

**“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ।জেনে ও বুঝে বিনিয়োগ করুন”**

**“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”**

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## **PROSPECTUS**

### **Name of Issuer**



**VFS Thread Dyeing Limited**

### **Name of Issue Manager(s)**



**Citizen Securities & Investment Ltd.**



**First Security Islami Capital & Investment Ltd.**

**PRELIMINARY INFORMATION AND DECLARATIONS:**

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

“A person interested to get a prospectus may obtain from the Issuer and the Issue Managers”.

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AUDITOR		
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**"CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. 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, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER'S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S), VALUER AND/OR CREDIT RATING COMPANY."**

**"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is tk. 10.00 (ten) and the issue price is tk. 10.00, i.e. '1 (One)-times' of the face value. The issue price has been determined and justified by the issuer and the issue managers as stated under the paragraph on "justification of issue price" should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing."**

**"Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given on page number (118 to 127)"**

**"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this prospectus contains all material information with regard to the issuer and the issue, that the information contained in the prospectus are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."**

### Availability of Prospectus

The Prospectus and abridged version prospectus in hard and soft forms of the Company shall be obtained from the following addresses:

NAME & ADDRESS	CONTACT PERSON	TELEPHONE & FAX NUMBER, E-MAIL, WEB ADDRESS
<b>ISSUER</b>		
<b>VFS Thread Dyeing Limited</b> Registered Office: House # 257 (3 <sup>rd</sup> Floor), Road # 03 Baridhara DOHS, Dhaka – 1206  Factory: RS # 36, Vill # Gazipur, P.O # Gazipur Sadar, Dist # Gazipur, Bangladesh	<b>Md. Rasel</b> Chief Financial Officer	Phone:+88 02- 8419542, 8415644 Fax: +8802-8414678 E-mail:info@vfsthread.com Web:www.vfsthread.com
<b>ISSUE MANAGER(s)</b>		
<b>Citizen Securities &amp; Investment Limited</b> Al-Razi Complex (8th Floor), Suite G- 802,166-167,Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka-1000	<b>Tahid Ahmed Chowdhury,</b> <b>FCCA</b> Managing Director & CEO	Phone:+88 02 9847988 Fax: +88 02-9570546 Email:info@citizens securities.com Web: www.citizens securities.com
<b>First Security Islami Capital &amp; Investment Limited</b> 12 <sup>th</sup> Floor, Al Amin Center, 25/A, Dilkusha C/A, Dhaka	<b>K M Rasidul Hasan</b> Chief Executive Officer(CEO)	Phone: +880-2-7175819-20, 9559827,29 Fax: +88 02-9515917 Email:info@fsicibd.com Web: www.fsicibd.com
<b>Underwriter(s)</b>		
<b>Citizen Securities &amp; Investment Limited</b> Al-Razi Complex (8th Floor), Suite G- 802,166-167,Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka	<b>Tahid Ahmed Chowdhury,</b> <b>FCCA</b> Managing Director & CEO	Phone:+88 02 9847988 Fax: +88 02-9570546 Email: info@citizens securities.com Web: www.citizens securities.com
<b>Prime Finance Capital Management Limited</b> 56-57,Dilkusha C/A (6 <sup>th</sup> Floor)Dhaka- 1000,Bangladesh	<b>M. Mosharraf Hossain</b> <b>PhD, FCA</b> Managing Director & CEO	Phone: +88 02-9584874, 9584876-77 Fax: +88 02-9584922 E-mail: info@primefincap.com Web: www.primefincap.com
<b>LankaBangla Investments Limited</b> City Center, Level # 24, 90/1 Motijheel C/A, Dhaka-1000	<b>Hassan Zabeed Chowdhury</b> Chief Executive Officer (Acting)	Phone: +88 02- 9512621 Fax: +88 02-9561107 E-mail: zabeed@lankabangla- investments.com Web: www.lankabangla- investments.com
<b>STOCK EXCHANGES</b>		
<b>Dhaka Stock Exchange Limited (DSE)</b> DSE Library, Research and Information Department9/F, Motijheel C/A, Dhaka- 1000.	<b>Md. Afzalur Rahman</b> Manager	Phone:+88 02 9564601-7, 9666944-8 Fax: +88 02-9569755, 9564727 Email:research@dsebd.org Web: www.dsebd.org
<b>Chittagong Stock Exchange Limited (CSE)</b> CSE Building, 1080, Sheikh Mujib Road, Chittagong-4100. Dhaka Office: 52-53, Dilkusha C/A, Dhaka- 1000	<b>Md. Jabeed Sarwar</b> Assistant Manager	Phone: +88-031 714632-3, 720871 Fax:+88-031 714101, +880-2 9513911-15 E-mail: jabeed@cse.com.bd Web: www.cse.com.bd

Prospectus would also be available at the Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

### Names and dates of the newspapers where abridged version of prospectus was published:

Sl. No.	Name of the Newspaper	Date of Publication
1	The Financial Express	May 27, 2018
2	New Age	
3	Bonik Barta	
4	Samakal	

## Definitions and Acronyms/Elaborations

Terms	Description
AGM	: Annual General Meeting
Allotment	: Letter of allotment for shares
BAS	: Bangladesh Accounting Standards
BGMEA	: Bangladesh Garments Manufactures and Export Association
BO A/C	: Beneficiary Owner Account or Depository Account
CDBL	: Central Depository Bangladesh Limited
CIB	: Credit Information Bureau
CIS	: Collective Investment Scheme
Certificate	: Share Certificate
Commission	: Bangladesh Securities and Exchange Commission
Companies Act	: Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	: Chittagong Stock Exchange Limited
DSE	: Dhaka Stock Exchange Limited
FC Account	: Foreign Currency Account
VFS TDL	: VFS Thread Dyeing Limited
IPO	: Initial Public Offering
Issue	: Public Issue of shares of VFS Thread Dyeing Limited
Issue Manager(s)	: Citizen Securities & Investment Limited (CSIL)
	: First Security Islami Capital & Investment Limited (FSICIL)
MP	: Market Price
NAV	: Net Asset Value of the Company
NRB	: Non- Resident Bangladeshi
Securities Market	: Share market
SC	: Share Certificate
BSEC	: Bangladesh Securities and Exchange Commission
Securities	: Shares of VFS Thread Dyeing Limited
Sponsors	: The Sponsors Shareholders of VFS Thread Dyeing Limited
STD Account	: Short Term Deposit Account
Stockholders	: Shareholder
Subscription	: Application money
BDT/Tk.	: Bangladeshi Taka
The Company/Issuer	: VFS Thread Dyeing Limited

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## **SECTION (I): EXECUTIVE SUMMARY**

### **a. About the industry:**

The readymade garments industry and its backward linkages act as the backbone of our economy and as a catalyst for the development of our country. We take pride in the sector that has been fetching billions of dollars as export earnings and creating jobs for millions of people in the country.

Bangladesh with its limited resources has been maintaining more than 6% annual average GDP growth rate and has brought about remarkable social and human development and now we envision that Bangladesh achieving the middle-income country status by 2021. People of Bangladesh believe that our dream will come true within the stipulated time and the RMG industry will certainly play a crucial role in materializing the dream.

The industry that has been making crucial contribution to rebuilding the country and its economy is none other than the readymade garment (RMG) industry which is now the single biggest export earner for Bangladesh. The sector accounts for 81% of total export earnings of the country.

The apparel industry of Bangladesh started its journey in the 1980s and since then, the industry did not need to look behind. Despite many difficulties faced by the sector over the past few years, it has carved a niche in world market and kept continuing to show robust performance.

Now the apparel industry is Bangladesh's biggest export earner with value of over \$25.49bn of exports in the last financial year (from July 2014 to June 2015).

Despite the epic growth of our RMG industry, and its bright prospects, challenges are still there. One of the biggest challenges currently faced by our RMG industry is to ensure workplace safety and better working conditions for the millions of garment workers.

According to the study, the US-based fashion companies are expected to boost their sourcing from Bangladesh in the next two years. McKinsey, a global management consulting firm, described Bangladesh as the next hot spot in apparel sourcing. The renowned firm forecasts export-value growth of 7-9% annually and our apparel export will double by 2016 and nearly triple by 2020 provided that we can successfully overcome a few challenges including developing infrastructure and skill workforce.

Starting from scratch, Bangladesh has come a long way and is now one of 10 new emerging countries in the world. The macroeconomic stability, 6% annual average GDP growth, robust performance of remittance and export, strong foreign currency reserve, and remarkable social and human development over the past decade – all reflect our underlying strengths.

Given the dominance of the RMG industry in the overall economy of Bangladesh, we have to protect this sector. Rather than basking in the glory we should work hand in hand to retain sustainable growth and competitive edge of this industry.

### **b. About the Issuer:**

Incorporation	As Private Limited Company	20 April, 2010 Registration no. C-84051/10
Convert to Public Limited Company	10 January, 2013	

Commencement of Commercial Operation	02 July, 2012
Factory Location	RS-36, Village: Gazipur, P.S: Gazipur Sadar, District -Gazipur, Bangladesh.
Head Office	House # 257 (3rd Floor), Road: 03, Baridhara DOHS, Dhaka-1206, Bangladesh.
Nature of Business	The principal activities of the Company are to carry on the business of dyeing and finishing of sewing thread of different types for 100 % export oriented ready-made garments industries in Bangladesh.

