIL) operates in an industry that is shaped up by many external and internal risk factors over which FEKDIL has little or no control. The following includes some of the significant risks that may affect the value of the company's shares. In addition, there might be some risk factors, currently unknown to the company or considered immaterial, may become material in future. If, at any point in time, the company's management fails to mitigate or avoid the following risk factors as well as those currently unknown or considered immaterial, the company's operational and financial performance may face adverse impacts. This would, in turn, affect the value of the company's shares. Hence, a rational investor should carefully consider all the information contained in this Prospectus including the risk factors elaborated below.

a. Interest Rate Risks

As on 30 June 2013, the company had outstanding short and long term loans from different banks to the tune of BDT 423.62 Million with interest rates ranging from 7% to 16.75%. Hence, the company is exposed to volatility of interest rates on its outstanding bank liabilities. Due to several macroeconomic and market driven factors, interest rates on short term and long term bank loans may fluctuate over time. Inflationary pressure, increased demand for bank loan, increased volatility in money market, restrictive monetary policy, etc. may compel the loan giving institutions to increase their interest rates on the company's outstanding liabilities. If the interest rates on the existing bank loans are increased from current levels, then the company's cash flow and profitability will be affected adversely. This may also affect the value of the shares. In addition, if the company has investment in tradable fixed income securities, then volatility in interest rates would affect the value of such investments. Eventually, this would affect the NAV per share of the company.

Management perception

As on 30 June 2013, the company's total short term and long term bank loan of BDT 423.62 million accounted for only 15.84% of its total assets. With the proceeds of the IPO, FEKDIL will repay its outstanding long term secured loans, short term loans and packing credit loans. As a result, the company's financial leverage and interest burden will reduce significantly. Overall, the company intends to operate its business based on equity financing in order to mitigate its exposure to interest rate related risks.

During the full year ended on 30 June 2013, the company incurred a total of BDT 76.78 million in interest expenses and bank commissions. The amount is only 3.31% of the company's total revenues during the full year ended on 30 June 2013. As a result, unless interest rates on bank loans increase very abruptly, the company's cash flow will not be affected significantly. In case of abrupt increase in interest rates, the company can focus on other critical measures such as increasing the pricing of the end products or cutting production and administrative expenses to keep the profit margins unaffected.

As on 30 June 2013, the company did not have any tradable fixed income securities other than some FDR with several banks. Such FDR are not tradable and are not exposed to volatility of market-wide interest rates. As a result, market-wide volatility would not have any impact on the company's balance sheet.

b. Exchange Rate Risks

The company imports a significant portion of the raw materials and capital machinery from foreign sources and makes payments in foreign currency. It also pays in foreign currency for the yarn and some other raw materials procured from local sources against back-to-back LC. On the other hand, it exports the entire merchandize for which it receives payment in foreign currency as well. Most of its foreign currency transactions are settled in US Dollars. Hence, any significant volatility in the exchange rate of Taka against US Dollar will increase the volatility of the company's cash flow and profitability. For a given depreciation of Taka against US Dollar, the company's import payment will increase. On the other hand, for a given appreciation of Taka against US Dollar, its export receipts will be lower in terms of Taka. Once the company finalizes a contract for purchase of raw materials at prevailing exchange rates, it would incur foreign currency losses if Taka appreciates against dollars.

Management Perception

During the year ended on 30 June 2013, the company imported raw material and capital machinery worth BDT 992.76

million. On the other hand it received its entire sales proceeds in foreign currency amounting to BDT 2,316.68 million. Hence, the company's foreign currency payments are more than offset by its foreign currency receipts.

For a given depreciation of Taka against a particular foreign currency like US Dollar, the import payment and export proceeds will both be higher in terms of Taka. In case of an appreciation of Taka against the same currency, the opposite will occur. Hence, the company has a natural hedge against exchange rate risk and is largely immune to fluctuation of exchange rates of BDT against US Dollars.

c. Industry Risks

(i) Labor Unrest

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

Management Perception

The company values its employees and workers the most. It has established a very high standard of labor practices compared to the overall industry. It has very detailed human resource management policies encompassing employee recruitment, training, development, remuneration and retirement.

At the company's factory, no individual is hired without completing at least Class 8. Every new worker has to participate in an orientation program prior to being assigned to any particular task. During the orientation, the workers are trained properly. After the orientation program, the workers are confirmed based on their actual performance.

The company adheres to government directives regarding wages very strictly. The workers are paid regularly and without delay and are entitled to a festival bonus equal to one month's basic salary during each Eid every year. In addition, workers are paid attendance and conduct bonuses for regularity and good behavior in the workplace. The company also has favorable retirement benefit policies that ensure a healthy one-time benefit to an employee subject to completion of a minimum service period. Any worker completing at least five years of service with the company, gets 14 days salary for each year of service with the company. In case of completing 10 years, the worker will get one month's salary for each year of service. Apart from these, the workers get "Earned Leave Encashment" benefit. Under this scheme, if a worker works for at least one whole year, s/he will receive 1 day's salary for each 18 days attended.

Moreover, all workers are entitled to a "Workers Welfare Fund" subject to a minimum service length of three years. Under this scheme, workers will be entitled to a fixed sum for each month of service rendered to the company. This benefit does not replace other retirement benefits. As on 30 June 2013, the size of this fund stood at BDT 19.22 Million.

During the year ended on 30 June 2011, the company also initiated a "Workers Profit Participation Fund" in which 5% of the company's annual profit before tax would be allocated. All the workers of the company are entitled to this benefit. As on 30 June 2013, the amount of the fund stood at BDT 12.55 million.

At the factory premises, there is a well-equipped medical center with a qualified physician. The workers, their spouse and children get free medical treatment at the medical center. In case of serious illness, the patients are provided with free treatment at two local hospitals. For very severe conditions, the patients are relocated at LabAid Hospital Dhaka at company's cost.

The factory premises also have a day care center for the children of the female workers. At the day care center the company can accommodate 20 children. There are full time attendants to take proper care for the children in the day care center.

The company also provides free lunch and evening snack to the workers every day. In order to maintain and continue a very healthy relationship between the workers and management, the workers have two approved committees. These committees meet with senior management on a monthly basis in order to express their grievances.

Since inception, there has not been any instance of labor unrest or strike at the company's factory premises. The rate of employee turnover and absenteeism has remained at negligible levels over the last few years.

(ii) Unavailability of Gas

The company needs natural gas to run day-to-day operation of the factory. The factory requires around 28,924 cubic feet of gas per day for running boilers and gas fired generators. At present, the company has one gas-run generator and two gas boilers. If there is unavailability of gas, the operation will be disrupted. This would affect the operational and financial performance of the company adversely.

Management Perception

The company procures natural gas from Titas Gas Transmission and Distribution Company Limited. The factory is sanctioned a connection line of 15 PSI to run its gas generator and a 17 PSI line to run the boilers.

(iii) Unavailability of Power

The factory machineries run on electricity. Daily requirement of electricity in the factory is around 1,500 KVA. It has electricity connection from Rural Electrification Board (REB). For any severe disruption in power supply, operation of the factory will be hampered. This would result in loss of production.

Management Perception

Apart from the electricity connection line from REB, the company has five generators, one gas fired and the four diesel/furnace oil fired. The generators have combined capacity to produce 3,030 KVA of electricity per day, which is much higher than the factory's daily requirement. As a result, the factory can continue its operation even if REB connection is disrupted.

d) Market Risks

(i) Demand Risk

The company operates in an export oriented industry. Future growth of its operations depends largely on the demand of apparel products in the international markets. In case the demand of apparel products in the international market decreases, the future prospects of the company will be affected. Moreover, competitive pressure from manufacturers of other countries may also divert the international apparel buyers to those countries.

Management Perception

Over the last few years, export of RMG products from Bangladesh has been growing at a very rapid pace. During fiscal year 2012-13, RMG export from Bangladesh stood at USD 21,515.73 Million, which is 12.71% higher than that of the previous fiscal year. During the last five fiscal years i.e. from 2008-2009 to 2012-2013, the sector attained a CAGR of 14.89% (Source: EPB and BGMEA). Although growth in RMG export in recent year has slowed to an extent, future prospect for the coming years is very promising. Rising labor costs in competing countries i.e. China and India has increased the demand of the low-cost local RMG products. In addition, as per new Rules of Origin (ROO) of European Union, local exporters can avail preferential duty treatment even if they procure yarn and fabric from foreign sources. This has opened up new opportunities for the local exporters. Moreover, Bangladeshi exporters have been able to develop new markets i.e. China, India, Japan, Australia etc apart from the current markets in North America and European Union.

During fiscal years 2008-09 to 2012-13, export of knit garments attained CAGR of 12.98% compared to 16.86% in the woven sector. During fiscal year 2012-13, country's knit and woven export stood at USD 10,475.88 Million and USD 11,039.85 Million respectively (Source: EPB and BGMEA).

It is expected that the knit garment sector will continue its growth due to several reasons. Firstly, this sector enjoys strong backward linkage capabilities. Secondly, the local exporters can deliver the end products within shorter lead time due to stronger backward linkage capabilities. Hence, the knit garment manufacturers of Bangladesh can deliver highest quality products at a very competitive price compared to other garment exporting nations. Due to global financial crisis, demand for cheap apparel products became even stronger. Many global apparel buyers are now shifting their orders from other countries like China and India to Bangladesh due to growing production costs in those countries. Therefore, it is expected that the future operations of the company will grow at an optimum pace.

(ii) Competition from Manufacturers within Bangladesh and from Other Countries

The company manufactures and export apparel products to some of the most renowned global apparel brands. In doing so, it faces stiff competition from manufacturers within Bangladesh and from other countries. It has to ensure optimum product quality, acceptable delivery lead time and competitive pricing. Its edge over competitors in Bangladesh depends on its product quality and lead time. In case of competitors of other countries, the company's competitive advantage depends largely on its production cost and several government incentives provided by the government. In case its competitive advantages erode, it would not be able to achieve the desired growth in its operation.

Management Perception

The company has been involved in the RMG export business since 1994. Since then it has expanded its operation manifold. At present, it supplies to some of the world's largest international apparel brands including New Look, Li & Fung, Monoprix-Exploitation, Williamson-Dickie etc. The company has very favorable and long term relationship with all the buyers. It has been



able to maintain superior product quality, uninterrupted operation and competitive pricing compared to manufacturers in other countries. It is capable of producing very sophisticated and high value added knit garment products.

The management of the company is committed to improve the quality of the operations through continuous investment in state-of-the-art machinery, information technology, and its human resources. The management is run by experienced and qualified professionals who have sound knowledge about the industry. The management members are capable of taking timely and appropriate strategic moves in order to maintain the company's edge over the competitors at home and abroad.

(iii) Volatility of Yarn Prices in the Local and International Market

The company's major raw material is yarn. It is solely dependent on external sources for procurement of yarn. Volatility of yarn prices in the local and international market at any point in time may affect its profit margins. This would, in turn, affect the value of its shares.

Management Perception

The company maintains very favorable and healthy relationship with the suppliers. It prefers to procure the yarn from many different sources so that it can avoid dependency on any single yarn supplier. In case of very unusual price hike, the company can transfer the cost to the buyers and keep the profit margins unaffected.

e) Technology Related Risks

The operation of the company is capital intensive and the quality of the products is directly related to the sophistication of the machinery. In case, the technology of the machineries becomes obsolete, the company's cost advantage and quality of production may be affected adversely.

Management Perception

Technology of textile machinery develops over time but the technology itself does not become obsolete so frequently. The machineries are very sophisticated and state-of-the-art. It is expected that there is very low probability that the technology of the existing machineries of the company will become obsolete in near future.

f) Potential or Existing Government Regulations

VAT, Tax and Duty Structure

At present, the company does not have to pay VAT, import duty or tax on the raw materials that is imported through bonded warehouse. It also does not have to pay any import duty on capital machinery. During the year ended on June 30, 2012, the company paid tax on export at source at a rate of 0.60%. From the beginning of fiscal year 2012-13, the company is paying tax at source at the rate of 0.80% on export. Imposition of further tax on import of raw material, capital machinery or export will adversely affect the profitability.

Management perception

RMG export is a vital sector to the economy of Bangladesh. The government incentives and subsidies are also vital to the sustainability of this sector. The Government of Bangladesh is aware of this fact. Hence, it is expected that any undue tax or duty will not be imposed that may adversely affect the sector's sustainability. Rather, the Government is keen to support the industry.

g) Potential changes in Global or National Policies

The company has to comply with several international and buyer specific regulations. While exporting to EU countries, Bangladeshi products receive GSP (Generalized System Preference) facilities. This makes Bangladeshi products cheaper than others. Besides, the company has to comply with many buyer specific requirements regarding its operation, internal process and policies. In case such policies and regulations change, its competitive advantage may diminish. It may have to incur additional costs in order to adhere to changed policies and regulations.

Management perception

As a least developed country Bangladesh enjoys GSP facility from EU countries. It is not expected that the facility will be withdrawn in near future. Rather the relevant provision- Rules of Origin- for availing the facility has been relaxed recently. Now RMG exporters from Bangladesh can avail this facility even if they procure yarn and fabric from foreign sources. Besides, the company adheres to the buyer specific requirements on a continuous basis. Moreover, the company has the financial soundness to meet such requirements and maintain its competitive edge.

h) History of non operation

For any instance of non-operation, production of the company will be hampered. This would also increase the costing and affect its profitability. Above all, the management will not be able deliver the products within the deadlines set by the buyers.

Management perception

Since inception, the operation of the company has not been disrupted for even a day. The factory operation is run by experienced and qualified professionals. The workers and managers are trained adequately and periodically so that they adhere to the operational policies properly.

i) Operational Risks

The operation can be hampered by human error, sudden breakdown of machinery, or incidents of natural calamity.

Management perception

The company trains its workers adequately and periodically. The entire production process is monitored strictly by well-trained quality control officials. Besides, regular maintenance and repairing work of the machineries are conducted. The factory building is well constructed, spacious and contains adequate fire control systems.

j) Risk related to investment in Far East Spinning Industries Limited (FESIL)

As per note 6 of the financial statements for the year ended on June 30, 2013, FEKDIL has invested BDT 1,070,000 as equity capital in Far East Spinning Industries Limited which is yet to go for commercial operation. The prospective investors may suffer with losses if this investment fails to generate cash flow as the issuer company has invested in a greenfield company.

Management Perception

The management of FEKDIL has invested in FESIL as an initiative to diversify sourcing of raw material for the company. The management of FEKDIL views spinning sector as an industry with very high potential. FESIL will provide backward linkage thereby reducing the amount of inventory that needs to be kept in hand. It will also act as a hedge against fluctuations in external yarn prices. FEKDIL's investment of BDT 1,070,000 as equity capital is a mere 0.04% of total assets as at June 30, 2013 and hence the propensity to bear losses is at a minimum.

Section IV: Issue size & purpose of the public offering

Section V: Information about the company



Sample Room

SECTION IV

Issue Size & Purpose of the Public Offering

FINANCIAL STRUCTURE

| Particulars | No. of Shares | Amount (BDT) |
|--|--------------------|----------------------|
| Authorized Capital as on 30 June 2013 (as per audited accounts) | 150,000,000 | 1,500,000,000 |
| Paid-up Capital as on 30 June 2013 (as per audited accounts) | 91,030,800 | 910,308,000 |
| Capital to be issued as IPO | 25,000,000 | 250,000,000 |
| Post-IPO Paid-up Capital | 116,030,800 | 1,160,308,000 |

The company has raised its paid-up capital in following phases:

| Particulars of Allotment | Date of Allotment | Number of Shares Issued | | | Amount of Shares Capital (BDT) |
|---|-------------------|-------------------------|------------|-----------------|--------------------------------|
| | | Cash | Bonus | Other than cash | |
| First (Subscription to the Memorandum & Articles of Association at the time of Incorporation) | April 19, 1994 | 100,000 | - | - | 1,000,000 |
| Second | April 28, 1995 | 6,300,000 | - | - | 63,000,000 |
| Third | January 08, 2011 | - | 52,672,000 | - | 526,720,000 |
| Fourth | January 09, 2011 | 3,000,000 | - | - | 30,000,000 |
| Fifth | January 09, 2011 | - | - | 2,950,000 | 29,500,000 |
| Sixth | November 04, 2012 | - | 26,008,800 | - | 260,088,000 |
| Total | | | | | 910,308,000 |

Now, the company intends to issue 25,000,000 ordinary shares of BDT 10 each through Initial Public Offering (IPO) at an issue price of BDT 27 each including a premium of BDT 17 each and raise BDT 675,000,000, subject to necessary regulatory approval.

USE OF IPO PROCEEDS

The company intends to utilize the IPO proceeds in the following manner:

| Particulars | Amount (BDT) | Implementation Schedule |
|--|--------------------|---|
| Repayment of long term secured loans, packing credit loans and short term loans in the following manner | 540,292,599 | Within 1 month of receiving the IPO proceeds |
| Janata Bank Limited | 138,037,828 | |
| IDLC Finance Limited | 234,777,242 | |
| Shahjalal Islami Bank Limited | 44,402,090 | |
| Commercial Bank of Ceylon Limited | 26,887,939 | |
| Dhaka Bank Limited | 96,187,500 | |
| BMRE of existing operations (approximated) | 106,549,298 | Within 6 months of receiving the IPO proceeds |
| IPO Expenses (approximated) | 28,158,103 | As and when required |
| Total | 675,000,000 | |

BMRE of Existing Operations

Far East Knitting & Dyeing Industries Limited (FEKDIL) will mainly undertake modernization and balancing through investment in BMRE of existing operations. It will create additional production capacity as well as value addition in terms of printing and washed garments. The BMRE will include installation of knitting, sewing, dyeing and printing machinery, generator and construction of factory building to accommodate the machinery as well as create additional space for storage, finishing and transportation.

Break down of the Expansion Activities

| Sl. | Nature of Machine | Names of Probable Suppliers | Country of Origin | L/C Status | L/C No. | L/C Amount | Units | Average price per machine | Total Cost (BDT Approx) |
|--------------|--------------------------|-----------------------------|-------------------|------------|-------------|------------|-------|---------------------------|-------------------------|
| 1 | Garment Knitting Machine | Sclavos S.A | Greece | L/C opened | 13814020202 | 45,856,800 | 2 | 22,928,400 | 45,856,800 |
| 3 | Installation Cost | - | - | - | - | - | - | - | 692,498 |
| 4 | Factory Building | - | - | - | - | - | - | - | 60,000,000 |
| Total | | | | | | | | | 106,549,298 |

Details of factory building is as follows-

| Particulars | Number of Buildings | Floor Space |
|------------------|---------------------|-------------|
| Factory building | 1 | 25,000 sft |

Terms of Contract

The company does not have any contract with any party regarding the use of the IPO proceeds.

Sd/-
Asif Moyeen
 Managing Director & Director

Sd/-
Faiyaz Ahmed Khan
 Financial Controller

SECTION V

Information about the Company

FAR EAST KNITTING & DYEING INDUSTRIES LIMITED – COMPANY PROFILE

Far East Knitting & Dyeing Industries Limited (FEKDIL) is a 100% export oriented composite knit manufacturing company. It was incorporated on 19 April 1994 as public limited company under the Companies Act 1913 and commenced commercial operation from 19 December 1994. As on 30 June 2013, the company's authorized and paid-up capital stood at BDT 1,500,000,000 and BDT 910,308,000 respectively. Now, the company intends to issue 25,000,000 ordinary shares of BDT 10 each under fixed price method at an issue price of BDT 27 each including a premium of BDT 17 each and raise BDT 675 million, subject regulatory approval from BSEC.

Initially, FEKDIL started with a small garment stitching unit. Over time, it has grown and expanded its operation manifold. In 1997, it established its fabric manufacturing facility. It is an ISO 9001-2008 Certified Company with the scope of activity defined as "Manufacturers and Exporters of Knit Readymade Garments".

FEKDIL has backward linkage capabilities in the knit garment manufacturing sector except for spinning capacity. At its existing production facilities, it has four separate units dedicated for knitting, dyeing-finishing, printing and stitching. This enables FEKDIL to implement appropriate quality control mechanisms at every stage of production and maintain optimum quality of the products. Major portion of its production process is fully automated.

CORPORATE SOCIAL RESPONSIBILITY

FEKDIL undertakes several activities as part of its corporate social responsibility program. FEKDIL is one of the supporting organizations of "Centre for Disability in Development"- a nonprofit organization operating in Bangladesh. Through this organization, FEKDIL supports a project named "Operation Cleft". Every year under the "Operation Cleft" project, underprivileged children born with cleft lip or palate are treated at substantially reduced medical fee. During the year ended on 30 June 2013, FEKDIL donated an amount of BDT 1,341,000 to Centre for Disability in Development to run the "Operation Cleft" project. Please see Note 28.00 of the Audit Report in this regard.

FEKDIL is also one of the supporting organizations of Jaago Foundation- a nonprofit organization that provides free education to underprivileged children. During the year ended on 30 June 2013, FEKDIL donated an amount of BDT 185,000 to Jaago Foundation. Please see Note 28.00 of the Audit Report in this regard. For its commitment to social causes, FEKDIL received Social Responsibility Award in 2008 from M&Co - a UK based fashion retailer (website: www.mandco.com).

NATURE OF BUSINESS

The company operates a readymade composite knit garments industrial unit of international standard to carry on the businesses of knitting, dyeing, designing, manufacturing & marketing readymade garments to deal in the foreign markets.

PRINCIPAL PRODUCTS AND SERVICES

FEKDIL is engaged in manufacturing knit garment products. Such knit products include ladies & gents T-Shirt, Tank Top, Jacket, Pajama, Jogger, and Hoody Jacket. There can be several sub-classifications of these product types depending on style and buyer requirements. As a whole, all these products are generally classified as knit garment products.

PRODUCTS/SERVICE THAT ACCOUNTS FOR MORE THAN 10% OF THE COMPANY'S TOTAL REVENUE

The table below provides the product-wise breakdown of FEKDIL's revenues during the years ended on 30 June 2012 and 30 June 2013.

| Particulars | During the year ended on 30 June 2013 | | During the year ended on 30 June 2012 | |
|--------------|---------------------------------------|--------------------|---------------------------------------|--------------------|
| | Revenue (BDT) | % of Total Revenue | Revenue (BDT) | % of Total Revenue |
| T-Shirt | 1,636,428,350 | 70.64% | 1,796,860,491 | 76.18% |
| Tank Top | 3,824,169 | 0.17% | 5,895,289 | 0.25% |
| Others | 676,428,458 | 29.20% | 566,039,546 | 23.57% |
| Total | 2,316,680,977 | 100.00% | 2,358,795,325 | 100.00% |

ASSOCIATES, SUBSIDIARY/RELATED HOLDING COMPANY AND THEIR CORE AREAS OF BUSINESS

At present, FEKDIL does not have any associate, subsidiary or related holding company. However, FEKDIL owns 10.70% stake at Far East Spinning Industries Limited (FESIL).

DISTRIBUTION OF PRODUCTS/SERVICES

FEKDIL exports the finished products to the buyers against Letter of Credit through a clearing and forwarding (C&F) agent designated by the buyers. FEKDIL carries the finished products to Chittagong sea port (in case of sea shipment) or to Shahjalal International Airport (in case of air shipment) through its own delivery trucks. Then, the goods are delivered to the C&F agent. FEKDIL's responsibility regarding distribution of the goods ceases once the goods are delivered to the C&F agent. The C&F agent takes the responsibility of delivering the goods to the buyers. FEKDIL is not responsible for branding, marketing, distribution and selling of the goods to the end consumers.

COMPETITIVE CONDITION OF BUSINESS

FEKDIL is engaged in manufacturing and exporting ready-made knit garment products to some of the major international apparel brands. In doing so, it has to face very stiff competition from other manufacturers in Bangladesh as well as manufacturers from other countries. Hence, it faces two different aspects of competition in the business. While competing with other manufacturers in Bangladesh, FEKDIL has to ensure appropriate quality of the products and acceptable delivery lead time.

In comparison with manufacturers from other countries, FEKDIL has to ensure that it is capable of offering better pricing, appropriate quality and acceptable lead time. In general, FEKDIL can deliver products at a cheaper rate compared to other manufacturing countries i.e. China, Vietnam, or India due to lower labor rates. In addition, it enjoys GSP facilities while exporting to EU countries that ensure preferential duty treatments for the end products. As a result, Bangladesh has become a very important and booming hub for readymade garment export over the last few years.

The readymade garments industry is highly fragmented with 5400 factories (Source: BGMEA). During 2012-2013 Bangladesh's RMG export stood at US \$21,515.73 million. FEKDIL receives export orders directly from foreign buyers and hence it does not face any direct competition from local competitors. However, it considers all manufacturers of export oriented readymade garments products as its competitors. To the best of our knowledge, there is no published data showing the market share of individual readymade garments manufacturers for which it was not possible to incorporate market share of the competitors in the prospectus.

SOURCES AND AVAILABILITY OF RAW MATERIALS AND PRINCIPAL SUPPLIERS

FEKDIL's major raw material is yarn. In addition, it requires many different types of accessories, dyes and chemical. The table below lists the name of the major suppliers and percentage of total purchase from each respective supplier during the year ended on 30 June 2013:

| Supplier Name | Materials Purchased | Source Country | During the Year ended on June 30, 2013 | |
|----------------------------------|---------------------|----------------|--|---------------------|
| | | | Purchase (BDT) | % of Total Purchase |
| Thermax Textile Mills Ltd | Yarn | Bangladesh | 178,828,498 | 14.91% |
| Square Yarn Ltd | Yarn | Bangladesh | 73,069,081 | 6.09% |
| Sport King Limited | Yarn | India | 56,380,221 | 4.70% |
| Vardhaman Textile Limited | Yarn | India | 55,104,459 | 4.59% |
| NRG Hometex Ltd | Yarn | Bangladesh | 31,714,543 | 2.64% |
| Mosharaf Composite Textile Mills | Yarn | Bangladesh | 25,046,025 | 2.09% |
| R.S.Enterprise | Accessories | Bangladesh | 30,475,233 | 2.54% |
| Quick Graph | Accessories | Bangladesh | 17,509,000 | 1.46% |
| Universal Accessories Ltd | Accessories | Bangladesh | 11,600,139 | 0.97% |
| Colour Chem Trade Corporation | Chemical | Bangladesh | 9,411,550 | 0.78% |
| Dysin International Ltd | Chemicals | Bangladesh | 9,225,500 | 0.77% |
| Monsur Traders | Chemicals | Bangladesh | 7,700,000 | 0.64% |
| Depro Colours & Shades | Chemicals | Bangladesh | 2,970,950 | 0.25% |
| Others | | | 690,503,179 | 57.58% |
| Total | | | 1,199,729,397 | 100.00% |

SOURCES OF AND REQUIREMENT FOR POWER, GAS AND WATER OR ANY OTHER UTILITIES

Power: FEKDIL's requirement for power is met by Rural Electrification Board (REB) and its own generators. Its daily requirement for power is 1,500 KVA. Out of this total requirement, REB provides 1,000 KVA of electricity. The rest is met by its own generators. It has four diesel/furnace oil fired and one gas fired generators. Combined capacity of the generators is 3,030 KVA per day.

Gas: FEKDIL's gas requirement is met by Titas Gas Transmission & Distribution Company Limited through a 15 PSI gas line and a 17 PSI line. Its daily requirement of gas is 28,924 cubic feet.

Water: Every day FEKDIL requires around 1,040,000 liters of water for its factory operations, sanitation and other purposes. Its requirement for water is met by its own deep tube well.

CUSTOMER PROVIDING 10% OR MORE REVENUES

FEKDIL supplies readymade knit apparel to some of the globally renowned brands. It does not depend on any single buyer to a large extent. The table below illustrates the buyer-wise revenue composition of FEKDIL during the years ended on 30 June 2012 and 30 June 2013:

| Name of Buyer | Percentage of Total Revenue | |
|--------------------------------|--|--|
| | During the year ended June 30, 2013 | During the year ended June 30, 2012 |
| New Look, UK | 42.23% | 25.26% |
| Li & Fung, UK, France | 20.58% | 27.93% |
| Monoprix Exploitation, France | 13.22% | 16.34% |
| Williamson- Dickie, UK, France | 6.40% | 5.61% |
| Others | 17.57% | 24.86% |
| Total | 100.00% | 100.00% |

DESCRIPTION OF CONTRACT WITH PRINCIPAL SUPPLIERS/CUSTOMERS

FEKDIL does not have any material or long term contract with any of its suppliers or customers other than those related to day-to-day operations and normal course of business.

DESCRIPTION OF ANY MATERIAL PATENTS, TRADEMARKS, LICENSES OR ROYALTY AGREEMENTS

FEKDIL has the following certificates and licenses which is summarized below:

| Sl. | Particulars | Certificate/License No. | Current Status |
|-----|---------------------------------|--|--|
| 1. | TIN Certificate | 003-200-3433/Cir-309 (Companies) Taxes Zone-15, Dhaka | N/A |
| 2. | VAT Certificate | 18081001854 Area 180203 | N/A |
| 3. | Export Registration Certificate | RA-42197 dated 26 September 1994 | Valid for the year 2013-2014 |
| 4. | Import Registration Certificate | BA-124929 dated 03 April 2002 | Valid for the year 2013-2014 |
| 5. | BGMEA Membership Certificate | Registration No: 1944 dated 03 January 2013 | Valid till 31 December 2013 * Applied for renewal |
| 6. | Trade License | License No: 03086 dated 21 July 2013 | Valid till 30 June 2014 |
| 7. | Municipality Trade License | 15007 dated 1 July 2012 | Valid till 30 June 2014 |
| 8. | Labor License | License No: 9808/Dhaka dated 30 August 2004 | Valid till 31 December 2013 * Applied for renewal till 31 December 2014 |

| Sl. | Particulars | Certificate/License No. | Current Status |
|-----|---|--|---|
| 9. | Fire License | DD/Dhaka/14448/01 DD/Dhaka/23090/11 DD/Dhaka/23089/11 Dhaka/22721/11 AD/Dhaka/22013/11 | Valid till 30 June 2014 |
| 10. | Boiler License | BA-BO: 5880 dated 23 August 2012 | Valid till 6 February 2014 |
| | | BA BO: 6938 dated 11 September 2013 | Valid till March 10, 2014 |
| 11. | BOI License | License No: L-61090202011-H dated 4 February 2002 | N/A |
| 12. | Bonded Ware House License | License no: 2008/CUS-SBW/94 dated 29 November 1994 | 28 November 2013 * Applied for renewal till 28 November 2015 |
| 13. | ISO 9001:2008 Certificate | Certificate No: 9567 dated 15 January 2012 | Valid 15 January 2015 |
| 14. | Organic Exchange 100 Standard (OE 100) | CU814874OE100-01.2013 dated 5 February 2013 | Valid till 27 January 2014 |
| 15. | Organic Exchange Blended Standard (OE BL) | CU814874OE BL-01.2013 dated 5 February 2013 | Valid till 27 January 2014 |
| 16. | Captive Power Producer License | BERC/Power/CPP-0282/L/0592 /1349 dated May 16, 2012 | Valid till 15 May 2014 |
| 17. | EPB Enrolment Certificate | Enrolment No: BD 02640 dated 24 January 1995 | Valid till 30 December 2014 |
| 18. | Environmental Clearance Certificate | Department of Environment, Gazipur, Bangladesh | Valid till 22 July 2014 |

NUMBER OF EMPLOYEES

As of 30 June 2013, FEK DIL had 4,844 full time employees. All of the employees of the company receive yearly remuneration above BDT 36,000.

PRODUCTION/SERVICE RENDERING CAPACITY AND CURRENT UTILIZATION

(As per Note 39.00 of 2013 Audit Report)

| Section | Installed Capacity | | Utilization of the year Tons/Pcs. | % of Utilization | Over / (Under) Utilization Tons/Pcs. |
|--|--------------------|--------------------|-----------------------------------|------------------|--------------------------------------|
| | Per day Tons/Pcs. | Per year Tons/Pcs. | | | |
| Period ended June 30, 2013 | | | | | |
| Dyeing | 9 Tons | 2,664 Tons | 2,413 Tons | 90.58% | (251) |
| Knitting | 8 Tons | 2,368 Tons | 2,133 Tons | 90.08 % | (235) |
| Sewing (Basic T-Shirt) | 70,000 Pcs. | 20,720,000 Pcs. | - | - | - |
| Sewing (variety product) T-shirts, Polo shirts, Shorts (Menswear, Children wear and Women Wear) | 45,000 Pcs. | 13,320,000 Pcs. | 12,285,000 Pcs | 92.23 % | (1,035,000) |

Note: 1. Sewing capacity for "Basic T-Shirt" is 64,865 Pcs/day. The capacity varies depending on the sophistication of the product. For higher grade products, the capacity decreases from the mentioned level of 45,000 pcs/day."

Note: 2. Capacity utilised in knitting section is 90.08%, i.e 2,133 Tons and 312 Tons are processed from out side.

Note: 3. Capacity utilised in dyeing section is 90.58%, i.e 2,413 Tons and 44 Tons are processed from out side.

(As per Note 35.00 of 2012 Audit Report)

| Section | Installed Capacity | | Utilization of the year Tons/Pcs. | % of Utilization | Over / (Under) Utilization Tons/Pcs. |
|--|----------------------|-----------------------|--------------------------------------|------------------|---|
| | Per day Tons/Pcs. | Per year Tons/Pcs. | | | |
| Period ended June 30, 2012 | | | | | |
| Dyeing | 8.5 Tons | 2,516 Tons | 2,048 Tons | 81.40% | (468) |
| Knitting | 6 Tons | 1,776 Tons | 1,734 Tons | 97.64% | (42) |
| Sewing (Basic T-Shirt) | 64,865 Pcs. | 19,200,000 Pcs. | - | - | - |
| Sewing (variety product) T-shirts, Polo shirts, Shorts (Menswear, Children wear and Women Wear) | 37,500 Pcs. | 11,100,000 Pcs. | 10,173,199 Pcs | 91.65% | (926,801) |

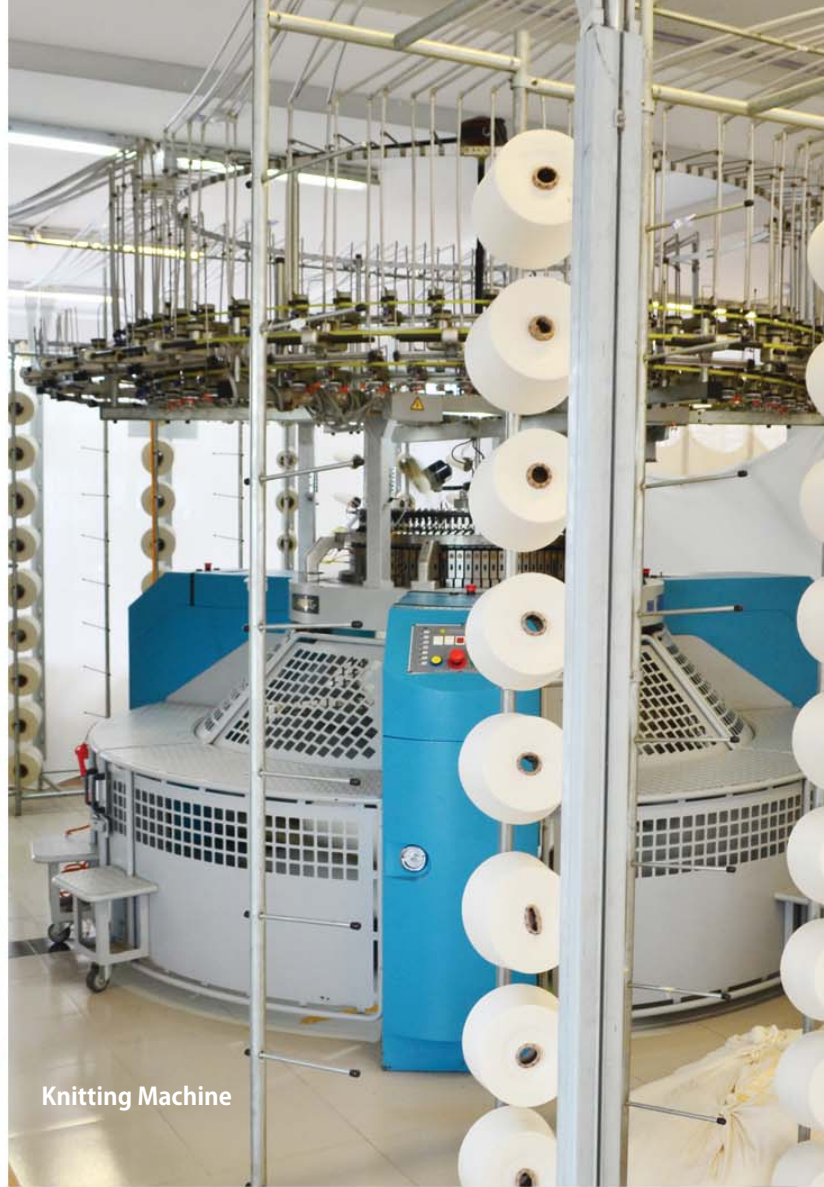
Note: 1. Sewing capacity for "Basic T-Shirt" is 64,865 Pcs/day. The capacity varies depending on the sophistication of the product. For higher grade products, the capacity decreases from the mentioned level of 64,865 pcs/day.

Note: 2. Capacity utilized in knitting section is 97.64%, i.e. 1,734 Tons and 514 Tons are processed from outside.

Note: 3. Capacity utilized in dyeing section is 81.40%, i.e. 2,048 Tons and 200 Tons are processed from outside.



Sewing Floor



Knitting Machine



Stenter Machine

Section VI: Description of property
Section VII: Plan of operation and discussion of financial condition

SECTION VI

Description of Property

LOCATION OF PRINCIPAL PLANTS AND OTHER PROPERTY OF THE COMPANY AND THEIR CONDITION

- Far East Knitting & Dyeing Industries Limited (FEKDIL) has its factory located at Chandra, Kaliakoir, Gazipur. The factory is located at the company's own land totaling to 410.78 decimals. There are six (6) factory buildings, one tin shed go-down, an effluent treatment plant, a water treatment plant, a mosque, and a bungalow for accommodating visitors. The six buildings provide space for the company's sampling, knitting, dyeing, printing, stitching, and finishing units. The factory buildings also accommodate an office space for factory officials, a medical center, a child care center, a laboratory and spaces for storing work-in-process and finished goods.
- All of the company's machineries are purchased in brand new condition (please refer to Note 5.01.01 of the Audit). The company does not have any second-hand or reconditioned machinery. Below table illustrates the written down value of the fixed assets that the company owns:

| Figures in BDT (as per audit report) | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|---|----------------------|----------------------|----------------------|
| Air conditioner | 2,873,329 | 3,135,472 | 3,425,791 |
| Building & civil works | 486,075,377 | 459,944,632 | 345,892,334 |
| Computer Software | 7,018,040 | 4,623,190 | 4,498,487 |
| Crockery & cutleries | 113,012 | 27,086 | 33,857 |
| Electric/ Gas installation | 19,844,246 | 11,315,167 | 13,311,961 |
| Electrical equipment | 10,280,738 | 3,305,037 | 3,562,059 |
| Fax/ phone/ mobile | 121,257 | 134,730 | 149,700 |
| Furniture & fixture | 14,709,173 | 13,107,256 | 13,185,417 |
| Generator | 35,991,093 | 42,356,727 | 19,104,301 |
| Land and land development | 267,068,349 | 267,068,349 | 267,068,349 |
| Motor vehicle | 32,858,983 | 25,926,870 | 16,551,088 |
| Office decoration | 18,905,677 | 18,988,885 | 19,905,644 |
| Office equipment | 16,066,625 | 8,419,606 | 6,305,555 |
| Plant & machinery (Fabric) | 258,370,743 | 281,858,625 | 279,341,850 |
| Plant & machinery (Garment) | 131,179,277 | 69,903,478 | 56,348,926 |
| Plant & machinery (Printing) | 19,692,805 | 21,797,549 | 7,810,000 |
| Plant & machinery (Washing) | 4,933,275 | 4,228,853 | 4,750,121 |
| Water & steam line | 17,108,270 | 8,418,937 | 2,510,605 |
| Water treatment plant | 8,744,723 | 7,611,810 | 8,775,173 |
| Effluent treatment plant | 5,391,854.30 | 5,113,150 | 5,296,971 |
| Total | 1,357,346,846 | 1,257,285,408 | 1,077,828,189 |

- All the assets of the company are owned by the company. The company has mortgaged a portion of its fixed assets, i.e. 283.50 decimals of land (as per mortgage agreements signed in 2011) located at Chandra, Kaliakoir, Gazipur to Janata Bank Limited against the loans borrowed from the bank. Hence, the name of the mortgagor bank is Janata Bank Limited. As per the mortgage agreement, factory, building, plant & machinery, and other structures standing on the said land will also be held under mortgage.
- The company has also mortgaged 59 decimals of its land to IDLC Finance Limited against a term loan facility as per deed of mortgage signed on 20 October 2011. Hence, the mortgagors name is IDLC Finance Limited.
- The date of expiration and name of the lessors are given in the "Operating lease during last five years" part of the Prospectus.

SECTION VII

Plan of Operation & Discussion of Financial Condition

INTERNAL AND EXTERNAL SOURCES OF CASH

The company's internal sources of cash consist of cash received from customers, from disposal of fixed assets, from existing shareholders as equity and cash received as other income. On the other hand, cash received from external sources comprise of loans from banks and various liabilities. Cash generated from such internal and external sources is then utilized for operational, financial and investment purposes. The table below illustrates the various sources and uses of cash of the company for the last three accounting years:

As per audited accounts

| Sl. | Particulars (Figures in BDT '000) | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|----------|---|--------------------|--------------------|--------------------|
| A | Internal Sources of Cash | 2,383,390 | 2,242,761 | 1,859,278 |
| | Cash received from customers | 2,378,469 | 2,230,545 | 1,816,987 |
| | Cash received from other income | 4,921 | 12,217 | 11,790 |
| | Cash received from disposal of fixed assets | - | - | 500 |
| | Cash received from existing shareholders as equity | - | - | 30,000 |
| B | External Sources of Cash | 10,233 | 247,465 | 40,376 |
| | Cash received as long term secured loan | - | 175,120 | 40,376 |
| | Cash received as short term loan | - | 72,345 | - |
| | Cash received as packing credit loan | 10,233 | - | - |
| C | Total Cash Generated from Internal and External Sources (A+ B) | 2,393,623 | 2,490,226 | 1,899,654 |
| D | Cash paid for operational purposes | (2,153,047) | (2,014,696) | (1,608,697) |
| | Cash paid to suppliers | (1,347,209) | (1,262,610) | (936,871) |
| | Cash paid for operational expenses | (729,058) | (687,304) | (617,426) |
| | Cash paid for finance costs | (76,780) | (64,782) | (54,400) |
| E | Cash paid for financial purposes | (106,989) | (132,393) | (13,055) |
| | Cash paid for repayment of secured loan | (56,036) | - | - |
| | Cash paid for repayment of short term loan | (50,953) | - | (4,327) |
| | Cash paid for repayment of packing credit loan | - | (2,349) | (8,728) |
| | Cash paid for dividend | - | (130,044) | - |
| F | Cash paid for investment purposes | (223,137) | (192,581) | (186,872) |
| | Cash paid for purchase of property, plant & equipment | (223,137) | (192,581) | (89,193) |
| | Cash paid for capital work-in-progress | - | - | (96,608) |
| | Cash paid for long term investment | - | - | (1,070) |
| G | Total Cash Payments (D+ E+ F) | (2,483,173) | (2,339,669) | (1,808,623) |
| H | Net Cash Increase/(Decrease) during the year (C+G) | (89,550) | 150,557 | 91,031 |
| I | Beginning Cash Balance | 409,763 | 259,206 | 168,175 |
| J | Ending Cash Balance (H+ J) | 320,213 | 409,763 | 259,206 |

Over the years the company has been able to generate sufficient cash from its internal and external sources to meet the cash obligations during the year. Along with growth in sales, the company's cash receipt from customers grew as well, indicating the high quality of its receivables. Due to healthy profit margins, cash flow generated from sales has been sufficient in meeting cash obligations to suppliers and for operational purposes. During the period under review, cash collection from customer remained the major contributor of internally generated cash. On the other hand, dependence on external sources of cash has decreased gradually. The company's collection from customers increased during the period of 2011-13 on a YOY basis. During the year ended June 30, 2013 the company's sales decreased by 1.79% but collection from customers increased by 6.63% indicating better receivables management. The cash payment during the year was higher than cash generated from internal and external sources as the company incurred higher operational expenses and paid off a significant amount of its bank liabilities.

During the three years from 2011 to 2013, the company invested consistently in fixed assets that enabled the growth in sales. Part of the expansion was financed through internally generated cash and the rest was financed through bank borrowing. In addition, the company has short term bank borrowings to meet its working capital needs. The company has been able to repay the principle and interest on its short term and long term bank borrowings from its internally generated cash.

During the period under review, the company's external sources contributed a rather small portion of total cash generated compared to internal sources. As a result, the company's overall debt levels remained very much within control. Overall, the company depicted sufficient financial strength to meet the financial and operational cash requirements.

MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

As on the date of this Prospectus, the company does not have any material commitment for capital expenditure other than those mentioned in Section IV: Issue Size and Purpose of Public Offering.

CAUSES FOR MATERIAL CHANGES

| Figures in BDT (As per audit report) | For the year ended 30-Jun-2013 | For the year ended 30-Jun-2012 | For the year ended 30-Jun-2011 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Sales Revenue (Export) | 2,316,680,977 | 2,358,795,325 | 2,080,561,905 |
| Less: Cost of goods sold | 1,795,236,539 | 1,686,139,950 | 1,517,621,867 |
| Gross profits | 521,444,438 | 672,655,375 | 562,940,038 |
| Less: Office & administrative expenses | 186,008,840 | 182,203,858 | 171,016,760 |
| Profit from operation | 335,435,598 | 490,451,518 | 391,923,278 |
| Add: Other income | 4,921,193 | 12,216,615 | 11,787,967 |
| Net profit/(loss) before finance cost | 340,356,790 | 502,668,133 | 403,711,245 |
| Less: Finance cost | 76,780,439 | 67,949,539 | 54,400,201 |
| Other Expenses | - | - | 4,754,568 |
| Net Profit/Loss after financial expenses | 263,576,351 | 434,718,594 | 344,556,476 |
| Less: Worker Profit Participation Fund (WPPF) | 12,551,255 | 20,700,886 | 16,407,451 |
| Net Profit/Loss before Income Tax | 251,025,096 | 414,017,709 | 328,149,025 |
| Less : Provision for income tax | 19,365,964 | 14,505,218 | 8,846,686 |
| Net profit/ (Loss) after tax | 231,659,132 | 399,512,491 | 319,302,339 |

During the last three accounting years, the company has been able to grow its operations quite steadily. During FY 2012, the company's revenue grew by 13.37% compared to that of FY 2011. This growth was driven mainly by volume as yarn prices in international market fell substantially during FY 2012. During FY 2012, the company exported 10.21 million pieces of garments which is 37.82% higher than previous year's export. The company achieved this growth in volume due to increased capacity in dyeing and sewing sections. During FY 2012, it increased its daily dyeing capacity by 0.5 MT and sewing capacity by 9,500 pieces. During the year ended June 30, 2013 the company's sales revenue decreased by 1.79% mainly due to fluctuation in exchange rates.

Over the years FEKDIL has focused on producing high quality and higher value added items. Besides, the company focuses on stronger backward linkage instead of horizontal expansion. As a result the company has been able to maintain healthy profit margins consistently. During the years ended on 30 June, 2011, 2012 and 2013, the company's gross profit margin stood at 27.06%, 28.52% and 22.51% respectively.

Due to high gross profit margins, the company has been able to maintain impressive profitability as well. During the FY 2011 to 2013, the company's net profit margins stood at 15.35% and 16.94% and 10% respectively. The company's overall debt burden has remained low resulting in low interest expenses.

SEASONAL ASPECT OF THE COMPANY'S BUSINESS

There is no significant seasonal aspect on the company's business. In general, the company's peak order season starts from May-June and stays till December-January of each year.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

Force majeure such as natural calamities, political unrest, labor unrest, unavailability of power and gas etc. might have a material effect on company's future business.

CHANGE IN THE ASSETS OF THE COMPANY USED TO PAY OFF ANY LIABILITIES

No asset of the company has been disposed to pay off any liability of the company.

LOAN TAKEN FROM OR GIVEN TO HOLDING/PARENT COMPANY OR SUBSIDIARY COMPANY

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

FUTURE CONTRACTUAL LIABILITIES

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

ESTIMATED FUTURE CAPITAL EXPENDITURE

The company does not have any plan for future capital expenditure other than those mentioned in the Section III: Issue Size and Purpose of Public Issue.

VAT, INCOME TAX, CUSTOMS DUTY OR OTHER TAX LIABILITY

a) VAT

The company is exempted from VAT, liabilities as per the SRO (No. 153-Law/93/1520/Duty/) dated August 3, 1993, issued by the National Board of Revenue, Ministry of Finance, Government of Bangladesh. The company does not have any outstanding VAT related liabilities as on the date of this Prospectus.

b) Income Tax

The company's TIN no. is 003-200-3433/Circle 309/Companies. The company's tax assessment has been completed till assessment year 2012-2013. Year-wise income tax status of the company for last five years is provided below:

| Accounting Year | Assessment Year | Status |
|-----------------|-----------------|---|
| 2012-2013 | 2013-2014 | Return submission is under process |
| 2011-2012 | 2012-2013 | As per certificate issued by Deputy Commissioner of Taxes dated 10 January 2013, Far East Knitting & Dyeing Industries Limited is a registered Assessee of Companies Circle 309, Taxes Zone 15, Dhaka. The company has submitted the return for the assessment year 2012-2013. The assessment has been completed under section 82BB and taxes paid in full. |
| 2010-2011 | 2011-2012 | As per certificate issued by Deputy Commissioner of Taxes dated 3 January 2012, Far East Knitting & Dyeing Industries Limited is a registered Assessee of Companies Circle 3, Taxes Zone 1, Dhaka. The company has submitted the return for the assessment year 2011-2012. The assessment has been completed under section 82BB and taxes paid in full. |
| 2009-2010 | 2010-2011 | As per certificate issued by Deputy Commissioner of Taxes dated 23 May 2011, Far East Knitting & Dyeing Industries Limited is a registered Assessee of Companies Circle 3, Taxes Zone 1, Dhaka. The assessment of the Assessee has been completed for the assessment year 2010-2011 and taxes paid in full. |
| 2008-2009 | 2009-2010 | As per certificate issued by Deputy Commissioner of Taxes dated 11 July 2010, Far East Knitting & Dyeing Industries Limited is a registered Assessee of Companies Circle 3, Taxes Zone 1, Dhaka. The assessment of the Assessee has been completed for the assessment year 2009-2010 and taxes paid in full. |

| Accounting Year | Assessment Year | Status |
|-----------------|-----------------|---|
| 2007-2008 | 2008-2009 | As per certificate issued by Deputy Commissioner of Taxes dated 5 July 2009, Far East Knitting & Dyeing Industries Limited is an Assessee of Companies Circle 3, Taxes Zone 1, Dhaka. The assessment of the assessee company has been completed for the assessment year 2008-2009 and taxes for the relevant year paid in full. |

c) Custom Duty

The company is exempted from custom duty as per the SRO (No. 153-Law/93/1520/Duty/) dated August 3, 1993, issued by the National Board of Revenue, Ministry of Finance, Government of Bangladesh. The company does not have any custom duty related liabilities as on the date of this prospectus.

OPERATING LEASE AGREEMENT DURING LAST FIVE YEARS

The company has an operating lease agreement with respect to rental of its corporate office and registered office. Detail of the lease agreements are as follow:

| Particulars | Lease Agreement for Corporate Office | |
|------------------------------------|---|--|
| Lessor: | Mrs. Sadia Moyeen | Mrs. Sadia Moyeen |
| Lessee: | Far East Knitting & Dyeing Industries Limited | Far East Knitting & Dyeing Industries Limited |
| Date of Lease Agreement | 21 June 2011 | 1 July 2006 |
| Effective Date of Tenancy | 1 July 2011 | 1 July 2007 |
| Period of Lease | 6 years | 10 years |
| Date of Lease Expiration | 30 June 2017 | 30 June 2017* |
| Description of Leased Asset | 2,950 square feet of floor space situated at Moyeen Center (4th Floor), House No. 9/B, Road No. 3, Gulshan 1, Dhaka 1212 | 2,700 square feet of floor space situated at Moyeen Center (4th Floor), House No. 9/B, Road No. 3, Gulshan 1, Dhaka 1212 |
| Lease Rent | BDT 295,000 per month | BDT 175,000 per month |
| Renewal Clause | Lease term may be extended/ renewed on request from the Lessee if and when the Lessor shall agree to be so after 1 July 2014 and only on new fixation of rent and on consideration of prevailing market rate including inflation. | Lease term may be extended/ renewed on request from the Lessee if and when the Lessor shall agree to be so after 31 July 2011 and only on new fixation of rent and on consideration of prevailing market rate including inflation. |

* A new lease agreement was entered on 21 June 2011 between both the parties upon fixation of a revised rent rate.

| Particulars | Lease Agreement for Registered Office | |
|----------------------------------|---|---|
| Lessor: | Mr. Rashed Ahmed Chowdhury | Mr. Rashed Ahmed Chowdhury |
| Lessee: | Far East Knitting & Dyeing Industries Limited | Far East Knitting & Dyeing Industries Limited |
| Date of Lease Agreement | June 23, 2009 | June 10, 2004 |
| Effective Date of Tenancy | July 1, 2009 | July 1, 2004 |
| Period of Lease | 5 Years | 5 Years |
| Date of Lease Expiration | May 31, 2014 | June 30, 2009 |

| Particulars | Lease Agreement for Registered Office | |
|------------------------------------|--|--|
| Description of Leased Asset | 2,200 square feet of floor space on the south side of the 3 rd floor of Bilquis Tower, Plot 6 (new), 2 nd Circle, Gulshan, Dhaka 1212. | 2,200 square feet of floor space on the south side of the 3 rd floor of Bilquis Tower, Plot 6 (new), 2 nd Circle, Gulshan, Dhaka 1212. |
| Lease Rent | BDT 28 (twenty eight) per square feet totaling to BDT 61,600 per month. | BDT 14 (fourteen) per square feet totaling to BDT 30,800 per month. |
| Renewal Clause | Lease rent will automatically increase at the rate of 10 percent after completion of first three years | Lease rent will automatically increase at the rate of 10 percent after completion of first three years |

FINANCIAL LEASE COMMITMENT DURING LAST FIVE YEARS

The company did not enter into any financial lease commitment in the last five years.

PERSONNEL RELATED SCHEME

The company has well designed recruitment, training, development, compensation and evaluation policies for the personnel of the company. Apart from the monthly salary, the employees of the company receive many other benefits which are explained below:

Gratuity: Every officer of the company is entitled to gratuity benefit subject to a minimum service period of three years. On compliance with this clause, an officer will obtain the salary of the number of months same as the number of years of his/her service. As per note 5.09 of the audit report, the company provisions BDT 400,000 per month for gratuity. As per note 15.00 of the Audit report, the size of the provision for gratuity stood at BDT 17,409,547 on 30 June 2013.

Festival Bonus: Every officer gets one month of basic salary as festival bonus during each Eid in the year.

Group Health Insurance: All the permanent employees of the company get health insurance benefit under an insurance coverage from Delta Life Insurance Company Limited.

Benefits Paid to the Labors: The company pays several benefits other than regular salaries and wages to the workers. During each Eid every year, every worker gets festival bonus equal to her one month's basic salary. The workers get attendance bonus upto BDT 400 each month if they are present on every working day of a month. The workers also get conduct bonus of BDT 200 each month if they maintain good conduct with their co-workers during an entire month. The company also provides free lunch every day to every worker of the factory. The workers receive overtime allowances, production incentives and "Earned Leave Encashment Benefit". The workers also receive a onetime "Service Benefit" upon retirement based on their service length, salary and other factors. The company provisions BDT 375,000 for Workers Welfare Fund (as per Note 5.09 of audit report). The size of the Workers Welfare Fund stood at BDT 19,222,631 as on 30 June 2013 (as per note 16.00 of audit report). The company also bears certain medical expense of the workers. Below table illustrates the various compensations that the company paid to workers of the factory during the year ended on 30 June 2013 (as per Note 27.02 of the Audit Report):

| Figures in BDT (as per Note 27.02 of Audit Report) | 30 June 2013 |
|---|--------------|
| Salary & Wages | 278,167,962 |
| Attendance Bonus | 13,014,900 |
| Conduct Bonus | 10,430,000 |
| Daily lunch allowances | 15,631,581 |
| Earn Leave Pay | 4,054,179 |
| Festival Bonus | 17,566,249 |
| Food Allowance | 387,386 |
| Friday Allowance | 1,029,114 |
| Overtime Expenses | 37,854,699 |
| Production Incentive | 792,785 |
| Medical Expenses | 965,506 |

| Figures in BDT (as per Note 27.02 of Audit Report) | 30 June 2013 |
|---|--------------------|
| Night Bill | 52,493 |
| Service Benefit | 7,027,854 |
| Workers Welfare Fund | 4,500,000 |
| Total | 391,474,708 |

BREAKDOWN OF ESTIMATED EXPENSES FOR IPO

The following amounts to be paid to the Issue Manager, Underwriters & other costs are estimated as follows:

| Description | Basis of Fees | Amount in BDT |
|--|--|-------------------|
| Issue Management Fees | | |
| Issue Management Fee | 1% of the total amount raised or TK. 2,000,000 whichever is lower | 2,000,000 |
| VAT against Issue Management Fees | @ 15% on the Issue Management Fee | 300,000 |
| Listing Related Expenses | | |
| Prospectus Submission Fee to DSE | Fixed | 10,000 |
| DSE & CSE Listing- Initial Fees | @ 0.25% on Tk. 100 million and 0.15% on the rest amount of paid up capital; maximum Tk. 2 million for each exchanges | 3,680,924 |
| DSE and CSE Annual Fee | Fixed | 200,000 |
| BSEC Fees | | |
| Application Fee | Fixed | 10,000 |
| BSEC Consent Fee | @ 0.15% on entire offer | 1,012,500 |
| IPO Related Fees | | |
| Underwriting Commission | Commission @ 0.35 % on Underwritten Amount | 1,181,250 |
| Bankers to the issue fee | Commission @ 0.1% of Collected Amount | 4,725,000 |
| Credit Rating Fees | At actual | 115,000 |
| CDBL Fees and Expenses: | | |
| Security Deposit | Fixed | 500,000 |
| Annual Fee | Fixed | 100,000 |
| Documentation Fee | Fixed | 2,500 |
| Connection Fee | Fixed | 6,000 |
| IPO Fees | @0.0175% of issue size+0.0175% of Pre-IPO paid up capital | 277,429 |
| Printing and Post Public Offer Expenses: | | |
| Publication of Prospectus & Application forms | Currently estimated (to be paid at actual) | 1,000,000 |
| Abridge Version in 4 daily news paper | | 700,000 |
| Collection of forms, data processing, allotment & refund | | 10,937,500 |
| Expense for conducting lottery | | 700,000 |
| Administrative & Stationary Expense | | 700,000 |
| Grand Total | | 28,158,103 |

REVALUATION OF COMPANY'S ASSETS AND SUMMARY THEREOF

The company revalued some of its fixed assets twice, first time on cut-off date of 30 June 2010 and second time on cut-off date of 30 June 2011. The summary of the revaluation is provided below:

| Particulars | Revaluation Conducted on Cut-off Date of 30 June 2010 | Revaluation Conducted on Cut-off Date of 30 June 2011 |
|---|--|--|
| Valuer's Name | Tista Surveyors | Saha Mazumdar & Co. Chartered Accountants |
| Valuer's Address | Gulistan Complex, 2 B.B. Avenue, Level 9, Dhaka 1000 | 21, Purana Paltan Line (4th & top floor), Dhaka 1000 |
| Date of Valuation Report Signing | 25 August 2010 | 8 August 2011 |
| Cut-off Date of Revaluation | 30 June 2010 | 30 June 2011 |
| Purpose of Revaluation | To ascertain net worth of the company | To comply with BSEC notification dated 29 December 2010 (Reference No. SEC/CMRRC/2009-193/81/Admin) |
| Nature of revalued assets | Building, land, plant & machinery | Building, land, plant & machinery |
| Mouza Value of per Decimal Land | BDT 16,000 | BDT 26,000 |
| Market Value of per Decimal Land | BDT 500,000 | BDT 560,000 |
| Value of fixed assets before revaluation | BDT 585,812,196 | BDT 559,577,827 |
| Value of fixed assets after revaluation | BDT 623,007,775 | BDT 894,571,399 |
| Revaluation Surplus [please see note (a) and (b) below for the detail calculation] | BDT 37,195,579 | BDT 334,993,572 |
| Name and Qualification of Valuation Team Members | <ol style="list-style-type: none"> 1. Eng. Sahfiqur Islam- B.Sc. Eng.(BUET) 2. Md. Kamal Uddin- M. Sc. 3. Tasneem Akther- B.Sc. EEE (NSU) 4. Monir Hossain- Diploma in Engineering 5. Md. Ommar Faruque- B.Sc. 6. Md. Muzahid Ullah- B.B.S. 7. Md. Giashuddin Ahmed- B.A | <ol style="list-style-type: none"> 1. Mr. Nasir U Ahmed- FCA, FCS 2. Ms. Jeenat Jahan Dipty- FCA, CFC 3. Khandaker Golam Mostafa- BSC Eng. Civil (BUET)- Chief Surveyor 4. Khandaker Nazrul Islam- BSC Eng. Civil (BUET) 5. Md. Misbah Uddin- BSC Eng. Civil (BUET) |
| Notable Valuation Works Done by the Valuer | <ol style="list-style-type: none"> 1. Antim Composite Ltd. 2. Delta Spinning Mill Ltd. 3. Dird Composite Ltd. 4. Faria Knittex Ltd 5. MM. Composit Knit. Ltd 6. Mozart Knit. Ltd. 7. Neo Zipper Ltd 8. Olympic Apparels Ltd. 9. Quality Milk Ltd. 10. Chittagong Denim Ltd 11. The Acme Specialized Pharmaceuticals 12. M.A. Matin Cotton Mills Ltd. | <ol style="list-style-type: none"> 1. Galfra Habib Ltd. Chittagong 2. Securities Broking & Management Services Ltd. |

Note (a): Calculation of Revaluation Reserve on Cut-off Date of 30 June 2011 (as per Note 13.02 of Audit Report of June 30, 2012)

Note (b): Calculation of Revaluation Reserve on Cut-off Date of 30 June 2010 (as per Note 13.01 of Audit Report of June 30, 2012)

| Group of Fixed Assets | Depreciated historical cost/Taka | Depreciated current cost/Taka | Revaluation Surplus |
|---------------------------|----------------------------------|-------------------------------|---------------------|
| Building & Civil Works | 334,019,014 | 345,892,335 | 11,873,321 |
| Land and Land development | 242,421,549 | 267,068,349 | 24,646,800 |
| Washing Machineries | 4,543,867 | 4,750,121 | 206,254 |
| Effluent Treatment Plant | 4,827,766 | 5,296,970 | 469,204 |
| Total | 585,812,196 | 623,007,775 | 37,195,579 |

| Group of Fixed Assets | Depreciated historical cost/Taka | Depreciated current cost/Taka | Revaluation Surplus |
|------------------------------|----------------------------------|-------------------------------|---------------------|
| Building & Civil Works | 210,353,767 | 321,777,104 | 111,423,337 |
| Generator | 24,199,993 | 25,154,082 | 954,089 |
| Land and Land development | 50,331,386 | 205,170,000 | 154,838,614 |
| Plant & Machinery | 257,375,266 | 322,134,255 | 64,758,989 |
| Plant & machinery (Printing) | 7,785,700 | 9,351,100 | 1,565,400 |
| Washing Machinery | 4,020,463 | 4,998,726 | 978,263 |
| Water & Steam Line | 3,705,002 | 3,818,378 | 113,376 |
| Effluent Treatment Plant | 1,806,250 | 2,167,755 | 361,505 |
| Total | 559,577,827 | 894,571,399 | 334,993,572 |

TRANSACTION BETWEEN SUBSIDIARY/ASSOCIATE/HOLDING COMPANY AND ISSUER

As on the date of this Prospectus, the company does not have any subsidiary/holding or associate company and it did not have any transaction with any such company during the last five years. However, the company owns 10.7% shares of Far East Spinning Industries Limited which is also disclosed in note 6.00 of the audit report.

AUDITOR'S CERTIFICATE REGARDING PAID-UP CAPITAL OF FAR EAST KNITTING AND DYEING INDUSTRIES LIMITED

We being the auditor's of Far East Knitting and Dyeing Industries Limited (the company) and after due verification of books and accounts of the company, do hereby confirm that the paid up capital of the company is Tk. 910,308,000 as on March 09, 2013 divided in to 91,030,800 shares of Tk 10 each. The summary of allotment of shares against paid up capital since incorporation to March 09, 2013 is as follows:

| Particulars of Allotment | Date of Allotment | Number of Shares Issued | | | Amount of Shares Capital (BDT) |
|--|-------------------|-------------------------|------------|-----------------|--------------------------------|
| | | Cash | Bonus | Other than cash | |
| First (Subscription to the Memorandum & Articles of Association at the time of Incorporation) | April 19, 1994 | 100,000 | - | - | 1,000,000 |
| Second | April 28, 1995 | 6,300,000 | - | - | 63,000,000 |
| Third | January 08, 2011 | - | 52,672,000 | - | 526,720,000 |
| Fourth | January 09, 2011 | 3,000,000 | | | 30,000,000 |
| Fifth | January 09, 2011 | - | - | 2,950,000 | 29,500,000 |
| Sixth | November 04, 2012 | - | 26,008,800 | - | 260,088,000 |
| Total | | | | | 910,308,000 |

This is also certified that the amounts shown against paid-up capital as cash considered was deposited in the company's bank account.

Dhaka
Dated: March 09, 2013

Sd/-
Masih Muhith Haque & Co.
Chartered Accountants

AUDITORS CERTIFICATE REGARDING ANY ALLOTMENT OF SHARES TO THE DIRECTORS AND THE SUBSCRIBERS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLE OF ASSOCIATION FOR ANY CONSIDERATION OTHERWISE THAN FOR CASH

This is to certify that Far East Knitting & Dyeing Industries Limited having corporate office at Moyeen Center, House # 9/B, Road # 3, Gulshan 1, Dhaka 1212, Bangladesh has made the following allotment of shares for any consideration other than for cash. As on March 09, 2013 –

| Description | Status | Face Value | Qty of hares | Value (TK) |
|---|---|------------|--------------|--------------------|
| Ordinary Shares Issued on January 08, 2011 | Ordinary(Bonus) | 10 | 52,672,000 | 526,720,000 |
| Ordinary Shares Issued on January 09, 2011 | Ordinary (Other than Cash against land measuring 59 decimal as per Vendor's Agreement dated September 29, 2010) | 10 | 2,950,000 | 29,500,000 |
| Ordinary Shares Issued on November 04, 2012 | Ordinary (Bonus) | 10 | 26,008,800 | 260,088,000 |
| Total | | | | 816,308,000 |

Dhaka
Dated : March 09, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM BANGLADESH SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES

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

For Manager to the Issue

Sd/-

Mr. Md. Moniruzzaman

Managing Director

IDLC Investments Limited

DECLARATION REGARDING NON SUPPRESSION OF MATERIAL INFORMATION

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

For Issuer,

Sd/-

Asif Moyeen

Managing Director & Director

Far East Knitting & Dyeing Industries Limited

Section VIII: Information about the directors and officers
Section IX: Features of IPO



Corporate Office Floor



Moyeen Centre:
Corporate office



Factory Premises at Gazipur

SECTION VIII

Information about Directors & Officers

DIRECTORS OF THE COMPANY

| Name | Designation | Age (Years) | Experience (Years) | Nominated by | Period of Nomination |
|------------------|-------------------|-------------|--------------------|--------------|----------------------|
| Farha Lazina | Chairman | 46 | 19 | N/A | N/A |
| Asif Moyeen | Managing Director | 58 | 38 | N/A | N/A |
| Md. Bin Quasem | Director | 55 | 33 | N/A | N/A |
| Sadia Moyeen | Director | 47 | 19 | N/A | N/A |
| M.K.M. Mohiuddin | Director | 59 | 38 | N/A | N/A |
| Omar Moyeen | Director | 25 | 2 | N/A | N/A |

INFORMATION REGARDING DIRECTORS AND DIRECTORSHIP

| Name | Designation | Date of becoming director for the 1st time | Date of Expiration of current term |
|------------------|-------------------|--|---|
| Farha Lazina | Chairman | 19-Apr-1994 | The directors of the company are subject to be retired by rotation according to Section 91 and Regulation 79-82 of Schedule-I of The Companies Act, 1994. |
| Asif Moyeen | Managing Director | 19-Apr-1994 | |
| Md. Bin Quasem | Director | 19-Apr-1994 | |
| Sadia Moyeen | Director | 19-Apr-1994 | |
| M.K.M. Mohiuddin | Director | 31-May-2012 | |
| Omar Moyeen | Director | 31-May-2012 | |

DIRECTORS' INVOLVEMENT IN OTHER ORGANIZATION

| Name | Designation in the Company | Name of other Organization | Position in other Organization |
|--------------|------------------------------|---|--------------------------------|
| Farha Lazina | Chairman | Far East International Ltd. | Director |
| Asif Moyeen | Managing Director & Director | Skynet.Com Ltd. | Chairman |
| | | Far East International Ltd. | Director |
| | | Prestige Bengal Ltd. | Director |
| | | Asianet Ltd. | Chairman |
| | | Far East Spinning Industries Ltd. | Chairman |
| | | Far East Yarn Dyeing Industries Limited | Director |

| Name | Designation in the Company | Name of other Organization | Position in other Organization |
|---------------------|----------------------------|---|--------------------------------|
| Mohammed Bin Quasem | Director | Incredible Fashions Ltd. | Managing Director |
| | | Stitch Right Ltd. | Managing Director |
| | | Equity Resources Ltd. | Director |
| | | Quality Assured Ltd. | Managing Director |
| | | Echo Tex Ltd. | Director |
| | | Echo Sourcing (Pvt.) Ltd. | Director |
| | | Far East Yarn Dyeing Industries Limited | Director |
| Sadia Moyeen | Director | Asianet Ltd. | Director |
| | | Far East Spinning Industries Ltd. | Director |
| | | Far East Yarn Dyeing Industries Limited | Director |
| M.K.M. Mohiuddin | Director | MKM Securities Limited | Managing Director |
| | | Commodity Holdings Ltd. | Director |
| | | Skybridge International | Proprietor |
| Omar Moyeen | Director | N/A | N/A |

FAMILY RELATIONSHIP AMONG DIRECTORS AND TOP OFFICIALS

There are no family relationships among the directors and top five officials except the followings:

- Mr. Asif Moyeen is husband of Ms. Sadia Moyeen
- Mr. Omar Moyeen is the son of Mr. Asif Moyeen and Ms. Sadia Moyeen
- Mr. M.K.M. Mohiuddin is husband of Ms. Farha Lazina

SHORT BIO-DATA OF THE DIRECTORS

Farha Lazina

Chairperson, Far East Knitting & Dyeing Industries Limited

Ms. Farha Lazina is the Chairperson of Far East Knitting & Dyeing Industries Ltd. She is a graduate. She has been involved with the company since inception. She also oversees the marketing activities of the company and serves as Director-Marketing. She is also a Director of Far East International Ltd.

Asif Moyeen

Managing Director & Director, Far East Knitting & Dyeing Industries Limited

Mr. Asif Moyeen, Managing Director, is a graduate from De Anza College, California, USA. He started his career as a banker and served in senior management capacities in Bangladesh, China and Hong Kong. In 1989, he set up his own trading business in Hong Kong dealing mainly with commodities such as cement and steel. In 1994, he set up FEKDIL. Mr. Moyeen directly looks after the marketing activities and also oversees the day-to-day operations of the company.

Mohammed Bin Quasem

Director, Far East Knitting & Dyeing Industries Limited

Mr. Mohammed Bin Quasem, Director of Operations, completed post graduation in Economics from Northeastern University, Boston, USA. He started his career as a banker and served in various senior management capacities with an international Bank in Hong Kong. In 1991, he joined a renowned buying house in Hong Kong where he gained experience in the textile and garments sector. Mr. Quasem joined FEKDIL in 1994. He is involved in overseeing the fabric manufacturing operations of the company.

Sadia Moyeen

Director, Far East Knitting & Dyeing Industries Limited

Ms. Sadia Moyeen is a reputed business person. Apart from her Directorship in Far East Knitting & Dyeing Industries Limited, she is also a director in Asianet Limited, Far East Spinning Industries Limited and Far East Yarn Dyeing Industries Limited.

M.K.M. Mohiuddin

Director, Far East Knitting & Dyeing Industries Limited

Mr. M.K.M. Mohiuddin is a former banker of international repute with 14 years of experience of working in Hong Kong. During his career, he has gained in-depth knowledge and experience in the fields of international finance, banking, capital market activities, and manufacturing- especially garments and textile. Mr. Mohiuddin is the Managing Director of M K M Securities Limited- a member of Chittagong Stock Exchange. He has held various posts with CSE. He held the post of President of CSE for 2 years and Director for 10 years. He is also the President & CEO of Skybridge International. He is the promoter and pioneer of establishing direct air link between China & Bangladesh. Mr. Mohiuddin is well known among the business community and for his reputation and credibility. He is a graduate from University of Dhaka.

Omar Moyeen

Director, Far East Knitting & Dyeing Industries Limited

Mr. Omar Moyeen is a Director of Far East Knitting & Dyeing Industries Limited. Currently, he is pursuing full time degree course at Raffles University of Singapore (Bangladesh Chapter) in Business Management.

CREDIT INFORMATION BUREAU (CIB) REPORT

Neither the Issuer nor any of its directors or shareholders who hold 5% or more shares of the Issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

DESCRIPTION OF TOP EXECUTIVES AND DEPARTMENTAL HEADS

| Name | Age | Designation | Qualification | Date of Joining | Last five Years Experience |
|------------------------|-----|--|---|--------------------|----------------------------|
| Farha Lazina | 46 | Chairman & Director- Marketing | Graduate | April 19, 1994 | FEKDIL |
| Asif Moyeen | 58 | Managing Director & Director | Graduate from De Anza College, California, USA | April 19, 1994 | FEKDIL |
| Md. Bin Quasem | 55 | Director- Fabric Division | Graduation in Economics from Northeastern University, Boston, USA | April 19, 1994 | FEKDIL |
| Md. Salamatullah | 70 | Director- Garments Division | Bachelors Degree in Commerce | April 19, 1994 | FEKDIL |
| Syed Mazharul Haq | 60 | Director- Finance & Accounts | Graduate from Rajshahi University | April 19, 1994 | FEKDIL |
| Faiyaz Ahmed Khan | 52 | Financial Controller | B.Sc. | December 1, 2006 | FEKDIL |
| M. Anwar Ali | 69 | Director (HRD) | B.A. Diploma in Personnel Management, UK | August 01, 2000 | FEKDIL |
| Kamal Uddin Ahmed | 55 | General Manager | M.Com. | June 1, 1996 | FEKDIL |
| Rezwan Salam | 42 | Deputy General Manager (Admin & Compliance) | M.Com. | April 27, 1994 | FEKDIL |
| Zamshed Hossain Plabon | 43 | Deputy General Manager (Production) | M.Com. | March 20, 1999 | FEKDIL |
| M. S. Zaman | 44 | Sr. Manager (Accounts) and Company Secretary | M.Com, C.A. (Inter) | September 09, 1999 | FEKDIL |

| Name | Age | Designation | Qualification | Date of Joining | Last five Years Experience |
|---------------------|-----|-----------------------------|---------------|------------------|--|
| Md. Asaduzzaman | 48 | Sr. Manager (commercial) | M.A. | April 1, 2000 | FEKDIL |
| Zahidul Alam | 45 | Sr. Manager (Merchandising) | B.A. | July 27, 1995 | FEKDIL |
| Mamunur Rashid | 50 | Factory Manager | H.S.C. | October 15, 1994 | FEKDIL |
| Abdul Latif | 42 | Manager (Knitting) | B.A. | May 25, 1998 | FEKDIL |
| S.M. Shamsul Alam | 44 | Manager (Planning) | B.Sc. (Eng) | November 9, 1996 | FEKDIL |
| S.M. Kamrul Hasan | 30 | Manager (Dyeing) | B.Sc. (Eng) | January 11, 2010 | Worked for Barnali Knitting & Dyeing previously |
| Dr. G. Mortuza Khan | 62 | Medical Officer | M.B.B.S. | June 20, 2009 | Previously worked 2 years in Bangladesh Medical College and 31 years in Bangladesh Army. |

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No Officer or Director of the Company was involved in any of the following types of legal proceedings in the last ten years.