**c. Financial Information:**

Sl.	Particulars	Year Ended 30-June-2017	Period Ended 30- June-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14	Year Ended 31-Dec-13	Year Ended 31-Dec-12
1	Turnover	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
2	Gross Profit	199,655,206	99,655,455	184,548,247	185,846,710	158,126,427	36,705,183
3	Net profit before tax	166,086,987	82,364,515	157,450,852	163,112,651	130,532,296	14,364,565
4	Net Profit after tax	141,082,277	70,317,699	144,962,742	138,402,492	110,694,465	11,944,943
5	Total Assets	1,439,738,115	1,315,410,254	1,258,106,481	1,010,783,065	900,762,192	789,981,836
6	Share Capital	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000
7	Retained Earnings	620,639,185	480,511,496	412,888,433	261,041,900	122,639,408	11,944,943
8	No. of Shares	62,714,800	62,714,800	62,714,800	62,714,800	62,714,800	62,714,800
9	Face Value	10	10	10	10	10	10
10	NAV Per Share	19.90	17.66	16.58	14.16	11.96	10.19
11	EPS	2.25	1.12	2.31	2.21	1.77	0.19

**d. Features of the issue and its objects:**

<b>Offer Price</b>	BDT 10.00
<b>Number of Shares</b>	22,000,000 Ordinary Shares
<b>Offer Size</b>	BDT 220,000,000
<b>Issue Manager(s)</b>	Citizen Securities & Investment Limited First Security Islami Capital & Investment Limited
<b>Register to the Issue</b>	N/A
<b>Underwriter(s)</b>	Citizen Securities & Investment Limited Prime Finance Capital Management Limited LankaBangla Investments Limited
<b>NAV per Share</b>	BDT 19.90
<b>EPS per Share</b>	BDT 2.25
<b>Purpose of Raising Fund</b>	Proceeds from the IPO funds will be utilized in acquisition of capital machinery, repayment of partial long term loan and for IPO expenses.
<b>Date of Implementation</b>	Within 18 months after receiving of IPO fund

**e. Legal and other Information:**

Name of the Company	VFS Thread Dyeing Ltd.
Legal Status	Public Limited Company
Date of Incorporation	20 April, 2010
Date of Commencement of Business	02 July, 2012
Registration Number	C-84051/10

Certificate/License Name	Certificate /License No	Validity
Municipality Trade License	Gazipur City Corporation - 1372 dated 21.11.2016	Valid till 30.06.2018
TIN Certificate	187556291132	N/A
VAT certificate	18101023482 Area 180205	N/A
Certificate of Incorporation	C-84051/10	N/A
Export Registration certificate	RA-0108126 dated 25.07.2011	Valid till 30.06.2018
Import Registration certificate	BA-0213088 dated 19.07.2011	Valid till 30.06.2018
Confidence in Textiles: Oeko-Tex Certificate	16.HBD.77166	Valid till 31.12.2018
BOI License	License No: L-39011005021-H	N/A
BGAPMEA membership Certificate	1037	Valid till 31.12.2018
Environmental Clearance certificate	N/A	Valid till 01.05.2018
Fire License	DD/Dhaka/23455/12	Valid till 30.06.2018
Bonded Ware House license	795/CUS-PBW/2012	Valid till 17.06.2019
Boiler License	BA-BO: 2184,	Valid till 02.06.2018
	BA-BO: 2211	Valid till 15.07.2018
BDYEA Membership Certificate	Serial No -54	Valid till 31.12.2018
Factory Inspection Certificate	Registration 10200/Gazipur	Valid till 31.12.2018
Insurance Certificate	PICL/NBZ/FB-2018/01/004	Valid till 07.01.2019
Employee Group Insurance	Sunflower Life Insurance 111/17	Valid till 12.12.2020

**f. Promoters' background:****Sarwat Khaled**

Ms. Sarwat Khaled, Chairman of the Company born in a well-known business family in Chittagong in 1974. After completion of her Masters of Commerce from University of Dhaka, she engages herself in business. She is a dynamic and energetic business person with over 12 years of business experience in different sectors. She started her business carrier in trading of textile and IT products, than expanded it to manufacturing and exporting of different types of garments & agro based items.

She became a successful business person in short time of her business career with her sincerity, honesty and conceptual problem solving ability.

## M. Azhar Rahman

Mr. M. Azhar Rahman, Managing Director of the Company is a professional and dynamic business person having 16 years of business experience in different business. He was born in 1974 in a sophisticated business family in Dhaka. He completed his Master's in Business Administration (MBA) from University of North London, UK and then he engages himself into business. His interpersonal skills, leadership behavior, high analytical ability and hardworking nature made him worth as a business leader in a short period. During his tenure of business career, he gained business knowledge in textiles, yarn dyeing, agro based and readymade garment industries.

### g. Capital structure and history of capital raising:

#### Capital structure of the Company

Particulars	No. of shares	Nominal Price	Issue Price	Amount (BDT)
<b>Before IPO</b>				
Authorized Capital	100,000,000	10	10	1,000,000,000.00
Issue, Subscribed & Paid up Capital	62,714,800	10	10	627,148,000.00
Total Paid up Capital before IPO (A)	62,714,800	10	10	627,148,000.00
<b>After IPO</b>				
To be Issued at IPO (B)	22,000,000	10	10	220,000,000.00
<b>Paid up Capital (post IPO) (A+B)</b>	<b>84,714,800</b>	<b>10</b>	<b>10</b>	<b>847,148,000.00</b>

#### History of Capital Raising

Particulars	No. of Share issued		Amount of share capital (BDT)
	Consideration in cash	Consideration other than cash	
April 20, 2010 (At the time of Incorporation)	30,000	-	3,000,000
September 25, 2011 (First Allotment )	265,400	-	26,540,000
December 26, 2011 (Second Allotment)	700,000	-	70,000,000
November 28, 2012 (Third Allotment)	1,550,350	3,725,730	527,608,000
<b>Total</b>	<b>2,545,750</b>	<b>3,725,730</b>	<b>627,148,000</b>

### (h) Summary of Valuation Report of securities:

Method	Particulars	Amount in BDT
Method-1	Net Asset Value (NAV) Per Share	19.90
Method-2	Calculation of Historical Earning based value per share considering weighted average no of shares outstanding	30.23
Method-3	Average market price per share of similar stocks	34.08

## **SECTION (II): CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER**

### **Disclosure in respect of issuance of security in Dematerialized Form**

As per provisions of the Depository Act, 1999 and regulations made there under, share will 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 and bonus) will also be issued in dematerialized form only.

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

#### **PART-A**

1. The Company shall go for Initial Public Offer (IPO) for 22,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk. 220,000,000.00 (BDT twenty two Crore only) following the Securities and Exchange Ordinance, 1969, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Depository Act, 1999 and rules 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 02 (two) working days of issuance of this consent letter. The issuer shall post the full prospectus, vetted by Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within 3 (three) 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 the Commission, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. The company shall submit 40 (Forty) copies of the printed prospectus to the Commission for official record within 5 (Five) working days from the date of publication of the abridged version of the prospectus in the newspaper.
4. The issuer company and the issue manager shall ensure transmission of the prospectus and its abridged version for NRBs through email to the Bangladesh Embassies and Missions abroad within 5 (Five) working days from the date of publication of the abridged version of the prospectus in the newspaper. A compliance report shall be submitted in this respect to the Commission jointly by the issuer and the Issue Manager within 02 (Two) working days from the date of said transmission of the prospectus.
5. 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) 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 07 (Seven) days of expiry of the aforesaid 15 (Fifteen) days' time period allowed for refund of the subscription money."

6. All applicants shall apply for a minimum market lot of 500 shares worth BDT 5,000/- (BDT five thousand only) or its multiples.
7. The IPO shall stand cancelled in case of under-subscription in any category above 35%. In such an event, the issuer and issue manger shall inform the Commission within **2 (two) working days** and release the subscription money within 10 (ten) working days after receiving verification report from CDBL and the information from exchanges regarding subscription.
8. **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী. In case of under-subscription under any of sub-categories of eligible investor's category or general public category, the unsubscribed portion shall be added to other sub-category of the same category. In case of over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery. In case of over subscription in the eligible investor's category, securities shall be allotted on pro-rata basis. No eligible investor shall apply for more than 2% (two percent) of the total securities reserved for the other eligible investors.**
9. **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 submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
10. **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.**
11. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

12. The company shall furnish the list of allottees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within 24 (Twenty Four) hours of allotment.
13. Shares not allotted at the time of according this consent, but allotted after listing, in favor of sponsors, directors or shareholders having 5% or more shares through stock dividends, shall be subject to a lock-in period of 02(two) years from the date of issuance of the prospectus.
14. **If any share of Sponsors/Directors/Promoters is in paper format, it shall be handed over to securities custodian registered with the Commission and shall remain held till completion of lock-in period and the name of the securities custodian shall be furnished to the Commission jointly by the issuer and issue manager, along with a confirmation thereof from the custodian, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and shall remain in lock-in under CDBL system and issuer shall submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with the lock-in confirmation to the Commission within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to the Commission.**
15. **The company shall not declare any dividend/bonus shares before listing of its capital with any Exchange from the date of this consent for raising of capital.**
16. The company shall not engage itself into any merger/amalgamation or acquisition activities without taking "No Objection" from the Commission, on the scheme of the said merger/amalgamation or acquisition, as recommended by the Board of Directors, before approval by the shareholders in General Meeting.

## **PART-B**

### **Application Process**

#### **Step-1 (Applicant)**

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the 25th (twenty fifth) working day from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
  - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
  - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the

concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains Foreign Currency account debiting the same account and provide the customer with a certificate mentioning the FC account number which has been debited to issue the FDD. The applicant shall also submit the certificate with their application. No banker shall issue more than two drafts from any Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

c) Eligible Investors shall submit application through the electronic subscription system of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by the exchange(s).

### **Step-2 (Intermediary)**

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely “Public Issue Application Account”. The Stockbroker/Merchant Banker shall:

a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;

b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the “Public Issue Application Account” maintained with its bank within the first banking hour of next working day of the cut-off date;

c) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.

4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.

5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.

6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and **within 03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde ‘~’ separator) format, the certificate(s) issued by its banker, the drafts and certificates received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.

7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts and certificates submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers’ certificates in their custody.

8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.



### Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the Issuer shall:
  - a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
  - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
  - c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
  - d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

### Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:
  - a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;

- b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
    - a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
    - b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
  17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
  18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
  19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account (FC account which has been debited to apply by NRB or foreign applicants) through banking channel within 10 (ten) working days from the date of lottery.

**Miscellaneous:**

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (BDT two lac) for a public issue.

24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (BDT five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

### **PART-C**

1. The issue manager shall carefully examine and compare the published prospectus and its abridged version on the date of publication with the copies vetted by the Commission. If any discrepancy 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 the Commission and the stock exchanges concerned. In this regard, the issue manager shall submit a compliance report to the Commission within 5 working days from the date of such publications.
2. The fund collected through Public Offering shall not be utilized prior to listing with Exchange(s) 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.
3. **The company shall furnish status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and the exchanges within 15 (Fifteen) days of the closing of each month until such fund is fully utilized, as mentioned in the schedule contained in the prospectus. The issuer shall simultaneously post the status report in its websites of the exchanges. 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.**
4. **While auditing the utilization of IPO proceeds, the auditors will perform their jobs under the following terms of reference (TOR) and confirm the same in their report/certificate:**
  - a. **Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;**
  - b. **Whether IPO proceeds have been utilized in line with the condition (if any) of the Commission's consent letter;**
  - c. **Whether utilization of IPO proceeds have been completed within the time schedule/implementation schedule as specified in the published prospectus;**

- d. Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/specified in the published prospectus; and
- e. The auditors should also confirm that: (i) assets have been procured/imported/constructed maintaining proper/required procedure as well as at reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of IPO proceeds making reconciliation with Bank Statement.
5. All transactions, excluding petty cash expenses, shall be effected through the company's bank transfers.
6. Proceeds of the public offering shall not be transferred to any other bank account before listing with the Exchange(s). The proceeds shall not be used for any purpose other than those specified in the prospectus without any valid ground. Any deviation in this respect must have prior approval of at least 51% of the public shareholders, other than sponsors and directors, in a general meeting. Before the said general meeting such deviation as recommended by the Board of Directors shall be published as price sensitive information with detailed description and reasons for such deviation. If approved by the shareholders, the meeting resolution shall be submitted to the commission along with reasonable explanations for approval. After such approval, such decision shall be published as price-sensitive information.
7. 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 Rules 13 of the Securities and Exchange Rules, 1987.
8. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসানিষিদ্ধকরণ) 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-D**

1. As per provision of the Depository Act, 1999 & Regulations made thereunder, 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.
2. The issuer and the issue manager shall ensure due compliance of all the above conditions, the 'Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015' and the listing regulations of the exchanges.
3. 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.

## **SECTION (III): DECLARATION AND DUE DILIGENCE CERTIFICATES**

### **Annexure - A**

#### **DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTOR(S), INCLUDING THE CEO OF THE ISSUER COMPANY “VFS THREAD DYEING LIMITED” IN RESPECT OF THE PROSPECTUS.**

##### **[Rule 4(1) (d)]**

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy 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 actions against any or all of us as it may deem fit.

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

Sd/-  
**Sarwat Khaled**  
Chairman

Sd/-  
**M. Azhar Rahman**  
Managing Director

Sd/-  
**Rumana Hashem**  
Director

Sd/-  
**Tariqul Islam**  
Director

Sd/-  
**khaleda Siddique**  
Independent Director

**DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER**

**[Rule 4(1) (d)]**

**To**

**The Bangladesh Securities and Exchange Commission**

**Subject: Public Issue of 22,000,000 Ordinary Shares of Tk. 10.00 each at par totalling Tk. 220,000,000.00 of VFS Thread Dyeing Limited.**

Dear Sir,

We, the issue manager to the above -mentioned forthcoming Issue, state and confirm as follows:

1. We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and Key management personnel of the issuer in connection with the finalization of the prospectus pertaining to the said issue;
2. On the basis of such examination and the discussions with the Directors, officers and auditors of the issuer, 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 .

**WE CONFIRM THAT:**

- a. The Prospectus filed with the commission is in conformity with the documents, materials and papers relevant to the Issue;
- b. All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- c. The disclosures made in the prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- d. Besides ourselves, all the intermediaries named in the prospectus are registered with the Commission and that till date such registrations are valid;
- e. We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- f. The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;

- g. Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purpose disclosed in the use of proceeds section of the prospectus;
- h. All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investors to make a well informed decisions;
- i. We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;
- j. We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule number, its text, the status of compliance, page numbers of the prospectus where the rules has been complied with and our comments, if any;
- k. We also declare that we have managed the public issue of following issuers in the last 05 (five) years;

Serial. No.	Name of the Issue	Month/Year	Issue Price (Tk.)	Dividend Payment History		
				Year	Cash	Bonus
1	Hwa Well Textiles (BD) Limited	January 07, 2014	10	2014	15%	Nil
				2015	15%	
				2016	15%	
				2017	15%	

For Manager to the Issue

Sd/-

**Tahid Ahmed Chowdhury, FCCA**

Managing Director & CEO

Citizen Securities & Investment Limited

Date: 07.12.2017

Place: Dhaka

**DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER**  
**[Rule 4(1) (d)]**

**To**

**The Bangladesh Securities and Exchange Commission**

**Subject: Public Issue of 22,000,000 Ordinary Shares of Tk. 10.00 each at par totalling Tk. 220,000,000.00 of VFS Thread Dyeing Limited.**

Dear Sir,

We, the issue manager to the above-mentioned forthcoming Issue, state and confirm as follows:

1. We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and Key management personnel of the issuer in connection with the finalization of the prospectus pertaining to the said issue;
2. On the basis of such examination and the discussions with the Directors, officers and auditors of the issuer, 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 .

**WE CONFIRM THAT:**

- a. The Prospectus filed with the commission is in conformity with the documents, materials and papers relevant to the Issue;
- b. All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- c. The disclosures made in the prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- d. Besides ourselves, all the intermediaries named in the prospectus are registered with the Commission and that till date such registrations are valid;
- e. We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- f. The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- g. Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purpose disclosed in the use of proceeds section of the prospectus;



- h. All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investors to make a well informed decisions;
- i. We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;
- j. We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule number, its text, the status of compliance, page numbers of the prospectus where the rules has been complied with and our comments, if any;
- k. We also declare that we have managed the public issue of following issuers in the last 05 (five) years;

Serial. No.	Name of the Issue	Month/Year	Issue Price (Tk.)	Dividend Payment History	
				Cash	Bonus
Nil	Nil	Nil	Nil	Nil	Nil

For Manager to the Issue

Sd/-

**K M Rasidul Hasan**

Chief Executive Officer (CEO)

First Security Islami Capital & Investment Limited

Date: 19.06.2017

Place: Dhaka

**DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER(S)****[Rule 4 (1) (d)]****To****The Bangladesh Securities and Exchange Commission****Sub: Public offer of 22,000,000 Ordinary Shares of Tk. 220,000,000.00 of VFS Thread Dyeing Limited**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

**WE CONFIRM THAT:**

- a. We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. Tk. 250,275,000/- (BDT twenty five crore two lac and seventy five thousand only) and we have the capacity to underwrite a total amount of Tk. 1,251,375,000 (BDT one hundred twenty five crore thirteen lac seventy five thousand) only as per relevant legal requirements. We have committed to underwrite for up to Tk. 17,000,000.00 (One Crore and Seventy Lac) only for the upcoming issue.
- b. At present, the following underwriting obligations are pending for us:

<b>Sl. No.</b>	<b>Name of the Company</b>	<b>Amount Underwritten (in Tk.)</b>
1	STS Holdings Limited	30,000,000.00
2	Bashundhara Paper Mills Limited	50,000,000.00
3	AB Bank Limited	100,000,000.00
4	M L Dyeing Limited	10,000,000.00
5	LankaBangla Finance Limited	63,650,180.00
6	CMC-Kamal Textile Mills Limited	293,968,950.00
7	Delta Hospital Limited	8,000,000.00
8	Silco Pharmaceuticals Limited	26,250,000.00
9	Esquire Knit Composite Limited	20,000,000.00
10	Ratanpur Steel Re-rolling Mills Limited	50,000,000.00
11	Lub-rref (Bangladesh) Limited	30,000,000.00
<b>Total</b>		<b>681,869,130.00</b>

- c. All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;

- d. We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- e. This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Sd/-

**Tahid Ahmed Chowdhury, FCCA**

Managing Director & CEO

Citizen Securities & Investment Limited

Date: 06 November, 2017

**Due diligence certificate by the underwriter**

**[Rule 4 (1)(d)]**

**To**

**The Bangladesh Securities and Exchange Commission**

**Sub: Public offer of 22,000,000 Ordinary Shares of Tk. 220,000,000 of VFS Thread Dyeing Limited**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

**WE CONFIRM THAT:**

- a. We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 2,032,800,000 (BDT two billion thirty two million eight hundred thousand) and we have the capacity to underwrite a total amount of Tk. 10,068,719,220 (BDT ten billion sixty eight million seven hundred nineteen thousand two hundred and twenty) as per relevant legal requirements. We have committed to underwrite for up to Tk. 40,000,000 (BDT forty million) for the upcoming issue.
- b. At present, the following underwriting obligations are pending for us:

Sl.	Name of the issue	Amount underwritten
1	M.L Dyeing Limited	100,000,000
2	Rupsha Fish & Allied Industries Limited	25,000,000
3	Dhaka Regency Hotel Limited	10,500,000

Sl.	Name of the issue	Amount underwritten
4	Delta Hospital Limited	71,000,000
5	Energypac Power Generation Ltd.	15,000,000
6	Ratanpur Steel Re-Rolling Mills Limited	50,000,000
7	Esquire Knit Composite Limited	145,000,000
8	Bashundhara Paper Mills Limited	50,000,000
<b>Total</b>		<b>466,500,000</b>

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

For the Underwriter:

Sd/-

**M. Mosharraf Hossain FCA, PhD**

Managing Director & CEO

Prime Finance Capital Management Limited

Date: 12 November, 2017

**DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER(S)**

[Rule 4 (1)(d)]

**To**

**The Bangladesh Securities and Exchange Commission**

**Sub: Public Offer of 22,000,000 Ordinary Shares of Tk.220,000,000.00 of VFS Thread Dyeing Limited**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a. We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 1,670,000,000.00 (BDT One Hundred Sixty Seven Crore only) and we have the capacity to underwrite a total amount of Tk. 8,350,000,000.00 (BDT Eight Hundred Thirty Five Crore only) as per relevant legal requirements. We have committed to underwrite for up to Tk. 20,000,000.00 (BDT Two Crore only) for the upcoming issue.
- b. At present, the following underwriting obligations are pending for us:

Sl. No.	Name of The Company	Amount Underwritten (in BDT)
1	STS Holdings Limited	60,800,000.00
2	Dhaka Regency Hotel and Resort Limited	52,500,000.00
3	Bashundhara Paper Mills Limited	50,000,000.00
4	AB Bank Limited	800,000,000.00
5	Aman Cotton Fibrous Limited	20,000,000.00
6	Bengal Poly and Paper Sack Limited	10,000,000.00
7	Delta Hospital Limited	8,000,000.00
8	Runner Automobiles Limited	15,000,000.00
9	Esquire Knit Composite Limited	20,000,000.00
10	Shamsul Alamin Real Estate Limited	30,000,000.00
11	Desh General Insurance Company Limited	5,600,000.00
12	ENERGY PAC Power Generation Limited	410,000,000.00
13	Ratanpur Steel Re-Rolling Mills Limited	100,000,000.00
14	Ashuganj Power Station Company Limited	70,000,000.00
<b>Total</b>		<b>1,651,900,000.00</b>

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

For the Underwriter:

Sd/-

**Hassan Zabed Chowdhury**

Chief Executive Officer (Acting)

LankaBangla Investments Limited

Date: 07 November, 2017

## SECTION (IV): ABOUT THE ISSUER

- a. Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, fax number, contact person, website address and e-mail address:

Particulars		Description
Name of the issuer	:	VFS Thread Dyeing Limited
Dates of incorporation	:	April 20,2010
Commencement of its commercial operations	:	July 02,2012
Logo	:	
Registered and Corporate office	:	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka-1206.
Factory office	:	RS # 36, Vill # Gazipur, P.O # BOF, P.S # Gazipur Sadar, Dist # Gazipur, Bangladesh
Telephone number	:	+8802-8419542, 02-8415644
Fax number	:	+8802-8414678
Contact person	:	Mr.Golam Kibria, Company Secretary
Website address	:	www.vfsthread.com
E-mail address	:	info@vfsthread.com

- b. The names of the sponsors and directors of the issuer:

Sl.	Name	Sponsors and Directors
1	Sarwat Khaled	Sponsor and Chairman
2	M. Azhar Rahman	Sponsor and Managing Director
3	Rumana Hashem	Director
4	Tariqul Islam	Director
5	Khaleda Siddique	Independent Director

- c. The name, logo and address of the auditors along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses:

Particulars		Description
Name	:	Ahmad & Akhtar
Logo	:	
Address	:	BCIC Bhaban (3 <sup>rd</sup> Floor), 30-31, Dilkusha C/A,Dhaka-1000
Telephone number	:	+88 02-9561289
Fax numbers	:	+88 02-9564366
Contact person	:	Mohammad Naser
Website address	:	www.aacabd.org
E-mail address	:	aacano120@gmail.com
Registrar to the Issue	:	N/A

d. The name(s) of the stock exchanges where the specified securities are proposed to be listed.

Stock Exchanges		<b>DHAKA STOCK EXCHANGE LIMITED</b> 9/F Motijheel C/A, Dhaka-1000.
		<b>CHITTAGONG STOCK EXCHANGE LTD.</b> CSE Building, 1080, Sheikh Mujib Road Chittagong-4100.

#### SECTION (V): CORPORATE DIRECTORY OF THE ISSUER

<b>Company Name</b>	:	VFS Thread Dyeing Limited
<b>Corporate Office</b>	:	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka-1206.
<b>Factory Office</b>	:	RS # 36, Vill # Gazipur, P.O # BOF, P.S # Gazipur Sadar, Dist # Gazipur, Bangladesh
<b>Incorporation &amp; Reg. No.</b>	:	April 20, 2010, Registration No: C-84051/10.
<b>Commercial Production</b>	:	July 02, 2012
<b>Authorized Capital</b>	:	1,000,000,000.00
<b>Paid Up Capital</b>	:	627,148,000.00
<b>Board of Directors</b>	:	i) Ms. Sarwat Khaled ii) M. Azhar Rahman iii) Ms. Rumana Hashem iv) Tariqul Islam v) Ms. Khaleda Siddique
<b>Auditor</b>	:	<b>Ahmad &amp; Akhtar</b> Chartered Accountants BCIC Bhaban (3rd Floor), 30-31, Dilkusha, C/A, Dhaka-1000 E-mail: aacano120@gmail.com
<b>Manager(s) to the Issue</b>	:	<b>Citizen Securities &amp; Investment Limited</b> <b>First Security Islami Capital &amp; Investment Limited</b>
<b>Lead Banker for IPO</b>	:	<b>BRAC Bank Limited</b>
<b>Legal Advisor</b>	:	Sk. Md. Zahid Anwar
<b>Company Secretary</b>	:	Mr. Golam Kibria

\*All investors are hereby informed that **Mr. Golam Kibria, Company Secretary**, would be designated as Compliance Officer who will monitor the compliance of the acts, rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors' grievances.

## SECTION (VI): DESCRIPTION OF THE ISSUER

### a. Summary

#### i. The summary of the industry and business environment of the issuer

VFS Thread Dyeing Limited is a leading manufacturer & supplier of high quality Sewing Thread products to apparel industries in Bangladesh. The principal activities of the company include dyeing and finishing of different types of sewing thread. The company has earned fames and laurels in respect of proper management and volume export and established itself as an innovative leader of 100% export oriented sewing thread of Spun Polyester, Core Spun and Synthetic Filament of all grades with continuous advancement in customer service, competitive pricing, quality product, technical support and research & developments.

The production unit of VFS Thread Dyeing Limited is equipped with automatic high temperature and high pressure rapid yarn dyeing machines of different capacity, sophisticated yarn winding machines of both soft & hard cones, high efficiency rapid dryer and vacuum suction hydro-extraction for premium quality thread and through super-efficient quality control & finishing.

Among all different products of the company, the Spun Polyester Yarn and Textured Polyester (Synthetic Filament Yarn) are predominantly used in readymade garments products while the Core Spun mostly used in fashion apparels (Lingerie & Swimsuits).

These sewing threads are available in various counts. The Spun Polyester is available in 60/2, 60/3, 50/2, 40/2, 20/2, 20/3, 20/4, 20/6 & 20/9 etc. while the Synthetic Filament available in 150D Raw White (I)-TPM, 80-TPM, 180-TPM & 200TPM) and 150D Optical White (80TPM & 200TPM).

Other counts of threads are also available as per client's requirements and these are dyed according to shade book of the company or as per clients instructions.

#### ii. Summary of Consolidated financial, operating and other information

VFS Thread Dyeing Limited has no subsidiary, associate or holding company. So consolidation is not applicable for the company.

### b. General Information:

#### i. Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issuer;

Corporate and factory information of VFS Thread Dyeing Limited are as follows:

Registered Office	
Address	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka-1206.
Telephone	+88 02-8415644
Fax	+88 02-8414678
Corporate Office	
Address	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka-1206.
Telephone	+88 02-8415644
Fax	+88 02-8414678



<b>Factory</b>	
Address	RS # 36, Vill # Gazipur, P.O # BOF, P.S # Gazipur Sadar, Dist # Gazipur, Bangladesh
Telephone	+88 02-9204566, 01716907437
Fax	+88 02-9204566
<b>Business Premises:</b>	The Corporate Head office is considered as Business Premises of the company.
<b>Outlets of the issuer:</b>	The Company has no outlets. It is 100% export oriented industry.

**ii. The board of directors of the issuer;**

Sl. No.	Board of Directors	Designation
1	Sarwat Khaled	Chairman
2	M. Azhar Rahman	Managing Director
3	Rumana Hashem	Director
4	Tariqul Islam	Director
5	Khaleda Siddique	Independent Director

**iii. Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer;**

Sl	Name	Designation	Address	Telephone No	E-mail
1.	Sarwat Khaled	Chairman	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka - 1213	+88 01715908173, +88 02- 9871530	info@vfsthread.com
2.	M. Azhar Rahman	Managing Director	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka - 1213	+88 01919035004, +88 02- 9871530	md@vfsthread.com; azhar@silkroad-bd.com
3.	Rumana Hashem	Director	House:10, Road: 01, Block: A, Section: 10, Mirpur, Dhaka- 1216	+88 02 8419542	admin@vfsthread.com
4.	Tariqul Islam	Director	House:10, Road: 01, Block: A, Section: 10, Mirpur, Dhaka- 1216	+88 01718737612	info@silkroad-bd.com
5.	Khaleda Siddique	Independent Director	Parc palais,Apt #A4,House # 74,Road # 12A,Dhanmondi R/A,Dhaka	+88 01711521808	khaledasiddique@vfsthread.com