- Any Bankruptcy Petition filed by or against any company of which any Officer or Director of the Issuer Company filing the Prospectus was a Director, Officer or Partner at the time of the bankruptcy;
- Any conviction of an Officer, Director in a criminal proceeding or any criminal proceeding pending against him;
- Any Order, Judgment or Decree of any Court of competent jurisdiction against any Officer, Director permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any Officer or Director in any type of business, securities or banking activities;
- Any Order of the Securities and Exchange Commission, or other Regulatory Authority or Foreign Financial Regulatory Authority, suspending or otherwise limiting the involvement of any Officer or Director in any type of business, securities or banking activities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the last two years, the company undertook the following transactions with its related parties-

Figures in BDT

| Name of the party | Relationship with company | Nature of Transaction | No. of Month | As per Month | June 30, 2013 Amount (Tk) | June 30, 2012 Amount (Tk) |
|-------------------|---------------------------|-----------------------|--------------|--------------|---------------------------|---------------------------|
| Skynet.Com Ltd. | Common Directorship | Warehouse rent | 7 | 250,000 | 1,750,000 | 2,750,000 |
| Mrs. Sadia Moyeen | Director | Office rent | 12 | 295,000 | 3,540,000 | 3,332,500 |

Far East Knitting & Dyeing Industries Limited invested BDT 1,070,000 in Far East Spinning Industries Limited (FESIL) during the year ended June 30, 2011, which is also disclosed in note 6 of the audited accounts for the year ended June 30, 2013.

During the last two years, the company paid remuneration to the following Directors who also act as Officers of the Company (as per Note 35.00 of Audit Report of 30 June 2013). During the year ended June 30, 2013, this remuneration totaled BDT 34,800,000 which is 18.71% of office & administrative expenses. To note, the Chairman of the company Ms. Farha Lazina receives the compensation for her role played as Director-Marketing, not as the Chairman of the company. She has been

servicing the company as Director-Marketing since the incorporation of the company.

| Sl. | Name | Designation | Monthly remuneration | Monthly House Rent | No. of Month | July 01,2012 to June 30, 2013 | July 01,2011 to June 30, 2012 |
|--------------|---------------------------|-------------------|----------------------|--------------------|--------------|-------------------------------|-------------------------------|
| 1 | Mr.Asif Moyeen | Managing Director | 1,500,000 | 100,000 | 12 | 19,200,000 | 15,180,000 |
| 2 | Mr. Mohammad Bin Quasem | Director | 750,000 | - | 12 | 9,000,000 | 7,800,000 |
| 3 | Mr. Md. Salamat Ullah* | Director | - | - | - | - | 880,000 |
| 4 | Ms. Farha Lazina | Chairman | 550,000 | - | 12 | 6,600,000 | 6,120,000 |
| 5 | Mr. Sayed Mazharul Haque* | Director | - | - | - | - | 4,290,000 |
| Total | | | 2,800,000 | 100,000 | | 34,800,000 | 34,270,000 |

* Mr. Md. Salamat Ullah and Mr. Sayed Mazharul Haque have been ceased to be director on May 31, 2012.

Except from the above, the company did not have any transaction during the last two years or any proposed transaction with any of the following persons:

- Any director or executive officer of the issuer;
- Any director or officer;
- Any person owing 5% or more of the outstanding shares of the Issuer;
- Any member of the immediate family (including spouse, parents, brothers, sisters, children and in-laws) of any of the above persons;
- Any transaction or arrangement entered into by the issuer of 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 last three years prior to issuance of the Prospectus;
- The company has not taken or given any loan from or to any director or any other persons connected with the director. The company also has not taken any loan from any person who did not have any stake in the issuer, its holding company or its associate concerns;
- Directors' positions in other companies are included in Director's involvement in other organization(s) part of the Prospectus;
- All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary- have been disclosed above (as per Note 34.00 of audit report of 30 June 2012).

EXECUTIVE COMPENSATION

Remuneration paid to top five salaried officers during last accounting year ended on 30 June 2013

| Name | Designation | Remuneration (BDT) |
|---------------------|--------------------------------|--------------------|
| Farha Lazina | Chairman & Director- Marketing | 6,600,000 |
| Asif Moyeen | Managing Director & Director | 19,200,000 |
| Mohammed Bin Quasem | Director – Fabric Division | 9,000,000 |
| Syed Mazharul Haq | Director- Finance & Accounts | 6,480,000 |
| Faiyaz Ahmed Khan | Finance Controller | 4,260,000 |
| Total (BDT) | | 45,540,000 |

*The Chairman and directors of the company who also act as officers do not receive any fees or honorarium other than the monthly salary and house rent allowances totaling BDT 34,800,000, which is 18.71% of office & administrative expenses, in exchange of their service to the company. The directors who do not work as officers of the company do not receive any fee or honorarium or salary from the company.

Aggregate Amount of Remuneration Paid to the Directors and Officers during Last Accounting Year ended on 30 June 2013

| Name | Amount (BDT) |
|--|-------------------|
| Directors' Remuneration (as per Note 28.00 audit report of 30 June 2013) | 33,600,000 |
| House Rent (as per Note 28.00 of audit report of 30 June 2013) | 1,200,000 |
| Salaries and allowances of Executives & Officers | 63,797,753 |
| Total | 98,597,753 |

Remuneration paid to Director who was not an Officer of the Company

The company did not pay remuneration to any director who was not an officer of the company during the last accounting year ended on 30 June 2013.

Future Compensation to Directors or Officers

The company does not have any contract with any director or officer regarding future compensation.

Pay Increase Intention

Except for normal annual increment and allowance, the company has no plan to substantially increase the remuneration, salary etc.

OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The company did not grant any option for issue of shares to any officer, director and other employees of the company.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Benefit from the Company

In addition to the benefits disclosed under "Certain Relationships and Related Transactions" of this section of the Prospectus, the directors and subscribers to the memorandum of the Company received cash and stock dividend in the following manner during last five years:

- Cash dividend of 62.50% from the retained earnings of 30 June 2008.
- Interim stock dividend in 1:8.23 ratio from the retained earnings of 30 September 2010 as per BSEC Consent Letter No. SEC/CI/IPO/CPLC-246/2004/641 dated 29 December 2010.
- Cash dividend of 20% to existing shareholders from the retained earnings of 30 June 2011 as per resolution 5 of the company's 17th AGM dated 16 October 2011.
- Stock dividend of 40% to existing shareholders from the retained earnings of 30 June 2012 (the company issued the said dividends on November 4, 2012 as per BSEC consent letter (Ref # SEC/CI/CPLC-246/2010/1635) dated October 14, 2012.

Directors and Subscribers' assets to the Company

The company has neither received anything from its directors and subscribers except purchasing a land measuring 59 decimal against issuance of ordinary shares favoring Mr. Asif Moyeen, Managing Director through land title deed dated 27 September 2010 and vendor's agreement dated 29 September 2010. The transaction is also disclosed in the "Auditor's Certificate Regarding any Allotment of Shares to the Directors and the Subscribers to the Memorandum of Association and Articles of Association for any Consideration otherwise than for Cash" Section VI: Plan of Operation & Discussion of Financial Condition" of this Prospectus. The value of the said land was determined to be BDT 29,500,000 at a rate of BDT 500,000 per decimal based on current market value of adjacent land at the time of the transaction. Mr. Asif Moyeen purchased the land from four different sellers in the following manner:

| Land Particulars | Purchase Date | Land (Decimal) | Cost |
|-----------------------------------|-----------------|----------------|------------------|
| SA 114, RS Khatian 329 | 26 January 2004 | 22.00 | 495,000 |
| SA 94 & 102, RS Khatian 137 & 138 | 3 April 2004 | 10.35 | 232,000 |
| SA 94 & 102, RS Khatian 137 & 138 | 12 January 2005 | 24.15 | 580,000 |
| SA 94 & 102, RS Khatian 137 & 138 | 5 June 2005 | 2.5 | 60,000 |
| Total | | 59.00 | 1,367,000 |

AUDITOR'S CERTIFICATE REGARDING TANGIBLE ASSETS PER SHARE

Calculation of Net assets per share and Tangible assets per share

| Particulars of Assets | As on June 30, 2013 Tk. |
|--|----------------------------|
| Non Current Assets | |
| Fixed assets (at cost less accumulated depreciation) | 1,357,346,846 |
| Long term Investment | 1,070,000 |
| A. Total non current assets | 1,358,416,846 |
| B. Total tangible non-current assets | 1,358,416,846 |
| Current assets | |
| Advance, deposits & prepayments | 51,297,957 |
| Accounts receivable | 505,220,413 |
| Inventories | 439,312,264 |
| Cash and cash equivalents | 320,212,259 |
| C. Total current assets | 1,316,043,224 |
| D. Total Assets (A+C) | 2,674,460,070 |
| E. Total tangible assets (B+C) | 2,674,460,070 |
| Non-current liabilities | |
| Long term loan (secured) | 323,477,700 |
| Deferred liabilities (provision for gratuity) | 17,409,547 |
| Deferred liabilities (worker's welfare fund) | 19,222,631 |
| Income tax liability for other comprehensive income | 32,495,269 |
| F. Total non-current liabilities | 392,605,147 |
| Current liabilities | |
| Accounts payable | 13,759,257 |
| Accepted bills payable | 355,966,000 |
| Provision for expenses | 57,269,216 |
| Packing credit loan | 36,217,110 |
| Short term loan | 63,923,641 |
| Payable for asset purchase | 1,834,061 |
| Worker profit participation Fund(WPPF) | 12,551,255 |
| Other liabilities | 3,879,418 |
| G. Total current liabilities | 545,399,957 |
| H. Total liabilities & provision (F+G) | 938,005,104 |
| I. Net assets value (D-H) | 1,736,454,965 |
| SHARE HOLDERS EQUITY | |
| Share capital | 910,308,000 |
| Retained earnings | 499,750,044 |
| Revaluation surplus | 326,396,921 |
| | 1,736,454,965 |
| J. Number of share | 91,030,800 |
| K. Net assets value per share (I / J) | 19.08 |
| L. Net tangible assets value (E-H) | 1,736,454,965 |
| M. Net tangible assets value per share (L/J) | 19.08 |

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

OWNERSHIP OF THE COMPANY'S SECURITIES OWNED BY SPONSORS/DIRECTORS

Following persons are the present shareholders of "Far East Knitting & Dyeing Industries Limited":

| Name | Position | Address | No. of Shares | Pre-IPO Shareholding Percentage (%) | Post-IPO Shareholding Percentage (%) |
|--------------------------|---------------------|---|-------------------|-------------------------------------|--------------------------------------|
| Farha Lazina | Chairman | 95, Naya Paltan, Dhaka | 8,123,202 | 8.92 | 7.00% |
| Asif Moyeen | Managing Director | CWN (A) 4, Kemal Ataturk Avenue, Gulshan, Dhaka | 65,119,302 | 71.54 | 56.12% |
| Mohammed Bin Quasem | Director | 101, Shantinagar, Dhaka | 2,685,690 | 2.95 | 2.31% |
| Md. Salamatullah | Sponsor Shareholder | 4/34, Ramna Estate Building Complex, Moghbazar, Dhaka | 438,704 | 0.48 | 0.38% |
| Syed Mazharul Haq | Sponsor Shareholder | House No-28, Road No-12, Sector-3, Uttara, Dhaka | 221,301 | 0.24 | 0.19% |
| Sadia Moyeen | Director | CWN (A) 4, Kemal Ataturk Avenue, Gulshan, Dhaka | 3,021,301 | 3.32 | 2.60% |
| Nesar Uddin Md. Oliullah | Sponsor Shareholder | Gha-1, Hasnabad Colony, 189, Boro Moghbazar, Dhaka | 221,301 | 0.24 | 0.19% |
| M.K.M. Mohiuddin | Director | 95, Naya Paltan, Dhaka | 8,400,000 | 9.23 | 7.24% |
| Omar Moyeen | Director | CWN (A) 4, Kemal Ataturk Avenue, Gulshan, Dhaka | 2,800,000 | 3.08 | 2.41% |
| Total | | | 91,030,800 | 100.00% | 78.45% |

INFORMATION ON SHAREHOLDING OF 5% OR MORE

Following persons hold 5% or more of the company's outstanding shares:

| Name | Designation | Address | No. of Shares | Pre-IPO Shareholding Percentage (%) | Post-IPO Shareholding Percentage (%) |
|------------------|-------------------|---|-------------------|-------------------------------------|--------------------------------------|
| Farha Lazina | Chairman | 95, Naya Paltan, Dhaka | 8,123,202 | 8.92 | 7.00% |
| Asif Moyeen | Managing Director | CWN (A) 4, Kemal Ataturk Avenue, Gulshan, Dhaka | 65,119,302 | 71.54 | 56.12% |
| M.K.M. Mohiuddin | Director | 95, Naya Paltan, Dhaka | 8,400,000 | 9.23 | 7.24% |
| Total | | | 81,642,504 | 89.69% | 70.36% |

SECURITIES OWNED BY THE OFFICERS

The following persons act as both directors and/or officers of the company and hold shares of the company as per below table:

| Name | Designation | No. of Shares | Pre-IPO Shareholding Percentage (%) | Post-IPO Shareholding Percentage (%) |
|---------------------|-------------------------------|-------------------|-------------------------------------|--------------------------------------|
| Farha Lazina | Chairman & Director-Marketing | 8,123,202 | 8.92 | 7.00% |
| Asif Moyeen | Managing Director | 65,119,302 | 71.54 | 56.12% |
| Mohammed Bin Quasem | Director- Fabric Division | 2,685,690 | 2.95 | 2.31% |
| Md. Salamat Ullah | Director- Garments Division | 438,704 | 0.48 | 0.38% |
| Sayed Mazharul Haq | Director- Finance & Accounts | 221,301 | 0.24 | 0.19% |
| Total | | 76,588,198 | 84.13% | 66% |

SECTION IX

Features of IPO

DETERMINATION OF OFFERING PRICE

Over a short term, even a reasonably well functioning market may depict irrational and abrupt price movements due to investors' exuberance. However, considering a reasonable investment horizon, market provides a fair approximation of consensus value of a particular security according to its exposure to various risk factors and potentials for growth. In a well functioning market, where all the investors are assumed to be rational and risk averse, the investors would not pay more for a particular security with given risk profile than they would for an otherwise similar security. As a result, a rational investor expects the market to reveal the fundamental value of the securities being traded. Nevertheless, in a market with numerous investors and participants, there would be differences in risk aversion, rate of required return and investment horizon. Hence, while deriving at the valuation of the shares of Far East Knitting & Dyeing Industries Limited, the perspective of a prudent investor has been taken into consideration for simplicity. The essential valuation methods delineated by SEC (Public Issue) Rules, 2006, have been followed.

Based on the various valuation methods an issue price of BDT 27 for each share including a premium of BDT 17 each of Far East Knitting & Dyeing Industries Limited has been determined. The detail calculation is provided below.

i) Valuation based on Net Asset Value Per Share

While deriving at the valuation of the common stock, the Net Asset Value for each share of Far East Knitting & Dyeing Industries Limited (FEKDIL) has been taken into consideration. The table in the following page illustrates the calculation of Net Asset Value per share at historical basis based on the audited accounts as at 30 June 2013:

| Particulars (Figures in BDT) | 30 June 2013 |
|--|---------------|
| Share Capital | 910,308,000 |
| Retained Earnings | 499,750,044 |
| Revaluation Surplus | 326,396,921 |
| Total Shareholders' Equity | 1,736,454,965 |
| Number of shares outstanding as on June 30, 2013 | 91,030,800 |
| Net Asset Value Per Share with revaluation reserve | 19.08 |
| Net Asset Value per Share without revaluation reserve | 15.49 |

ii) Valuation based on Earning based value per share

We have calculated the weighted average net profit after tax (NPAT) of the company for the year ended June 30, 2009 to June 30, 2013 and multiplied by the average DSE Market P/E multiple of September 2013, October 2013 and November 2013 (14.36, 14.23 and 15.08 respectively) to derive at the earning based value per share of the company which is illustrated in the table below:

| Sl. | Year Ended on June 30 | Net Profit After Tax (BDT) | Number of Shares Outstanding | Weight assigned based on Shares Outstanding | Weighted Yearly Net Profit (BDT) |
|-----|-----------------------|----------------------------|------------------------------|---|----------------------------------|
| A | 2009 | 148,640,858 | 6,400,000 | 2.74% | 4,067,567 |
| B | 2010 | 177,307,732 | 6,400,000 | 2.74% | 4,852,038 |
| C | 2011 | 319,302,339 | 65,022,000 | 27.80% | 88,772,611 |
| D | 2012 | 399,512,491 | 65,022,000 | 27.80% | 111,072,682 |
| E | 2013 | 231,659,132 | 91,030,800 | 38.92% | 90,168,398 |
| | | | 233,874,800 | 100.00% | 298,933,297 |



| | | |
|----------|---|--------------|
| F | Weighted average Net Profit After Tax during the period 2009-2013 | 298,933,297 |
| G | Current no. of shares | 91,030,800 |
| H | EPS based on weighted average Net Profit After Tax [F/G] | 3.28 |
| I | Relevant P/E Multiple ¹ | 14.56 |
| J | Earnings-based-value per share (BDT) [H X I] | 47.80 |

Summary of Valuation under Different Methods

| Particulars | Valuation (BDT) |
|---|-----------------|
| Net Asset Value per Share with revaluation reserve | 19.08 |
| Net Asset Value per Share without revaluation reserve | 15.49 |
| Earning-based-value per Share | 47.80 |

Determination of Fair Price of FEKDI Stock

Based on the above valuation methodologies as per SEC (Public Issue) Rules, 2006, the issue price of the company in consultation with the Issue Manager is proposed at **BDT 27** per share including a premium of **BDT 17** per share.

MARKET FOR THE SECURITIES BEING OFFERED

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

The issuer will apply at:

- **Dhaka Stock Exchange Limited**
9/F, Motijheel Commercial Area, Dhaka 1000
- **Chittagong Stock Exchange Limited**
CSE Building, 1080, Sheikh Mujib Road, Chittagong 4100

DECLARATION ABOUT LISTING OF SHARES WITH STOCK EXCHANGE(S)

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

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

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

TRADING & SETTLEMENT

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

The issue shall be placed in "N" Category with DSE & CSE.

¹ Calculation of relevant P/E multiple: (Source:DSE Monthly Review)

| Month | Market P/E | Textile Sector P/E |
|--|--------------|--------------------|
| September 2013 | 14.36 | 16.08 |
| October 2013 | 14.23 | 16.39 |
| November 2013 | 15.08 | 18.19 |
| Average | 14.56 | 16.89 |
| Relevant P/E Multiple (Lower of three month average P/E of Market and Textile Sector) | | 14.56 |

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, Voting, Preemption Rights

The share capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors and Auditors and other usual agenda of General Meeting- Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

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

Conversion and Liquidation Rights

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

Dividend Policy

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

Other Rights of the Shareholders

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

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

The shareholder holding minimum 10% shares of paid-up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

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



Medical Facility Center
at Factory Premises



Section X: Plan of distribution
Section XI: Allotment, subscription and market
Section XII: Material contract and others
Section XIII: Corporate directory

Child Care Center
at Factory Premises

SECTION X

Plan of Distribution

UNDERWRITING OF SHARES

The Initial Public Offering (IPO) is for 25,000,000 Ordinary Shares of BDT 10 each, at an issue price BDT 27 each, amounting to BDT 675,000,000 (Taka Six Hundred Seventy Five Million Only). As per guideline of the Securities & Exchange Commission (Public Issue) Rules, 2006, 50% of the aforementioned amount i.e. 12,500,000 ordinary shares at an issue price of BDT 27 each amounting to BDT 337,500,000 (Taka Three Hundred Thirty Seven Million Five Hundred Thousand Only) has to be underwritten on a firm commitment basis by the following institutions:

| Name & Address of Underwriters | Number of Shares Underwritten | Amount (BDT) |
|---|-------------------------------|--------------------|
| BMSL Investment Limited Sadharan Bima Tower (7th Floor) 37/A Dilkusha C/A, Dhaka 1000 | 525,000 | 14,175,000 |
| Green Delta Insurance Company Limited Green Delta AIMS Tower (6th Floor) 51-52 Mohakhali C/A, Dhaka 1212 | 525,000 | 14,175,000 |
| ICB Capital Management Limited BDBL Bhaban (Level 16) 8 Rajuk Avenue, Dhaka- 1000 | 525,000 | 14,175,000 |
| IDLC Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka- 1000 | 8,300,000 | 224,100,000 |
| IIDFC Capital Limited Eunoos Trade Center (Level 7) 52-53 Dilkusha C/A, Dhaka- 1000 | 525,000 | 14,175,000 |
| LankaBangla Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A, Dhaka 1000 | 525,000 | 14,175,000 |
| Mutual Trust Bank Limited Corporate Head Office, MTB Center 26 Gulshan Avenue, Gulshan 1, Dhaka 1212 | 525,000 | 14,175,000 |
| Prime Bank Investment Limited Peoples Insurance Bhaban (11th Floor) 36 Dilkusha C/A, Dhaka 1000 | 525,000 | 14,175,000 |
| Prime Finance Capital Management Limited PFI Tower (6th floor) 56-57 Dilkusha C/A, Dhaka 1000 | 525,000 | 14,175,000 |
| Total | 12,500,000 | 337,500,000 |



PRINCIPAL TERMS AND CONDITIONS OF UNDERWRITING AGREEMENT

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

COMMISSION FOR THE UNDERWRITERS

The company shall pay to the underwriter an underwriting commission at the rate of 0.35% of 50% of the IPO amount of the issue value of shares underwritten by them out of the Public Issue. No additional commission will be paid on the amount of shares required to be subscribed by the underwriters.

RIGHTS OF UNDERWRITERS ON COMPANY'S BOARD

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

RELATIONSHIP OF OFFICERS OR DIRECTORS OF THE UNDERWRITER(S) WITH THE MEMBER OF BOARD OF THE COMPANY

No Officer or Director of the Underwriter(s) is presently engaged as the Director of the company.

SECTION XI

Allotment, Subscription & Market

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 3 (Three) years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding 2 (Two) years of according consent, shall be subject to a lock-in period of 1 (One) year from the date of issuance of this Prospectus or commercial operation, whichever comes later.

The following table indicates the pre-IPO & post-IPO shareholders position.

| Name of Shareholder | Designation | Pre-IPO Shareholding | Pre-IPO Shareholding Position (%) | Post-IPO Shareholding Position (%) | Lock in Period |
|--------------------------|-------------------|----------------------|-----------------------------------|------------------------------------|----------------|
| Farha Lazina | Chairman | 8,123,202 | 8.92 | 7.00% | 3 years |
| Asif Moyeen | Managing Director | 65,119,302 | 71.54 | 56.12% | 3 years |
| Mohammed Bin Quasem | Director | 2,685,690 | 2.95 | 2.31% | 3 years |
| Sadia Moyeen | Director | 3,021,301 | 3.32 | 2.60% | 3 years |
| M.K.M. Mohiuddin | Director | 8,400,000 | 9.23 | 7.24% | 3 Years |
| Omar Moyeen | Director | 2,800,000 | 3.08 | 2.41% | 3 Years |
| Syed Mazharul Haq | Shareholder | 221,301 | 0.24 | 0.19% | 3 Years |
| Md. Salamatullah | Shareholder | 438,704 | 0.48 | 0.38% | 3 Years |
| Nesar Uddin Md. Oliullah | Shareholder | 221,301 | 0.24 | 0.19% | 3 Years |
| Total | | 91,030,800 | 100.00 | 78.45% | |

REFUND OF SUBSCRIPTION MONEY

As per BSEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form:-

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

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

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHIS (NRB)

- A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka,

supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

- The value of securities applied for by such person may be paid in Taka or US dollar or Great Britain Pound or EURO at the rate of exchange mentioned in the securities application form.
- Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, bank's name and branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AVAILABILITY OF SECURITIES

- Securities

| Securities | No. of Shares | Total Amount (BDT) |
|--|-------------------|--------------------|
| 20% of IPO of Ordinary Shares are reserved for affected small investors (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী) [A] | 5,000,000 | 135,000,000 |
| 10 % of IPO of Ordinary Shares shall be reserved for Mutual funds and Collective Investment schemes registered with the Commission [B] | 2,500,000 | 67,500,000 |
| 10 % of IPO of Ordinary Shares are reserved for Non-Resident Bangladeshis [C] | 2,500,000 | 67,500,000 |
| 60 % of IPO of Ordinary Shares shall be opened for Subscription by the General Public [D] | 15,000,000 | 405,000,000 |
| Total | 25,000,000 | 675,000,000 |

- All as stated in 1 (A), 1(B), 1(C) and 1(D) shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Bangladesh Securities and Exchange Commission.
- In case of over-subscription, under any of the categories mentioned in the clause 1(A), 1(B), 1(C) and 1(D) the Issue 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.
- In case of under-subscription, under any of the 20% and 10% category as mentioned in clause 1(A), 1(B) and 1(C), the unsubscribed portion shall be added to the general public category, and, if after such addition there is over-subscription in the general public category the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
- The lottery as stated in clause (3) and (4) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

ALLOTMENT

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

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

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

APPLICATION FOR SUBSCRIPTION

1. Application for shares may be made for a minimum lot for **200** ordinary shares to the value of **Tk. 5,400 (Taka Five Thousand and Four Hundred Only)** and should be made on the company's Printed Application Forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, or from the Bankers to the issue. In case, adequate forms are not available, applicants may use photocopied/ cyclostyled/ handwritten/typed copies of the forms. Applications must not be for less than **200** shares. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two (2) persons will not be accepted. In the case of joint application, each party must sign the application form.
3. Application must be in full name of individuals, or limited companies, or trusts or societies, and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
4. **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 application will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
5. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**
6. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission 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 Bangladeshi Nationals working abroad) and foreign nationals shall be entitled to apply for the 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/ Pay Order/ Bank Draft shall be made payable to the bank to which it is sent and be marked **"Far East Knitting & Dyeing 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. 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 Dollars 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 bank draft or cheque to the company at its registered office. Copies of application form and prospectus shall be available with the Bangladesh Embassy/ High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia, and South Korea and website of the issuer, issue manager, DSE, CSE and the BSEC.
11. All completed application forms together with remittances for the full amount, payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
12. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or EURO) by the Bankers to the Issue will be remitted to the Company's **Supreme Account No. 1501201968517003** with **BRAC Bank Limited**.
13. The subscription money collected from Non-Resident Bangladeshis in US Dollars or UK Pound Sterling or Euro shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:



| Sl. | Name of FC Account | Currency | Account No. | Bank |
|-----|---|-----------|------------------|----------------|
| 1. | Far East Knitting & Dyeing Industries Limited | US Dollar | 1501201968517004 | BRAC Bank Ltd. |
| 2. | Far East Knitting & Dyeing Industries Limited | GB Pound | 1501201968517005 | BRAC Bank Ltd. |
| 3. | Far East Knitting & Dyeing Industries Limited | Euro | 1501201968517006 | BRAC Bank Ltd. |

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Far East Knitting & Dyeing Industries Limited out of the "FC Account for IPO NRB Subscription". Far East Knitting & Dyeing Industries Limited has already opened the aforesaid FC Accounts & Current Account and shall close these accounts after refund of over-subscription, if any.
15. ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।

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

BANKERS TO THE ISSUE

The following Banks have agreed to work as Bankers to the Issue for the IPO. The designated branch list for collection of IPO subscription money is provided below: as follows:

| Bank Asia | | | |
|--------------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| Agrabad Br. Chittagong | Jessore Br. Jessore | Mohakhali Br. Dhaka | Shantinagar Br. Dhaka |
| Anderkilla Rd. Br. Chittagong | Kamal Bazaar Br. Chittagong | Moghbarar Br. Moghbarar | Station Rd. Br. Chittagong |
| Bahadderhat Br. Chittagong | Khatunganj Br. Chittagong | North South Rd. Br. Dhaka | Strand Road Branch, Chittagong |
| Bashundhara Br. Dhaka | Khulna Br. Khulna | Paltan Branch, Dhaka | Sylhet Main Br. Sylhet |
| Bogra Br. Bogra | MCB Banani Br. Dhaka | Progoti Sarani Br. Dhaka | Sylhet Uposhahar Br. Sylhet |
| CDA Avenue Br. Chittagong | MCB Dilkusha Br. Dhaka | Principal Office Branch, Dhaka | Shyamoli Branch, Dhaka |
| Corporate Br. Dhaka | MCB Sk Mujib Rd Br. Chittagong | Rajshahi Br. Rajshahi | Uttara Br. Dhaka |
| Dhanmondi Br. Dhaka | Mirpur Br. Dhaka | Scotia Br. Dhaka | |
| Gulshan Br. Dhaka | Mitford Br. Dhaka | | |
| BRAC Bank Limited | | | |
| Asad Gate Br. Dhaka | Donia Br. Dhaka | Kazirdeuri Br. Chittagong | Nawabpur Br. Dhaka |
| Agrabad Br. Chittagong | Graphics Building Br. Motijheel | Khulna Br. Khulna | Rampura Br. Dhaka |
| Banani Br. Dhaka | Eskaton Br. Dhaka | Manda Br. Dhaka | Rajshahi Br. Rajshahi |
| Bashundhara Br. Dhaka | Gulshan Br. Dhaka | Mirpur Br. Dhaka | Shyamoli Br. Dhaka |
| Barisal Br. Barisal | Halishohor Br. Chittagong | Momin Road Br. Chittagong | Uttara Br. Dhaka |
| Bogra Br. Bogra | Jessore Br. Jessore | Narayangonj Br. Dhaka | Zinda Bazar Br. Sylhet |
| CDA Avenue Br. Chittagong | | | |
| Dhaka Bank Limited | | | |
| Bhulta Br. Narayangonj | Comilla Br. Comilla | KDA Avenue Br. Khulna | Uposhahar Br. Sylhet |
| CDA Avenue Br. Chittagong | Goran Business Center, Dhaka | Mirpur Br. Dhaka | |
| Cox's Bazar Br. Cox's Bazar | Khilgaon Br. Dhaka | Savar Bazar Br., Dhaka | |
| First Security Islami Bank Limited | | | |
| Agrabad Branch, Chittagong | Chokoria Branch, Cox's Bazar | Jessore Branch, Jessore | Patuakhali Branch, Patuakhali |
| Ambarkhana Branch, Sylhet | College Gate Branch, Tongi, Gazipur | Jubilee Road Branch, Chittagong | Probartak Mor Branch, Chittagong |
| Andar Killah Branch, Chittagong | Comilla Branch, Comilla | Khatungonj Branch, Chittagong | Rajshahi Branch, Rajshahi |
| Azampur Branch, Dhaka | Cox's Bazar Branch, Cox's Bazar | Khulna Branch, Khulna | Rangpur Branch, Rangpur |
| Banani Branch, Dhaka | Dhanmondi Branch, Dhaka | Mirpur Branch, Dhaka | Ring Road Branch, Dhaka |
| Bangshal Branch, Dhaka | Dilkusha Branch, Dhaka | Mohakhali Branch, Dhaka | Satkhira Branch, Satkhira |
| Barisal Branch, Barisal | Donia Branch, Dhaka | Motijheel Branch, Dhaka | Savar Branch, Dhaka |
| Biswa Road Branch, Dhaka | Faridpur Branch, Faridpur | Moulvibazar Branch, Moulvibazar | Senanibash Branch, Dhaka |
| Bogra Branch, Bogra | Gobindagonj Branch, Sunamgonj | Mymensingh Branch, Mymensingh | Sylhet Branch, Sylhet |
| Bohadharhat Branch, Chittagong | Gulshan Branch Dhaka | Narayangonj Branch, Narayangonj | Taltola Branch, Sylhet |
| Bonoshree Branch, Dhaka | Hat Hazari Branch, Chittagong | Pabna Branch, Pabna | Topkhana Road Branch, Dhaka |
| Chawkbazar Branch, Chittagong | Islampur Branch, Dhaka | Patiya Branch, Chittagong | Uttara Branch, Dhaka |
| Investment Corporation of Bangladesh | | | |
| Barisal Br. Barisal | Chittagong Br. Chittagong | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Bogra Br., Bogra | Head Office, Dhaka | Local Office, Dhaka | Sylhet Br. Sylhet |
| National Bank Limited | | | |
| Agrabad Branch, Chittagong | Faridpur Branch, Faridpur | Malibagh Branch, Dhaka | Pragati Sarani Branch, Dhaka |
| Anderkilla Chittagong | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Babubazar Branch, Dhaka | Foreign Ex. Branch, Dhaka | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |

| | | | |
|---------------------------------------|-----------------------------------|--|----------------------------------|
| Banani Branch, Dhaka | Gazipur Branch Gazipur | Mohammadpur Branch, Dhaka | Rifles Square Branch, Dhaka |
| Bangshal Road Branch, Dhaka | Gulshan Branch, Dhaka | Motijheel Branch, Dhaka | Rokeya Sarani Branch, Dhaka |
| Barisal Branch, Barisal | Halishahar Branch, Chittagong | Moulvibazar Branch, Moulvibazar | S.k. Mojib Road Branch |
| Bogra Branch, Bogra | Imamganj Branch, Dhaka | Mymensingh Branch, Mymensingh | Savar Bazar Branch, Savar, Dhaka |
| CDA Avenue Branch, Chittagong | Islampur Branch, Dhaka | Narayangonj Branch, N'Gonj | Sunamgonj Branch, Sunamgonj |
| Chawk Bazar Branch, Chittagong | Jatrabari Branch, Dhaka | Narsingdi Branch, Narsingdi | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Jubilee Road Branch, Chittagong | Netaigonj Branch, N'gong | Tangail Branch, Tangail |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | New Eskaton Branch, Dhaka | Tongi Branch, Gazipur |
| Dhanmondi Branch, Dhaka | Khatungong Branch, Chittagong | North Brook Hall Branch, Dhaka | Uttara Branch, Dhaka |
| Dilkusha Branch, Dhaka | Khulna Branch Khulna | Pagla bazar Branch, Narayangonj | Z. H. Sikder M.C. Branch, Dhaka |
| Elephant Road Branch, Dhaka. | Lake Circus Branch, Dhaka | Pahartali Branch, Chittagong | Zindabazar Branch, Sylhet |
| Southeast Bank Limited | | | |
| Agargaon Br. Dhaka | Chhagalnaiya Br. Feni | Jubilee Road Br. Chittagong | Narayanganj Br. Narayangonj |
| Agrabad Br., Chittagong | Chowmuhani Br. Noakhali | Kakrail Br. Dhaka | Oxygen More Br. Chittagong |
| Ashulia Br. (Rural) Dhaka | Comilla Br. Comilla | Khatunganj Br. Chittagong | Pahartali Br. Chittagong |
| Banani Br. Dhaka | Cox's Bazar Br. Chittagong | Khulna Br. Khulna | Pragati Sarani Br. Dhaka |
| Banasree Br. Dhaka | Dakhin Khan Br. Dhaka | Konabari Br. Gazipur | Principal Br. Dhaka |
| Bandar Bazar Br. Sylhet | Dhania Br. Dhaka | Laldighipaar Branch, Sylhet | Rajshahi Br. Rajshahi |
| Bangshal Br. Dhaka | Dhanmondi Br. Dhaka | Madambibir Hat Branch, Chittagong | Rangpur Br. Rangpur |
| Barisal Br. Barisal | Dinajpur Br. Dinajpur | Madhabdi Br. Narshingdi | Rokeya Sarani Br. Dhaka |
| Bashurhat Br. Noakhali | Feni Br. Feni | Mohakhali Br. Dhaka | Rupnagar Br. Dhaka |
| Basundhara Br. Dhaka | Gulshan Br. Dhaka | Mohammadpur Br. Dhaka | Sat Mashjid Road Br. Dhaka |
| Bogra Br. Bogra | Hetimgonj Br. Sylhet | Momin Road Br. Chittagong | Savar Br. Dhaka |
| Brahmanbaria, B, Baria | Imamganj Br. Dhaka | Mouchak Br. Dhaka | Sir Iqbal Road Br. Khulna |
| CDA Avenue Br. Chittagong | Islampur Br. Dhaka | Moulvibazar Br. Sylhet | Tongi Br. Gazipur |
| Chapainawabganj Br. Rajshahi | Joypara Br. Dhaka | Naogaon Br. Naogaon | Uttara Br. Dhaka |
| Standard Chartered Bank | | | |
| Agrabad Br. Chittagong | Khulna Br. Khulna | Motijheel Br. Dhaka | Sylhet Br. Sylhet |
| Bogra Br. Bogra | Mirpur Br. Dhaka | Nasirabad Br. Chittagong | |
| Trust Bank Limited | | | |
| Ashugonj Br. Ashugonj | Elephant Road Br. Dhaka | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Ashulia Br. Dhaka | Feni Br. Feni | Khwaja Yunus Ali Medical Br. Sirajgonj | Rangpur Cantonment Br. Rangpur |
| Barishal Br. Barishal | Halishahar Br. Chittagong | Mirpur Br. Dhaka | S.S. Cantonment Br. Tangail |
| Bogra Cantonment Br. Bogra | Jalalabad Cant. Br. Sylhet | Momenshahi Cantoment Br. Mymensingh | Savar Cantonment Br. Dhaka |
| Chowmohoni Br. Chowmohoni | Jessore Cantonment Br. Jessore | Narayanganj Br. Dhaka | Shahjalal Uposhohor Br. Sylhet |
| Comilla Br. Comilla | Joydebpur Br. Gazipur | Narsingdi Br. Narsingdi | Sylhet Corporate Br. Sylhet |
| Comilla Cantonment Br. Comilla | Joypara Br. Dhaka | Principal Br. Dhaka | Tongi Br. Gazipur |
| Dhanmondi Br. Dhaka | Kadamtali Br. Chittagong | Radisson Water Garden Hotel Br. | Uttara Corporate Br. Dhaka |
| Dilkusha Corp. Br. Dhaka | Karwan Bazar Br. Dhaka | | |
| United Commercial Bank Limited | | | |
| Agrabad Branch, Chittagong | Dhonia Branch, Dhaka | Lama Bazar Branch, Sylhet | Pabna Branch, Pabna |
| Amborkhana Branch, Sylhet | Dinajpur Branch, Dinajpur | Lohagara Branch, Chittagong | Paglabazar Branch, Narayangonj |
| Anderkilla Branch, Chittagong | Eidgaon Branch, Cox's Bazar | Madhabi Branch, Narsingdi | Pahartali Branch, Chittagong |
| Bahaddarhat Branch, Chittagong | Elephant Road Branch, Dhaka | Madunaghat Branch, Chittagong | Port Branch, Chittagong |
| Banani Branch, Dhaka | Faridpur Branch, Faridpur | Maizdee Court Branch, Noakhali | Principal Branch, Motijheel C/A |
| Bangshal Branch, Dhaka | Fatickchari Branch, Chittagong | Mawna Branch, Gazipur | Rajbari Branch, Dhaka |
| Barisal Branch, Barisal | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Barolekha Branch, Moulvibazar | Foreign Exchange Br. Dilkusha C/A | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |
| Bashundhara Branch, Dhaka | Gazipur Chowrasta Br. Gazipur | Mohammadpur Branch, Dhaka | Rangunia Branch, Chittagong |
| Beanibazar Branch, Sylhet | Goalbazar Branch, Sylhet | Moulvibazar Branch, Dhaka | Raozan SME Branch, Chittagong |
| Bhulta Branch, Narayangonj | Gohira Branch, Chittagong | Moulvibazar Branch, Moulvibazar | Satoire Bazar Branch, Faridpur |
| Bijaynagar Branch, Dhaka | Gopalgonj Branch, Gopalgonj | Muradpur Branch, Chittagong | Savar Branch, Savar |
| Biswanath Branch, Sylhet | Gulshan Branch, Dhaka | Mymensingh Branch, Mymensingh | Serajgonj Branch, Serajgonj |
| Bogra Branch, Bogra | Hasnabad Branch, Dhaka | Nabinagar Branch, Savar | Shahjalal Uposhahar Br. Sylhet |
| Brahmanbaria Br. Brahmanbaria | Hathazari Branch, Chittagong | Naogaon Branch, Naogaon | Shantinagar Branch, Dhaka |
| Chandpur Branch, Chandpur | Islampur Branch, Dhaka | Narayanganj Branch, Narayangonj | Sherpur Branch, Sylhet |
| Chapainawabgonj Branch | Jessore Branch, Jessore | Narsingdi Branch, Narsingdi | Shibgonj Branch, Sylhet |
| Chashara Branch, Narayangonj | Jhenaidah Branch, Jhenaidah | Natore Branch, Natore | Sonargaon Janapath Br. Dhaka |
| Chawkbazar Branch, Chittagong | Jubilee Road Branch, Chittagong | Nawabpur Branch, Dhaka | Station Road Branch, Chittagong |
| Chokoria Branch, Cox's Bazar | Kadamtali Branch, Chittagong | Nayabazar Branch, Dhaka | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Kamal Bazar Branch, Chittagong | Nazirhat Branch, Chittagong | Tangail Branch, Tangail |
| Chuadanga Branch, Chuadanga | Kanchan Branch, Narayangonj | New Eskaton Branch, Dhaka | Tejgaon Branch, Dhaka |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | Noapara Branch, Chittagong | Tongi Branch, Gazipur |
| Corporate Branch, Dhaka | Khan jahan Ali Road Br. Khulna | Noapara Bazar Branch, Jessore | Tongi Station Road Br. Gazipur |
| Cox's Bazar Branch, Cox's Bazar | Khatungonj Branch, Chittagong | Nobigonj Branch, Hobigonj | Uttara Branch, Dhaka |
| Dampara Branch, Chittagong | Khulna Branch, Khulna | North Brook Hall Road Br. Dhaka | Zindabazar Branch, Sylhet |
| Dhanmondi Branch, Dhaka | Kushtia Branch, Kushtia | O.R.Nizam Road Branch, Chittagong | Zinzira Branch, Dhaka |
| Dhohazar Branch, Chittagong | Lakshmipur Branch, Lakshmipur | | |

SECTION XII

Material Contract & Others

MATERIAL CONTRACT

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

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

MANAGER TO THE ISSUE

IDLC Investments Limited, Eunoos Trade Center (Level 21), 52-56 Dilkusha C/A, Dhaka 1000 is acting as the Issue Manager.