**iv. Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer;**

<b>Names</b>	<b>Designation</b>	<b>Address</b>	<b>Phone, Fax and Email</b>
Md. Rasel	Chief Financial Officer	House # 257 (3rd Floor), Road # 03, Baridhara DOHS, Dhaka-1206.	+88 02 8415644 +88 02 8414678 cfo@vfsthread.com
Mr. Golam Kibria	Company Secretary & Compliance Officer	House # 257 (3rd Floor), Road # 03, Baridhara DOHS, Dhaka-1206.	+88 02 8419542 +88 02 8414678 accounts@vfsthread.com
Ahmad & Akhtar Chartered Accountants	Auditor	BCIC Bhaban (3rd Floor), 30-31, Dilkusha C/A, Dhaka – 1100	+88 02 9561289 +88 02 9564366 aacano120@gmail.com
Sk. Md. Zahid Anwar	Legal Advisor	Room No. 5, Ground Floor Judge Court Building, Dhaka – 1100	+ 88 01918691305 +88 02 8414678 advshamim66@gmail.com

**v. Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager(s);**

<b>Name</b>	<b>Address</b>	<b>Phone and Fax Number</b>	<b>Contact Person</b>	<b>Website and Emails</b>
Citizen Securities and Investment Limited	Al-Razi Complex (8th Floor), Suite G-802 , 166-167, Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka	Phone: +88 02 9847988 Fax: +88 02 9570546	Tahid Ahmed Chowdhury, FCCA	Web: www.citizenscurities.com Email: info@citizenscurities.com
First Security Islami Capital & Investment Limited	12 <sup>th</sup> Floor, Al Amin Center, 25/A, Dilkusha C/A, Dhaka	Phone: +880-2-7175819-20, 9559827,29 Fax: +88 02-9515917	K M Rasidul Hasan	Web: www.fsicibd.com Email: info@fsicibd.com

• **Registrar to the issue: N/A**

**vi. Details of Credit Rating;**

Since the issue is at par value, therefore Credit Rating Report is not required.

**vii. Details of underwriting:**

**a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them;**

<b>Names &amp; Address</b>	<b>Contact Person</b>	<b>Telephone &amp; Fax Number and E-mail address</b>	<b>Amount Underwritten</b>
<b>Citizen Securities &amp; Investment Limited</b> Al-Razi Complex (8th Floor), Suite G-802, 166-167, Shaheed Syed Nazrul Islam Sarani, Purana Paltan, Dhaka	Tahid Ahmed Chowdhury, FCCA Managing Director & CEO	Phone: +880-2 9847988 Fax: +880-2-9570546	17,000,000.00
<b>Prime Finance Capital Management</b>	M. Mosharraf Hossain	Phone: +88-02-9584874,	40,000,000.00

<b>Limited</b> 56-57, Dilkusha C/A (6 <sup>th</sup> Floor) Dhaka-1000, Bangladesh	PhD, FCA Managing Director & CEO	9584876-77 Fax: +88-02-9584922	
<b>LankaBangla Investments Limited</b> City Center, Level # 24, 90/1 Motijheel C/A, Dhaka-1000	Hassan Zabeed Chowdhury Chief Executive Officer (Acting)	Phone: +88 02- 9512621 Fax: +88 02-9561107	20,000,000.00

**b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations;**

**Declaration by the Citizen Securities & Investment Limited**

We are one of the underwriters of the Initial Public Offering (IPO) of VFS Thread Dyeing Limited. We will underwrite BDT 17,000,000.00 for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For the Underwriter:

Sd/-

**Tahid Ahmed Chowdhury, FCCA**

Managing Director & CEO

Citizen Securities & Investment Limited

Date: 06 November, 2017

**Declaration by the Prime Finance Capital Management Limited**

We are one of the underwriters of the Initial Public Offering (IPO) of VFS Thread Dyeing Limited. We will underwrite BDT 40,000,000.00 for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For the Underwriter:

Sd/-

**M. Mosharraf Hossain FCA, PhD**

Managing Director & CEO

Prime Finance Capital Management Limited

Date: 12 November, 2017

### **Declaration by the LankaBangla Investments Limited**

We are one of the underwriters of the Initial Public Offering (IPO) of VFS Thread Dyeing Limited. We will underwrite BDT 20,000,000.00 for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For the Underwriter:

Sd/-

**Hassan Zabed Chowdhury**

Chief Executive Officer (Acting)

LankaBangla Investments Limited

Date: 07 November, 2017

#### **c) Major terms and conditions of the underwriting agreements:**

- (i) The IPO shall stand cancelled if at least 65% in any category of the IPO is not subscribed.
- (ii) In case of under subscription in any category by up to 35% of the IPO, the under-subscribed securities shall be taken up by the underwriters.
- (iii) Notwithstanding anything contained in the agreement in case of inconsistency between the provision of the agreement and the Bangladesh Securities and Exchange Commission (Public Issue) rules, 2015, the Public Issue rules shall prevail.
- (iv) Prior to publication of the prospectus, the Company shall have obtained consent from the Bangladesh Securities and Exchange Commission permitting the issue as described in Article 2.01 and providing for payment of underwriting commission 0.50% (zero point five zero percent) on the amount underwritten.
- (v) 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 underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's share subscription account credited. 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 Underwriters to the Commission. In the case of failure by the underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under this Agreement.

c. Capital Structure:

- i. Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration);

Particulars	No. of Shares	Nominal price	Issue price	Amount (BDT)
<b>Before IPO</b>				
Authorized Capital	100,000,000	10	10	1,000,000,000
Issued, Subscribed and Paid up capital	62,714,800	10	10	627,148,000
<b>Total paid up Capital before IPO [A]</b>	<b>62,714,800</b>	<b>10</b>	<b>10</b>	<b>627,148,000</b>
<b>After IPO</b>				
Capital to be issued through IPO[B]	22,000,000	10	10	220,000,000
<b>Total Paid –up Capital after IPO [A+B]</b>	<b>84,714,800</b>	<b>10</b>	<b>10</b>	<b>847,148,000</b>

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

Particulars	No. of shares issued		Amount of share capital (BDT)
	Consideration in cash	Consideration other than cash	
April 20, 2010 (At the time of Incorporation)	30,000	-	3,000,000
September 25, 2011 (First Allotment)	265,400	-	26,540,000
December 26, 2011 (Second Allotment)	700,000	-	70,000,000
November 28, 2012 (Third Allotment)	1,550,350	3,725,730	527,608,000
<b>Total</b>	<b>2,545,750</b>	<b>3,725,730</b>	<b>627,148,000</b>

- ii. Size of the present issue, with break-up (number of securities, description, nominal value and issue amount);

No of Share to be Issued	Description	Nominal Value (BDT)	Issue Amount (BDT)
22,000,000 Ordinary Share	Offer price BDT 10/- Each at Par, total size of fund to be raised BDT. 220,000,000/-	10.00	220,000,000.00

- iii. Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue);

Particulars	Amount in BDT
Paid up capital before the present issue	627,148,000
Paid up capital after the present issue	847,148,000
Paid up capital after conversion of convertible instruments (if any)	No Convertible Instrument
Share premium account before the present issue	No Share Premium Account
Share premium account after the present issue	

iv. Category wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any);

Sl.	category of Shareholder		No of ordinary shares held		% of holding		After Conversion	
			Pre-IPO	Post-IPO	Pre-IPO	Post-IPO	Pre-IPO	Post-IPO
1	Director or Sponsors	Individual	41,664,800	41,664,800	66.44%	49.18%	N/A	N/A
		Institutions	Nil	Nil	Nil	Nil		
2	Other than Director or Sponsor		21,050,000	21,050,000	33.56%	24.84%		
3	Eligible Investors	Mutual Funds	Nil	2,200,000	0.00%	2.60%		
		Other EIS	Nil	8,800,000	0.00%	10.39%		
4	general public	NRB	Nil	2,200,000	0.00%	2.60%		
		Others	Nil	8,800,000	0.00%	10.39%		
Total			62,714,800	84,714,800	100%	100%		

v. Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue;

Date of issue	Person to whom those are issued	Relationship with the issuer	Issue price	Valuation	Reasons for the issue	Any other benefits have been accrued to the issuer out of the issue
November18, 2012	Mo Lai Mei	Business Partner	Tk.10.00	None	Imported Capital Machinery through Vendors Agreement	None

- vi. Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted;**

There was no such scheme and shares allotment carried by the Company.

- vii. Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued;**

The issuer has not issued any equity shares under stock option to its employees.

- viii. If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof;**

The company doesn't issue any share at a price lower than the issue price during the preceding two years.

- ix. The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue;**

The Company has no such decision or intention, negotiation and consideration to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue.

- x. The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them;

Sl	Name of Sponsors & Directors	Nature of Issue	Date of Allotment/ Transfer	No. of Ordinary Share	Face Value & Issue Price	Consideration	Date when shares was fully paid up	Pre-IPO (%)	Post-IPO (%)	Lock in
1	Sarwat Khaled	Ordinary Shares	20.04.2010 25.09.2011 26.12.2011 28.11.2012	6,490,000	10	Cash	20.04.2010 25.09.2011 26.12.2011 28.11.2012	10.35%	7.66%	3 years
2	M. Azhar Rahman	Ordinary Shares	20.04.2010 25.09.2011 26.12.2011 28.11.2012 29.10.2017	13,760,000	10	Cash	20.04.2010 25.09.2011 26.12.2011 28.11.2012 29.10.2017	21.94%	16.24%	3 years
3	Rumana Hashem	Ordinary Shares	25.09.2011 26.12.2011 28.11.2012	2,783,500	10	Cash	25.09.2011 26.12.2011 28.11.2012	4.44%	3.29%	3 years
4	Tariqul Islam	Ordinary Shares	25.09.2011 11.04.2016	3,030,000	10	Cash	25.09.2011 11.04.2016	4.83%	3.58%	3 years
5	Mo Lai Mei	Ordinary Shares	25.09.2011 28.11.2012 29.10.2017	15,501,300	10	Cash & Vendor agreement	25.09.2011 28.11.2012 29.10.2017	24.72%	18.30%	3 years
6	Khaleda Siddique	Ordinary Shares	26.12.2015	100,000	10	Cash	22.12.2015	0.16%	0.12%	3 years

**Note: there is no pledged shares of the company**



- xi. The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the prospectus;

There occurred no such transaction within six months immediate preceding the date of filing the prospectus;

- xii. The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument;

SI	Name of Shareholder	Address	Amount of Securities Owned	Type of Ownership	Shareholding by beneficially or of record ownership (%)	No. of equity shares entitled to upon exercise of warrant, option or right to convert any convertible instrument
1	Sarwat Khaled	House-29 (A-5), Road -9, Block – G, Banana, Dhaka-1213	6,490,000	Chairman	10.35%	N/A
2	M. Azhar Rahman	House-29 (A-5), Road -9, Block G, Banana, Dhaka-1213	13,760,000	Managing Director	21.94%	N/A
3	Mo Lai Mei	Room-201, No.598 long Pan Zhong Road, Nanjing City, Jiangsu, China	15,501,300	Sponsor	24.72%	N/A
4	Rowshan Ara	House:10, Road: 01, Block: A, Section: 10, Mirpur, Dhaka- 1216	3,300,000	Shareholder	5.26%	N/A
<b>Total</b>			<b>38,051,300</b>		<b>62.27%</b>	

- xiii. **The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned.**

None of the employees of the company own any shares of the issuer company of “VFS Thread Dyeing Limited” except Managing Director. The shareholding of Managing Director is as follows:

Sl. No.	Name of Shareholder	Position	No. of Shareholding	Shareholding (%) before IPO	Shareholding (%) Post- IPO
1	M. Azhar Rahman	Managing Director	13,760,000	21.94%	16.24%
<b>Total</b>			<b>13,760,000</b>	<b>21.94%</b>	<b>16.24%</b>

**d. Description of Business:**

- i. **The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in;**

VFS Thread Dyeing Limited was incorporated as a private limited company on 20<sup>th</sup> April, 2010 having a Vide Registration No. C-84051/10 and subsequently converted into a public limited company on 10th January, 2013 with Register of Joint Stock Companies and Firms (RJSC) in Bangladesh under the Companies Act, 1994.

The Company started its commercial operation in July 02, 2012.

The main activities of the Company are to carry on dyeing and finishing sewing thread yarn for 100 % export oriented Readymade Garments industries in Bangladesh.

The Company has no subsidiary nor it is operated under a holding company nor does it have any associate company. Hence, no transaction has taken place.

- ii. **Location of the project;**

The factory is situated at RS-36, Village: Gazipur, P.S: Gazipur Sadar, District: Gazipur, Bangladesh.

- iii. **Plant, machinery, technology, process, etc.**

**Plant & Machinery:** The Company has been using very sophisticated and high speed machineries in production process like PLC control fully automatic and high configuration semi-automatic machineries in soft winding process and high configuration cone winding machine that ensure smooth and efficient quality production.

**Technology:** Production process of our Company is fully technology based and to support properly in technical site Company hired highly qualified and experienced person.

**Process:** Total processes of production are fully organized. There are three main process of production i.e. soft winding, dyeing and conning. Total production processes are monitored by Company management which provides advantage of the Company.

iv. **Details of the major events in the history of the issuer, including details of capacity/facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc.**

<b>Date of Incorporation:</b>	As a private limited company on 20 <sup>th</sup> April, 2010 having a Vide Registration No. C-84051/10
<b>Private to Public:</b>	Converted into a public limited company on 10 <sup>th</sup> January, 2013 with Register of Joint Stock Companies and Firms (RJSC) in Bangladesh under the Companies Act, 1994.
<b>Capacity:</b>	4,382,380 Lbs/Year.
<b>Date of Commercial Operation:</b>	July 02, 2012
<b>Launching of Plant:</b>	July 02, 2012
<b>Launching of Product:</b>	July 02, 2012
<b>Launching of Distribution channel:</b>	July 02, 2012
<b>Change of ownership and/or key management personnel:</b>	None
<b>Appointment Date of Independent Director:</b>	April 24, 2016
<b>Annual General Meeting (AGM):</b>	The Company regularly holds AGM since inception and last AGM held on October 25, 2017.

v. **Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data;**

VFS Thread Dyeing Limited is engaged in dyeing and coning of different types of sewing thread yarn. Principal products of the company are given below:

- ✓ Spun Polyester Yarn
- ✓ Poly Core Spun
- ✓ Textured Polyester (Synthetic Filament Yarn)

VFS Thread Dyeing Limited is a Sewing Thread Dyeing company that imports all its raw materials from foreign sources and supply to 100% export oriented readymade garment industries in Bangladesh that exports their finished products to overseas buyers against Letter of Credit.

**Past trends & future prospects regarding exports and local market:** Last 5 year 'sales of VFS Thread Dyeing Limited are as follows;

<b>Financial Year</b>	<b>Sales Revenue in BDT</b>
01-07-2016 to 30-06-2017	880,833,240
01-07-2015 to 30-06-2016	800,062,695
01-01-2015 to 31-12-2015	781,912,757
01-01-2014 to 31-12-2014	765,421,890
01-01-2013 to 31-12-2013	635,248,796

VFS Thread dyeing Limited is a 100% export oriented (deem export) sewing thread manufacturer. Sales revenue of the Company is increasing day by day so in future it will increase compared to present sales. VFS Thread Dyeing Limited does not sell its product in local market.

**Demand & supply forecast in the sector:** The market of sewing thread is wide because garments sector in our country is very large. Sewing thread is an integral component of the garments product. Day by day garments sector enhance their market so automatically demand of sewing thread will also enhance. There is no available published data for future forecast but the Company own view demand of product of VFS Thread dyeing limited is increasing with the increased demand of market. With the increase of demand, supply also will increase consecutively.

- vi. **If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues;**

The Company produces different types of sewing thread yarn for 100 % export oriented readymade garments industry. The relative contribution of each product is as follows:

Sl. No.	Product	Types of product	Percentage (%)
1	Spun Polyester and Sewing Thread	Knit & Oven	80%
3	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss	15 %
<b>Total</b>			<b>95 %</b>

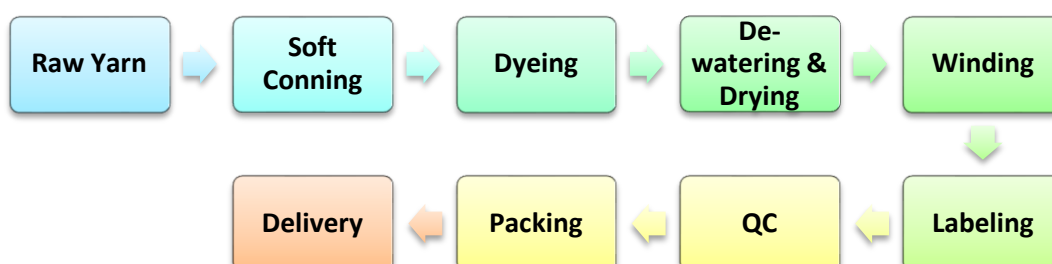
- vii. **Description of associates, subsidiary and holding company of the issuer and core areas of business thereof;**

VFS Thread Dyeing Limited doesn't have any associates, subsidiary or holding company.

- viii. **How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any;**

Distribution involves physical distribution of the company's products directly to the customer base. Typically this is a combined transport and warehousing operation, responsible for storing and delivering products to meet the customer's requirements. The Company supplies its products from its own factory warehouse to its customers premises at companies own risk against delivery order and confirmed letter of credit.

**Process:**



**Export possibilities and export obligations:** VFS Thread dyeing Limited is a 100% export oriented (deem export) sewing thread manufacturer. In our country government give more opportunity in garments sector so obligation in export of product is rare.

**ix. Competitive conditions in business with names, percentage and volume of market shares of major competitors;**

VFS TDL has many direct competitors. The market share of VFS TDL is approximately 6 % and 94 % of total market shares are enjoyed by competitors. Name of the major competitors of VFS Thread Dyeing Limited are as follow with relative market shares are as follows:

Sl	Name of Major Competitors	Market Share (Approx.)
1	Etafil (Bangladesh) Limited	9%
2	Simtex Industries Limited	9%
3	Coats Bangladesh Limited	11%
4	Well Thread Limited	8%
5	Active Industries Limited	5%
6	American & Efird (Bangladesh) Ltd	7%

(Source: <http://www.bgapmea.org>)

**Note:** Simtex Industries Limited is listed in Stock Exchange.

**x. Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption;**

The major raw materials of VFS Thread Dyeing Limited are imported from overseas, mainly China, Korea, Singapore and Hong Kong. VFS major raw materials contain mainly Yarn. Suppliers are evaluated periodically on supply reliability, quality and prices with new suppliers being added after they meet the required quality and reliability benchmarks through supplier appraisals and track record. The names of major suppliers are mentioned below:

- 1 NINGBO S.DERONS IMPORT AND EXPORT CO., LTD.**  
ADD: 4th Floor, No. 81 Yonggang South Road,  
Ningbo, Zhejiang, China.
- 2 HUBEI MINGREN DONGFANG INDUSTRY AND TRADE CO., LTD.**  
ADD: B1105, Fuxing Science and Technology Blog,  
Jian She Road 623, Wuhan, Hubei, China.
- 3 ARTWAY ENTERPRISE LIMITED.**  
ADD. Room No. 1609, Chenggong Building No. 72,  
Luxun Road, Dalian, China.
- 4 WUHAN YUANAOTRADING CO., LTD.**  
ADD: Room301-5, 5th Building, 2nd Certer of International  
Enterprise,  
No.1 Optical Valley Avenue, Wuhan City, China.
- 5 SPARK TRADING COMPANY**  
ADD: Unit 2, 18F, Enterprise Square Tower III,  
9, Sheung Yuet Road, Kowloon Bay,  
Kowloon, Hongkong.