The Issue Management fee for the IPO shall be BDT 2,000,000.

COMMISSION TO THE BANKERS 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.

SECTION XIII

Corporate Directory

| | |
|-------------------------------------|---|
| Registered Office | Far East Knitting & Dyeing Industries Limited Bilquis Tower (3 rd Floor) Plot -6 (New), 2 nd Circle Gulshan, Dhaka 1212 |
| Corporate Office | Far East Knitting & Dyeing Industries Limited Moyeen Centre House # 9B, Road # 3 Gulshan 1, Dhaka 1212 |
| Auditors | Masih Muhith Haque & Co. Chartered Accountants Level 13, UTC Building 8 Panthopoth, Dhaka 1215 |
| Manager to the Issue | IDLC Investments Limited Eunoos Trade Center (Level 21) 52-53 Dilkusha C/A Dhaka 1000 |
| Lead Banker-to-the-Issue | BRAC Bank Limited 1 Gulshan Avenue Gulshan , Dhaka 1212 |
| Legal Advisor | The Legal Circle High Tower (9th Floor) 9 Mohakhali C/A Dhaka – 1212 |
| Company's Compliance Officer | M. S. Zaman Sr. Manager (Accounts) and Company Secretary |

All investors are hereby informed that Mr. M. S. Zaman, Sr. Manager (Accounts) and Company Secretary would be designated as Compliance Officer who will monitor the compliance of the acts, rules, regulations, notifications, guidelines, conditions, orders/directions etc. issued by the Commission and/or stock exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors' grievances.



Auto Printing Machine



Section XIV: Auditor's report & related certificates

KURIS Spezialmaschinen GmbH

Fabric Cutting Machine

SECTION XIV

Auditors Report & Related Certificates

AUDITORS' REPORT

We have audited the accompanying financial statements of Far East Knitting & Dyeing Industries Ltd which comprises the statement of financial positions as at June 30, 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, 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. 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 amount 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, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the 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 statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d. The expenditure incurred was for the purposes of the company's business.

Dated: Dhaka
October 26, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

STATEMENT OF FINANCIAL POSITION

As at June 30, 2013

| Property & Assets | Notes/ Sch | Year Ended June 30' 2013 Amount (Tk.) | Year Ended June 30' 2012 (Revised) Amount (Tk.) |
|---|--------------|---|--|
| A. Non-Current Assets: | | 1,358,416,846 | 1,258,355,408 |
| Fixed assets (at cost less accumulated depreciation) | Sch-A, B & C | 1,357,346,846 | 1,257,285,408 |
| Long term Investment | 6.00 | 1,070,000 | 1,070,000 |
| B. Current Assets: | | 1,316,043,224 | 1,434,012,757 |
| Advance, deposits & prepayments | 7.00 | 51,297,957 | 45,988,315 |
| Accounts receivable | 8.00 | 505,220,413 | 567,008,847 |
| Inventories | 9.00 | 439,312,264 | 411,252,601 |
| Cash and cash equivalents | 10.00 | 320,212,591 | 409,762,994 |
| C. Total Property & Assets (A+B) | | 2,674,460,070 | 2,692,368,165 |
| EQUITY & LIABILITIES | | | |
| D. Shareholders Equity: | | 1,736,454,965 | 1,504,795,833 |
| Share capital | | | |
| Issued, subscribed & paid up capital (91,030,800 ordinary share of Tk.10 each) | 11.00 | 910,308,000 | 650,220,000 |
| Reserve & surplus | | | |
| Retained earnings | 12.00 | 499,750,044 | 528,178,912 |
| Revaluation surplus | 13.00 | 326,396,921 | 326,396,921 |
| E. Non-Current Liability: | | 392,605,147 | 442,415,606 |
| Long term loan (secured) | 14.00 | 323,477,700 | 379,514,609 |
| Deferred liabilities (Provision for gratuity) | 15.00 | 17,409,547 | 12,609,547 |
| Deferred liabilities (Workers' welfare fund) | 16.00 | 19,222,631 | 17,796,181 |
| Income tax liability for other comprehensive income | 17.00 | 32,495,269 | 32,495,269 |
| F. Current Liabilities | | 545,399,957 | 745,156,726 |
| Accounts payable | 18.00 | 13,759,257 | 16,007,614 |
| Accepted bills payable | 19.00 | 355,966,000 | 501,872,878 |
| Provision for expenses | 20.00 | 57,269,216 | 60,712,740 |
| Packing credit loan | 21.00 | 36,217,110 | 25,983,793 |
| Short term loan | 22.00 | 63,923,641 | 114,876,828 |
| Payable for asset purchase | 23.00 | 1,834,061 | 2,124,703 |
| Workers profit participation Fund(WPPF) | 24.00 | 12,551,255 | 20,474,478 |
| Other liabilities | 25.00 | 3,879,418 | 3,103,694 |
| G. Total Liabilities & Shareholders' Equity (D+E+F) | | 2,674,460,070 | 2,692,368,165 |

The notes are integral part of the financial statements.

Approved and authorised for issue by the Board of Directors on the date of 24.10.2013 and signed for and on behalf of the board.

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Sd/-

(Masih Muhith Haque & Co.)
Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2013

| Particulars | Notes | June.30, 2013 Amount (Tk.) | June. 30, 2012 (Revised) Amount (Tk.) |
|---|-------|-------------------------------|---|
| Sales Revenue (Export) | 26.00 | 2,316,680,977 | 2,358,795,325 |
| Less : Cost of goods sold | 27.00 | 1,795,236,539 | 1,686,139,950 |
| Gross profits | | 521,444,438 | 672,655,375 |
| Less: Office & administrative expenses | 28.00 | 186,008,840 | 182,203,858 |
| Profit from Operation | | 335,435,598 | 490,451,517 |
| Add: Other income | 29.00 | 4,921,193 | 12,216,615 |
| Net profit/ (Loss) before Finance cost | | 340,356,790 | 502,668,133 |
| Less: Finance cost | 30.00 | 76,780,439 | 67,949,539 |
| Net profit/(loss) after financial expenses | | 263,576,351 | 434,718,594 |
| Less: Workers profit participation Fund(WPPF) | 31.00 | 12,551,255 | 20,700,886 |
| Net profit/ (Loss) before Income tax | | 251,025,096 | 414,017,708 |
| Less : Provision for income tax | 32.00 | 19,365,964 | 14,505,218 |
| Net profit/ (Loss) after tax | | 231,659,132 | 399,512,490 |
| Earnings per share (Face value Tk. 10) | 33.00 | 2.54 | 6.14 |

The notes are integral part of the financial statements.

Approved and authorised for issue by the Board of Directors on the date of 24.10.2013 and signed for and on behalf of the board.

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Sd/-

(Masih Muhith Haque & Co.)

Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2013

| Particulars | Year Ended June.30, 2013 Amount (Tk.) | Year Ended June.30, 2012 (Revised) Amount (Tk.) |
|---|---|--|
| Net profit after tax for the period | 231,659,132 | 399,512,490 |
| Other comprehensive income: | | |
| Revaluation surplus of property, plant and equipment | - | - |
| Less: Income tax expenses on other comprehensive income | - | - |
| Total comprehensive income for the period | 231,659,132 | 399,512,490 |

The notes are integral parts of the financial statements.

Approved and authorised for issue by the Board of Directors on the date of 24.10.2013 and signed for and on behalf of the board

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Sd/-

(Masih Muhith Haque & Co.)
Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2013

| Particulars | Share capital | Retained earnings | Revaluation Surplus | Total |
|-----------------------------------|--------------------|--------------------|---------------------|----------------------|
| Year Ended : 30-Jun-13 | | | | |
| Balance as on June 30,2012 | 650,220,000 | 528,178,912 | 326,396,921 | 1,504,795,833 |
| Net profit for the period | - | 231,659,132 | - | 231,659,132 |
| Stock / cash Dividend | 260,088,000 | (260,088,000) | - | - |
| Balance as on June 30,2013 | 910,308,000 | 499,750,044 | 326,396,921 | 1,736,454,965 |
| Year Ended : 30-Jun-12 | | | | |
| Balance as on June 30,2011 | 650,220,000 | 258,710,422 | 326,396,921 | 1,235,327,343 |
| Net profit for the Period | - | 399,512,490 | - | 399,512,490 |
| Cash Dividend | - | (130,044,000) | - | (130,044,000) |
| Balance as on June 30,2012 | 650,220,000 | 528,178,912 | 326,396,921 | 1,504,795,833 |

The notes are integral part of the financial statements.

Approved and authorised for issue by the Board of Directors on the date of 24.10.2013 and signed for and on behalf of the board.

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Sd/-

(Masih Muhith Haque & Co.)
Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2013

Property & Assets

A CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers
Cash received from other income
Cash paid to suppliers

Operating expenses paid
Finance cost

Net cash flow from operating activities

B CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property, plant and equipment

Net cash used in investing activities

C CASH FLOWS FROM FINANCING ACTIVITIES:

Secured loan received/ (Paid)

Short term loan received / (paid)

Cash dividend

Packing credit loan

Net cash flow from financing activities

Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)

Cash & Cash Equivalents at the beginning of the period

Cash & Cash Equivalents at the end of the period

The above balance consists of the followings:

Cash in hand

Cash at bank

| | Year Ended 30 June 2013 Amount (Tk.) | Year Ended 30 June 2012(Revised) Amount (Tk.) |
|--|--|--|
| | 2,378,469,411 | 2,230,544,667 |
| | 4,921,193 | 12,216,615 |
| | (1,347,208,531) | (1,262,609,613) |
| | (729,057,674) | (687,304,249) |
| | (76,780,439) | (64,781,913) |
| | 230,343,959 | 228,065,508 |
| | (223,137,584) | (192,580,737) |
| | (223,137,584) | (192,580,737) |
| | (56,036,909) | 175,119,760 |
| | (50,953,187) | 72,345,425 |
| | - | (130,044,000) |
| | 10,233,317 | (2,348,653) |
| | (96,756,778) | 115,072,532 |
| | (89,550,403) | 150,557,303 |
| | 409,762,994 | 259,205,692 |
| | 320,212,591 | 409,762,994 |
| | 600,000 | 600,000 |
| | 319,612,591 | 409,162,994 |
| | 320,212,591 | 409,762,994 |

Note:

1. Cash outflows are indicated in brackets.

The notes are integral part of the financial statements .

Approved and authorised for issue by the Board of Directors on the date of 24.10.2013 and signed for and on behalf of the board.

Sd/-

Managing Director

Sd/-

Director

Sd/-

Company Secretary

Sd/-

(Masih Muhith Haque & Co.)
Chartered Accountants

FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B, Road # 3, Gulshan –1, Dhaka.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

1.00 Corporate History of the Reporting Entity:

Far East Knitting & Dyeing Industries Ltd. was incorporated in Bangladesh on April 19, 1994 under the companies Act, 1913 vide registration no. C – 25772 (1606)/94 as a public company limited by shares. It commenced commercial operation in 1994.

The registered office of the company is located at Bilquis Tower (3rd floor) ; Plot # 6(New) ; Road # 46 ; Circle-2 ; Gulshan Dhaka-1212. The industrial Unit located at Chandra Kaliakair; Gazipur and the principal place of business is Moyeen center, House # 9/B, Road # 3, Gulshan-1, Dhaka.

2.00 Corporate Business :

The company operates a readymade composite knit garments industrial unit of international standard to carry on the business of knitting, dyeing, designing, manufacturing & marketing readymade garments to deal in the foreign markets.

3.00 Corporate Financial Statements and Reporting:

This comprises Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and Notes to the Financial Statements covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1994 and the International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

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

4.00 Basis of preparation**4.01 Statement of Compliance**

The financial statements of the company have been prepared in accordance with Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994 and other applicable laws and regulations.

The following Bangladesh Accounting Standards applied for the preparation of the financial statements for the period under review:

| | |
|----------|--|
| BAS - 1 | Presentation of Financial Statements |
| BAS - 2 | Inventories |
| BAS - 7 | Statement of Cash Flows |
| BAS - 10 | Events after the reporting period |
| BAS - 12 | Income Taxes |
| BAS - 16 | Property, Plant and Equipment |
| BAS – 18 | Revenue |
| BAS – 19 | Employee Benefits |
| BAS – 21 | The effects of changes in foreign exchange rates |
| BAS – 24 | Related Party Disclosures |

| | |
|----------|---|
| BAS - 33 | Earnings per Share |
| BAS - 37 | Provisions, Contingent Liabilities and Contingent Assets. |

4.02 Other regulatory compliances

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- The Income Tax Ordinance 1984
- The Income Tax Rules 1984
- The Value added Tax Act 1991
- The Value added Tax Rules 1991
- The Securities & Exchange Commission Rules 1987

4.03 Basis of measurement

The financial statements have been prepared on going concern basis under historical cost conventions of generally accepted accounting principles.

4.04 Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (TK.) currency, which is the company's functional currency.

4.05 Accrual Basis of Accounting

These financial statements have been prepared under the accrual basis of accounting.

4.06 Use of estimates & judgment

The preparation of these financial statements is in conformity with BASs/BFRSs which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses, depreciation and amortization and tax reserve. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected thereby.

4.07 Reporting Period

The reporting period of the company covers yearly from July 01 to June 30, 2013 and these financial statements has been prepared for the yearly ended June 30, 2013.

4.08 Components of the financial statements

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

5.00 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all years presented in these financial statements.

5.01 Property, plant and equipment

5.01.01 Recognition and measurement

Items of property, plant and equipments are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of asset. All plants and machineries of the company are purchased in brand new condition.

5.01.02 Subsequent cost

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

5.01.03 Depreciation

All items of property, plant and equipment have been depreciated on reducing balance method. No depreciation is charged on land & land development. Depreciation has been charged on the opening & addition amount of fixed assets for one year and these financial statements have been prepared for the year ended June 30, 2013. Depreciation is charged at the rates varying from 2.5% to 50% depending on the estimated useful lives of assets.

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

| | |
|---|--------|
| Air Conditioner | 15% |
| Building & civil works | 2.50% |
| Computer software | 20% |
| Crockeries & cutleries | 20% |
| Electric/ Gas installation | 15% |
| Electrical equipment | 15% |
| Fax/ phone/ mobile | 10% |
| Furniture & fixture | 10% |
| Generator | 15% |
| Generator (Reassessed useful life 4 years) | 25% |
| Land and land development | - |
| Motor vehicle | 20% |
| Office decoration | 10% |
| Office equipment | 15% |
| Plant & machinery | 15% |
| Plant & machinery(Reassessed useful life 3 years) | 33.33% |
| Plant & machinery(Reassessed useful life 2 years) | 50% |
| Plant & machinery (Gmt) | 15% |
| Plant & machinery (Gmt) (Reassessed useful life 2 years) | 50% |
| Plant & machinery (Printing) | 15% |
| Washing machine | 15% |

| | |
|--|-----|
| Water & steam line | 20% |
| Water treatment plant | 15% |
| Water treatment plant (Reassessed useful life 2 years) | 50% |
| Effluent treatment plant | 15% |
| Land is not depreciated as it deemed to have an infinite life. | |

5.02 Inventories

Inventories comprise of raw materials, packing materials, raw materials in transit, finished goods, spares & spare parts in transit. Inventories are valued at cost or net realized value which ever is lower. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operation capacity. Stock in transit represents the cost incurred up to the date of the Statement of Financial Position for the items that were not received till the date of the financial position.

5.03 Trade and other receivables (Accounts receivables)

Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectibility of any amount so recognized.

5.04 Advances, deposits and prepayment

Advances are initially measured at cost. After initial recognition advances are carried at cost less deduction, adjustment or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

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

5.05 Cash & Cash Equivalents

Cash & Cash Equivalents includes cash in hand, cash at banks which are held and available for use by the company without any restriction.

5.06 Provision

A provision is recognized in The Statement of Financial Position when the company has a legal or constructive obligation as a result of a part event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.07 Foreign currency transaction

Foreign currency transactions are translated at rates ruling on the dates advices were received. Monetary assets and liabilities denominated in foreign currencies at reporting date are reconverted at rates ruling at the Statement of Financial Position date. All exchange differences are charged / credited to profit and loss account by being absorbed in the respective head of income or expenditure.

5.08 Taxation:

Taxation is provided in accordance with fiscal regulations applicable. The company taxation is under final settlement of tax liability under section 82 (c) of the Income Tax Ordinance 1984 .The company is under final settlement of tax liability through deduction at source from July 01, 2012 to June 30, 2013 @ 0.80% under section 53 BB.

5.09 Employee benefits obligation :

The company has Gratuity fund and Workers' Welfare fund as employee benefit and contributing Tk. 400,000 per month for Gratuity fund & Tk. 375,000 per month for Workers' Welfare fund (WWF). Also the company has Workers Profit Participation fund as employee benefit and contributing 5% of net profit before tax to WPPF.

5.10 Revenue recognition

5.10.01 Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is continued management involved with the goods, and the amount of revenue can be measured reliably.

5.10.02 Interest income

Finance income comprises of interest income of fund invested. Interest income is recognized on accrual basis.

5.11 Borrowing cost

Finance expenses comprise interest expense on bank loan, and other borrowings. All borrowing costs are recognized in the profit and loss account using effective interest method.

5.12 Cash flow statement

Cash flow from operating activities has been presented under direct method.

5.13 Earnings per share

The company presents its basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by number of ordinary shares outstanding during the year.

5.14 Transaction with related parties

The company carried a number of transactions with related parties in the normal course of business. The nature of transactions and their total value has been disclosed in note no. 34.

5.15. Comparative information

Comparative information's have been disclosed in compliance with Para 20 of BAS 34 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding for the current year financial statements.

5.16 General

5.16.1 Previous year figures have been rearranged wherever considered necessary for the purpose of current year presentation.

5.16.2 Figures in these notes and annexed financial statement have been rounded off to the nearest taka.

6.00 Long term Investment : Tk. 1,070,000

- i) The amount of Tk. 1,070,000 invested in Fareast Spinning Industries Ltd. as paid up capital of 107,000 ordinary share @ 10 each.
- ii) Far East Spinning Industries Limited was incorporated as a Public Limited Company on April 19, 2011 bearing registration no.C-92126/11. Far East Knitting and Dyeing Industries Limited has invested in Far East Spinning Industries Limited Tk. 10,70,000 (Taka Ten Lakh seventy thousand) on May 02, 2011. Far East Spinning Industries Limited was not in Operation as on June 30, 2013 and no interest or dividend earned by Far East Knitting and Dyeing Industries Limited out of the Investment.
- iii) Far East Spinning Industries Ltd. Is neither subsidiaries nor an associate company but this is a mere investment of Far East Knitting and Dyeing Industries Limited.

| Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|
|--|--|

7.00 Advance, deposits & prepayments :Tk. 51,297,957

This balance consists of as follows :

| | | |
|--|-------------------|-------------------|
| Balance at the beginning of the year | 45,988,315 | 37,894,189 |
| Add : Addition during the year | 72,429,094 | 50,317,603 |
| | 118,417,409 | 88,211,792 |
| Less : Adjustment made during the year | 67,119,452 | 42,223,477 |
| Balance as on June 30, 2013 | 51,297,957 | 45,988,315 |

The balance is made up of the followings

| | | | |
|-------------|------|-------------------|-------------------|
| Advance | 7.01 | 3,150,386 | 2,310,344 |
| Deposits | 7.02 | 28,652,901 | 30,169,533 |
| Prepayments | 7.03 | 19,494,670 | 13,508,438 |
| | | 51,297,957 | 45,988,315 |

7.01 Advance : Tk. 3,150,386

This balance consists of as follows :

| | | | |
|--------------------------|---------|------------------|------------------|
| Advance to employees | 7.01.01 | 600,106 | 1,107,000 |
| Advance against expenses | 7.01.02 | 2,550,280 | 1,203,344 |
| | | 3,150,386 | 2,310,344 |

The above mentioned advances are outstanding for not more then six months.

7.01.01 Advance to Employees : Tk. 600,106

This balance consists of as follows :

| | | |
|--|----------------|------------------|
| Balance at the beginning of the year | 1,107,000 | 383,000 |
| Add : Addition during the year | 790,340 | 2,945,000 |
| | 1,897,340 | 3,328,000 |
| Less : Adjustment made during the year | 1,297,234 | 2,221,000 |
| Balance as on June 30, 2013 | 600,106 | 1,107,000 |

| | Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|--|
| Advance to employees of Factory : | | |
| Mr. Jalil (Driver) | - | 5,000 |
| Mr. Khoybor Hossain | 2,000 | 14,000 |
| Iqbal Hossain | 35,000 | 95,000 |
| Rafiqul Islam (cook) | 3,000 | 15,000 |
| Motin (Supervisor) | - | 5,000 |
| Nurunnabi (PO) | - | 17,500 |
| Sultan Ahmed (PO) | - | 20,000 |
| Mohiuddin (MCR) | - | 15,000 |
| Osama Bin Mustafa | 100,000 | - |
| Shakil Ahmed | - | 8,000 |
| Rezaul Kabir | - | 52,000 |
| Kashru (Driver) | 4,000 | - |
| Shahin alom(QI) | 7,500 | - |
| Mr. Syed Imran | 50,106 | 182,000 |
| Advance to employees of Head Office : | | |
| Anwer Ali (HR) | - | 100,000 |
| Apu Gomes | 11,000 | - |
| Asadullah | 24,000 | 22,000 |
| Abdur Razzak | 26,000 | - |
| Abul Hossain | 16,000 | - |
| Abul Hossain(Driver) | 25,500 | - |
| Adnan Rubait (abir) | 27,000 | - |
| Babul Hossain | - | 15,000 |
| Golam Mostafa | 48,000 | - |
| Sirajul Islam (Security) | 18,000 | 16,000 |
| Mr. Khokon (Driver) | - | 12,500 |
| Mr. Shopon Jaudop | 20,000 | 29,000 |
| Sizad Arefin Shawn | - | 15,000 |
| Mr. Shain(Peon) | - | 3,000 |
| Rajib Goala | - | 18,000 |
| Faruqe-Acc. | 32,000 | 80,000 |
| Shamuail Mahmud Nintu | 100,000 | 340,000 |
| Kopil Das | 11,000 | 10,000 |
| Nurul Haque(security) | - | 18,000 |
| Gopal Chandra Shaha | 9,000 | - |
| Rashidul Haque Khan | 15,000 | - |
| Younus Rana | 16,000 | - |
| | 600,106 | 1,107,000 |

| Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|
|--|--|

7.01.02 Advance against expenses : Tk. 2,550,280

This balance consists of as follows :

Balance at the beginning of the year

Add : Addition during the year

Less : Adjustment made during the year

Balance as on June 30, 2013

| | |
|------------------|------------------|
| 1,203,344 | 760,280 |
| 30,872,155 | 6,623,800 |
| 32,075,499 | 7,384,080 |
| 29,525,219 | 6,180,736 |
| 2,550,280 | 1,203,344 |

This is made up as follows :

Asian Electronics

Datacare Solution

Jananee Engineering Works

Laskar Lighting & Electric

Mir Trading Company

Metro Metal Steel Fabrication

Sikder Construction-Mr.kamal Sikder

Sigma Pumps Ltd.

Simtec Engineering

Saddam Engineering Works

Sikder Enterprise-Construction

Earthly Concept

| | |
|------------------|------------------|
| 100,000 | - |
| 115,000 | 115,000 |
| 50,000 | - |
| 25,000 | - |
| 1,500,000 | - |
| 500,000 | - |
| 160,280 | 160,280 |
| - | 541,800 |
| 100,000 | - |
| - | 75,000 |
| - | 69,939 |
| - | 241,325 |
| 2,550,280 | 1,203,344 |

7.02 Deposits : Tk. 28,652,901

This balance consists of as follows :

L/c margin

Security deposits

7.02.01

7.02.02

| | |
|-------------------|-------------------|
| 23,659,280 | 25,175,912 |
| 4,993,621 | 4,993,621 |
| 28,652,901 | 30,169,533 |

7.02.01 L/c margin : Tk. 23,659,280

All L/c are with the Janata Bank, Kamal Ataturk Avenue corporate branch.

The above balance consists of as follows :

Balance at the beginning of the year

Add : Addition during the year

Less : Adjustment made during the year

Balance as on June 30, 2013

| | |
|-------------------|-------------------|
| 25,175,912 | 23,077,300 |
| 21,271,929 | 27,240,365 |
| 46,447,841 | 50,317,665 |
| 22,788,561 | 25,141,753 |
| 23,659,280 | 25,175,912 |

| Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|
|--|--|

This is made up as follows :

| L/C No. | Opening date | Date of expiry | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|-----------------------------|--------------|----------------|------------------------------|------------------------------|
| 013810020224 (Gmt) | 08.12.2010 | 26.02.2011 | - | 1,270,000 |
| 013813010202 | 05.03.2013 | 26.06.2013 | 398,000 | - |
| 013813020201(Knitting Mac.) | 20.01.2013 | 08.03.2013 | 3,071,280 | - |
| 013813010033 | 28.04.2013 | 06.07.2013 | 725,000 | - |
| 013813010043 | 04.06.2013 | 05.09.2013 | 837,000 | - |
| 013811010214(Generator) | 27.10.2011 | 21.12.2011 | - | 6,634,000 |
| 013812020002 | 06.02.2012 | 16.05.2012 | - | 5,480,000 |
| 013812020201 (Boiler) | 25.01.2012 | 31.05.2012 | 3,108,000 | 3,108,000 |
| 013812020202 | 07.03.2012 | 21.05.2012 | 1,328,000 | 2,905,000 |
| 013812020203 | 07.03.2012 | 11.05.2012 | - | 1,198,000 |
| 013812020204 | 25.04.2012 | 22.07.2012 | 3,557,000 | 3,537,000 |
| 013812010205 | 05.06.2012 | 20.08.2012 | - | 1,043,912 |
| 013813020205 | 26.06.2013 | 01.09.2013 | 828,000 | - |
| 013812020038 | 27.11.2012 | 05.02.2013 | 475,000 | - |
| 013812020039 | 27.11.2012 | 16.02.2013 | 1,863,000 | - |
| 013812020040 | 27.11.2012 | 05.02.2013 | 4,265,000 | - |
| 013812020210 | 05.11.2012 | 24.03.2013 | 3,204,000 | - |
| | | | 23,659,280 | 25,175,912 |

7.02.02 Security deposits : Tk. 4,993,621

This balance consists of as follows :

| | | |
|--|------------------|------------------|
| Balance at the beginning of the year | 4,993,621 | 4,993,621 |
| Add : Addition during the year | - | - |
| | 4,993,621 | 4,993,621 |
| Less : Adjustment made during the year | - | - |
| Balance as on June 30, 2013 | 4,993,621 | 4,993,621 |

This is made up as follows :

| | | |
|---|------------------|------------------|
| Security deposit at BTCL | 69,000 | 69,000 |
| Security deposit at Grameenphone | 11,000 | 11,000 |
| Security deposit at Group 4 Security | 193,534 | 193,534 |
| Security deposit at Palli Bidyut Samity-1 | 447,457 | 447,457 |
| Security deposit at Rural Electrification Board | 142,920 | 142,920 |
| Security deposit at Titas Gas | 4,114,710 | 4,114,710 |
| Security deposit for Telex | 15,000 | 15,000 |
| | 4,993,621 | 4,993,621 |

7.03 Prepayments (Advance income tax) : Tk. 19,494,670

This balance consists of as follows :

| | Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|--|
| Balance at the beginning of the year | 13,508,438 | 8,679,988 |
| Add : Addition during the year | 19,494,670 | 13,508,438 |
| | <u>33,003,108</u> | <u>22,188,426</u> |
| Less : Adjustment made during the year | 13,508,438 | 8,679,988 |
| Balance as on June 30, 2013 | 19,494,670 | 13,508,438 |

This is made up as follows :

| | | |
|--|-------------------|-------------------|
| Tax deducted at source on FDR interest | 189,020 | 125,170 |
| AIT of Vehicle | 277,894 | - |
| AIT on Export (Sale) | 19,027,755 | 13,383,268 |
| | <u>19,494,670</u> | <u>13,508,438</u> |

8.00 Accounts Receivable : Tk. 505,220,413

This balance consists of as follows :

Export Bills

| | | |
|---|--------------------|--------------------|
| Documents submitted but not realized | 411,314,208 | 474,243,083 |
| Goods shipped but Documents not submitted to Bank | 93,906,205 | 92,765,764 |
| | <u>505,220,413</u> | <u>567,008,847</u> |

The receivable amount is outstanding for less than 6 months.

Information about Accounts receivable as per requirement under Schedule XI, Part I, Para 4 of the Companies Act, 1994.

Debtors have been stated at their nominal value. Debtors are accrued in the ordinary course of business.

Aging of Accounts Receivable :

All accounts receivables are generated from export and outstanding for less than 6 months.

i) Debt considered good in respect of which the company is fully secured.

Accounts receivable accrued in the ordinary course of business are considered good and secured against confirmed L/C. The details of Accounts receivable are given below:

| Export bills | Amount (Tk.) June 30,2013 | Amount (Tk.) June 30,2012 |
|---|------------------------------|------------------------------|
| Documents submitted but not realized | 411,314,208 | 474,243,083 |
| Goods shipped but Documents not submitted to bank | 93,906,205 | 92,765,764 |
| | <u>505,220,413</u> | <u>567,008,847</u> |

ii) Accounts receivable considered good for which the company hold no security other than the personal security.

There is no such accounts receivable in this respect as on June 30, 2013

iii) **Accounts receivable considered doubtful or bad**

The Company did not make any provision for doubtful debts as on June 30, 2013, because of the fact that sales/ export are being based on 100 % confirmed letter of credit with fixed maturity dates.

iv) **Accounts receivable due by directors or other officers of the company**

There is no such Accounts receivable in this respect as on June 30, 2013

v) **Accounts receivable due by Common Management**

There is no such Accounts receivable in this respect as on June 30, 2013

vi) **Reserve for doubtful debts**

There is no such reserve created in this respect as on June 30, 2013.

9.00 Inventory : Tk. 439,312,264

This balance consists of as follows :

| | June 30' 2013 Amount (Tk.) | June 30' 2012 Amount (Tk.) |
|-------------------|-------------------------------|-------------------------------|
| Accessories | 29,008,511 | 27,464,177 |
| Dyes & chemicals | 31,060,135 | 21,931,277 |
| Fabrics | 72,461,160 | 75,928,843 |
| Finished garments | 118,220,200 | 97,860,686 |
| General store | 5,691,429 | 2,554,623 |
| Yarn | 182,870,829 | 185,512,995 |
| | 439,312,264 | 411,252,601 |

Quantity as requirement under schedule XI part II Para 3 of the Companies Act 1994

| Item | Unit | June 30, 2013 | | June 30, 2012 | |
|------------------|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Opening Qty (kg/pcs) | Closing Qty (kg/pcs) | Opening Qty (kg/pcs) | Closing Qty (kg/pcs) |
| Yarn | kg. | 565,588 | 632,771 | 337,454 | 565,588 |
| Dyes & Chemicals | kg. | 181,675 | 92,230 | 201,906 | 181,675 |
| Fabrics | kg. | 174,543 | 162,783 | 42,439 | 174,543 |
| Accessories * | | - | - | - | - |
| Stores * | | - | - | - | - |
| Finished Goods | pcs. | 340,978 | 591,101 | 379,779 | 340,978 |

* Quantity wise breakup of goods of accessories and stores could not be given as it was difficult to quantify each item in a separate and distinct category due to large variety of goods of accessories and stores.

| | Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|--|--|--|
| 10.00 Cash and cash equivalents : Tk. 320,212,591 | | |
| This balance consists of as follows : | | |
| Cash in hand | 600,000 | 600,000 |
| Cash at bank | 305,812,454 | 396,707,242 |
| FDR A/c | 13,800,136 | 12,455,752 |
| | 320,212,591 | 409,762,994 |

10.01 Cash in hand : Tk. 600,000

This balance consists of as follows :

| | | |
|---|----------------|----------------|
| Cash at head office(Mr. Farook) | 200,000 | 200,000 |
| Cash at factory(Mr. Khalil) | 300,000 | 300,000 |
| Cash with Mr. Hiralal - purchase department(HO) | 100,000 | 100,000 |
| | 600,000 | 600,000 |

10.02 Cash at bank : Tk. 305,812,454

The above balance consists of as follows :

| Name of the Bank | Type of A/C | Account number | Amount (Tk.) | Amount (Tk.) |
|----------------------------------|-------------|------------------|--------------------|--------------------|
| AB Bank Ltd | CD | 4011-047275-000 | 222,121 | 2,024,564 |
| Janata Bank Ltd. | FC (USD) | 001004354 | 276,129,839 | 328,171,079 |
| Janata Bank Ltd. | FC(Euro) | 001004354 | 5,587,157 | 14,391,007 |
| MTBL | CD | 00220210004336 | 9,191,243 | 931,738 |
| Bank Asia Ltd. | CD | 1233052229 | 3,717,820 | 2,953,025 |
| Dhaka Bank Ltd | CD | 218-100-1860 | 4,146,818 | 413,197 |
| Dhaka Bank Ltd | CD | 226-100-102 | 1,676,594 | 4,401,527 |
| Janata Bank | FC (USD) | 401-00-118 | 4,520,203 | 5,362,002 |
| Janata Bank | CD | 00-100-4354 | 3,128 | 37,828,177 |
| National Bank Limited | CD | 33-00-6475 | 47,354 | 48,394 |
| Janata Bank Ltd. (Foreign bills) | SD Margin | 7014008 | 70,761 | 30,949 |
| Brac Bank | CD | 1501202662275001 | 99,415 | - |
| SJIBL | CD | 4004-111-10583 | 400,000 | - |
| Janata Bank Ltd. | FC(Euro) | 401000106 | - | 151,583 |
| Total | | | 305,812,454 | 396,707,242 |

10.03 FDR : Tk. 13,800,136

The above balance consists of as follows :

| Particulars | Account no. | Amount (Tk.) | Amount (Tk.) |
|-----------------------|------------------|-------------------|-------------------|
| Janata Bank | 003005789 | 2,111,797 | 1,924,432 |
| Janata Bank | 003005792 | 1,823,656 | 1,661,983 |
| Shahjalal Islami Bank | 400453100060921 | 6,293,524 | 5,659,309 |
| Janata Bank | 245722/003004801 | 1,099,300 | 999,152 |
| Janata Bank | 003006565 | 1,005,706 | 879,900 |
| National Bank Limited | 0043-55027664 | 849,634 | 768,347 |
| Janata Bank | 245725/003004837 | 616,519 | 562,629 |
| Total | | 13,800,136 | 12,455,752 |

11.00 Issued, subscribed & paid up capital : Tk. 910,308,000**Authorised capital:**

Divided into 150,000,000 ordinary shares of Taka 10 each

Issued, subscribed & paid up capital :

Divided into 91,030,800 ordinary shares of Taka 10 each.