- 6 SHENZHEN ONETOUCH BUSINESS SERVICE LTD.**  
ADD. F6, Hongchang Palza, No. 2001, Shennan Road East,  
Nanhu Steet, Luohu District, Shenzhen,  
China.
- 7 HUNTSMAN (SINGAPORE) PTE. LTD.**  
ADD: 152 Beach Road # 29-00 Gateway East,  
Singapore 189721
- 8 HANGZHOU TIANKUN CHEM CO., LTD.**  
ADD. 3rd Floor, Building 4, Cross-Border,  
E-Commerce Park No.-1221, Gongxiu Road,  
Xiaoshan District, Hangzhou, China.
- 9 WACKER METROARK CHEMICAL PVT. LTD.**  
D.H. Road, Chandi, 24 Parganas (S),  
West Bengal 743 503  
India.

**Contingency plan:** As numbers of suppliers of raw materials are plenty in the market, if one supplier fails to provide raw material there are always other suppliers available. So there is no possibility of disruption.

**xi. Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption;**

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

<b>Power</b>	Power requirement for the project is 1MW (approx.) which are met up from the project power connection from REB. The Company also have duel fuel generator with capacity of 600 KVA for smooth running of the business.
<b>Water</b>	The project is required 200m3 (approx.) of water per day which is met up by its own deep tube well.
<b>Gas</b>	VFS have gas and oil duel fuel generator and boiler with the capacity of 600 KVA and 5 Ton respectively to ensure smooth production of the company.

**Contingency plan:** The Company has set up a gas and oil duel fuel generator having flexibility of duel fuel firing capabilities in case of emergency or non-committal supply lapses.

**xii. Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products/services with amount and percentage thereof;**

The Company's products are sold to various customers and no single customer provides 10% or more of the Company's total revenue.

**xiii. Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material/finished goods with amount and percentage thereof;**

The Company's products are purchased from various suppliers and no single supplier provides 10 % or more of the Company's total supply of raw materials.

- xiv. **Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there is not any of such contract, a declaration is to be disclosed duly signed by CEO/MD, CFO and Chairman on behalf of Board of Directors;**

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

**Declaration regarding contract with principal suppliers or customers**

We, on behalf of the Board of Directors this is to certify that VFS Thread Dyeing Limited did not enter into any contract with its principal suppliers or customers.

Sd/-  
**Md. Rasel**  
Chief Financial Officer

Sd/-  
**M. Azhar Rahman**  
Managing Director

Sd/-  
**Sarwat Khaled**  
Chairman

**xv. Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates;**

Certificate/License Name	Providing Authority	Certificate /License No	Validity
Municipality Trade License	Gazipur City Corporation	Gazipur City Corporation - 1372 dated 21.11.2016	Valid till 30.06.2018
Tin Certificate	National Board of Revenue, Government Of Bangladesh	187556291132	N/A
VAT certificate	Commissioner of Customs, Excise and VAT, Government of Bangladesh	18101023482 Area 180205	N/A
Certificate of Incorporation	Registrar of Joint Stock Companies and Firms, Government of Bangladesh	C-84051/10	N/A
Export Registration certificate	Controller of Imports & Exports, Government of Bangladesh	RA-0108126 dated 25.07.2011	Valid till 30.06.2018
Import Registration certificate	Controller of Imports & Exports, Government of Bangladesh	BA-0213088 dated 19.07.2011	Valid till 30.06.2018
Confidence in Textiles: Oeko-Tex Certificate	Hohenstein Textile Testing institute, GmbH & Co. KG, Germany	16.HBD.77166	Valid till 31.12.2018
BOI License	Board of Investment Bangladesh	License No: L-39011005021-H	N/A
BGAPMEA membership Certificate	Bangladesh Garments Accessories & packaging Manufactures & Exporters Association	1037	Valid till 31.12.2018
Environmental Clearance certificate	Department of Environment, Gazipur, Bangladesh	N/A	Valid till 01.05.2018
Fire License	Bangladesh Fire Service and Civil Defense	DD/Dhaka/23455/12	Valid till 30.06.2018
Bonded Ware House license	Customs Bond Commissionerate, Bangladesh	795/CUS-PBW/2012	Valid till 17.06.2019
Boiler License	Govt. of People's Republic of Bangladesh	BA-BO: 2184,	Valid till 02.06.2018
		BA-BO: 2211	Valid till 15.07.2018
BDYEA Membership Certificate	Bangladesh Dyed yarn Exporters Association	Serial No -54	Valid till 31.12.2018
Factory Inspection Certificate	Govt. of People's Republic of Bangladesh	Registration 10200/Gazipur	Valid till 31.12.2018
Insurance Certificate	Provati Insurance Company Ltd.	PICL/NBZ/FB-2018/01/004	Valid till 07.01.2019
Employee Group Insurance	Sunflower Life Insurance	Risk Cover Note No. 111/17	Valid till 12.12.2020

**xvi. Description of any material patents, trademarks, licenses or royalty agreements;**

The Company neither obtained any Patent Right/Trademarks nor signed any royalty agreement with any party. However, it has several regulatory licenses and certificate in order to continue its operation and that have been incorporated in above.



**xvii. Number of total employees and number of full-time employees;**

As of June 30, 2017 the total numbers of employees of the company (Head Office & Factory) is as follows:

(As per Audited Accounts)

Salary Range	Officer & Staff		Workers	Total Employee
	Factory	Head Office		
Below BDT 5,560	Nil	Nil	Nil	Nil
Above BDT 5,560	13	30	185	228
<b>Total</b>	<b>13</b>	<b>30</b>	<b>185</b>	<b>228</b>

All employees are full-time employee

**xviii. A brief description of business strategy;**

VFS Thread Dyeing Limited has modern machines and technology that ensures quality products. Quality is main concern while formulating is our strategy. We try to produce goods with low cost but maintain high quality so that we can get competitive advantages over market competitors. We also believe in providing customized products to our buyers as per their requirement to ensure maximum market share of our products.

**xix. A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels.**

**Existing Capacity Utilization:**

Sl.	Product	Types of product	Production capacity (lbs)	Current utilization (lbs)
1	Spun Polyester and Sewing Thread	Knit & Oven	3,505,904	2,343,927
2	Poly Core Spun	Fashion Apparels	219,119	146,445
3	Textured Polyester (Synthetic Filament Yarn)	Knit/Fliss	657,357	434,537
<b>Total</b>			<b>4,382,380</b>	<b>2,929,909</b>

**Projected Capacity Utilization (After IPO):**

**Year – 1:**

Sl	Product	Types of product	Production capacity (lbs)	Expected utilization (lbs)
1	Spun Polyester and Sewing Thread	Knit & Oven	5,258,856	3,418,256
2	Poly Core Spun	Fashion Apparels	328,678	213,641
3	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss	986,035	640,923
<b>Total</b>			<b>6,573,570</b>	<b>4,272,820</b>

**Year – 2:**

Sl	Product	Types of product	Production capacity (lbs)	Expected utilization (lbs)
1	Spun Polyester and Sewing Thread	Knit & Oven	5,258,856	3,681,199
2	Poly Core Spun	Fashion Apparels	328,678	230,075
3	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss	986,035	690,225
	<b>Total</b>		<b>6,573,570</b>	<b>4,601,498</b>

**Year – 3:**

Sl	Product	Types of product	Production capacity (lbs)	Expected utilization (lbs)
1	Spun Polyester and Sewing Thread	Knit & Oven	5,258,856	3,944,142
2	Poly Core Spun	Fashion Apparels	328,678	246,509
3	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss	986,035	739,526
	<b>Total</b>		<b>6,573,570</b>	<b>4,930,177</b>

**e. Description of Property:**

The written down value of land, building, principal plants and other property of the company as per audited accounts as at June 30, 2017 are stated as below:

Name of the Assets	Amount as at June 30, 2017
Land & Land Development	130,715,614
Factory Building & other Construction	166,513,009
Plant & Machinery	432,051,572
Electrical Installation	11,287,283
Power Generator Set	11,387,577
Boiler	17,030,966
Compressor	9,591,290
Fork lift	454,067
Air Condition Installation	2,830,837
ETP Plant	9,490,704
Telephone Installation	8,260
Office Equipment	3,194,254
Vehicles	6,722,213
Furniture & Fixture	3,126,821
<b>Total</b>	<b>804,404,467</b>

**i. Location and area of the land, building, principal plants and other property of the company and the condition thereof;**

VFS Thread Dyeing Limited owns total area of 227.54 Decimals of Land in Gazipur & Mymensingh. The details of Land location and area are given in the next page:

**Location and Area of Land**

**GAZIPUR AREA**

Sl No.	Deed No.	Date of Registration	Khatian No			Dag No.			Location of Land				Area in Decimals
			CS	SA	RS	CS	SA	RS	Mouza	Sub Registry Office	Police Station	District	
1	16154	8/6/2010	65	135	215	11	11	36	Gazipur	Gazipur	Gazipur	Gazipur	13
2	16428	3/11/2013	---	135	215	11	11	36	Gazipur	Gazipur	Gazipur	Gazipur	2.8525
3	21502	17/11/2011	---	165,135	218,215	11	11	36	Gazipur	Gazipur	Gazipur	Gazipur	9
						11	11	36					
						11	11	36					
4	10581	30/06/2013	---	135	215	11	11	36	Gazipur	Gazipur	Gazipur	Gazipur	2.4375
5	7692	08/06/2017	65	135	215	11	11	36	Gazipur	Gazipur	Gazipur	Gazipur	8.25
<b>Total Area of Land</b>													<b>35.54</b>

**MYMENSINGH AREA**

SL No.	Deed No.	Date of Registration	Khatian No			Dag No.		Location of Land				Area in Decimals
			ROR	BRS	Kharija	ROR	BRS	Mouza	Sub Registry Office	Police Station	District	
1	3947	31/07/2011	50	124	239	34	99	Gugikha	Gouripur	Gouripur	Mymensing	15
2	3032	5/7/2012	13/14		186	34		Gugikha	Gouripur	Gouripur	Mymensing	53
3	3794	26/08/2012	13		250	34		Gugikha	Gouripur	Gouripur	Mymensing	6
4	322	20/01/2013	13/14		174/200 /233	34		Gugikha	Gouripur	Gouripur	Mymensing	39
5	3946	31/07/2011	277	---	554	389	---	Tatkura	Gouripur	Gouripur	Mymensing	10
6	4902	29/09/2011	105	293	573	374, 366	605	Tatkura	Gouripur	Gouripur	Mymensing	54
7	3945	31/07/2011	85		474	402		Tatkura	Gouripur	Gouripur	Mymensing	15
<b>Total Area of Land</b>												<b>192</b>

**Location and area of the Building, Principal Plants & Other property of the company:**

VFS has Five (05) Buildings situated at the factory area (Gazipur).