Shareholding position as on June 30, 2013

| Name of directors and shareholders | No. of shares | Value | % of of total Share Holding | Year Ended June 30'2013 Amount (Tk.) | Year Ended June 30'2012 Amount (Tk.) |
|------------------------------------|-------------------|-------|-----------------------------|--------------------------------------|--------------------------------------|
| | | | | June 30,2013 Amount (Tk.) | June 30, 2012 Amount (Tk.) |
| Mr. Asif Moyeen | 65,119,302 | 10 | 71.54 | 651,193,018 | 465,137,870 |
| Mr. Mohammad Bin Quasem | 2,685,690 | 10 | 2.95 | 26,856,900 | 19,183,500 |
| Mr. Md. Salamat Ullah | 438,704 | 10 | 0.48 | 4,387,040 | 3,133,600 |
| Ms. Farha Lazina | 8,123,202 | 10 | 8.92 | 81,232,018 | 58,022,870 |
| Mr. Nesar Uddin Md. Oliullah | 221,301 | 10 | 0.24 | 2,213,008 | 1,580,720 |
| Mrs. Sadia Moyeen | 3,021,301 | 10 | 3.32 | 30,213,008 | 21,580,720 |
| Mr. Sayed Mazharul Haque | 221,301 | 10 | 0.24 | 2,213,008 | 1,580,720 |
| Mr. M.K.M. Mohiuddin | 8,400,000 | 10 | 9.23 | 84,000,000 | 60,000,000 |
| Mr. Omar Moyeen | 2,800,000 | 10 | 3.08 | 28,000,000 | 20,000,000 |
| Total | 91,030,800 | | 100 | 910,308,000 | 650,220,000 |

12.00 Retained earnings : Tk. 499,750,044

This balance consists of as follows :

Balance at the beginning of the year

Add : Net profit/ (loss) during the year

Less: Stock / cash Dividend

Balance as on June 30, 2013

| | June 30' 2013 Amount (Tk.) | June 30' 2012 Amount (Tk.) |
|--|----------------------------|----------------------------|
| Balance at the beginning of the year | 528,178,912 | 258,710,422 |
| Add : Net profit/ (loss) during the year | 231,659,132 | 399,512,490 |
| | 759,838,044 | 658,222,912 |
| Less: Stock / cash Dividend | 260,088,000 | 130,044,000 |
| Balance as on June 30, 2013 | 499,750,044 | 528,178,912 |

13.00 Revaluation surplus: Tk. 326,396,921

This balance consists of as follows :

Balance at the beginning of the year

Add : Addition during the year

Less : Adjustment made during the year

Balance as on June 30, 2013

| | June 30' 2013 Amount (Tk.) | June 30' 2012 Amount (Tk.) |
|--|----------------------------|----------------------------|
| Balance at the beginning of the year | 326,396,921 | 326,396,921 |
| Add : Addition during the year | - | - |
| | 326,396,921 | 326,396,921 |
| Less : Adjustment made during the year | - | - |
| Balance as on June 30, 2013 | 326,396,921 | 326,396,921 |

14.00 Long term loan(secured) :Tk. 323,477,700

(a) The project loan and loan against trust receipts are with the Janata Bank, Kamal Ataturk Avenue corporate branch. The loan against project and Trust Receipt are being adjusted in equal installment and adjusted against export sales proceed at the rate of 5% respectively. The purpose of the two loans is financing capital machinery and spare parts imported through that bank.

The project loan is secured by Land, Building and the total project is described in the Para 6 of the loan sanction letter. The loan against trust receipts is secured by imported machineries and spare parts describe in the para (T) of the sanction letter dated. 21.05.09.

The IDLC Finance Ltd. Loan is secured by lien on FDR, which is described in the certificate issued by IDLC Finance Ltd dated 30.09.2010.

The Shahajalal Islami Bank Ltd. loan is secured by lien on MTDR which is described in the sanction letter dated 29.08.2010.

| Type of Loan | Interest Rate | Maximum Tenor | Repayment Clause |
|----------------------------|---------------|---|---|
| Project Loan | 11%-15.50% | 5 years including 12 months moratorium from the date of drawdown of principal amount. | Amount outstanding will be repaid in 16 equal quarterly installment. |
| Loan against trust receipt | 13%-15.50% | 2 periods including 1 year moratorium from the date of drawdown of principal amount. | Amount outstanding will be repaid through building a fund by bank deducting 5% to 10% from the export bill. |
| IDLC Finance Ltd | 16.75% | 2 years from the date of draw down of principal amount. | Amount outstanding will be repaid within the validity of the period. |
| Shahajalal Islami Bank | 14.50% | 2 years from the date of draw down of principal amount. | Amount outstanding will be repaid within the validity of the period. |

| 30 June 2013 Amount (Tk.) | 2012(Revised) Amount (Tk.) |
|------------------------------|-------------------------------|
|------------------------------|-------------------------------|

(b) The above balance consists of as follows :

| | | | |
|----------------------------|-------|--------------------|--------------------|
| Project Loan (Janata Bank) | 14.01 | 14,327,935 | 69,581,181 |
| Loan from IDLC Finance Ltd | 14.02 | 216,471,912 | 164,634,905 |
| Loan against trust receipt | 14.03 | 46,280,763 | 102,376,241 |
| Loan from SJIBL Bank Ltd. | 14.04 | 46,397,090 | 42,922,282 |
| | | 323,477,700 | 379,514,609 |

14.01 Project Loan (Janata Bank): Tk. 14,327,935

| | | | |
|--------------|--------------------|-------------------|-------------------|
| Project Loan | A/C No : 103000168 | 14,327,935 | 19,608,181 |
| Project Loan | A/C No : 103000245 | - | 49,973,000 |
| | | 14,327,935 | 69,581,181 |

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|--|------------------------------|------------------------------|
| 14.02 Loan from IDLC Finance Ltd: Tk. 216,471,912 | | |
| The above balance consists of as follows : | | |
| A/C-0960100408801 | - | 4,850,000 |
| A/C-0960100413201 | - | 15,050,000 |
| A/C-0960100440701 | - | 9,700,000 |
| A/C-0960100440801 | - | 11,300,000 |
| A/C-0960100446001 | - | 16,000,000 |
| A/C-0960100448901 | - | 9,700,000 |
| A/C-0960100453201 | - | 35,000,000 |
| A/C-0960100487801 | - | 9,700,000 |
| A/C-0960100505201 | - | 9,700,000 |
| IDLC-Project loan | 35,701,743 | 43,634,905 |
| IDLC TERM LOAN (F) | 30,843,227 | - |
| IDLC TERM LOAN (S) | 9,955,245 | - |
| IDLC TERM LOAN | 139,971,697 | - |
| | 216,471,912 | 164,634,905 |
| 14.03 Loan against trust receipt (LTR):Tk. 46,280,763 | | |
| The above balance consists of as follows : | | |
| LTR FC No L/C No.013810020224(GMT) | - | 7,353,150 |
| LTR FC No L/C No.0138011010214(Generator) | - | 15,581,050 |
| LTR FC No 15/12 L/C No.013812020201 | 15,495,410 | 15,207,000 |
| LTR FC No 12/12 L/C No.013812020202 | 6,318,000 | 14,525,000 |
| LTR FC No L/C No.013812020203 | - | 5,986,000 |
| LTR FC No L/C No.013812020002 | - | 20,660,000 |
| LTR FC No 01/13 L/C No.013812020204 | 17,251,563 | 17,834,175 |
| LTR FC No L/C No.013812010205 | 4,135,600 | 5,229,866 |
| LTR FC No 02/13 L/C No.013812020210 | 3,080,190 | - |
| | 46,280,763 | 102,376,241 |
| 14.04 Loan from SJIBL Bank Ltd. Tk. 46,397,090 | | |
| The above balance consists of as follows : | | |
| Loan From SJIBL : 400436100005349 | 46,397,090 | 42,922,282 |
| | 46,397,090 | 42,922,282 |
| 15.00 Deferred liabilities (Provision for gratuity) Tk. 17,409,547 | | |
| This balance consists of as follows : | | |
| Balance at the beginning of the year | 12,609,547 | 7,555,000 |
| Add : Addition during the year | 15.01 4,800,000 | 5,054,547 |
| Balance as on June 30, 2013 | 17,409,547 | 12,609,547 |
| Gratuity has been started from October 2009 and contribution per month is Tk. 4,00,000. Provision for gratuity is not recognized by NBR. | | |
| 15.01 The above balance consists of as follows : Tk. 4,800,000 | | |
| Company's Contribution | 4,800,000 | 4,800,000 |
| Interest on FDR (Dhaka Bank-Baridhara Br.) | - | 254,547 |
| | 4,800,000 | 5,054,547 |

| | | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|--------------|--|------------------------------|------------------------------|
| 16.00 | Deferred liabilities (Workers welfare fund): Tk. 19,222,631 | | |
| | This balance consists of as follows : | | |
| | Balance at the beginning of the year | 17,796,181 | 16,657,433 |
| | Add: Addition during the year | 4,500,000 | 4,500,000 |
| | | 22,296,181 | 21,157,433 |
| | Less : Adjustment made during the year | 3,073,550 | 3,361,252 |
| | Balance as on June 30, 2013 | 19,222,631 | 17,796,181 |
| | Workers welfare fund has been started from October 2009 and contribution per month is Tk. 3,75,000. It is not recognized by NBR. | | |
| 16.01 | The above balance consists of as follows : | | |
| | Company's Contribution | 4,500,000 | 4,500,000 |
| | | 4,500,000 | 4,500,000 |
| 16.02 | The above balance consists of as follows : | | |
| | Paid to Workers | 3,073,550 | 3,361,252 |
| | | 3,073,550 | 3,361,252 |
| 17.00 | Income tax liability for other comprehensive income : Tk. : 32,495,269 | | |
| | Opening balance | 32,495,269 | 32,495,269 |
| | Add: Addition during the year | - | - |
| | | 32,495,269 | 32,495,269 |
| 18.00 | Accounts payable : Tk. 13,759,257 | | |
| | This balance consists of as follows : | | |
| | Accessories bill | 6,125,702 | 5,491,265 |
| | C & F bills payable | 266,615 | 174,267 |
| | Dyes & chemicals bills payable | 4,852,265 | 5,181,185 |
| | Carrying bills payable | 703,370 | 104,578 |
| | Sub-Co. Dyeing & Compact. bills payable | 820,772 | 1,182,995 |
| | Sub-Co. Knitting bills payable | 990,532 | 3,873,323 |
| | | 13,759,257 | 16,007,614 |
| 19.00 | Accepted bills payable : Tk. 355,966,000 | | |
| | This balance consists of as follows : | | |
| | Balance at the beginning of the year | 501,872,878 | 509,157,000 |
| | Add : Addition during the year | 1,134,223,429 | 1,403,039,300 |
| | | 1,636,096,307 | 1,912,196,300 |
| | Less : Adjustment made during the year | 1,280,130,307 | 1,410,323,422 |
| | Balance as on June 30, 2013 | 355,966,000 | 501,872,878 |

This is made up as follows :

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|---------|------------------------------|------------------------------|
| Inland | 276,914,000 | 338,781,878 |
| Foreign | 77,093,000 | 159,382,000 |
| EPZ | 1,959,000 | 3,709,000 |
| | 355,966,000 | 501,872,878 |

20.00 Provision for expense : Tk. 57,269,216

This balance consists of as follows :

| | | |
|--|-------------------|-------------------|
| Balance at the beginning of the year | 60,712,740 | 44,245,633 |
| Add : Addition during the year | 390,232,166 | 294,171,948 |
| | 450,944,906 | 338,417,581 |
| Less : Adjustment made during the year | 393,675,689 | 277,704,841 |
| Balance as on June 30, 2013 | 57,269,216 | 60,712,740 |

This is made up as follows :

| | | |
|---------------------------|-------------------|-------------------|
| Salary and allowance | 2,407,969 | 1,521,265 |
| Attendance allowance | 802,291 | 1,127,300 |
| Interest on Bank loan | - | 13,605,747 |
| Conduct bonus | 863,600 | 827,200 |
| Electric bill | 1,155,738 | 546,900 |
| Gas bill | 2,270,134 | 2,845,889 |
| Overtime | 2,993,634 | 3,066,290 |
| Salary & wages | 27,343,626 | 22,536,529 |
| Friday allowance | 8,760 | 5,400 |
| Audit fee | 57,500 | 125,000 |
| Provision for Income tax. | 19,365,964 | 14,505,219 |
| | 57,269,216 | 60,712,740 |

21.00 Packing credit loan: Tk. 36,217,110

(a) All loans are with the Janata Bank, Kamal Ataturk Avenue corporate branch. The rate of interest is 7% and 1% service charges applicable on the amount of total interest at the time of final adjustment.

(b) This is made up as follows :

Janata Bank P/C Loan A/c no.

| | | | |
|---------|-----------|---|-----------|
| P/C A/C | 110014788 | - | 1,137,632 |
| P/C A/C | 110014791 | - | 335,625 |
| P/C A/C | 110014865 | - | 1,525,068 |
| P/C A/C | 110014877 | - | 2,526,807 |
| P/C A/C | 110014889 | - | 2,526,807 |
| P/C A/C | 110014966 | - | 1,052,984 |
| P/C A/C | 110014978 | - | 1,925,770 |
| P/C A/C | 110014981 | - | 2,513,125 |
| P/C A/C | 110014993 | - | 1,612,979 |
| P/C A/C | 110015005 | - | 824,912 |

| | | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|---------|-----------|------------------------------|------------------------------|
| P/C A/C | 110015017 | - | 2,500,521 |
| P/C A/C | 110015029 | - | 2,500,521 |
| P/C A/C | 110015032 | - | 2,500,521 |
| P/C A/C | 110015044 | - | 2,500,521 |
| P/C A/C | 110016453 | 5,202,243 | - |
| P/C A/C | 110016581 | 1,681,588 | - |
| P/C A/C | 110016604 | 3,091,795 | - |
| P/C A/C | 110016616 | 1,560,574 | - |
| P/C A/C | 110016756 | 5,067,644 | - |
| P/C A/C | 110016768 | 5,067,644 | - |
| P/C A/C | 110016771 | 5,067,644 | - |
| P/C A/C | 110016783 | 5,067,644 | - |
| P/C A/C | 110016795 | 2,728,759 | - |
| P/C A/C | 110016806 | 1,681,575 | - |
| | | 36,217,110 | 25,983,793 |

22.00 Short term loan: Tk. 63,923,641

This balance consists of as follows :

| Name of the Bank & Branch | Account Type | Account no. | Interest rate | Amount (Tk.) | Amount (Tk.) |
|--|--------------------|-------------|-------------------------|-------------------|--------------------|
| Janata Bank, Kamal Ataturk Corporate Br. | Cash credit (H) | 201-000-369 | 15.50% | 18,783,501 | 22,891,824 |
| Janata Bank, Kamal Ataturk Corporate Br. | Export cash credit | 202-000-649 | 7%+1% (service charges) | 17,493,749 | 45,233,932 |
| Commercial Bank of Ceylon Ltd., Gulshan Avenue Br. | Cash credit (H) | 1118485-000 | 14% | 27,646,391 | 46,751,071 |
| Total | | | | 63,923,641 | 114,876,828 |

23.00 Payable for asset purchase : Tk.1,834,061

This balance consists of as follows :

| | | |
|--|------------------|------------------|
| Balance at the beginning of the year | 2,124,703 | 3,850,136 |
| Add : Addition during the year | 41,624,059 | 26,214,142 |
| | 43,748,762 | 30,064,278 |
| Less : Adjustment made during the year | 41,914,701 | 27,939,575 |
| Balance as on June 30, 2013 | 1,834,061 | 2,124,703 |

The amount is payable against office decoration, office equipment, electrical equipment and furniture & fixture which nature is capitalised expenditure.

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|--|------------------------------|------------------------------|
| This is made up as follows : | | |
| Baizid Steel Ind. Ltd. | 238,000 | - |
| E-Cool International Ltd | 78,000 | - |
| Mahir Enterprise | 87,691 | 141,115 |
| McDonald Steel Building Products Ltd | - | 300,000 |
| Mega Power | 62,806 | 705,600 |
| Sigma Pumps Ltd. | 50,000 | 50,000 |
| Shanta Enterprise-Sentu | 203,121 | 496,162 |
| Shitol Prokousoly | 853,000 | - |
| Sikder Enterprise-Construction | 2,061 | - |
| S.S. Boiler House | 243,582 | 431,826 |
| Flora Limited | 15,800 | - |
| | 1,834,061 | 2,124,703 |
| 24.00 Worker's Profit Participation Fund (WPPF): Tk. 12,551,255 | | |
| This balance consists of as follows : | | |
| Balance at the begging of the year | 20,474,478 | 16,407,451 |
| Add : Addition during the year | 12,551,255 | 20,700,886 |
| | 33,025,733 | 37,108,337 |
| Less : Adjustment during the year | 20,474,478 | 16,633,859 |
| Balance as on June 30, 2013 | 12,551,255 | 20,474,478 |
| 25.00 Other liabilities : Tk. 3,879,418 | | |
| This balance consists of as follows : | | |
| Balance at the beginning of the year | 3,103,694 | 3,730,954 |
| Add : Addition during the year | 67,926,793 | 45,513,566 |
| | 71,030,487 | 49,244,520 |
| Less : Adjustment during the year | 67,151,069 | 46,140,826 |
| Balance as on June 30, 2013 | 3,879,418 | 3,103,694 |
| This is made up as follows : | | |
| Akota Trading | 69,635 | 699,660 |
| Asia Pacific General Insurance Company | - | 125,700 |
| Asian Electronics | 125,700 | - |
| Aramex Dhaka Limited | - | 58,152 |
| Bangladesh Multi accessories | 43,505 | - |
| BBS Cable Ltd. | 1,973,292 | - |
| B.M Stationery | 30,645 | 111,432 |
| Chandra Knit | 3,850 | 3,850 |
| Earthly Concept | 15,800 | - |
| Enviro Consultants Ltd | 90,000 | 90,000 |
| Evermarch Bangladesh | 4,800 | - |
| G.D.1 Chemical | 24,160 | 153,420 |
| GB Engineering | 556,439 | - |

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|-------------------------------|------------------------------|------------------------------|
| Illuminate BD Limited | 68,990 | 331,805 |
| Metro Metal Steel Fabrication | - | 386,432 |
| Micro Tools & Machineries | 11,600 | 35,120 |
| Omi International | 133,680 | 91,350 |
| Onix Computer System | 32,300 | 525 |
| PAF International Ltd | 150,000 | 150,000 |
| Pacific Chemitrade co | 5,125 | 100,750 |
| Shila Bristi Filling Station | - | 38,178 |
| Sikder Enterprise-Wastage | 290,619 | 379,363 |
| Sonali Enterprise | 8,890 | 134,459 |
| Sarch Enterprise | 91,750 | - |
| Shawon Auto Mobiles | 90 | - |
| Tanim & Brothers | 2,820 | - |
| Chowdhury Sewing | 2,528 | 108,593 |
| M/S Motaher Hossain & co. | - | 85,105 |
| Era International | 17,000 | 12,000 |
| Royal Computer | - | 7,800 |
| Sigma Pumps Ltd. | 126,200 | - |
| | 3,879,418 | 3,103,694 |

26.00 Sales Revenue: Tk. 2,316,680,977

| Type of sales | Year ended June. 30, 2013 | | | | | 2012 June. 30 Net sales |
|---------------|---------------------------|-------------------|----------|----------|----------------------|-------------------------------|
| | Gross sale | TDS | SD | VAT | Net sales | |
| Export | 2,316,680,977 | 19,027,755 | - | - | 2,297,653,222 | 2,345,412,057 |
| Total | 2,316,680,977 | 19,027,755 | - | - | 2,297,653,222 | 2,345,412,057 |

As per schedule XI, part II, Para 3 of the Companies Act 1994. Product wise Breakup are given bellow -

| Name of product | Year ended June. 30, 2013 | | | June.30,2012 | | |
|-----------------|---------------------------|-------------------|----------------|----------------------|-------------------|----------------|
| | Sales in (Tk.) | Sales in (Qty.) | % of sales | Sales(Tk.) | Sales in (Qty.) | % of sales |
| Tank Top | 3,824,169 | 32,802 | 0.17% | 5,895,289 | 45,895 | 0.25% |
| T - Shirt | 1,636,428,350 | 7,678,468 | 70.64% | 1,796,860,491 | 7,047,013 | 76.18% |
| Others | 676,428,458 | 4,323,607 | 29.20% | 556,039,546 | 3,119,092 | 23.57% |
| Total | 2,316,680,977 | 12,034,877 | 100.00% | 2,358,795,325 | 10,212,000 | 100.00% |

27.00 Cost of goods sold : Tk. 1,795,236,539

This balance consists of as follows :

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|---|------------------------------|------------------------------|
| Opening inventories of raw materials | 313,391,915 | 170,493,335 |
| Accessories | 27,464,177 | 11,729,278 |
| Dyes & chemicals | 21,931,277 | 21,831,320 |

| | | | |
|---|-------|----------------------|----------------------|
| Fabrics | | 75,928,843 | 16,848,472 |
| Stores | | 2,554,623 | 2,650,442 |
| Yarn | | 185,512,995 | 117,433,823 |
| Add: Raw materials purchased during the period | | 1,199,538,378 | 1,254,019,491 |
| Accessories | | 322,485,958 | 404,784,374 |
| Dyes & chemicals | | 162,283,771 | 124,711,467 |
| Fabrics | | 14,873,413 | 16,161,858 |
| Stores | | 3,225,675 | - |
| Yarn | | 696,669,561 | 708,361,792 |
| Raw materials available for use | | 1,512,930,293 | 1,424,512,826 |
| Less : Closing inventories of raw materials | | 321,092,064 | 313,391,915 |
| Accessories | | 29,008,511 | 27,464,177 |
| Dyes & chemicals | | 31,060,135 | 21,931,277 |
| Fabrics | | 72,461,160 | 75,928,843 |
| Stores | | 5,691,429 | 2,554,623 |
| Yarn | | 182,870,829 | 185,512,995 |
| Raw materials consumed | 27.01 | 1,191,838,229 | 1,111,120,911 |
| Add : Factory overhead | 27.02 | 623,757,824 | 595,091,913 |
| Cost of production | | 1,815,596,053 | 1,706,212,824 |
| Add : Opening inventories of finished goods | | 97,860,686 | 77,787,811 |
| Goods available for sale | | 1,913,456,739 | 1,784,000,635 |
| Less : Closing inventories of finished goods | | 118,220,200 | 97,860,686 |
| Cost of goods sold | | 1,795,236,539 | 1,686,139,950 |

27.01 Raw material consumed during the year from the 1 July, 2012 to June. 30, 2013: Tk. 1,191,838,229

| Particulars | Quantity (Kg.) | Taka |
|--|------------------|----------------------|
| Raw materials | | |
| Yarn | 2,343,438 | 699,311,727 |
| Dyes & chemicals | - | 153,154,913 |
| Raw materials consumed for fabrics making | 2,343,438 | 852,466,640 |
| Add: Fabrics | - | 90,802,256 |
| Total Fabrics available for consumption | 2,343,438 | 943,268,896 |
| Less: Closing stock of Fabrics | - | 72,461,160 |
| Net consumption of fabrics (As total raw material) | 2,343,438 | 870,807,736 |
| Add: Consumption of Accessories(Auxiliary material) | - | 320,941,624 |
| Add: Consumption of Stores(Auxiliary material) | - | 88,869 |
| Net consumption | 2,343,438 | 1,191,838,229 |

**27.02 Factory overhead : Tk. 623,757,824**

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|------------------------------|--------------------------------------|--------------------------------------|
| Salary & wages | 278,167,962 | 231,764,974 |
| Animals & birds food | 193,292 | 204,664 |
| Attendance bonus | 13,014,900 | 12,883,800 |
| C & F bill | 4,257,859 | 6,656,071 |
| Carrying charges | 96,850 | 599,060 |
| Vehicle repair & maintenance | 1,918,151 | 671,520 |
| Spare parts & accessories | 21,367,859 | 26,302,743 |
| Conduct bonus | 10,430,000 | 9,026,400 |
| Traveling & conveyance | 2,108,086 | 1,494,951 |
| Daily lunch allowances | 15,631,581 | 11,263,762 |
| Depreciation | 98,460,918 | 87,785,559 |
| Electricity bill | 9,943,168 | 7,037,737 |
| Earn leave pay | 4,054,179 | 2,863,502 |
| Entertainment | 6,175,356 | 3,453,640 |
| Festival Bonus | 17,566,249 | 7,073,712 |
| Food allowance | 387,386 | 295,805 |
| Friday allowance | 1,029,114 | 284,520 |
| Overtime expenses | 37,854,699 | 45,299,728 |
| Fuel For Generator | 5,999,736 | 30,332,456 |
| Fuel For Car | 4,216,195 | 3,951,577 |
| Fuel & Lubricants | 2,991,254 | 927,968 |
| Gas bill | 29,935,141 | 32,301,924 |
| Warehouse rent | 1,750,000 | 2,750,000 |
| Production incentive | 792,785 | 201,120 |
| Machine hire charges | 2,902,305 | 1,177,375 |
| Medical expenses | 965,506 | 597,209 |
| Miscellaneous expenses | 1,298,512 | 499,749 |
| Night bill | 52,493 | 221,503 |
| Printing & Stationery | 2,213,782 | 1,575,708 |
| Repair & maintenance | 26,614,978 | 37,538,711 |
| Service benefits | 7,027,854 | 997,421 |
| Computer Accessories | 187,954 | 231,225 |
| Rates & Rate | 174,700 | 18,460 |
| Staff quarter rent | 95,000 | 26,800 |
| Telephone / mobile / fax | 257,268 | 161,265 |
| Training fee | 98,000 | - |
| Workers' welfare fund | 4,500,000 | 4,500,000 |
| Sub-cont. Knitting charges | 4,152,302 | 5,780,041 |
| Sub-cont. Dyeing charges | 4,633,850 | 16,298,773 |
| Sub-cont. Printing charges | 240,600 | 40,480 |
| | 623,757,824 | 595,091,913 |

28.00 Office & administrative expenses : Tk. 186,008,840

This balance consists of as follows:

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|-----------------------------|------------------------------|------------------------------|
| Salary & allowance | 63,797,753 | 55,985,356 |
| Audit fees with VAT | 524,950 | 409,100 |
| Advertisement | 15,973 | 105,370 |
| Air Freight | 5,321,431 | 4,237,799 |
| Fuel & Lubricants | 1,904,222 | 1,301,690 |
| Car hire charges | 460,694 | 617,000 |
| Car Repairing Charges | 1,079,804 | 2,032,673 |
| Computer Accessories | 512,650 | 470,105 |
| Credit rating expenses | 86,250 | 52,250 |
| Traveling & conveyance | 445,005 | 530,919 |
| Depreciation | 24,615,229 | 21,946,390 |
| Director's remuneration | 33,600,000 | 33,070,000 |
| Donation & Subscription* | 1,837,000 | 2,081,110 |
| Electricity bill | 1,779,888 | 1,475,097 |
| Internet bill | 600,000 | 607,800 |
| Entertainment | 2,898,072 | 3,735,884 |
| Festival Bonus | 7,441,791 | 6,209,035 |
| Fire extinguisher | 33,540 | 30,200 |
| Forwarding charges | 1,151,878 | 2,045,504 |
| Freight charges | 1,452,690 | 1,614,475 |
| Fuel for generator | 584,186 | 973,220 |
| GSP + UD | 2,599,100 | 2,552,036 |
| Gas bill | 34,650 | 45,000 |
| Gratuity | 4,800,000 | 4,800,000 |
| House rent* | 1,200,000 | 1,200,000 |
| Insurance premium | 6,507,173 | 6,450,941 |
| ISO Certificate | - | 280,870 |
| License & Renewal | 626,923 | 646,561 |
| Medical expenses | 425,673 | 327,637 |
| Merchandising testing fees | 4,615,114 | 7,485,118 |
| Overtime | 86,486 | 77,643 |
| Beatification | 276,000 | 357,502 |
| Legal expenses | 137,000 | 259,500 |
| Earn leave encashment | 3,570,903 | 5,734,081 |
| Consultancy fees | 92,018 | 2,088,975 |
| Mobile bill | 689,974 | 669,623 |
| Newspaper & periodicals | 17,646 | 13,522 |
| Office repair & maintenance | 1,117,260 | 480,584 |
| Office rent | 3,540,000 | 3,332,500 |
| Service charges | 981,860 | 1,856,499 |
| Postage & stamp | 1,322,070 | 1,474,693 |
| Photocopy and stationery | 709,719 | 649,160 |
| Excise duty | 216,334 | 143,921 |
| Telephone / telex / fax | 178,315 | 199,930 |

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|-------------------|------------------------------|------------------------------|
| Traveling & tours | 1,302,312 | 1,231,220 |
| Uniform | 130,538 | 101,440 |
| VAT expenses | 531,498 | 14,252 |
| WASA bill | 157,268 | 199,673 |
| | 186,008,840 | 182,203,858 |

*Donation & Subscription Tk. 1,837,000 consists of as follows:

| | |
|--|------------------|
| Centre for Disability in Development | 1,341,000 |
| Jaago Foundation (School in Slam Area) | 185,000 |
| PHULKI | 11,000 |
| Enam Medical Collage & Hospital | 300,000 |
| | 1,837,000 |

*House rent Tk.12,00,000 consists of as follows:

| Name of the party | June.30,2013 | | | June.30,2012 | | |
|----------------------|----------------|--------------|------------------|----------------|--------------|------------------|
| | Rent per Month | No. of month | Total | Rent per Month | No. of month | Taka |
| Mr. Asif Moyeen (MD) | 100,000 | 12 | 1,200,000 | 100,000 | 12 | 1,200,000 |
| Total | | | 1,200,000 | 100,000 | | 1,200,000 |

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|--|------------------------------|------------------------------|
| 29.00 Other income : Tk. 4,921,193 | | |
| This balance consists of as follows : | | |
| Cash Incentive received from govt. against Export sales. | 3,382,088 | 11,219,498 |
| Interest on FDR | 1,539,105 | 997,117 |
| | 4,921,193 | 12,216,615 |

| | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|---|------------------------------|------------------------------|
| 30.00 Finance cost: Tk. 76,780,439 | | |
| This balance consists of as follows : | | |
| Bank charges & commission of LC | 8,017,649 | 11,252,376 |
| Interest on LTR Loan | 5,264,081 | 4,785,724 |
| Interest on Project Loan | 15,092,271 | 14,091,537 |
| Interest on Loan P/C | 5,272,668 | 3,606,957 |
| Interest on Term Loan | 19,258,943 | - |
| Interest on (CC) Loan | 23,874,827 | 34,212,944 |
| | 76,780,439 | 67,949,539 |

| June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|------------------------------|------------------------------|
|------------------------------|------------------------------|

31.00 Workers profit participation Fund (WPPF): Tk. 12,551,255

This balance consists of as follows :

| | | |
|--|-------------------|-------------------|
| Net profit before tax & WPPF | 263,576,351 | 434,718,594 |
| Rate of contribution to WPPF | 5% | 5% |
| Workers profit participation Fund (WPPF) | 12,551,255 | 20,700,886 |

Note : Allocation for workers' profit participation funds has been made @ 5% of profit after charging such expenses as per provisions of the Labor Act 2006.

32.00 Provision for income tax: Tk. 19,365,964

Provision for tax has been calculated as follows :

| | | |
|------------------------|-------------------|-------------------|
| On cash incentive @10% | 338,209 | 1,121,950 |
| On export proceeds | 19,027,755 | 13,383,268 |
| | 19,365,964 | 14,505,218 |

33.00 Earnings per share: Tk. 2.54

Calculation of earnings per share (EPS) is as under:

| Particulars | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|------------------------------|------------------------------|------------------------------|
| Net profit after tax (A) | 231,659,132 | 399,512,490 |
| Number of ordinary share (B) | 91,030,800 | 65,022,000 |
| EPS for the period (A / B) | 2.54 | 6.14 |

34.00 Related party disclosure under BAS-24:

List of related parties with whom transaction have taken place as identified and certified by management.

| Name of the party | Relationship with company | Nature of Transaction | No. of Month | As per Month | June 30'2013 Amount (Tk.) | June 30'2012 Amount (Tk.) |
|----------------------------|---------------------------|-----------------------|--------------|--------------|------------------------------|------------------------------|
| Fareast Spinning Ind. Ltd. | Common Directorship | Investment | - | - | 1,070,000 | 1,070,000 |
| Skynet.Com Ltd. | Common Directorship | Warehouse rent | 7 | 250,000 | 1,750,000 | 2,750,000 |
| Mrs. Sadia Moyeen | Director | Office rent | 12 | 295,000 | 3,540,000 | 3,332,500 |

35.00 Disclosure of Directors remuneration under Para 4 of Schedule XI PART II of the Companies Act 1994 :

Directors have received the following remuneration from the company during the year July 01, 2012 to June 30,2013.

| Sl. | Name | Designation | Monthly remuneration | Monthly House Rent | No. of Month | June 30' 2013 Amount (Tk.) | June 30' 2012 Amount (Tk.) |
|-----|---------------------------|-------------------|----------------------|--------------------|--------------|-------------------------------|-------------------------------|
| 1 | Mr.Asif Moyeen | Managing Director | 1,500,000 | 100,000 | 12 | 19,200,000 | 15,180,000 |
| 2 | Mr. Mohammad Bin Quasem | Director | 750,000 | - | 12 | 9,000,000 | 7,800,000 |
| 3 | Mr. Md. Salamat Ullah* | Director | - | - | 12 | - | 880,000 |
| 4 | Ms. Farha Lazina | Chairman | 550,000 | - | 12 | 6,600,000 | 6,120,000 |
| 5 | Mr. Sayed Mazharul Haque* | Director | - | - | 12 | - | 4,290,000 |
| | Total: | | 2,800,000 | 100,000 | | 34,800,000 | 34,270,000 |

* Mr. Md. Salamat Ullah and Mr. Sayed Mazharul Haque have been ceased to be director on May 31, 2012

36.00 Discloser under Para 3 of Schedule XI Para II of the Companies Act 1994:

There are 4,844 employees workings for the company. All of these employees are getting Tk.3,000 or more per month.

37.00 Amount paid to auditor: Tk.524,950

| Name | Purpose | June 30'2013 | June 30'2012 |
|--------------------------|-----------|----------------|----------------|
| Masih Muhith Haque & Co. | Audit fee | 524,950 | 409,100 |
| Total | | 524,950 | 409,100 |

38.00 Quantitative details of opening stock, purchases / production, consumption / sales and closing stock

| Item | Unit | Opening stock | Purchases/ Production | Consumption / Sales | Closing stock |
|--|------|---------------|-----------------------|---------------------|---------------|
| | | Qty | Qty | Qty | Qty |
| Raw material: | | | | | |
| Year ended June 30, 2013 | | | | | |
| Yarn | Kg. | 565,588 | 2,410,621 | 2,343,438 | 632,771 |
| Finished goods: | | | | | |
| Year ended June 30, 2013 | | | | | |
| T-shirts, Polo shirts, Shorts - (Menswear, Childrenwear and Women wear) | Pcs. | 340,978 | 12,285,000 | 12,034,877 | 591,101 |

39.00 Capacity Utilization:

| Section | Installed Capacity | | Utilization | % of Utilization | Over / (Under) Utilization Tons/Pcs. |
|--|--------------------|----------------|-------------|------------------|--------------------------------------|
| | Per day | Per Year | Per Year | | |
| | Tons/Pcs. | Tons/Pcs. | Tons/Pcs. | | |
| Year ended June 30, 2013 | | | | | |
| Dyeing | 9 Tons. | 2,664 Tons | 2413 Tons | 90.58% | (251) |
| Knitting | 8 Tons | 2,368Tons | 2133 Tons | 90.08% | (235) |
| Sewing (Basic T-Shirt) | 70,000 Pcs. | 20,720,000 Pcs | 0 Pcs | | |
| Sewing (variety product) T-shirts, Polo shirts, Shorts - (Menswear, Childrenwear and Women wear) | 45,000 Pcs. | 13,320,000 | 12,285,000 | 92.23% | (1,035,000) |

Note: 1. Sewing capacity for "Basic T-Shirt" is 64,865 Pcs/day. The capacity varies depending on the sophistication of the product. For higher grade products, the capacity decreases from the mentioned level of 45,000 pcs/day."

Note: 2. Capacity utilised in knitting section is 90.08%, i.e 2,133 Tons and 312 Tons are processed from out side.

Note: 3. Capacity utilised in dyeing section is 90.58%, i.e 2,413 Tons and 44 Tons are processed from out side.

40.00 Transaction in foreign currency: Tk.3,309,442,667

Disclosure as per schedule 11 part 2 para 8 of the companies act 1994.

| Particulars | June 30'2013 Amount (Tk.) |
|----------------------|--------------------------------------|
| CIF value of import: | |
| Raw materials- | 985,774,138 |
| Dyes & chemicals | 90,246,713 |
| Accessories | 198,857,863 |
| Yarn | 696,669,561 |
| Capital Machinery- | 6,987,552 |
| FOB value of export | 2,316,680,977 |
| Total | 3,309,442,667 |



FAR EAST KNITTING & DYEING INDUSTRIES LTD.
Moyeen Center, House # 9/B,Road # 3, Gulshan -1, Dhaka.

FIXED ASSETS SCHEDULE (Non revalued assets)

As on June 30, 2013

Schedule-A

| Particulars | Cost | | | Rate of Dep. (%) | Depreciation | | | W.D.V | | |
|----------------------------|----------------------------|--------------------------|--------------------------|--------------------|----------------------------|----------------------------|--------------------------|----------|--------------------------|--------------------|
| | Opening Balance 01.07.2012 | Addition during the year | Disposal during the year | | Closing Balance 30.06.2013 | Opening Balance 01.07.2012 | Addition during the year | | Disposal during the year | |
| Air conditioner | 7,285,166 | 244,915 | - | 7,530,081 | 15.00 | 4,149,694 | 507,058 | - | 4,656,752 | 2,873,329 |
| Computer Software | 8,768,087 | 4,149,360 | - | 12,917,447 | 20.00 | 4,144,897 | 1,754,510 | - | 5,899,407 | 7,018,040 |
| Crockery & cutlery | 120,218 | 114,179 | - | 234,397 | 20.00 | 93,132 | 28,253 | - | 121,385 | 113,012 |
| Electric/ Gas installation | 30,549,778 | 12,031,005 | - | 42,580,783 | 15.00 | 19,234,611 | 3,501,926 | - | 22,736,537 | 19,844,246 |
| Electrical equipment | 7,412,147 | 8,789,949 | - | 16,202,096 | 15.00 | 4,107,110 | 1,814,248 | - | 5,921,358 | 10,280,738 |
| Fax/ phone/ mobile | 273,135 | - | - | 273,135 | 10.00 | 138,405 | 13,473 | - | 151,878 | 121,257 |
| Furniture & fixture | 23,408,465 | 3,236,269 | - | 26,644,734 | 10.00 | 10,301,209 | 1,634,353 | - | 11,935,562 | 14,709,173 |
| Motor vehicle | 60,934,290 | 15,146,859 | - | 76,081,149 | 20.00 | 35,007,420 | 8,214,746 | - | 43,222,166 | 32,858,983 |
| Office decoration | 30,650,556 | 2,017,423 | - | 32,667,979 | 10.00 | 11,661,671 | 2,100,631 | - | 13,762,302 | 18,905,677 |
| Office equipment | 15,447,240 | 10,482,306 | - | 25,929,546 | 15.00 | 7,027,634 | 2,835,287 | - | 9,862,921 | 16,066,625 |
| Sub Total | 184,849,082 | 56,212,265 | - | 241,061,347 | | 95,865,783 | 22,404,484 | - | 118,270,267 | 122,791,080 |

Note: Depreciation has been charged full yearly.

FAR EAST KNITTING & DYEING INDUSTRIES LTD.
 Moyeen Center, House # 9/B, Road # 3, Gulshan -1, Dhaka.

FIXED ASSETS SCHEDULE (Revalued assets)

As on June 30, 2013

Schedule-B

| Particulars | Cost | | | Rate of Dep. (%) | Depreciation | | | W.D.V |
|--------------------------------------|----------------------------|--------------------------|----------------------------|------------------|----------------------------|--------------------------|--------------------------|----------------------|
| | Opening Balance 01.07.2012 | Addition during the year | Closing Balance 30.06.2013 | | Opening Balance 01.07.2012 | Addition during the year | Disposal during the year | |
| Building & civil works | 471,738,084 | 38,594,216 | 510,332,300 | 2.50 | 11,793,452 | 12,463,471 | 24,256,924 | 486,075,377 |
| Generator*** | 49,963,796 | 85,000 | 50,048,796 | 15.00 | 7,607,069 | 6,450,634 | 14,057,703 | 35,991,093 |
| Land and land development | 267,068,349 | - | 267,068,349 | - | - | - | - | 267,068,349 |
| Plant & machinery (Fabric)*** | 333,877,850 | 23,408,645 | 357,286,495 | 15.00 | 52,019,225 | 46,896,527 | 98,915,752 | 258,370,743 |
| Plant & machinery (Gmt)*** | 83,393,706 | 85,002,243 | 168,395,949 | 15.00 | 13,490,228 | 23,726,444 | 37,216,672 | 131,179,277 |
| Plant & machinery (Printing) | 25,644,175 | 1,370,457 | 27,014,632 | 15.00 | 3,846,626 | 3,475,201 | 7,321,827 | 19,692,805 |
| Plant & machinery (Washing) | 4,975,121 | 1,575,000 | 6,550,121 | 15.00 | 746,268 | 870,578 | 1,616,846 | 4,933,275 |
| Water & steam line | 10,523,671 | 12,966,400 | 23,490,071 | 20.00 | 2,104,734 | 4,277,067 | 6,381,801 | 17,108,270 |
| Water treatment plant*** | 8,989,173 | 2,693,150 | 11,682,323 | 15.00 | 1,377,363 | 1,560,238 | 2,937,601 | 8,744,723 |
| Effluent treatment plant | 6,015,471 | 1,230,208 | 7,245,679 | 15.00 | 902,321 | 951,504 | 1,853,825 | 5,391,854.30 |
| Sub Total | 1,262,189,397 | 166,925,319 | 1,429,114,716 | | 93,887,287 | 100,671,664 | 194,558,950 | 1,234,555,766 |
| G. Total | 1,447,038,479 | 223,137,584 | 1,670,176,063 | | 189,753,070 | 123,076,147 | 312,829,217 | 1,357,346,846 |
| Position as on June. 30, 2012 | 1,157,849,311 | 289,189,168 | 1,447,038,479 | | 80,021,122 | 109,731,949 | 189,753,071 | 1,257,285,408 |

Note : Depreciation has been charged half yearly and allocated in the following manner:

| | |
|------------------------|--------------------|
| Factory overhead (80%) | 98,460,918 |
| Administration (20%) | 24,615,229 |
| | <u>123,076,147</u> |



FAR EAST KNITTING & DYEING INDUSTRIES LTD.

Moyeen Center, House # 9/B,Road # 3, Gulshan -1, Dhaka.

DEPRECIATION CALCULATION (Revalued assets)

Schedule-C

As on June 30, 2013

| Particulars | Opening as on dt. 01.07.2012 | | Total Balance as on 01.07.2012 | Addition / (Disposal) during the Period | Closing Cost price as on dt. 30.06.2013 | Total Depreciation for the year ended 30-Jun-13 |
|-------------------------------|------------------------------|---|--------------------------------|---|---|---|
| | Reassessed Value & Year | Depreciated Current Cost. (Other then the assets which life is reassessed.) | | | | |
| 1. Generator : | 1,125,000 | 48,838,796 | 49,963,796 | 85,000 | 50,048,796 | |
| Less: Accu. Depre. | 281,250 | 7,325,819 | 7,607,069 | - | | |
| W.D.V - before disposal | 843,750 | 41,512,977 | 42,356,727 | | | |
| Less: Disposal(cost price) | - | - | - | | | |
| W.D.V - after disposal | 843,750 | 41,512,977 | 42,356,727 | | | |
| Depreciation Rate | 25% | 15% | | 15% | | |
| Reassessed Life | 4 Years | - | | - | - | |
| Depreciation | 210,937.50 | 6,226,947 | | 12,750 | - | 6,450,634 |
| 2. Plant & machinery:(Fabric) | 4,505,225 | | | | | |
| | 3,176,400 | | | | | |
| | 7,681,625 | 326,196,225 | 333,877,850 | 23,408,645 | | |
| Less: Accu. Depre. | 1,501,591 | | | | 357,286,495 | |
| | 1,588,200 | | | | | |
| | 3,089,791 | 48,929,434 | 52,019,225 | | | |
| W.D.V | 3,003,634 | | | | | |
| | 1,588,200 | | | | | |
| | 4,591,834 | 277,266,791 | 281,858,625 | | | |
| Depreciation Rate | 33.33% | 15% | | 15% | | |
| | 50% | | | | | |
| Reassessed Life | 3 Years | - | | - | - | |
| | 2 Years | | | | | |
| Depreciation | 1,795,211 | 41,590,019 | | 3,511,297 | - | 46,896,527 |
| 3. Plant & machinery (Gmt): | 2,803,350 | 80,590,356 | 83,393,706 | 85,002,243 | 168,395,949 | |
| Less: Accu. Depre. | 1,401,675 | 12,088,553 | 13,490,228 | | | |
| W.D.V | 1,401,675 | 68,501,803 | 69,903,478 | | | |
| Depreciation Rate | 50% | 15% | | 15% | | |
| Reassessed Life | 2 Years | | | | | |
| Depreciation | 700,838 | 10,275,270 | - | 12,750,336 | - | 23,726,444 |
| 4. Water treatment plant | 82,820 | 8,906,353 | 8,989,173 | 2,693,150 | 11,682,323 | |
| Less: Accu. Depre. | | | | | | |
| W.D.V | 41,410 | 1,335,953 | 1,377,363 | | | |
| Depreciation Rate | 41,410 | 7,570,400 | 7,611,810 | | | |
| Depreciation Rate | 50% | 15% | - | 15% | - | |
| Reassessed Life | 2 Years | | | | | |
| Depreciation | 20,705 | 1,135,560 | - | 403,973 | - | 1,560,238 |

Note : Depreciation has been charged for yearly.

AUDITORS' REPORT UNDER SECTION 135(I), PARA 24(I), OF PART-II OF SCHEDULE III TO COMPANIES ACT 1994

As required under section 135(I), Para 24(I), Part-II of Schedule III to Companies Act 1994, Far East knitting & Dyeing Industries Ltd. prepared the following statements of its assets and liabilities, operating results, cash flows and changes in equity for the years ended June 30, 2013, 2012, 2011, 2010, and 2009 as submitted those to us for our working and for issuance of our confirmation thereon.

We, accordingly, have reviewed the relevant audited financial statements and hereby confirm that the following information has been correctly extracted from those audited financial statements.

(A) Statement of Assets and Liabilities

| PARTICULARS | Year ended June 30'2013 Amount (Tk.) | Year ended June 30'2012 Amount (Tk.) | Year ended June 30'2011 Amount (Tk.) | Year ended June 30'2010 Amount (Tk.) | Year ended June 30'2009 Amount (Tk.) |
|--|--|--|--|--|--|
| A. NON-CURRENT ASSETS: | 1,358,416,846 | 1,258,355,408 | 1,175,506,620 | 1,040,407,758 | 568,729,791 |
| Fixed assets (at cost less accumulated depreciation) | 1,357,346,846 | 1,257,285,408 | 1,077,828,189 | 1,040,407,758 | 568,729,791 |
| Capital work-in-Progress | - | - | 96,608,431 | - | - |
| Long term Investment | 1,070,000 | 1,070,000 | 1,070,000 | - | - |
| B. Preliminary expenses | - | - | - | - | 60,000 |
| C. Current assets: | 1,316,043,224 | 1,434,012,757 | 984,139,216 | 498,135,145 | 445,636,872 |
| Advance, deposits & prepayments | 51,297,957 | 45,988,315 | 37,894,189 | 34,670,497 | 34,945,817 |
| Accounts receivable | 505,220,413 | 567,008,847 | 438,758,189 | 175,183,700 | 51,387,190 |
| Inventories | 439,312,264 | 411,252,601 | 248,281,146 | 120,106,130 | 144,432,400 |
| Cash and cash equivalents | 320,212,591 | 409,762,994 | 259,205,692 | 168,174,818 | 214,871,465 |
| D. Total Property & Assets (A+B+C) | 2,674,460,070 | 2,692,368,165 | 2,159,645,836 | 1,538,542,903 | 1,014,426,663 |
| EQUITY & LIABILITIES | | | | | |
| E. Shareholders Equity: | 1,736,454,965 | 1,504,795,834 | 1,235,327,343 | 835,001,639 | 352,926,437 |
| Authorised' capital | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 | 300,000,000 |
| Paid up capital | 910,308,000 | 650,220,000 | 650,220,000 | 64,000,000 | 64,000,000 |
| Issued, subscribed & paid up capital | 910,308,000 | 650,220,000 | 650,220,000 | 64,000,000 | 64,000,000 |
| Reserve & surplus | 826,146,965 | 854,575,834 | 585,107,343 | 771,001,639 | 288,926,437 |
| Retained earnings | 499,750,044 | 528,178,913 | 258,710,422 | 466,128,083 | 288,926,437 |
| Revaluation surplus | 326,396,921 | 326,396,921 | 326,396,921 | 304,873,556 | - |
| F. Non-Current Liability: | 392,605,147 | 442,415,606 | 261,102,551 | 211,104,984 | - |
| Long term loan (secured) | 323,477,700 | 379,514,609 | 204,394,849 | 164,018,387 | - |
| Deferred liabilities (Provision for gratuity) | 17,409,547 | 12,609,547 | 7,555,000 | 2,800,000 | - |
| Deferred liabilities (Workers' welfare fund) | 19,222,631 | 17,796,181 | 16,657,433 | 14,166,581 | - |
| Income tax liability for other comprehensive income | 32,495,269 | 32,495,269 | 32,495,269 | 30,120,016 | - |



| PARTICULARS | Year ended June 30'2013 Amount (Tk.) | Year ended June 30'2012 Amount (Tk.) | Year ended June 30'2011 Amount (Tk.) | Year ended June 30'2010 Amount (Tk.) | Year ended June 30'2009 Amount (Tk.) |
|--|--|--|--|--|--|
| G. Current liabilities | 545,399,957 | 745,156,725 | 663,215,943 | 492,436,280 | 661,500,226 |
| Accounts payable | 13,759,257 | 16,007,614 | 14,960,920 | 131,738,406 | 249,752,073 |
| Accepted bills payable | 355,966,000 | 501,872,878 | 509,157,000 | 211,482,188 | 130,898,847 |
| Provision for expenses | 57,269,216 | 60,712,740 | 44,245,633 | 37,826,189 | 21,309,064 |
| Packing credit loan | 36,217,110 | 25,983,793 | 28,332,446 | 37,059,970 | 17,413,408 |
| Short term loan | 63,923,641 | 114,876,828 | 42,531,403 | 46,858,621 | 84,174,726 |
| Payable for asset purchase | 1,834,061 | 2,124,703 | 3,850,136 | 25,676,698 | 157,221,544 |
| Worker profit participation Fund(WPPF) | 12,551,255 | 20,474,478 | 16,407,451 | - | - |
| Other liabilities | 3,879,418 | 3,103,694 | 3,730,954 | 1,794,209 | 730,563 |
| H. Total Liabilities & Shareholders' Equity (E+F+G) | 2,674,460,070 | 2,692,368,165 | 2,159,645,836 | 1,538,542,903 | 1,014,426,663 |

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

(B) STATEMENT OF OPERATING RESULTS

| Particulars | Year ended June. 30, 2013 Amount (Tk.) | Year ended June. 30, 2012 Amount (Tk.) | Year ended June. 30, 2011 Amount (Tk.) | Year ended June. 30, 2010 Amount (Tk.) | Year ended June. 30, 2009 Amount (Tk.) |
|--|---|---|--|--|--|
| Sales Revenue (Export) | 2,316,680,977 | 2,358,795,325 | 2,080,561,905 | 1,367,699,700 | 1,347,389,589 |
| Total Income | 2,316,680,977 | 2,358,795,325 | 2,080,561,905 | 1,367,699,700 | 1,347,389,589 |
| Less : Cost of goods sold | 1,795,236,539 | 1,686,139,950 | 1,517,621,867 | 1,038,988,792 | 1,050,963,263 |
| Gross profits | 521,444,438 | 672,655,375 | 562,940,038 | 328,710,908 | 296,426,326 |
| Less: Office & administrative expenses | 186,008,840 | 182,203,858 | 171,016,760 | 109,095,167 | 178,894,716 |
| Profit from Operation | 335,435,598 | 490,451,518 | 391,923,278 | 219,615,740 | 117,531,610 |
| Add: Other income | 4,921,193 | 12,216,615 | 11,787,967 | 5,631,823 | 31,266,940 |
| Net profit/ (Loss) before Finance cost | 340,356,790 | 502,668,133 | 403,711,245 | 225,247,563 | 148,798,550 |
| Less: Finance cost | 76,780,439 | 67,949,539 | 54,400,201 | 36,314,686 | - |
| Other Expenses | - | - | 4,754,568 | 11,394,892 | - |
| Net profit/ (Loss) after Financial expenses | 263,576,351 | 434,718,594 | 344,556,476 | 177,537,985 | 148,798,550 |
| Less: Workers profit participation Fund(WPPF) | 12,551,255 | 20,700,886 | 16,407,451 | - | - |
| Net profit/ (Loss) before Income tax | 251,025,096 | 414,017,709 | 328,149,025 | 177,537,985 | 148,798,550 |
| Less : Provision for income tax | 19,365,964 | 14,505,218 | 8,846,686 | 230,253 | 157,692 |
| Net profit/ (Loss) after tax | 231,659,132 | 399,512,491 | 319,302,339 | 177,307,732 | 148,640,858 |
| Earnings per share (EPS) for the year | 2.54 | | | | |
| Earnings per share (EPS)- Basic | 2.54 | 6.14 | 5.16 | 27.70 | 232.25 |
| Earnings per share (EPS)- Restated Basis | 2.54 | 4.39 | 3.51 | 1.95 | 1.63 |

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

(C) STATEMENT OF CHANGES IN EQUITY

| Particulars | Share capital | Retained earnings | Tax Holiday Reserve | Revaluation Surplus | Total |
|--|--------------------|--------------------|---------------------|---------------------|----------------------|
| Year ended : June 30, 2013 | | | | | |
| Balance as on July 01, 2012 | 650,220,000 | 528,178,912 | - | 326,396,921 | 1,504,795,833 |
| Net profit for the year | | 231,659,132 | | | 231,659,132 |
| Stock Dividend | 260,088,000 | (260,088,000) | | | - |
| Balance as on June 30,2013 | 910,308,000 | 499,750,044 | - | 326,396,921 | 1,736,454,965 |
| Year ended : June 30, 2012 | | | | | |
| Balance as on July 01, 2011 | 650,220,000 | 258,710,422 | - | 326,396,921 | 1,235,327,343 |
| Net profit for the year | | 399,512,491 | | | 399,512,491 |
| Cash Dividend | | (130,044,000) | | | (130,044,000) |
| Balance as on June 30,2012 | 650,220,000 | 528,178,913 | - | 326,396,921 | 1,504,795,834 |
| Year ended : June. 30, 2011 | | | | | |
| Balance as on July 01,2010 | 64,000,000 | 466,128,083 | - | 304,873,556 | 835,001,639 |
| Net profit for the year | | 319,302,339 | | | 319,302,339 |
| Adjustment during the year | | | | (13,296,961) | (13,296,961) |
| Revaluation surplus for the year | | | | 37,195,579 | 37,195,579 |
| Share issued : | | | | | - |
| Share issued (Other than cash) | 29,500,000 | | | | 29,500,000 |
| Stock dividend | 526,720,000 | (526,720,000) | | | - |
| Share issued against Cash | 30,000,000 | | | | 30,000,000 |
| Income tax on revaluation surplus | | | | (2,375,253) | (2,375,253) |
| Balance as on June 30,2011 | 650,220,000 | 258,710,422 | - | 326,396,921 | 1,235,327,343 |
| Year ended : June. 30, 2010 | | | | | |
| Balance as on July 01, 2009 | 64,000,000 | 288,926,437 | - | - | 352,926,437 |
| Prior year adjustment: | | | | | |
| ISO depreciation expenses | | 152,914 | | | 152,914 |
| ISO certificate expenses | | (259,000) | | | (259,000) |
| Net profit for the year | | 177,307,732 | | | 177,307,732 |
| Revaluation surplus for the year | | | | 304,873,556 | 304,873,556 |
| Balance as on June. 30, 2010 | 64,000,000 | 466,128,083 | - | 304,873,556 | 835,001,639 |
| Year ended : June. 30, 2009 | | | | | |
| Balance as on July 01, 2008 | 64,000,000 | 170,024,479 | 10,261,100 | - | 244,285,579 |
| Dividend paid | | (40,000,000) | | | (40,000,000) |
| Transfer from Tax holiday reserve | | 10,261,100 | (10,261,100) | | - |
| Net profit for the year | | 148,640,858 | | | 148,640,858 |
| Balance as on June 30, 2009 | 64,000,000 | 288,926,437 | - | - | 352,926,437 |

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

(D) STATEMENT OF CASH FLOWS

| | Year ended June. 30, 2013 Amount (Tk.) | Year ended June. 30, 2012 Amount (Tk.) | Year ended June. 30, 2011 Amount (Tk.) | Year ended June. 30, 2010 Amount (Tk.) | Year ended June. 30, 2009 Amount (Tk.) |
|---|--|---|---|---|--|
| A CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers | 2,378,469,411 | 2,230,544,667 | 1,816,987,416 | 1,243,903,190 | 1,326,841,319 |
| Cash received from other income | 4,921,193 | 12,216,615 | 11,790,191 | 5,631,823 | 31,266,940 |
| Cash paid to suppliers | (1,347,208,531) | (1,262,609,613) | (936,870,652) | (791,476,480) | (680,834,899) |
| Operating expenses paid | (729,057,674) | (687,304,249) | (617,426,082) | (380,603,642) | (457,920,131) |
| Finance cost | (76,780,439) | (64,781,913) | (54,400,201) | (36,314,686) | - |
| | 230,343,959 | 228,065,508 | 220,080,672 | 41,140,205 | 219,353,229 |
| B CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Purchase of property, plant and equipment | (223,137,584) | (192,580,737) | (89,193,088) | (234,185,696) | (116,789,980) |
| Capital work-in-Progress | - | - | (96,608,431) | - | - |
| Long term Investment | - | - | (1,070,000) | - | - |
| Disposal of fixed asset | - | - | 500,000 | - | - |
| Net cash used in investing activities | (223,137,584) | (192,580,737) | (186,371,519) | (234,185,696) | (116,789,980) |
| C CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Secured loan received/(Paid) | (56,036,909) | 175,119,760 | 40,376,462 | 164,018,387 | - |
| Cash Dividend Paid | - | (130,044,000) | - | - | (40,000,000) |
| Short term loan received/ (paid) | (50,953,187) | 72,345,425 | (4,327,218) | (37,316,105) | 41,774,458 |
| Packing credit loan | 10,233,317 | (2,348,653) | (8,727,524) | 19,646,562 | - |
| Cash received against ordinary share | - | - | 30,000,000 | - | - |
| Net cash flow from financing activities | (96,756,778) | 115,072,532 | 57,321,720 | 146,348,844 | 1,774,458 |
| Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C) | (89,550,403) | 150,557,303 | 91,030,874 | (46,696,647) | 104,337,707 |
| Cash & Cash Equivalents at the beginning of the year | 409,762,994 | 259,205,692 | 168,174,818 | 214,871,465 | 110,533,758 |
| Cash & Cash Equivalents at the end of the year | 320,212,591 | 409,762,994 | 259,205,692 | 168,174,818 | 214,871,465 |
| The above balance consists of the followings: | | | | | |
| Cash in hand | 600,000 | 600,000 | 600,000 | 413,502 | 482,678 |
| Cash at bank | 319,612,591 | 409,162,994 | 258,605,692 | 167,761,316 | 214,388,787 |
| | 320,212,591 | 409,762,994 | 259,205,692 | 168,174,818 | 214,871,465 |

Note: Cash outflows are indicated in brackets.

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

E. DIVIDEND

The company has declared dividend as follows:

| | Year ended June 30'2013 | Year ended June 30'2012 | Year ended June 30'2011 | Year ended June 30'2010 | Year ended June 30'2009 |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Cash dividend | - | Nil | 20% | Nil | Nil |
| Stock dividend | - | 40% | 1:8.23* | Nil | Nil |

F. Fareast Knitting and Dyeing Ind. Ltd. was incorporated as a public company limited by share on 19th April 1994 under the Companies Act 1913. The share of the company is denominated from Tk.100/- to Tk.10/- per share as on 24th April 2010.

G. The company has no subsidiary company.

* The company has declared stock dividend 1:8.23 through EGM held on January 08, 2011 on the basis of the audited financial statements for the period ended September 30, 2010.

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants

RATIO ANALYSIS

Auditors Certificate on Calculation of Various Accounting Ratios for the Years Ended 30 June 2013, 2012, 2011, 2010, and 2009.

We have examined the following accounting ratio of **Fareast Knitting & Dyeing Industries Limited** for the years ended June 30, 2013, 2012, 2011, 2010, and 2009 as submitted to us by its management. The preparation of these ratios is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the year ended June 30, 2013, 2012, 2011, 2010, and 2009.

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

| Ratio: | Equation | Year ended June 30 | | | | |
|--|---|--------------------|-------|-------|-------|--------|
| | | 2013 | 2012 | 2011 | 2010 | 2009 |
| I. Liquidity Ratios | | | | | | |
| Current ratio | = $\frac{\text{Total current assets}}{\text{Total current liabilities}}$ | 2.41 | 1.92 | 1.48 | 1.01 | 0.67 |
| Quick ratio | = $\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$ | 1.61 | 1.37 | 1.11 | 0.77 | 0.46 |
| Times interest earned | = $\frac{\text{Profit before interest}}{\text{Interest expenses}}$ | 4.43 | 7.40 | 7.33 | 6.20 | - |
| Debt-equity ratio | = $\frac{\text{Non-current liability}}{\text{Shareholder equity}}$ | 0.23 | 0.29 | 0.21 | 0.25 | - |
| II. Operating Ratios | | | | | | |
| Accounts receivable turnover ratio | = $\frac{\text{Sales}}{\text{Average receivable}}$ | 4.32 | 4.69 | 6.78 | 12.07 | 32.77 |
| Assets turnover ratio | = $\frac{\text{Total sales}}{\text{Average total assets}}$ | 0.86 | 0.97 | 1.13 | 1.07 | 1.54 |
| Inventory turnover ratio | = $\frac{\text{Cost of goods sold}}{\text{Average inventory}}$ | 4.22 | 5.11 | 8.24 | 7.86 | 9.68 |
| III. Profitability Ratios | | | | | | |
| Gross margin ratio (%) | = $\frac{\text{Gross profit}}{\text{Sales}}$ | 22.51 | 28.52 | 27.06 | 24.03 | 22.00 |
| Operating income ratio (%) | = $\frac{\text{Operating profit}}{\text{Sales}}$ | 14.48 | 20.79 | 18.84 | 16.06 | 8.72 |
| Net income ratio (%) | = $\frac{\text{Net profit after tax}}{\text{Sales}}$ | 10.00 | 16.94 | 15.35 | 12.96 | 11.03 |
| Return on assets ratio (%) | = $\frac{\text{Net Profit}}{\text{Average total assets}}$ | 8.63 | 16.47 | 17.27 | 13.89 | 16.98 |
| Return on equity (after tax) (%) | = $\frac{\text{Net profit (after tax)}}{\text{share holder equity}}$ | 13.34 | 26.55 | 25.85 | 21.23 | 42.12 |
| Earnings per share (EPS)- Basic | | 2.54 | 6.14 | 5.16 | 27.70 | 232.25 |
| Earnings per share (EPS)- Restated Basic | | 2.54 | 4.39 | 3.51 | 1.95 | 1.63 |

Date: December 28, 2013

Sd/-
(Masih Muhith Haque & Co.)
 Chartered Accountants

DISCLOSURE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES

Date: July 14, 2013

Ref: MMH/FEKDIL/350/2013

Managing Director
Far East Knitting & Dyeing Industries Ltd.
Moyeen Center
House # 9/B, Road # 3
Gulshan -1, Dhaka.

Sub: Audit opinion on the implementation of conditions of Corporate Governance guidelines implemented for the period from 07 august 2012 to 30 June 2013.

Dear Sir,

We have checked the relevant documents regarding the compliance of the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) under Notification No-SEC/CMRRCD/2006-158/134/ Admin/44 dated 07 August 2012 for the period ended 30 June 2013.

In our opinion, Far East Knitting & Dyeing Industries Ltd. has complied with the conditions of Corporate Governance Guidelines of BSEC for the period ended 30 June 2013. However, the followings are under process:

Appointment of independent director:

FEKDIL has six (06) directors but the company has no independent director, as required under the Corporate Governance Guidelines at least one fifth (1/5) of the total number of directors should be independent directors. Appointment of an independent director is under process.

Constitution of audit committee:

As per Corporate Governance Guideline, the company shall have an Audit Committee as a sub-committee of the Board of Directors. The Audit committee shall be responsible to the board of Directors and assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. However constitution of audit committee is under process.

Directors report to Shareholders :

As per Corporate Governance Guideline, the company shall prepare a Directors report to Shareholder. However preparation of Directors report to Shareholder is under process.

Actual status against each requirement of the Corporate Governance Guidelines is given in Annexure-1.

Thanking you

Yours truly,

Sd/-
(Masih Muhith Haque & Co.)
Chartered Accountants.

Section XV: Management Disclosure
Section XVI: Credit rating report of
Far East Knitting & Dyeing Industries
Limited



SECTION XV

Management Disclosure

MANAGEMENT DISCLOSURE AS PER RULE 8B(20)(E), (I) & (G) OF THE SECURITIES & EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006

1. EPS on fully diluted basis (with total existing number of shares)

| Sl. | Particulars | 2012-2013 | 2011 -2012 |
|------------------|--|-----------------|-----------------|
| A. | Net profit after tax | BDT 231,659,132 | BDT 399,512,491 |
| B. | Pre-IPO no. of Shares | 91,030,800 | 91,030,800 |
| C = A / B | EPS on fully diluted basis (with total existing number of shares (A/B)) | BDT 2.54 | BDT 4.39 |

2. Calculation of Net Profit and EPS excluding all extra-ordinary or non-recurring Income coming from other than Core Operations.

| Sl. | Particulars | 2012-2013 | 2011-2012 |
|----------------------|---|------------------------|------------------------|
| A. | Net profit/ (loss) after financial expenses | BDT 263,576,351 | BDT 434,718,594 |
| B. | Other income | BDT 4,921,193 | BDT 12,216,615 |
| C = A - B | Net profit excluding all extra-ordinary or non-recurring income coming from other than core operations | BDT 258,655,158 | BDT 422,501,979 |
| D. | Workers Profit Participation Fund (WPPF) | BDT 12,316,912 | BDT 20,119,142 |
| E. | Provision for income tax on export proceeds | BDT 19,027,755 | BDT 13,383,268 |
| F = C - D - E | Net profit/ (loss) after tax | BDT 227,310,491 | BDT 388,999,569 |
| G. | Pre-IPO no. of Shares | 91,030,800 | 91,030,800 |
| H = F / G | EPS on fully diluted basis and excluding all extra-ordinary or non-recurring income coming from other than core operations | BDT 2.50 | BDT 4.27 |

3. Calculation of net asset value per share including and excluding revaluation reserve

| Sl. | Particulars | As on June 30, 2013 | As on June 30, 2012 |
|-------------------|--|--------------------------|--------------------------|
| A. | Issued, subscribed and paid-up capital | BDT 910,308,000 | BDT 650,220,000 |
| B. | Retained earnings | BDT 499,750,044 | BDT 528,178,913 |
| C. | Revaluation surplus | BDT 326,396,921 | BDT 326,396,921 |
| D = A+B +C | Net asset value including revaluation surplus | BDT 1,736,454,965 | BDT 1,504,795,834 |
| E. | No. of shares outstanding as on 30 June 2013 | 91,030,800 | 65,022,000 |
| F = D / E | Net asset value per share including revaluation surplus | BDT 19.08 | BDT 23.14 |
| G = D - C | Net asset value excluding revaluation surplus | BDT 1,410,067,092 | BDT 1,178,398,913 |
| H = G / E | Net asset value per share excluding revaluation surplus | BDT 15.49 | BDT 18.12 |

MANAGEMENT DISCLOSURE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON JUNE 30, 2013

1. Investment in Far East Spinning Industries Ltd. (Note no.-6 to the Financial Statements for the year ended June 30, 2013)

Far East Knitting & Dyeing Industries Limited (FEKDIL) is one of the seven sponsors shareholder of Far East Spinning Industries Limited (FESIL), which was incorporated with RJSC on 19 April 2011 under the companies Act, 1994 vide registration no.(C-92126/11) as a public company limited by shares. FEKDIL has invested Tk. 1,070,000 in its equity. The management of FEKDIL has forecasted very good future in spinning industry. Moreover FEKDIL will be the principal buyer of the product of FESIL which will be the backward linkage to FEKDIL. Normally a spinning mill comes into operation within several years from incorporation. FESIL is also expected to commence commercial operation within standard time span. As a part of its diversification initiatives as well as potential to earn foreign remittance, FEKDIL decided to invest in FESIL.

2. Break-up of Accounts Receivables (Note no.-8 to the Financial Statements for the year ended June 30, 2013)

| | |
|--|--------------------------|
| FDBC With Janata Bank Ltd (As per Bank Statement Attached) | : 21,79,20,828.00 |
| FDBP With Janata Bank Ltd (As per Bank Statement Attached) | : 8,98,25,700.00 |
| FDBC With Janata Bank Ltd (Contract Basis, Statement Attached) | : 10,35,67,680.00 |
| Goods Shipped, Document not Submitted in Bank (Statement Attached) | : 9,39,06,205.00 |
| Total Receivable | : 50,52,20,413.00 |

3. Packing Credit Loan (Note no.-21 to the Financial Statements for the year ended June 30, 2013)

Packing Credit loan means a borrowing facility provided by a bank to help an exporter to finance working capital. A packing credit loan will often be extended if a letter of credit has been issued by a purchaser of the products that is based on confirmed order for exporting of goods. Packing credit loan is adjusted with realisation of export proceeds. The rate of interest on packing credit loan is 7%. As on June 30, 2013 FEKDIL had outstanding packing credit loans of Tk. 36,217,110 with Janata Bank, Kamal Ataturk Avenue, Corporate branch as disclosed in note. 21.

4. Revised Financial Statements

In June 30, 2010 & 2011 FEKDIL has revalued its assets by Tista Surveyors and Shaha Mazumder & co. Chartered Accountants respectively. There were some items shown negative balance which was adjusted with positive balance of revaluation surplus and net value has been recognised in the financial statements of the company.

But as per BAS-16 Para 40 "if an assets carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus".

In 2010, 2011 & 2012 FEKDIL didn't consider the provision of Para 40 of BAS-16 and the company didn't consider any deferred income tax on Other Comprehensive income erroneously. Subsequently the company revised the Financial Statements of 2010, 2011 and 2012 to comply with BAS. In this regard, requirements of Companies Act, 1994 and other applicable rules have been complied with while preparing the revised Financial Statements. There is no additional impact of the revision on the net asset value and net profit after tax of the year ended June 30, 2013.

5. Recognition of loss (Note no.-40.02 & 29.01 (Revised) to the Financial Statements for the year ended June 30, 2012)

Loss on revaluation of fixed assets will be dealt in accordance with BAS-16. As per BAS-16 Para 40 "if an assets carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus".

On the basis of the above provision of BAS-16 Para 40, the company has made losses Tk. 4,754,568 instead of Tk. 18,051,529 to the Comprehensive Income Statement :

| Group of Fixed Asset | Revaluation surplus/ (Impairment Loss) Dt. 30.06 2010 | Loss on fixed assets revaluation Dt. 30.06 2011 | Adjusted loss on fixed assets revaluation |
|---------------------------------|---|---|--|
| Generator | 954,089 | (1,699,778) | 745,689 |
| Plant & machinery | 64,758,989 | (11,997,561) | None |
| Plant & machinery (Gmt) | (9,553,105) | (1,720,734) | 1,720,734 |
| Plant & machinery (Printing) | 1,565,400 | (231,935) | None |
| Water & steam line | 113,376 | (808,096) | 694,720 |
| Water treatment plant | (1,841,787) | (1,593,425) | 1,593,425 |
| Total | | (18,051,529) | 4,754,568 |

6. Depreciation Rate (Schedule C to the Financial Statements for the year ended June 30, 2013)

FEKDIL has calculated depreciation in "schedule C" (Calculation of depreciation on revalued assets) of Financial Statements for the year ended June 30, 2013 using different rates on the same class of assets considering reassessed useful life. The main reason is that, in the same classes of assets includes various assets that was purchased in different time and whose life is different also. This life is reassessed by the fixed assets revaluar named "Saha Mazumder & co." Chartered Accountants.

7. Revaluation of Fixed Assets

In 2010 FEKDIL revalued its fixed assets to arrive at the fair value of the assets of the company. The revaluation was conducted by 'Tista Surveyors', Gulistan Complex, 2BB Avenue, Level # 9, Dhaka, which is not panel A auditor as per list published by Bangladesh Bank. Subsequently, FEKDIL revalued its assets in 2011, conducted by a panel A auditor 'Saha Mazumder & Co.' Chartered Accountants, 21, Purana Paltan Line (4th & top floor), Dhaka 1000 to comply with BSEC notification no. SEC/CMRRCD/2009-193/81/Admin dated December 29, 2010.

8. Deferred tax provision on unrecognized employee benefit

Workers profit participation fund (WPPF) and Worker's Welfare Fund are not mandatory to be recognized as per Income Tax Ordinance 1984, so the company didn't maintain any provision for deferred tax. There is no temporary difference between accounting base and tax base. However, if any temporary difference in tax base occurs, then the company will make necessary provision for deffered tax.

9. Financial Expenses (Note no. 30 to the Financial Statements for the year ended June 30, 2013)

FEKDIL did not capitalized any interest on loan. Please refer to note no.30 to the Financial Statements for ready reference regarding interest charges as financial expenses. Bank wise interest is as follows :

| Name of the Bank | Interest as at June,30,2013 | Interest as at June,30,2012 |
|-------------------------------|-----------------------------|-----------------------------|
| Janata Bank Limited | 21,201,944 | 37,330,910 |
| IDLC Finance Limited | 38,168,347 | 19,366,252 |
| Commercial Bank of Ceylon | 5,038,283 | - |
| Shahjalal Islami Bank Limited | 4,354,216 | - |
| Total | 68,762,790 | 56,697,162 |

10. Workers profit participation fund (WPPF) & Workers welfare fund

Formation of Workers Profit Participation and Welfare fund as per section 234 of Bangladesh Labour Law,2006:

FEKDIL has formed Workers' Profit Participation Fund according to Section 234 of Bangladesh Labor Law,2006.

Formation of Trustee Board as per section 235 of Bangladesh Labour Law, 2006:

FEKDIL has a Trustee Board to manage the Workers Profit Participation Fund (WPPF)



Investment of fund as section 240 of Bangladesh Labour Law,2006 :

FEKDIL uses this fund for the operation of its business as permitted by this section.

Use (Distribution) of Participation fund as per section 242 of Bangladesh Labour Law,2006:

As per note 24 of the financial statement for the year ended on June 30, 2013, Total balance of contribution to the Workers' Profit Participation Fund up to June 30, 2013 is Tk. 33,025,733 out of which FEKDIL has distributed Tk. 20,474,478 i.e 62%.

Sd/-

Asif Moyeen

Managing Director

Far East Knitting & Dyeing Industries Limited

SECTION XVI

Credit Rating Report of Far East Knitting & Dyeing Industries Limited

Address:

CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9530991-4
Fax: 88-02-9530995
Email: crisldhk@crislbd.com

Analysts:

Md. Tanzirul Islam
tanzirul@crislbd.com

Shazeda Akther

shompa@crislbd.com

Entity Rating

Long Term: A+
Short Term: ST-2

Outlook: Stable

FAR EAST KNITTING & DYEING INDUSTRIES LIMITED

ACTIVITY

Composite Knit Garments Manufacturer

DATE OF INCORPORATION

April 19, 1994

CHAIRMAN

Farha Lazina

MANAGING DIRECTOR

Asif Moyeen

EQUITY

Tk.1736.45 Million

TOTAL ASSETS

Tk.2674.46 Million

PAID-UP CAPITAL

Tk.910.31 Million

CREDIT RATING REPORT ON FAR EAST KNITTING & DYEING INDUSTRIES LIMITED REPORT: RR/3010/13

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL's Bank loan rating (blr) is valid one year for long term facilities and up-to 365 days (according to tenure of short term facilities) for short term facilities. After the above periods, these ratings will not carry any validity unless the entity goes for surveillance.

CRISL followed Corporate Rating Methodology published in CRISL website www.crislbd.com

| Date of Rating | November 20, 2013 | |
|-------------------------------|--|---------------|
| | Long Term | Short Term |
| Entity Rating | A+ | ST- 2 |
| Outlook | Stable | |
| Bank Facilities Rating | | |
| Bank/FI | Mode of Exposures (Figures in million) | Ratings |
| Janata Bank Limited | WCLL* Tk.60.00 | <i>blr A+</i> |
| | TLO** Tk.14.88 | |
| Shajalal Islami Bank Limited | WCLL Tk.40.60 | <i>blr A+</i> |
| Commercial Bank of Cylon Plc. | WCLL Tk.27.00 | <i>blr A+</i> |
| IDLC Finance Limited | TLO Tk.207.22 | <i>blr A+</i> |

*WCLL- Working Capital Loan Limit **TLO- Term Loan Outstanding

1.0 RATING RATIONALE

CRISL has reaffirmed 'A+' (pronounced as single A plus) rating in the Long Term and 'ST-2' rating in the Short Term to Far East Knitting and Dyeing Industries Limited (FEKDIL) based on both relevant qualitative and quantitative information up-to the date of rating. The above ratings have been assigned based on some fundamentals of the company such as equity based capital structure, good profitability, sound production facilities, good liquidity, regular repayment history, good IT infrastructure, experienced management team etc. The above factors are, however, to some extent, constrained by dependency on intermediary for sale, high financial cost burden, exposure to price escalation risk and exchange rate fluctuation risk as well as other industry specific and macroeconomic factors.

The long term rating implies that entities rated in this category are adjusted to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short-term rating indicates high certainty of timely repayment. Liquidity factors are strong and supported by good fundamental protection factors with small risk factors.



Ownership Concentrated among Sponsors Shareholders

Experienced Management Team

CRISL also placed the company with “Stable Outlook” in consideration of its prospective business growth as well as demand for the products which is likely to have a positive impact on the overall operation of the company.

2.0 CORPORATE PROFILE

2.1 Background

Far East Knitting and Dyeing Industries Limited is a 100% export oriented composite knit garments unit which was incorporated on April 19, 1994 as a Public Limited Company under the Companies Acts XVIII of 1994. The company started its commercial operation in the same time with paid up capital of Tk.1.00 million against authorized capital of Tk.300.00 million with the vision of being one of the backward integrated leaders in export of knit garments. The initiative of the company was taken by a group of ex-bankers having long exposures in related industry. Meanwhile the authorized capital of the company has been increased to Tk.1500.00 million against which the paid-up capital of FEKDIL stood at Tk.910.31 million as on June 30, 2013. As stated earlier, FEKDIL is a public limited company, however, the shareholding is concentrated among few owners. Currently, the company has total of 91,030,800 ordinary shares of Tk.10 each as on June 30, 2013 owned by 9 shareholders. Among the shareholders, the Managing Director, Mr. Asif Moyeen holds the major shares (71.54%) of the company followed by Mr. M.K.M. Mohiuddin (9.23%), Ms. Farha Lazina, Chairman (8.92%), Mrs. Sadia Moyeen (3.32%), Mr. Omar Moyeen (3.08%), Mr. Mohammad Bin Quasem (2.95%), Mr. Md. Salamatullah (0.48%), Mr. Syed Mazharul Huq (0.24%) and Mr. Nesar Uddin Md. Oliullah (0.24%). The Managing Director along with family members all together holds 77.94% of total shares. Keen attachment of the sponsors with businesses being commensurate with their long exposure enables them to take strategic risk for business growth. FEKDIL is in continuous process of expansion and during the period under surveillance, the company has been operating with production capacity of around 13.32 million pcs (11.10 million pcs in FY2011-12) ladies wear under 100% capacity utilization which mainly depends on quality and style of product. The management of FEKDIL is led by the Managing Director Mr. Asif Moyeen having 37 years of experience in various textile and non-textile businesses being supported by a skilled and experienced management team. The factory of FEKDIL is located at Chandra; Kaliakoir; Gazipur, on around 4 acres of land with State Of The Art infrastructural facilities. The registered Head Office of the company is located at Bilquis Tower (3rd Floor), Plot no- 6 (New), 2nd Circle, Gulshan, Dhaka-1212.

2.2 Corporate Management and Human Resources Management

FEKDIL has an organized corporate structure having experienced as well as qualified management team. The management team is headed by the Managing Director Mr. Asif Moyeen who supervises all the major activities in consultation with Faiyaz Ahmed Khan (Financial Controller), M. Anwar Ali (Director-HRD), Mr. M. S. Zaman (Sr. Manager- Accounts & Company Secretary) and other related professionals. The operational activities are divided into four departments namely Merchandising; Production; Finance and Administration; and HR & Compliance which are being headed by experienced professional team members. Mr. Kamal Uddin Ahmed, the General Manager is in charge of the factory activities being supported by Mr. Rezwan Salam (GM-Dyeing), Mr. Jamshed Plabon (DGM), Mr. Muhammed Sakhawat Hossain (AGM-Production) and other department heads. CRISL believes that experienced management team in different departments of the company has the expertise to nourish the company.

FEKDIL has structured HR manuals both for corporate office and factory. In addition to regular compensation package, the company has group insurance for staff, medical facilities, child care facilities, performance bonus and food with canteen facilities in factory premises. Total human resource base of the company stood at around 4,844 as on June 30, 2012 of which 4,786 are workers at factory level. FEKDIL is an equal

Structured HR Manuals

opportunity employer and in the factory significant portion of employees are female. The average wage rate of the workers at factory level is around Tk.5,926 per month. Moreover, the company has directed its effort to avoid unnecessary friction among the workers of lowest grade through counseling and enhancing payment as well as some other benefits if needed. Due to the above, the HR turnover of the company has been found to be insignificant.

Good IT Infrastructure**2.3 IT in MIS and Internal Control Mechanism**

The IT infrastructure and its use in MIS of FEKDIL have been found to be good. The factory and head office of the company is supported by a separate IT department with skilled professionals headed by Mr. Md. Shahinur Rahman. The company has a web-based system supported by Flora Computer systems; that supports the initiation/finalization of an order as well as management of the critical task which partially covers and connects all the functional areas, such as inventory, finance, HR, etc. The company also has ERP system supported by Algorithm Consulting Pvt. Ltd. which supports all the sub-sectors to covering all functional areas. For back-up the company has mirror servers which is located both at the factory and the head office. In addition, further back-up is taken by copying and storing information on CDs on a periodic basis. Besides the above, factory is using customized Order Management Systems, CAD/CAM software (Lectra) for designing and central database for inventory management. The factory and head office are connected through radio link tower for data transfer.

Besides the above, the company has a separate internal audit department exclusively to justify the financial and business transaction with 11 members which is headed by Mr. M. S. Zaman (Sr. Manager and Company Secretary). CRISL also views that the company already adopted a structured policy for internal control procedures to safeguard the assets, promote operating efficiency and ensuring compliance with applicable policies and regulations.

Only 0.28% Market Share**2.4 Products & Market Position**

The company is engaged in the manufacturing of knit garments mainly for UK and European markets. The product line of FEKDIL includes polo shirt, tank tops, t-shirt, shorts, pajamas (higher grade products) etc. for ladies. In FY2012-13, the company exported Tk.2.32 billion against industry export of Tk.817.50 billion representing around 0.28% market share in knit garments. Outstanding sales order of FEKDIL as on September 30, 2013 stood at around Tk.4.56 billion till June 30, 2014. Instead of a single market leader, currently the knitting industry is being dominated by a group of market players who are catering to the demand of the foreign buyers. Considering the existing market scenario, CRISL foresees favorable business outlook of the company.

2.5 Corporate Social Responsibility and Compliance Issues

FEKDIL is a CSR conscious organization. Operation cleft is such an attempt to provide medical aid to the poor people with collaboration of Australia. FEKDIL also provided financial support to 'Jago Foundation' which is providing good quality education to the children of slum area. In addition to that, the company along with some other organization has arranged free training facilities to the people coming from North Bengal areas and helped them to assure employment in different organization.

FEKDIL is a fully compliant factory. Its production process, human resource management, effluent management, Child care, medical facilities, canteen facilities etc are fully compliant as per the requirements of the local laws and the buyers. The company has highly sophisticated and fully automated fire fighting facilities and fire fighting drill regularly takes place in every month. The workers are trained with first aid facilities. The company has ETP plant which is regularly monitored by the Department of Environment. The ETP is capable of treating 70 cubic meters disposal per hour against requirement of 40 cubic meters per hour. The company maintains a sophisticated



Sound Production Infrastructure

laboratory to continuously monitor that the treated discharged water consistently meets the DOE standards. The ETP and the laboratory are being managed by qualified professionals. Most of the buyers having high standard compliance requirements are placing a repeat order which signifies their satisfaction on the compliance aspects.

3.0 BUSINESS ANALYSIS

3.1 Infrastructure and Facilities

The production facilities of FEKDIL are situated at Chandra; Kaliakoir; Gazipur on around 4 acres land area with factory building of around 2,82,308 sqft. The land is well developed and is far above the flood level having enough source of utilities support like gas, electricity and water. In addition to that the company has sufficient additional area for further expansion of the project. The factory has four functional units; knitting, dyeing, printing and garments. FEKDIL has put in place production machinery and equipment purchased from renowned machinery suppliers for its core operation which have been imported from USA, Singapore, Taiwan, Japan, China, EU etc. Significant BMRE has taken place over the last couple of years and it is still continuing by establishing knitting facility with Fleece, Engineering Stripes and Collar making capability as well as State Of The Art dyeing house and sewing lines. Currently, in knitting and dyeing section of the company have 30 knitting and 22 dyeing machines whereas the garments section is equipped with 36 lines having around 1579 different machines (Kansai, Pegasus, Juki machines). In addition to that, in printing section the company has 3 sets of printing machines (18 colors, 11 colors and 8 colors) of sportsman E series and 1 line of screen printing facilities. The company is enjoying electricity from REB having allowed load of 1000 KVA. Moreover, FEKDIL is connected with two gas line of 17 PSI and 15 PSI for boiler and generator from Titas Gas Transmission & Distribution Co Ltd. where the average pressure is around 5 to 6 PSI. At present the company has 1 gas generator with capacity of 1236 KVA imported from USA and 3 diesel-driven generators with capacity of 500 KVA each and 2 Farness oil driven generator with capacity 1000 KVA each for backup power system. In factory premises, it has own canteen facilities, doctor facilities, emergency exit and day care center for children. Moreover, the company has a modern technological ETP plant with total capacity of 70 cubic meters per hour to support current production of FEKDIL. The company also has WTP facilities consisting of 4 machines including two DP pumps and Mega-G machine of India along with various miniature plants. The WTP facility is capable of treating 500 cubic meter of water per hour.

Good Quality Control Mechanism

FEKDIL uses modern technology to assure quality of the products and has comprehensive quality control policy through a system of internal checks as well as external testing. Internal quality control is a part of every department right from the stage of knitting, dyeing, garmenting and all the way to packaging of the final products. At the outset, every single batch of fabric produced in the factory has to undergo a quality check for color fastness, shrinkage, weight etc. After passing these tests the fabric sample is again sent to outside agencies/laboratories such as ITS, SGS, etc. for independent testing. In addition, goods are also inspected by the inspectors of the buying houses. The quality control procedure is an ideal combination of manual and automatic procedures. The company has State Of The Art laboratory facilities with ROBOTIC color mixing and many others related required modern equipments. The company has five set of Fabric Inspection Machine of famous UZU brand. In addition the company has Lock Metal Detector inspection System.

The company has full insurance coverage of Tk.1566.70 million for all of its buildings and machineries, electrical installation, office equipment, furniture & fixtures, work-in process, generator and stock of yarn, fabrics, dyes & chemicals, ETP, boiler with Asia Pacific General Insurance Co. Ltd. and insurance premium is total of around Tk.3.35 million which is valid up to November 15, 2013.

Dependency on Intermediary for Sale

3.2 Business Operation

3.2.1 Product Feature and Production

FEKDIL is an export oriented composite knit garments entity with integrated knitting, high-end fabric dyeing, and washing, fabric finishing (tubular and open width), with State Of The Art printing and garment manufacturing facilities. Each of the production departments are managed by experienced and qualified professionals. The major garments are ladies wear which includes tops, tank top, vest, polo shirt, t-shirt, pajamas, shorts etc. Currently, FEKDIL has yearly production capacity of 2368 tons in knitting, 2664 tons in dyeing and around 13.32 million pcs of basic t-shirt in garments unit per year under 100% capacity utilization. However, in case of high grade products, the company has capacity to produce around 12.28 million pcs of fashion garments per year under 100% capacity utilization. During FY2011-12, the company produced total 2133 tons of knitting, 2413 tons of dyeing and around 12.28 million pcs garments comprising of tank top, T-shirts and polo-shirts. The total sales pie of Tk.2316.68 million during FY2012-13 comprised of 70.63% T-shirt, 0.17% Tank tops & remaining 29.20% are others such as polo shirt, pajamas, shorts etc. FEKDIL maintains a constant product quality and possess almost zero rejection rates. The company regularly organizes a three day orientation program for the workers to get accustomed to the designs and production layout of new orders which ensures perfection and accuracy. Moreover, Merchandising Department develops new design according to market demand, fashion and trend. The quality management and production process has been accomplished based on ISO 9001:2000 standard. As the company regularly conducts technological up-gradation and works for the same buyer over the years, it gets competitive edge in the area of cost reduction and quality improvement. Finally, the finished products are exported to abroad especially UK, France, Canada and other European countries.

3.2.2 Raw Materials Procurement Process

In most of the cases the company collects order through the buying houses and also directly from buyers. But the dependency on buying house (intermediary) in the business cycle negatively affects profitability though the same minimize some hassle of order procurement. After receiving the order, the company makes purchase orders to its suppliers through back to back L/C for required raw materials. As the company has in-house knitting and dyeing facilities, the major raw materials of the company are yarn, accessories, dyes and chemicals for production which are mainly procured from Bangladesh, India and Indonesia. The top management supervises and manages the procurement process of raw materials for sourcing, bargaining and order placing after considering the existing demand and buffer stock of the factory. The purchase process is executed through local currency and L/C. FEKDIL maintains a good relationship with the suppliers and due to the same; the company does not face any problem regarding smooth and quality production process. The company has around 12 foreign and local suppliers for yarn, 34 foreign and local suppliers for dyes/chemicals and 29 foreign and local suppliers for meeting up the requirement of accessories. The price quotation from the various sources is obtained before deciding on the supplier of raw materials. The company often obtain large block L/Cs from their regular buyers which enable them to procure yarn in advance of specific orders; the same allows the company to manufacture within very short lead times. In case of Dyes/Chemicals, FEKDIL on an average hold about 2 month's requirements in inventory. Accessories include trims, lace, labels, packaging, etc., which are ordered and purchased once an order is finalized. These are purchased either from one of its regular suppliers or from the buyers' nominated supplier. All raw-materials are purchased on 90 to 120 days basis whereas the sale to buyers is on sight basis. Inventory management is computerized and spot audits are done regularly to ensure minimal waste and to prevent pilferage.

| Material Purchased | During the period ended on | | | |
|--------------------|----------------------------|---------------------|---------------------|---------------------|
| | 30-June-2013 | | 30-June-2012 | |
| | Purchase (BDT) | % of Total Purchase | Purchase (BDT) | % of Total Purchase |
| Yarn | 696,669,561 | 58.08 | 708,361,791 | 56.48 |
| Accessories | 322,485,958 | 26.88 | 404,784,374 | 32.28 |
| Dyes & Chemicals | 162,283,771 | 13.52 | 124,771,467 | 9.95 |
| Fabrics | 14,873,413 | 1.24 | 16,161,858 | 1.29 |
| Stores | 3,225,675 | 0.27 | 0.00 | 0.00 |
| Total | 1199,538,378 | 100.00 | 1254,019,491 | 100.00 |

FEKDIL has its own 14000 sft warehouse for raw materials and 16700 sft for finished goods in factory premises. The company usually keeps buffer stock of roughly 90 to 120 days depending on seasonal variation as well as buyer's requirements.

3.2.3 Pricing and Costing Strategy

Proper costing system aids to keep the costs at competitive level. The company maintains job order based costing system. The pricing strategy of FEKDIL is based on FOB (Freight on Board) basis where the company charges prices on the basis of cost and margin. For the delivery of goods to the port, FEKDIL takes support from C & F agent.

3.2.4 Distribution and Marketing Strategy

The distribution and marketing activities of FEKDIL are supervised by Mr. Mohammed Bin Quasem (Director-Operation) having around 32 year of experiences in the company. FEKDIL maintains a separate research and development unit for developing new product and services. The merchandising department continuously develops the product and services as per new fashion with the help of latest computer aided design machinery popularly known as "CAD". The company primarily works with 4 major Buying Houses and about 14 buyers. Even though FEKDIL works through the buying houses, the company maintains direct communication and relationship with the senior management/owners of the ultimate buyers. Moreover, to promote the products of FEKDIL as well as to update the latest fashion, the company participate in different local and international fairs such BGMEA Fair (Dhaka), Knit Expo (Singapore). This has worked as an effective marketing tool. It has been reviewed that, no buyer has ever stopped working with FEKDIL and in fact for most cases the business with buyers increased over the years. Details of buyer and information of shipment has been given below:

| Major Buyer | % of Sales | Country of origin | Repeat Buyer | Rejection Rate of Buyer | No. of Shipment | No. of Air Shipment |
|-----------------------|------------|--------------------|--------------|-------------------------|-----------------|---------------------|
| New Look | 42.23% | UK | Yes | 0 | 552 | 166 |
| Li & Fung | 20.58% | UK | Yes | 0 | 137 | 23 |
| Monoprix Exploitation | 13.22% | France | Yes | 0 | 116 | 12 |
| Williamson- Dickie | 6.40% | Canada | Yes | 0 | 100 | 25 |
| Other | 17.57% | UK, France, Canada | Yes | 0 | 0 | 0 |

4.0 MARKET REVIEW

The Readymade Garment (RMG) industry of Bangladesh has emerged as a competent garment producer in the world. The World Trade Organization declared Bangladesh as the second largest RMG exporter after China in FY2010-11. Bangladesh retained its position in the FY2012-13 by exporting garments worth US\$ 21.52 billion of which US\$ 10.48 billion came from the export of Knitwear and US\$ 11.04 billion came from

Concentrated among Few Buyers

High Capacity Utilization

Good Profitability

the export of Woven garments. It took three decades of hard work for the country's garment sector to achieve its position today. The journey started in 1978, with a shipment of 10,000 pieces of men's shirts worth 13 million Francs to a French company by Reaz Garments Ltd. Desh Garment Ltd, the first fully export-oriented garment factory of the country, entered the global market the following year. In 1980, South Korean Youngone Corporation formed the first joint-venture garment factory with a Bangladeshi firm, Trexim Ltd. The number of garment factories in the country rose to 587 in 1984-85. With the arrival of many international buyers, the figure jumped to around 2,900 in 1999. In 2005, Bangladesh with an increased number of production units became one of the 12 largest apparel exporters in the world. Now, the country has more than 5,500 woven garment factories, 1,700 knitwear factories and 1,300 spinning, finishing and dyeing factories. At present, the sector employs over 4 million workers, 80 percent of whom are women. Now, Bangladesh is not only a supplier of basic garment, but also a major destination for high-end apparel items. The strength of the country's apparel sector is well understood through its ability to supply high-end items to famous global brands such as Hugo Boss, Adidas, Puma, Tommy Hilfiger, G-Star, Diesel, Ralph Lauren, Calvin Klein, DKNY, Nike, Benetton and Mango. Currently, more than 30 percent of the total RMG export is high-end products. The primary textile sector also saw a wave of investments for increasing demands for fabrics. The sector with a total investment of over 4.5 billion pound is now capable of supplying 90 percent of fabrics for the knitwear sub-sector and 40 percent of fabrics for the woven sub-sector.

According to McKinsey & Company, an international management consulting firm, Bangladesh's apparel exports will reach \$36 billion by 2020. Some key market players believe that the country's potentials are even greater. But all these prospects appear to have been shaken by the 'Rana Plaza' and 'Tazreen Fashions' incidents where altogether over thousand workers lost their lives. Those incidents exposed inadequate safety and poor working conditions that still exist in many factories. Those incidents were widely covered all over the world mainly because of Bangladesh's position as the number two apparel exporter. The buyers are now pressing factory owners to improve working conditions, hike wages of workers, and ensure labor rights and other compliance issues. Following the event, many international non-governmental organizations campaigned for restricting purchase of Bangladeshi garments until the garment makers here ensure workers' safety and labor rights. The apparel sector may face some hurdles this year unless the issues of proper working environment, better wages and labor rights are resolved. Exporters here still remain hostage to large-scale buyers, who always try to pay the lowest possible rate for apparel items. The garment makers need to persuade these buyers to pay more so that they can address the compliance issues at home. In order to retain its position, Bangladesh has to ensure adequate supply of gas and power, make available industrial lands, combat corruption, improve infrastructure and port efficiency, ease traffic congestion and develop skilled manpower.

5.0 BUSINESS AND FINANCIAL PERFORMANCE ANALYSIS

5.1 Quality of Accounts

The quality of accounts of FEKDIL has been found to be structured and the financial statement has been prepared with adequate disclosure. Masih Muhith Haque and Co is the appointed Chartered Accountants of the company which is well reputed and an independent member of international group of accounting firms (IGAF).



Equity Based Capital Structure

5.2 Overall Operational Performance Analysis

| Financial Year | Installed Capacity | | | Actual Production | | | Capacity Utilization (%) | | |
|----------------|--------------------|------------------|-----------------|--------------------|------------------|-----------------|--------------------------|------------------|-----------------|
| | Knitting (in tons) | Dyeing (in tons) | Sewing (in pcs) | Knitting (in tons) | Dyeing (in tons) | Sewing (in pcs) | Knitting (in tons) | Dyeing (in tons) | Sewing (in pcs) |
| 2010-11 | 1776 | 2368 | 8,288,000 | 1420 | 1620 | 7,634,062 | 79.95 | 68.41 | 92.11 |
| 2011-12 | 1776 | 2516 | 11,100,000 | 1734 | 2048 | 10,173,199 | 97.64 | 81.40 | 91.65 |
| 2012-13 | 2368 | 2664 | 13,320,000 | 2133 | 2413 | 12,285,000 | 90.08 | 90.58 | 92.23 |

| Key Operating Performance | FY2012-13 | FY2011-12 | FY2010-11 |
|---|------------|------------|-----------|
| Sales Volume (in Qty) | 12,034,877 | 10,212,000 | ----- |
| Sales Revenue (Tk. in million) | 2316.68 | 2358.80 | 2080.56 |
| COGS (Tk. in million) | 1795.24 | 1686.14 | 1517.62 |
| Profit After Tax (Tk. in million) | 231.66 | 399.51 | 323.83 |
| Return on Average Assets Before Tax (ROAA)% | 8.63 | 16.47 | 17.51 |
| Return on Average Equity Before Tax (ROAE)% | 14.29 | 28.49 | 30.37 |
| Return on Average Capital Employed (ROACE)% | 11.37 | 23.21 | 25.22 |
| Gross Profit Margin (%) | 22.51 | 28.52 | 27.06 |
| Operating Profit Margin (%) | 14.48 | 20.79 | 18.84 |
| Net Profit Margin (%) | 10.00 | 16.94 | 15.56 |
| Cost to Revenue Ratio (%) | 77.49 | 71.48 | 72.94 |
| Administrative Exp to Revenue Ratio (%) | 8.03 | 7.72 | 8.22 |
| Finance Cost to Revenue Ratio (%) | 3.31 | 2.88 | 2.61 |

As the company is in continuous process of expansion for the last couple of years in different production sections, the overall operational performance has been found to be good with increasing production capacity, production volume having high production efficiency and increasing sales volume. However, the above has not positively reflected on the sales revenue of FY2012-13 due to decrease in sales price per unit caused by dollar value depreciation. Subsequently, the overall profitability of FEKDIL has also decreased during the same period due to increasing COGS, office & administrative expenses as well as financial expenses. During the year the finance cost has increased significantly as payment of interest on term loan has started which ultimately has hit the profitability of the company. CRISL also views that the recent proposal for adjusting new wage scale and other related costs may further adversely affect the overall profitability in near future. Nevertheless, the profit margin, the other profitability indicators (ROAA, ROAE and ROACE) as well as the overall operating efficiency are still showing a good position compared to other market players in the same industry during FY2012-13.

6.0 FINANCIAL STRENGTH AND SOLVENCY

In order to measure financial strength, CRISL considers the capital base, financial ratios and qualitative factor like outstanding orders in hand, market value of the plant, properties and other assets. In addition, CRISL takes into account the inter-company funding flexibility among the business units of the company in terms of financial strength and solvency. In case of FEKDIL, the company enjoys considerable funding facilities from other business units. The capital structure of the company is shown below:

(Tk. in million)

| Particulars | FY2012-13 | FY2011-12 | FY2010-11 |
|----------------------------------|----------------|----------------|----------------|
| Current Assets | 1316.04 | 1434.01 | 984.14 |
| Less: Current Liabilities: | | | |
| Short Term Bank Borrowing | 100.14 | 140.86 | 70.86 |
| Other Current Liabilities | 445.26 | 604.29 | 592.58 |
| Net Current Assets | 770.64 | 688.85 | 320.70 |
| Fixed Assets-Net | 1358.42 | 1258.36 | 1077.83 |
| Net Capital Employed | 2129.06 | 1947.21 | 1496.20 |
| Financed by: | | | |
| Non-current Liability- Bank Loan | 323.48 | 379.51 | 204.39 |
| Other Non-Current Liabilities | 69.13 | 62.90 | 24.21 |
| Shareholders' Equity: | | | |
| Share Capital | 910.31 | 650.22 | 650.22 |
| Revaluation Surplus | 326.39 | 326.40 | 342.74 |
| Retained Earnings | 499.75 | 528.18 | 274.63 |
| Total | 2129.06 | 1947.21 | 1496.20 |
| Leverage Ratio (X) | 0.54 | 0.79 | 0.70 |
| Debt Service Coverage Ratio (X) | 5.87 | 8.71 | 8.95 |
| Interest Coverage Ratio (X) | 4.27 | 7.09 | 7.12 |

FEKDIL is equity based company comprising 64.93% equity and 35.07% debt (58.14% short term debt and 41.86% long-term debt). The capital structure as on June 30, 2013 revealed that only 15.19% of net capital employed (Tk.2129.06 million) has been financed by long term bank loan whereas 81.56% has been financed by shareholder's equity and remaining 3.25% by provision for gratuity as well as worker's welfare fund. The equity pie is mainly comprised of share capital (52.42%), retained earnings (28.78%) and revaluation surplus (18.80%). The leverage ratio of the company has improved during the period which was mainly due to increase in share capital as cash dividend and partial discharge of long term loan as well as short term loan. Nevertheless, the internal capital generation of FEKDIL has decreased significantly to 14.29% in FY2012-13 from 28.82% in FY2011-12 mainly due to decrease in net profit by 42.01% against increase in equity by 15.39%. Subsequently, the debt service coverage ratio and interest coverage ratio has also decreased, however still indicating good capacity to meet financial obligations of the company. CRISL views that accumulation of retained profit, effective use of bank loan and continuous payment of liability will made the company more solvent over the years.

Good Liquidity

7.0 LIQUIDITY AND FUND FLOW ANALYSIS

| Liquidity Indicators | FY2012-13 | FY2011-12 | FY2010-11 |
|---------------------------------------|-----------|-----------|-----------|
| Current Ratio (X) | 2.41 | 1.92 | 1.48 |
| Quick Ratio (X) | 1.61 | 1.37 | 1.11 |
| Working Capital to Current Assets (%) | 7.61 | 9.82 | 7.20 |
| Operating Cash Flow (Tk. in million) | 224.12 | 221.87 | 212.83 |

The company has been operating with good liquidity over the years as per reported accounts which are reflected through its liquidity indicators. The company keeps sufficient stock of raw materials and finished goods in its warehouse. The company starts importing yarn only after getting the export order on the basis of market



speculation and analysis of forthcoming orders. On an average, it keeps 1 to 3 months inventory in stock. The working capital has sufficiency of net working capital with Tk.770.64 million in FY2012-13 million which was Tk.688.86 million in FY2011-12 due to mostly depending on own finance for working capital requirement. The company also availed a bank loan facility of Tk.423.62 million from different banks and NBFIs which supports comfortably its working capital requirement. While analyzing the cash flow, it was revealed that the company generated positive cash flow from its operation over the periods which are sufficient enough to discharge financial obligations. Being an 100% export oriented company; early realization of receivables through bill discounting against export L/C, supports the company in managing liquidity to a great extent.

8.0 CREDIBILITY AND BANKING RELATIONSHIP

8.1 Liability Position

FEKDIL has been enjoying loan facilities from Janata Bank Limited, Shahajalal Islami Bank Ltd., Commercial Bank of Ceylon PLC and IDLC Finance Limited under different modes. The details of loans status are defined in the table:

(Tk. in Million)

Regular Repayment History

| Bank | Mode | Limit | Outstanding Amount As on 30.09.2013 | Security Arrangements | Repayment Status | |
|-------------------------------|----------------|---------------|-------------------------------------|-----------------------|------------------|---------|
| JBL* | Project Loan | 29.50 | 14.88 | Details in 8.2 | Regular | |
| | CC Hypo | 29.50 | 20.25 | | | |
| | ECC | 20.00 | 20.88 | | | |
| Total | | 40.00 | 61.01 | | | |
| SJIBL** | | 89.50 | 47.47 | | | Regular |
| Total | | 40.60 | 87.58 | | | |
| Commercial Bank of Ceylon PLC | SOD | 87.58 | 27.66 | | | Regular |
| Total | | 27.00 | 27.66 | | | |
| IDLC Finance Ltd. | Term Loan | 246.30 | 207.22 | | | Regular |
| | LTR | 0.00 | 46.01 | | | |
| | Pecking Credit | 0.00 | 55.03 | | | |
| Total | | 246.30 | 308.26 | | | |

*JBL- Janata Bank Ltd. ** SJIBL- Shahajalal Islami Bank Ltd.

8.2 Security Packages against Banks/ NBFIs Liability

As mentioned earlier, the company is availing funding facilities from different banks and NBFIs such as JBL, SJIBL, Commercial Bank of Ceylon PLC and IDLC Finance Ltd. under different modes to help smooth operation of business. The mode of the security offered for banking facilities are pledge and lien on MTDR, lien on FDRs, registered charge with RJSC by way of hypothecation on the entire fixed & floating assets, hypothecation all present and future machinery duly insured with bank mortgage clause covering all risks, registered mortgages of 283.50 decimals land etc. Again, in case of NBFIs, the securities offered are 1 storied residential building of 20, 874 sft.

situated at Gulshan, 59 decimals land located at Kaliyakoir, Chandura, Gazipur and 35 decimals land at Kaliyakoir, Chandura, Gazipur. Where the security offered against the loan is not specific, it is backed by personal guarantee of all Directors of the company.

9.0 RISK ANALYSIS

9.1 Raw Material Supply Risk

The company procures yarn, dyes & chemical and accessories both from foreign as well as local suppliers. Import based supplies are likely to be affected by any uncontrollable event or country risk to transaction or political barrier. Since inception, the company does not face any such uncontrollable events and is confident to manage alternate arrangement at shorter notice.

9.2 Price escalation Risk

FEKDIL, along with other companies in the industry, faces price fluctuation risk because of volatility of yarn price in the market emanating from fluctuation of raw cotton price in the international market. In different times the price of yarn considerably fluctuated in local and global market and the continuance of which will put pressure on cost of production as well as price of finished goods. FEKDIL procures maximum raw materials (yarn, dyes/chemicals and accessories) from abroad and exports the finished goods (garments) to foreign buyers. So considering the volatility of raw material price as well as finished goods price in the international market, CRISL foresees that the company is exposed to price fluctuation risk.

9.3 Exchange Rate Risk

Exchange rate risk arises from currency fluctuation in international trade. If Bangladeshi Taka is revalued and/or foreign currency devalued then the earnings from exported garments will go down which will decrease the overall profit margin. The major buyer of FEKDIL from UK, France, Canada and other European countries and most of the payment is made through euro and dollar. As the company is dependent upon the imported raw materials and in future it will be the same, volatility of exchange rate will have an impact on profitability of the company. Generally, as an importer and exporter, the company should get a natural hedge against exchange rate fluctuation. Nevertheless, during the period the profitability of the company has adversely affected due to exchange rate fluctuation which mainly caused by significant gap in payment and receipt of dollar. Considering the above, FEKDIL is exposed to exchange rate fluctuation risk.

9.4 Interest Rate Risk

FEKDIL is enjoying funding facilities in the form of working capital as well as term loan from different banks and NBFIs. As a bank/FIs fund borrower, the entity has to pay a significant amount of loan interests and charges. Bangladesh Bank has moved to remove the interest rate ceiling on lending in the wake of a massive liquidity crisis in the financial market letting the price to be determined by functioning of demand-supply interaction. This measure may invite interest rate instability, which creates volatility in the profitability of businesses like FEKDIL.

9.5 Market Risk

Ready-made garments products are usually exposed to market risk because of continuous change in fashion and market competition. FEKDIL is in continuous process to improve the product and to cope with international market. So the company's present thrust towards foreign buyers and expansion of existing production capacity may assist it to minimize market risk.



9.6 Power Generation Risk

The industrial bases of Bangladesh are mainly aided by natural gas backed power generation which causes disruption occasionally and the composite knit garments industry is not an exception. Smooth availability of gas will ensure the maximum and well functioning of the machineries. Currently, the company is connected with 2 gas line of 15 PSI and 17 PSI and does not face any problem of gas pressure. So other things being constant, CRISL does not foresee significant risk for power generation from the captive power plant.

9.7 Operation Risk

Technology is a continuous process of development. Innovation of new and cost effective technology may obsolete existing technology, which may cause negative impact. The project is equipped with good machineries and technology to cope with the pace in harmony with modern textile world. FEKDIL follows a well-developed production flow chart. Performance in each of the production stages are properly documented which assists to identify any variation in the process against its estimated quality. In order to maintain the standard level of quality, the management personnel both in head office and production premises seem to be competent and experienced to run the operation effectively. So considering the above CRISL views that, the company has minimum exposure to operational risk.

9.8 Regulatory risk

The Government is timely monitoring the work environment and often fixing the minimum wage rate. Non compliance of this can give rise to worker unrest. In spite of the promulgation of laws by the Government, the majority of garment workers remain deprived of their legal rights. Some of the issues which still remain neglected include minimum basic salary, working hours, overtime calculation, off day in a week and yearly increment. In addition to that the company operates under export/import policy, taxation policy adopted by NBR and rules adopted by other regulatory organizations. Any unexpected changes in the policies formed by those bodies will impact the business of the company adversely. So considering the above CRISL views that, the company is exposed to regulatory risk to some extent.

9.9 On Time Delivery Risk

Due to cost minimization, all the RMG companies try to deliver the goods through Chittagong port on time. But dependency on imported raw material and accessories, reduced lead time by the buyers, low efficiency of labor and port management, severe political instability and drawback of other infrastructural facilities, makes it difficult to deliver the goods on time. Thus, the company may be exposed to on time delivery risk.

10.0 OBSERVATION SUMMARY

| Rating Comforts: | Rating Concerns: |
|---|--|
| <ul style="list-style-type: none"> • Equity based capital structure • Good profitability • Good Liquidity • Sound production facilities • Regular repayment history • Good quality control mechanism • Good IT infrastructure • Experienced management team | <ul style="list-style-type: none"> • Dependency on intermediary for sale • High financial cost burden • Exposed to price escalation risk • Exposed to market risk • Exposed to exchange rate fluctuation risk |
| Business Prospects: | Business Challenges: |
| <ul style="list-style-type: none"> • Wide local market development • Largest industry of Bangladesh • Wide export market • Further Expansion | <ul style="list-style-type: none"> • Political instability • Increased global competition • World's economic meltdown • Entry restriction by the buyer country • Labor unrest |

11.0 PROSPECTS

Despite the inherent limitations of the industry, being one of the promising Knit apparels producing entity, FEKDIL is competent to utilize the full opportunities. The company is definitely in the comfort zone for equity based capital structure, sound production infrastructure as well as experienced management team. It is expected that in today's competitive market the company will take benefit from its area of competitive strengths and will keep trying to overcome the drawbacks for smooth operation.

END OF THE REPORT

(Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement)

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF CORPORATE

| RATING | DEFINITION |
|--|--|
| AAA Triple A (Highest Safety) | Investment Grade Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies. |
| AA+, AA, AA- (Double A) (High Safety) | Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. |
| A+, A, A- Single A (Adequate Safe-ty) | Entities rated in this category are adjudged to offer adequate safety for timely repayment of finan-cial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. |
| BBB+, BBB, BBB- Triple B (Moderate Safe-ty) | Entities rated in this category are adjudged to offer moderate degree of safety for timely repay-ment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations. |
| BB+, BB, BB- Double B (Inadequate Safety) | Speculative Grade Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category. |
| B+, B, B- Single B (Risky) | Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities. |
| CCC+, CCC, CCC- Triple C (Vulnerable) | Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. |
| CC+, CC, CC- Double C (High Vulnerable) | Entities rated in this category are adjudged to be very highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. |
| C+, C, C- Single C (Extremely Speculative) | Entities rated in this category are adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations. |
| D (Default) | Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default. |

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

SHORT-TERM RATINGS OF CORPORATE

| | |
|-------------|---|
| ST-1 | Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations. |
| ST-2 | High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. |
| ST-3 | Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small. |
| ST-4 | Moderate Grade Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation. |
| ST-5 | Non-Investment/Speculative Grade Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation. |
| ST-6 | Default Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain. |

CRISL RATING SCALES AND DEFINITIONS
BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM

| RATING | DEFINITION |
|--|--|
| blr AAA (blr Triple A) (Highest Safety) | Investment Grade Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carry almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities. |
| blr AA+ , blr AA , blr AA- (Double A) (High Safety) | Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions. |
| blr A+ , blr A , blr A- Single A (Adequate Safety) | Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity have adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. |
| blr BBB+ , blr BBB , blr BBB- Triple B (Moderate Safety) | Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment /fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories. |
| blr BB+ , blr BB , blr BB- Duble B (Inadequate Safety) | Speculative/ Non investment Grade Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client are below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loans / facilities need strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category. |
| blr B+ , blr B , blr B- Single B (Somewhat Risk) | Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the installments. |
| blr CCC+ , blr CCC , blr CCC- Triple C (Risky) | Risky Grade Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loans / facilities need strong monitoring from bankers side for recovery. |
| blr CC+ , blr CC , blr CC- Double C (High Risky) | Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery. |
| blr C+ , blr C , blr C- (Extremely Speculative) | Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loan/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations. |
| blr D (Default) | Default Grade Entities rated in this category are adjudged to be either already in default or expected to be in default. |

SHORT-TERM RATINGS

| | |
|----------------|---|
| blrST-1 | Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations. |
| blrST-2 | High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. |
| blrST-3 | Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small. |
| blrST-4 | Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation. |
| blrST-5 | Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation. |
| blrST-6 | Default Institution failed to meet financial obligations |



Effluent Treatment Plant (ETP)



Dyeing Machine



Power Generator

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 BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **200** ordinary shares and must be for a multiple of **200** ordinary shares. Any application not meeting these 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 Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring "**Far East Knitting & Dyeing 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 a 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. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum and Articles of Associations 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% 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 acknowledgement to the issue for application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank 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 shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purpose.
15. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 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 may forfeit 15% (fifteen) of their application too.**

BANKERS TO THE ISSUE

| Bank Asia | | | |
|---|-------------------------------------|---------------------------------|----------------------------------|
| Agrabad Br. Chittagong | Jessore Br. Jessore | Mohakhali Br. Dhaka | Shantinagar Br. Dhaka |
| Anderkillah Rd. Br. Chittagong | Kamal Bazaar Br. Chittagong | Moghbar Br. Moghbar | Station Rd. Br. Chittagong |
| Bahadderhat Br. Chittagong | Khatunganj Br. Chittagong | North South Rd. Br. Dhaka | Strand Road Branch, Chittagong |
| Bashundhara Br. Dhaka | Khulna Br. Khulna | Paltan Branch, Dhaka | Sylhet Main Br. Sylhet |
| Bogra Br. Bogra | MCB Banani Br. Dhaka | Progoti Sarani Br. Dhaka | Sylhet Uposahar Br. Sylhet |
| CDA Avenue Br. Chittagong | MCB Dilkusha Br. Dhaka | Principal Office Branch, Dhaka | Shyamoli Branch, Dhaka |
| Corporate Br. Dhaka | MCB Sk Mujib Rd Br. C'gong | Rajshahi Br. Rajshahi | Uttara Br. Dhaka |
| Dhanmondi Br. Dhaka | Mirpur Br. Dhaka | Scotia Br. Dhaka | |
| Gulshan Br. Dhaka | Mitford Br. Dhaka | | |
| BRAC Bank Limited | | | |
| Asad Gate Br. Dhaka | Donia Br. Dhaka | Kazirdeuri Br. Chittagong | Nawabpur Br. Dhaka |
| Agrabad Br. Chittagong | Graphics Building Br. Motijheel | Khulna Br. Khulna | Rampura Br. Dhaka |
| Banani Br. Dhaka | Eskaton Br. Dhaka | Manda Br. Dhaka | Rajshahi Br. Rajshahi |
| Bashundhara Br. Dhaka | Gulshan Br. Dhaka | Mirpur Br. Dhaka | Shyamoli Br. Dhaka |
| Barisal Br. Barisal | Halishohor Br. Chittagong | Momin Road Br. Chittagong | Uttara Br. Dhaka |
| Bogra Br. Bogra | Jessore Br. Jessore | Narayangonj Br. Dhaka | Zinda Bazar Br. Sylhet |
| CDA Avenue Br. Chittagong | | | |
| Dhaka Bank Limited | | | |
| Bhulta Br. Narayangonj | Comilla Br. Comilla | KDA Avenue Br. Khulna | Uposahar Br. Sylhet |
| CDA Avenue Br. Chittagong | Goran Business Center, Dhaka | Mirpur Br. Dhaka | |
| Cox's Bazar Br. Cox's Bazar | Khilgaon Br. Dhaka | Savar Bazar Br., Dhaka | |
| First Security Islami Bank Limited | | | |
| Agrabad Branch, Chittagong | Chokoria Branch, Cox's Bazar | Jessore Branch, Jessore | Patuakhali Branch, Patuakhali |
| Ambarkhana Branch, Sylhet | College Gate Branch, Tongi, Gazipur | Jubilee Road Branch, Chittagong | Probartak Mor Branch, Chittagong |
| Andar Killah Branch, Chittagong | Comilla Branch, Comilla | Khatunganj Branch, Chittagong | Rajshahi Branch, Rajshahi |
| Azampur Branch, Dhaka | Cox's Bazar Branch, Cox's Bazar | Khulna Branch, Khulna | Rangpur Branch, Rangpur |
| Banani Branch, Dhaka | Dhanmondi Branch, Dhaka | Mirpur Branch, Dhaka | Ring Road Branch, Dhaka |
| Bangshal Branch, Dhaka | Dilkusha Branch, Dhaka | Mohakhali Branch, Dhaka | Satkhira Branch, Satkhira |
| Barisal Branch, Barisal | Donia Branch, Dhaka | Motijheel Branch, Dhaka | Savar Branch, Dhaka |
| Biswa Road Branch, Dhaka | Faridpur Branch, Faridpur | Moulvibazar Branch, Moulvibazar | Senanibash Branch, Dhaka |
| Bogra Branch, Bogra | Gobindagonj Branch, Sunamgonj | Mymensingh Branch, Mymensingh | Sylhet Branch, Sylhet |
| Bohaddarhat Branch, Chittagong | Gulshan Branch Dhaka | Narayangonj Branch, Narayangonj | Taltola Branch, Sylhet |
| Bonoshree Branch, Dhaka | Hat Hazari Branch, Chittagong | Pabna Branch, Pabna | Topkhana Road Branch, Dhaka |
| Chawkbazar Branch, Chittagong | Islampur Branch, Dhaka | Patiya Branch, Chittagong | Uttara Branch, Dhaka |

| Investment Corporation of Bangladesh | | | |
|---|-----------------------------------|---|----------------------------------|
| Barisal Br. Barisal | Chittagong Br. Chittagong | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Bogra Br., Bogra | Head Office, Dhaka | Local Office, Dhaka | Sylhet Br. Sylhet |
| National Bank Limited | | | |
| Agrabad Branch, Chittagong | Faridpur Branch, Faridpur | Malibagh Branch, Dhaka | Pragati Sarani Branch, Dhaka |
| Anderkillah Chittagong | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Babubazar Branch, Dhaka | Foreign Ex. Branch, Dhaka | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |
| Banani Branch, Dhaka | Gazipur Branch, Gazipur | Mohammadpur Branch, Dhaka | Rifles Square Branch, Dhaka |
| Bangshal Road Branch, Dhaka | Gulshan Branch, Dhaka | Motijheel Branch, Dhaka | Rokeya Sarani Branch, Dhaka |
| Barisal Branch, Barisal | Halishahar Branch, Chittagong | Moulvibazar Branch, Moulvibazar | S.K. Mojib Road Branch |
| Bogra Branch, Bogra | Imamganj Branch, Dhaka | Mymensingh Branch, Mymensingh | Savar Bazar Branch, Savar, Dhaka |
| CDA Avenue Branch, Chittagong | Islampur Branch, Dhaka | Narayanganj Branch, N'Gonj | Sunamgonj Branch, Sunamgonj |
| Chawk Bazar Branch, Chittagong | Jatrabari Branch, Dhaka | Narsingdi Branch, Narsingdi | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Jubille Road Branch, Chittagong | Netaigonj Branch, N'gong | Tangail Branch, Tangail |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | New Eskaton Branch, Dhaka | Tongi Branch, Gazipur |
| Dhanmondi Branch, Dhaka | Khatungong Branch, Chittagong | North Brook Hall Branch, Dhaka | Uttara Branch, Dhaka |
| Dilkusha Branch, Dhaka | Khulna Branch, Khulna | Pagla bazar Branch, Narayanganj | Z. H. Sikder M.C. Branch, Dhaka |
| Elephant Road Branch, Dhaka. | Lake Circus Branch, Dhaka | Pahartali Branch, Chittagong | Zindabazar Branch, Sylhet |
| Southeast Bank Limited | | | |
| Agargaon Br. Dhaka | Chhagalnaiya Br. Feni | Jubilee Road Br. Chittagong | Narayanganj Br. Narayanganj |
| Agrabad Br., Chittagong | Chowmuhani Br. Noakhali | Kakrail Br. Dhaka | Oxygen More Br. Chittagong |
| Ashulia Br. (Rural) Dhaka | Comilla Br. Comilla | Khatunganj Br. Chittagong | Pahartali Br. Chittagong |
| Banani Br. Dhaka | Cox's Bazar Br. Chittagong | Khulna Br. Khulna | Pragati Sarani Br. Dhaka |
| Banasree Br. Dhaka | Dakhin Khan Br. Dhaka | Konabari Br. Gazipur | Principal Br. Dhaka |
| Bandar Bazar Br. Sylhet | Dhania Br. Dhaka | Laidighipaar Branch, Sylhet | Rajshahi Br. Rajshahi |
| Bangshal Br. Dhaka | Dhanmondi Br. Dhaka | Madambibir Hat Branch, Chitta-gong | Rangpur Br. Rangpur |
| Barisal Br. Barisal | Dinajpur Br. Dinajpur | Madhabdi Br. Narshingdi | Rokeya Sarani Br. Dhaka |
| Bashurhat Br. Noakhali | Feni Br. Feni | Mohakhali Br. Dhaka | Rupnagar Br. Dhaka |
| Basundhara Br. Dhaka | Gulshan Br. Dhaka | Mohammadpur Br. Dhaka | Sat Mashjid Road Br. Dhaka |
| Bogra Br. Bogra | Hetimgonj Br. Sylhet | Momin Road Br. Chittagong | Savar Br. Dhaka |
| Brahmanbaria, B, Baria | Imamganj Br. Dhaka | Mouchak Br. Dhaka | Sir Iqbal Road Br. Khulna |
| CDA Avenue Br. Chittagong | Islampur Br. Dhaka | Moulvibazar Br. Sylhet | Tongi Br. Gazipur |
| Chapainawabganj Br. Rajshahi | Joypara Br. Dhaka | Naogaon Br. Naogaon | Uttara Br. Dhaka |
| Standard Chartered Bank | | | |
| Agrabad Br. Chittagong | Khulna Br. Khulna | Motijheel Br. Dhaka | Sylhet Br. Sylhet |
| Bogra Br. Bogra | Mirpur Br. Dhaka | Nasirabad Br. Chittagong | |
| Trust Bank Limited | | | |
| Ashugonj Br. Ashuganj | Elephant Road Br. Dhaka | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Ashulia Br. Dhaka | Feni Br. Feni | Khwaja Yunus Ali Medical College & Hospital Br. Sirajgonj | Rangpur Cantonment Br. Rangpur |
| Barishal Br. Barishal | Halishahar Br. Chittagong | Mirpur Br. Dhaka | S.S. Cantonment Br. Tangail |
| Bogra Cantonment Br. Bogra | Jalalabad Cant. Br. Sylhet | Momenshahi Cantoment Br. Mymensingh | Savar Cantonment Br. Dhaka |
| Chowmohoni Br. Chowmohoni | Jessore Cantonment Br. Jessore | Narayanganj Br. Dhaka | Shahjalal Uposhohor Br. Sylhet |
| Comilla Br. Comilla | Joydebpur Br. Gazipur | Narsingdi Br. Narsingdi | Sylhet Corporate Br. Sylhet |
| Comilla Cantonment Br. Comilla | Joypara Br. Dhaka | Principal Br. Dhaka | Tongi Br. Gazipur |
| Dhanmondi Br. Dhaka | Kadamtali Br. Chittagong | Radisson Water Garden Hotel Br. | Uttara Corporate Br. Dhaka |
| Dilkusha Corp. Br. Dhaka | Karwan Bazar Br. Dhaka | | |
| United Commercial Bank Limited | | | |
| Agrabad Branch, Chittagong | Dhonia Branch, Dhaka | Lama Bazar Branch, Sylhet | Pabna Branch, Pabna |
| Amborkhana Branch, Sylhet | Dinajpur Branch, Dinajpur | Lohagara Branch, Chittagong | Paglabazar Branch, Narayanganj |
| Anderkilla Branch, Chittagong | Eidgaon Branch, Cox's Bazar | Madhabi Branch, Narsingdi | Pahartali Branch, Chittagong |
| Bahaddarhat Branch, Chittagong | Elephant Road Branch, Dhaka | Madunaghat Branch, Chittagong | Port Branch, Chittagong |
| Banani Branch, Dhaka | Faridpur Branch, Faridpur | Mazdee Court Branch, Noakhali | Principal Branch, Motijheel C/A |
| Bangshal Branch, Dhaka | Fatickchari Branch, Chittagong | Mawna Branch, Gazipur | Rajbari Branch, Dhaka |
| Barisal Branch, Barisal | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Barolekha Branch, Moulvibazar | Foreign Exchange Br. Dilkusha C/A | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |
| Bashundhara Branch, Dhaka | Gazipur Chowrasta Br. Gazipur | Mohammadpur Branch, Dhaka | Rangunia Branch, Chittagong |
| Beanibazar Branch, Sylhet | Goalbazar Branch, Sylhet | Moulavibazar Branch, Dhaka | Raozan SME Branch, Chittagong |
| Bhulta Branch, Narayanganj | Gohira Branch, Chittagong | Moulvibazar Branch, Moulvibazar | Satoire Bazar Branch, Faridpur |
| Bijaynagar Branch, Dhaka | Gopalganj Branch, Gopalganj | Muradpur Branch, Chittagong | Savar Branch, Savar |
| Biswanath Branch, Sylhet | Gulshan Branch, Dhaka | Mymensingh Branch, Mymen-shing | Serajgonj Branch, Serajgonj |
| Bogra Branch, Bogra | Hasnabad Branch, Dhaka | Nabinagar Branch, Savar | Shahjalal Uposhahar Br. Sylhet |
| Brahmanbaria Br. Brahmanbaria | Hathazari Branch, Chittagong | Naogaon Branch, Naogaon | Shantinagar Branch, Dhaka |
| Chandpur Branch, Chandpur | Islampur Branch, Dhaka | Narayanganj Branch, Narayanganj | Sherpur Branch, Sylhet |
| Chapainawabgonj Branch | Jessore Branch, Jessore | Narsingdi Branch, Narsingdi | Shibgonj Branch, Sylhet |
| Chashara Branch, Narayanganj | Jhenaidah Branch, Jhenaidah | Natore Branch, Natore | Sonargaon Janapath Br. Dhaka |
| Chawkbazar Branch, Chittagong | Jubilee Road Branch, Chittagong | Nawabpur Branch, Dhaka | Station Road Branch, Chittagong |
| Chokoria Branch, Cox's Bazar | Kadamtali Branch, Chittagong | Nayabazar Branch, Dhaka | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Kamal Bazar Branch, Chittagong | Nazirhat Branch, Chittagong | Tangail Branch, Tangail |
| Chudadanga Branch, Chuadanga | Kanchan Branch, Narayanganj | New Eskaton Branch, Dhaka | Tejgaon Branch, Dhaka |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | Noapara Branch, Chittagong | Tongi Branch, Gazipur |
| Corporate Branch, Dhaka | Khan jahan Ali Road Br. Khulna | Noapara Bazar Branch, Jessore | Tongi Station Road Br. Gazipur |
| Cox's Bazar Branch, Cox's Bazar | Khatungonj Branch, Chittagong | Novigonj Branch, Hobigonj | Uttara Branch, Dhaka |
| Dampara Branch, Chittagong | Khulna Branch, Khulna | North Brook Hall Road Br. Dhaka | Zindabazar Branch, Sylhet |
| Dhanmondi Branch, Dhaka | Kushtia Branch, Kushtia | O.R.Nizam Road Branch, Chitta-gong | Zinzira Branch, Dhaka |
| Dhohazar Branch, Chittagong | Lakshmipur Branch, Lakshmipur | | |



“শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।”

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

Far East Knitting & Dyeing Industries Limited

Application form

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

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

The Managing Director

Far East Knitting & Dyeing Industries Limited
Moyeen Centre
House No. 9/B, Road No. 3, Gulshan 1,
Dhaka 1212, Bangladesh

Dear Sir,

I/we apply for and request you to allot me/us number of ordinary 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 & Exchange Commission and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and credit the said shares to my/our BO (Beneficiary Owner) Account; I/we further authorize you to send a crossed (Account Payee only) cheque in respect of any Application money refundable to me/us by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares of Tk. 27/- each including a premium of Tk. 17/- each.
2. Total subscription money of the amount of Tk. (in figure).....BDT (in words).....only convertible into US Dollar at the rate of US Dollar 1.00=Tk., Great Britain Pound 1.00 =Tk and EURO 1=Tk.....
3. Payment by Cheque/ Draft No. datefor US Dollar/ UK Pound Sterling / EURO/Tk.....drawn on..... Bank..... Branch
4. Beneficiary Owner's (BO) Account Number
(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
5. I/ We agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

a. Sole/First Applicant

| | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | |
|---|-------------------------|
| Name: Mr./Mrs./Ms. | |
| Father's/Husband's name: | |
| Mother's name: | |
| Mailing address: | |
| Occupation: | Nationality: |
| Passport No: | Valid Up to: |
| Date of birth: | Telephone No. (If any): |
| For Refund: Please write the correct and full name of Bank and Branch (Application will not be treated as valid if anyone uses a non-scheduled Bank. To avoid this complication, investors are requested not to use the name of any non-scheduled Bank). | |
| Applicant's Bank A/C No: | |
| Name of the Bank: | Branch: |

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

b. Second Applicant

| | |
|--------------------------|-------------------------|
| Name: Mr./Mrs./Ms. | |
| Father's/Husband's name: | |
| Mother's name: | |
| Mailing address: | |
| Occupation: | Nationality: |
| Passport No: | Valid Up to: |
| Date of birth: | Telephone No. (If any): |

Nominee:

| |
|------------------|
| Name: |
| Mailing Address: |

7. I/ We hereby declare that I/we have read the Prospectus of Far East Knitting & Dyeing Industries Limited and have willingly subscribed forNo. of Ordinary Shares of Tk. 27/- each including a premium of Tk. 17/- each.

8. Specimen Signature(s)

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

* Please see the instructions in paragraphs 14 & 15 for the evidence required to establish Non-Resident Bangladeshi 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 BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
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 **200** Ordinary Shares and must be for a multiple of **200** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Far East Knitting & Dyeing Industries Limited"** and crossed **"Account Payee only"**.
5. Application shall be sent by the applicant directly to the Company by **June 19, 2014** so as to reach the Company by **June 28, 2014**. Applications sent after **June 19, 2014** or received by the Company after **June 28, 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 & Exchange Commission.
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 or refund shall be made by post to the first applicant. Note that a non-resident Bangladeshi ("NRB") applicant cannot submit more than two applications, one in his/her own name and another jointly with another person by one cheque/DD/PO by US Dollar/ UK Pound Sterling/ Euro/ Taka (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO by US Dollar/ UK Pound Sterling/ Euro/ Taka (supported by a foreign currency encashment certificate) will not be allowed.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit the share subscription money by US\$/UK Pound Sterling/EURO demand draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of a non-resident foreign currency deposit account maintained in Bangladesh or in Taka, supported by a foreign currency encashment certificate issued by the concerned bank, for the price of the ordinary shares applied for, through crossed bank cheque marking "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 and EURO of Sonali Bank as prevalent on the date of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports 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 to travel to Bangladesh.**
15. In case of joint NRB application joint applicants 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) of the application money will be forfeited by the Commission and the balance amounts will be refunded to the applicant.**
17. **No issue of ordinary shares shall be made nor shall any money be taken from any person, in connection with such issue and subscription, until 25 (twenty five) days after the prospectus has been published.**
18. In the case of non-allotment of the ordinary shares, if the applicants' bank accounts as mentioned in their Application Forms are maintained with any of the Bankers to the Issue, the amount refunded to those applicants will be directly credited into their respective bank accounts as mentioned in their Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application form payable at Dhaka, Chittagong, Khulna, Barisal, Rajshahi or Sylhet, as the case may be.
19. **The applicants who have applied for more than two applications using same bank account, their application will no longer 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 CORPORATE OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

INSTRUCTIONS

- As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
- All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
- Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- Application must not be for less than 200 ordinary shares and must be for a multiple of 200 ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
- Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring "Far East Knitting & Dyeing 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.
- In the case of a joint application form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where 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.
- Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum and Articles of Associations and Certificate of Incorporation.
- 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% of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.
- No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
- In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
- Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
- Applications, which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
- The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
- The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the commission will forfeit 15% (fifteen) of their subscription money too.
- ক্ষতিগ্রহ ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রহ সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।

BANKERS TO THE ISSUE

| Bank Asia | | | |
|------------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| Agrabad Br. Chittagong | Jessore Br. Jessore | Mohakhali Br. Dhaka | Shantinagar Br. Dhaka |
| Anderkilla Rd. Br. Chittagong | Kamal Bazaar Br. Chittagong | Moghbazar Br. Moghbazar | Station Rd. Br. Chittagong |
| Bahadderhat Br. Chittagong | Khatunganj Br. Chittagong | North South Rd. Br. Dhaka | Strand Road Branch, Chittagong |
| Bashundhara Br. Dhaka | Khulna Br. Khulna | Paltan Branch, Dhaka | Sylhet Main Br. Sylhet |
| Bogra Br. Bogra | MCB Banani Br. Dhaka | Progoti Sarani Br. Dhaka | Sylhet Uposhahar Br. Sylhet |
| CDA Avenue Br. Chittagong | MCB Dilkusha Br. Dhaka | Principal Office Branch, Dhaka | Shyamoli Branch, Dhaka |
| Corporate Br. Dhaka | MCB Sk Mujib Rd Br. C'gong | Rajshahi Br. Rajshahi | Uttara Br. Dhaka |
| Dhanmondi Br. Dhaka | Mirpur Br. Dhaka | Scotia Br. Dhaka | |
| Gulshan Br. Dhaka | Mitford Br. Dhaka | | |
| BRAC Bank Limited | | | |
| Asad Gate Br. Dhaka | Donia Br. Dhaka | Kazirdeuri Br. Chittagong | Nawabpur Br. Dhaka |
| Agrabad Br. Chittagong | Graphics Building Br. Motijheel | Khulna Br. Khulna | Rampura Br. Dhaka |
| Banani Br. Dhaka | Eskaton Br. Dhaka | Manda Br. Dhaka | Rajshahi Br. Rajshahi |
| Bashundhara Br. Dhaka | Gulshan Br. Dhaka | Mirpur Br. Dhaka | Shyamoli Br. Dhaka |
| Barisal Br. Barisal | Halishohor Br. Chittagong | Momin Road Br. Chittagong | Uttara Br. Dhaka |
| Bogra Br. Bogra | Jessore Br. Jessore | Narayanganj Br. Dhaka | Zinda Bazar Br. Sylhet |
| CDA Avenue Br. Chittagong | | | |
| Dhaka Bank Limited | | | |
| Bhulta Br. Narayanganj | Comilla Br. Comilla | KDA Avenue Br. Khulna | Uposhahar Br. Sylhet |
| CDA Avenue Br. Chittagong | Goran Business Center, Dhaka | Mirpur Br. Dhaka | |
| Cox's Bazar Br. Cox's Bazar | Khilgaon Br. Dhaka | Savar Bazar Br., Dhaka | |
| First Security Islami Bank Limited | | | |
| Agrabad Branch, Chittagong | Chokoria Branch, Cox's Bazar | Jessore Branch, Jessore | Patuakhali Branch, Patuakhali |
| Ambarkhana Branch, Sylhet | College Gate Branch, Tongi, Gazipur | Jubilee Road Branch, Chittagong | Probartak Mor Branch, Chittagong |
| Andar Killah Branch, Chittagong | Comilla Branch, Comilla | Khatunganj Branch, Chittagong | Rajshahi Branch, Rajshahi |
| Azampur Branch, Dhaka | Cox's Bazar Branch, Cox's Bazar | Khulna Branch, Khulna | Rangpur Branch, Rangpur |
| Banani Branch, Dhaka | Dhanmondi Branch, Dhaka | Mirpur Branch, Dhaka | Ring Road Branch, Dhaka |



| | | | |
|---|-----------------------------------|--|----------------------------------|
| Bangshal Branch, Dhaka | Dilkusha Branch, Dhaka | Mohakhali Branch, Dhaka | Satkhira Branch, Satkhira |
| Barisal Branch, Barisal | Donia Branch, Dhaka | Motijheel Branch, Dhaka | Savar Branch, Dhaka |
| Biswa Road Branch, Dhaka | Faridpur Branch, Faridpur | Moulvibazar Branch, Moulvibazar | Senanibash Branch, Dhaka |
| Bogra Branch, Bogra | Gobindagonj Branch, Sunamgonj | Mymensingh Branch, Mymensingh | Sylhet Branch, Sylhet |
| Bohaddarhat Branch, Chittagong | Gulshan Branch, Dhaka | Narayanganj Branch, Narayanganj | Taltola Branch, Sylhet |
| Bonoshree Branch, Dhaka | Hat Hazari Branch, Chittagong | Pabna Branch, Pabna | Topkhana Road Branch, Dhaka |
| Chawkbazar Branch, Chittagong | Islampur Branch, Dhaka | Patiya Branch, Chittagong | Uttara Branch, Dhaka |
| Investment Corporation of Bangladesh | | | |
| Barisal Br. Barisal | Chittagong Br. Chittagong | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Bogra Br., Bogra | Head Office, Dhaka | Local Office, Dhaka | Sylhet Br. Sylhet |
| National Bank Limited | | | |
| Agrabad Branch, Chittagong | Faridpur Branch, Faridpur | Malibagh Branch, Dhaka | Pragati Sarani Branch, Dhaka |
| Anderkillah Chittagong | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Babubazar Branch, Dhaka | Foreign Ex. Branch, Dhaka | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |
| Banani Branch, Dhaka | Gazipur Branch, Gazipur | Mohammadpur Branch, Dhaka | Rifles Square Branch, Dhaka |
| Bangshal Road Branch, Dhaka | Gulshan Branch, Dhaka | Motijheel Branch, Dhaka | Rokeya Sarani Branch, Dhaka |
| Barisal Branch, Barisal | Halishahar Branch, Chittagong | Moulvibazar Branch, Moulvibazar | S.K. Mojib Road Branch |
| Bogra Branch, Bogra | Imamganj Branch, Dhaka | Mymensingh Branch, Mymensingh | Savar Bazar Branch, Savar, Dhaka |
| CDA Avenue Branch, Chittagong | Islampur Branch, Dhaka | Narayanganj Branch, N'Gonj | Sunamgonj Branch, Sunamgonj |
| Chawk Bazar Branch, Chittagong | Jatrabari Branch, Dhaka | Narsingdi Branch, Narsingdi | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Jubillee Road Branch, Chittagong | Netaigonj Branch, N'gong | Tangail Branch, Tangail |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | New Eskaton Branch, Dhaka | Tongi Branch, Gazipur |
| Dhanmondi Branch, Dhaka | Khatungong Branch, Chittagong | North Brook Hall Branch, Dhaka | Uttara Branch, Dhaka |
| Dilkusha Branch, Dhaka | Khulna Branch, Khulna | Pagla bazar Branch, Narayanganj | Z. H. Sikder M.C. Branch, Dhaka |
| Elephant Road Branch, Dhaka. | Lake Circus Branch, Dhaka | Pahartali Branch, Chittagong | Zindabazar Branch, Sylhet |
| Southeast Bank Limited | | | |
| Agargaon Br. Dhaka | Chhagalnaiya Br. Feni | Jubilee Road Br. Chittagong | Narayanganj Br. Narayanganj |
| Agrabad Br., Chittagong | Chowmuhani Br. Noakhali | Kakrail Br. Dhaka | Oxygen More Br. Chittagong |
| Ashulia Br. (Rural) Dhaka | Comilla Br. Comilla | Khatunganj Br. Chittagong | Pahartali Br. Chittagong |
| Banani Br. Dhaka | Cox's Bazar Br. Chittagong | Khulna Br. Khulna | Pragati Sarani Br. Dhaka |
| Banasree Br. Dhaka | Dakhin Khan Br. Dhaka | Konabari Br. Gazipur | Principal Br. Dhaka |
| Bandar Bazar Br. Sylhet | Dhania Br. Dhaka | Laldighipaar Branch, Sylhet | Rajshahi Br. Rajshahi |
| Bangshal Br. Dhaka | Dhanmondi Br. Dhaka | Madambibir Hat Branch, Chitta-gong | Rangpur Br. Rangpur |
| Barisal Br. Barisal | Dinajpur Br. Dinajpur | Madhabdi Br. Narshingdi | Rokeya Sarani Br. Dhaka |
| Bashurhat Br. Noakhali | Feni Br. Feni | Mohakhali Br. Dhaka | Rupnagar Br. Dhaka |
| Basundhara Br. Dhaka | Gulshan Br. Dhaka | Mohammadpur Br. Dhaka | Sat Mashjid Road Br. Dhaka |
| Bogra Br. Bogra | Hetimgonj Br. Sylhet | Momin Road Br. Chittagong | Savar Br. Dhaka |
| Brahmanbaria, B,Baria | Imamganj Br. Dhaka | Mouchak Br. Dhaka | Sir Iqbal Road Br. Khulna |
| CDA Avenue Br. Chittagong | Islampur Br. Dhaka | Moulvibazar Br. Sylhet | Tongi Br. Gazipur |
| Chapainawabganj Br. Rajshahi | Joypara Br. Dhaka | Naogaon Br. Naogaon | Uttara Br. Dhaka |
| Standard Chartered Bank | | | |
| Agrabad Br. Chittagong | Khulna Br. Khulna | Motijheel Br. Dhaka | Sylhet Br. Sylhet |
| Bogra Br. Bogra | Mirpur Br. Dhaka | Nasirabad Br. Chittagong | |
| Trust Bank Limited | | | |
| Ashugonj Br. Ashuganj | Elephant Road Br. Dhaka | Khulna Br. Khulna | Rajshahi Br. Rajshahi |
| Ashulia Br. Dhaka | Feni Br. Feni | Khwaja Yunus Ali Medical Br. Sirajgonj | Rangpur Cantonment Br. Rangpur |
| Barishal Br. Barishal | Halishahar Br. Chittagong | Mirpur Br. Dhaka | S.S. Cantonment Br. Tangail |
| Bogra Cantonment Br. Bogra | Jalalabad Cant. Br. Sylhet | Momenshahi Cantoment Br. My-mensigh | Savar Cantonment Br. Dhaka |
| Chowmohoni Br. Chowmohoni | Jessore Cantonment Br. Jessore | Narayanganj Br. Dhaka | Shahjalal Uposohor Br. Sylhet |
| Comilla Br. Comilla | Joydebpur Br. Gazipur | Narsingdi Br. Narsingdi | Sylhet Corporate Br. Sylhet |
| Comilla Cantonment Br. Comilla | Joypara Br. Dhaka | Principal Br. Dhaka | Tongi Br. Gazipur |
| Dhanmondi Br. Dhaka | Kadamtali Br. Chittagong | Radisson Water Garden Hotel Br. | Uttara Corporate Br. Dhaka |
| Dilkusha Corp. Br. Dhaka | Karwan Bazar Br. Dhaka | | |
| United Commercial Bank Limited | | | |
| Agrabad Branch, Chittagong | Dhonia Branch, Dhaka | Lama Bazar Branch, Sylhet | Pabna Branch, Pabna |
| Amborkhana Branch, Sylhet | Dinajpur Branch, Dinajpur | Lohagara Branch, Chittagong | Paglabazar Branch, Narayanganj |
| Anderkillah Branch, Chittagong | Eidgaon Branch, Cox's Bazar | Madhabi Branch, Narsingdi | Pahartali Branch, Chittagong |
| Bahaddarhat Branch, Chittagong | Elephant Road Branch, Dhaka | Madunaghat Branch, Chittagong | Port Branch, Chittagong |
| Banani Branch, Dhaka | Faridpur Branch, Faridpur | Maizdee Court Branch, Noakhali | Principal Branch, Motijheel C/A |
| Bangshal Branch, Dhaka | Fatickchari Branch, Chittagong | Mawna Branch, Gazipur | Rajbari Branch, Dhaka |
| Barisal Branch, Barisal | Feni Branch, Feni | Mirpur Branch, Dhaka | Rajshahi Branch, Rajshahi |
| Barolekha Branch, Moulvibazar | Foreign Exchange Br. Dilkusha C/A | Mohakhali Branch, Dhaka | Rangpur Branch, Rangpur |
| Bashundhara Branch, Dhaka | Gazipur Chowrasta Br. Gazipur | Mohammadpur Branch, Dhaka | Rangunia Branch, Chittagong |
| Beanibazar Branch, Sylhet | Goalbazar Branch, Sylhet | Moulavibazar Branch, Dhaka | Raozan SME Branch, Chittagong |
| Bhulta Branch, Narayanganj | Gohira Branch, Chittagong | Moulvibazar Branch, Moulvibazar | Satoire Bazar Branch, Faridpur |
| Bijaynagar Branch, Dhaka | Gopalgonj Branch, Gopalgonj | Muradpur Branch, Chittagong | Savar Branch, Savar |
| Biswanath Branch, Sylhet | Gulshan Branch, Dhaka | Mymensingh Branch, Mymen-shing | Serajgonj Branch, Serajgonj |
| Bogra Branch, Bogra | Hasnabad Branch, Dhaka | Nabinagar Branch, Savar | Shahjalal Uposahar Br. Sylhet |
| Brahmanbaria Br. Brahmanbaria | Hathazari Branch, Chittagong | Naogaon Branch, Naogaon | Shantinagar Branch, Dhaka |
| Chandpur Branch, Chandpur | Islampur Branch, Dhaka | Narayanganj Branch, Narayanganj | Sherpur Branch, Sylhet |
| Chapainawabgonj Branch | Jessore Branch, Jessore | Narsingdi Branch, Narsingdi | Shibgonj Branch, Sylhet |
| Chashara Branch, Narayanganj | Jhenaidah Branch, Jhenaidah | Natore Branch, Natore | Sonargaon Janapath Br. Dhaka |
| Chawkbazar Branch, Chittagong | Jubilee Road Branch, Chittagong | Nawabpur Branch, Dhaka | Station Road Branch, Chittagong |
| Chokoria Branch, Cox's Bazar | Kadamtali Branch, Chittagong | Nayabazar Branch, Dhaka | Sylhet Branch, Sylhet |
| Chowmuhani Branch, Noakhali | Kamal Bazar Branch, Chittagong | Nazirhat Branch, Chittagong | Tangail Branch, Tangail |
| Chuadanga Branch, Chuadanga | Kanchan Branch, Narayanganj | New Eskaton Branch, Dhaka | Tejgaon Branch, Dhaka |
| Comilla Branch, Comilla | Kawran Bazar Branch, Dhaka | Noapara Branch, Chittagong | Tongi Branch, Gazipur |
| Corporate Branch, Dhaka | Khan jahan Ali Road Br. Khulna | Noapara Bazar Branch, Jessore | Tongi Station Road Br. Gazipur |
| Cox's Bazar Branch, Cox's Bazar | Khatungonj Branch, Chittagong | Nobigonj Branch, Hobigonj | Uttara Branch, Dhaka |
| Dampara Branch, Chittagong | Khulna Branch, Khulna | North Brook Hall Road Br. Dhaka | Zindabazar Branch, Sylhet |
| Dhanmondi Branch, Dhaka | Kushtia Branch, Kushtia | O.R.Nizam Road Branch, Chitta-gong | Zinzira Branch, Dhaka |
| Dhohazar Branch, Chittagong | Lakshimpur Branch, Lakshimpur | | |

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