**Details of Building:**

Number of Buildings	Type (Brick/RCC/Prefabricated Tin shade)	Total Floor Area (Sft)	Status of Use
Building-1	Five Storied Building, Wall-Brick, Roof-RCC slab with false ceiling and Vibration absorption floor	47,940	Main factory building
Building-2	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	950	Substation and generator room
Building-3	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	4,020	Raw material store
Building-4	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	3,200	staff dormitory

The company does maintenance check from time to time and takes appropriate measures.

**Principal Plants & Other property:**

The principal plants of the company are: Auto Dyeing Machine, Cone Winding Machine, Hard Coning Machine, Soft Cone Winding Machine, Sewing Thread Winding Machine, HTHP Dyeing Machine, Radio Frequency Laser Dryer Machine etc. Details of the plant & machinery are given in page: **42 - 61**.

Condition: All the plants and machinery are brought in Brand new condition and they are running smoothly.

Besides these mentioned above; the company has no other property.

**ii. Whether the property is owned by the company or taken on lease;**

All the assets of the Company are purchased assets in its own name and none of the assets was taken on lease.

**iii. Dates of purchase, last payment date of current rent (খাজনা) and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof;**

Deed No.	Dates of purchase	Mutation date	Deed value	Last Payment Date of Land Rent (খাজনা)	Khatian No.	Area of Land (Decimal)	Current Usage
3946	31/07/2011	08/04/2012	130,000	22/06/2017	277	10	Under Development (Mymensingh)
4902	29/09/2011		650,000		105	54	
3945	31/07/2011		195,000		85	15	
3947	31/07/2011		195,000		50	15	
3032	05/07/2012	09/06/2013	750,000	22/05/2017	13/14	53	
3794	26/08/2012		70,000		13	06	
322	20/01/2013		470,000		13/14	39	

16154	08/06/2010	27/03/2013	502,000	18/05/2017	215	13	Factory Premises (Gazipur)
16428	03/11/2013		350,000		215	2.8525	
21502	17/11/2011	30/10/2013	600,000	28/08/2017	218/215	9	
10581	30/06/2013		250,000		215	2.8525	
7692	08/06/2017	27/08/2017	1,053,000	28/08/2017	135/215	8.25	
<b>Sub Total</b>			<b>4,162,000</b>			<b>227.54</b>	

<b>Land and Land Development Cost</b>	<b>Amount As at June 30, 2017</b>
Deed Value of Land	5,215,000.00
Registration, Mutation and other Documentation Cost	730,070.00
Land Finders and Brokerage Fees	7,100,500.00
Land Development Cost	117,670,044.00
<b>Total</b>	<b>130,715,614.00</b>

The factory building of VFS TDL is constructed in the land situated in Gazipur. The land in Mymensingh area is currently under development.

- iv. The names of the persons from whom the lands has been acquired/proposed to be acquired along with the cost of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof;

The names of the persons from whom the lands were acquired along with the cost of acquisition and relation to the issuer and sponsor and director is disclosed in table below:

**Gazipur Area**

<b>Name of Seller</b>	<b>Area in decimal</b>	<b>Cost of acquisition(BDT)</b>	<b>Land deed No</b>	<b>Relation</b>
M. Azhar Rahman and Sarwat Khaled	13	502,000	16154	Chairman & Managing Director of VFS
Md. Alamgir Hossain Salim and Mst Saleh Khatun	2.8525	350,000	16428	None
Abdul Motaleb Bapari Md. Shafiqul Islam Md.Mozammel Hoq Ripon Md salim Hossain Alamgir Md Sohel Bapari Md. khokon Mia and Saiful Islam	9	600,000	21502	None
Mst. Majida Khatun	2.4375	250,000	10581	None
Md. Rafiqul Islam	8.25	1,053,000	7692	None
<b>Total</b>	<b>35.54</b>	<b>2,755,000</b>		

**Mymensingh Area (1)**

<b>Name of Seller</b>	<b>Area in decimal</b>	<b>Cost of acquisition(BDT)</b>	<b>Land deed No</b>	<b>Relation</b>
Md. Mukter Hossain	10	130,000	3946	None
Amena Khatun, Bilkis ara hoq,Fatema ara Hoq, Mozzamel Hoque and Enamul Hoq	54	650,000	4902	None

Md Eder Ali	15	195,000	3945	None
<b>Total</b>	<b>79</b>	<b>975,000</b>		

**Mymensingh Area (2)**

<b>Name of Seller</b>	<b>Area in decimal</b>	<b>Cost of acquisition(BDT)</b>	<b>Land deed No</b>	<b>Relation</b>
Md. Joban Ali	15	195,000	3947	None
Mst Shuheda Khatun	53	750,000	3032	None
Mst Asma Begum	6	70,000	3794	None
Mst Ayesha Khatun	39	470,000	322	None
<b>Total</b>	<b>113</b>	<b>1,485,000</b>		

**v. Details of whether the issuer has received all the approvals pertaining to use of the land, if required;**

The Company has taken approval from the Salna Union Parishad, Gazipur Sadar, Gazipur for using the land.

**vi. If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee;**

Total of 27.29 decimal Land situated at Gazipur, Factory Building and Plant & Machineries is mortgaged to Sonali Bank Limited against term loan.

Total of 8.25 decimal Land situated at Gazipur, this land is free from any mortgage.

Total of 79 decimal Land situated in Mymensingh that is under development this land is mortgaged with Bangladesh Development Bank Ltd against working capital loan.

Total of 113 decimal land situated at Mymensingh that is under development this land is free from any mortgage.

**vii. If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment;**

No Property is taken by the Company under lease agreement.

**viii. Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value;**

SI No	Name of Machineries	Year of Purchase	Seller Name	Seller Address	Condition when Purchase	Country of Origin	Purchase Price (USD)	Purchase Price (BDT)	Estimated Life at the time of Acquisition	Remaining Economic Life	WDV as at June 30, 2017 (Amount in Tk)
1	Centrifugal Pump	2010	Rashid Enterprise	172, Nawabpur Raod, Dhaka.	Brand New	China	N/A	284,500	10	3	148,509
2	Tool Box (Mechanical)	2010	Comilla Tools & Machinery Store	141, Nawabpur Road, Dhaka.	Brand New	China	N/A	28,500	10	3	14,877
3	Tool Box (Electrical)	2010	Comilla Tools & Machinery Store	141, Nawabpur Road, Dhaka.	Brand New	China	N/A	10,850	10	3	5,664
4	Water Tank	2010	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	China	N/A	61,750	10	3	32,234
5	Water Piping & Fitting	2010	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	China	N/A	40,487	10	3	21,134
6	Auto Dyeing Machine (HTC-150)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$272,000	21,311,200	10	4	12,467,052
7	Auto Dyeing Machine (HTC-120)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$60,000	4,701,000	10	4	2,750,085

8	Auto Dyeing Machine (HTC-100)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$48,000	3,760,800	10	4	2,200,068
9	Auto Dyeing Machine (HTC-80)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$80,000	6,268,000	10	4	3,666,780
10	Auto Dyeing Machine (HTC-70)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$140,000	10,969,000	10	4	6,416,865
11	Auto Dyeing Machine (HTC-60)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$121,200	9,496,020	10	4	5,555,172
12	Sample Dyeing Machine (HTC-12)	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$11,600	908,860	10	4	531,683
13	Cone Winding Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$2,080,000	162,968,000	10	4	99,003,060
14	Hard Coning Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$1,305,000	102,246,750	10	4	62,114,900



15	Semi Auto Winding Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$192,000	15,043,200	10	4	9,138,744
16	Auto Dryer Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$90,000	7,051,500	10	4	4,283,787
17	Thread Packaging machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$100,000	7,835,000	10	4	4,759,763
18	Auto Dehydrate Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$37,000	2,898,950	10	4	1,695,886
19	Semi Auto Winding machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$10,763	843,281	10	4	493,320
20	Soft Cone Winding Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$14,600	1,143,910	10	4	669,188
21	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$90,000	7,051,500	10	4	4,125,128

22	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$74,000	5,797,900	10	4	3,391,772
23	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$50,000	3,917,500	10	4	2,291,738
24	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$18,000	1,410,300	10	5	825,026
25	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$32,000	2,507,200	10	4	1,466,712
26	Semi Auto Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$20,000	1,567,000	10	4	916,695
27	Lab Dyeing Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$14,000	1,096,900	10	4	641,687
28	Sewing Thread Winder	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$130,020	10,187,067	10	5	5,959,435

29	PLC Control Soft Coning Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$90,000	7,051,500	10	4	4,125,128
30	Yarn Dryer Machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$44,000	3,447,400	10	4	2,016,729
31	Hot shrink thread packing machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$17,000	1,331,950	10	4	779,191
32	Semi Auto Dehydrate machine	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$15,000	1,175,250	10	5	687,522
33	Steel Cone 55mm	2011	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$7,000	548,450	10	4	320,844
34	Steam Line & Water piping	2012	Mojumder Engineering & Trading	Ahmed Nagar Paikpara, Mirpur-1, Dhaka.	Brand New	Korea	N/A	807,355	10	5	523,166
35	Platform for Dyeing	2012	Mojumder Engineering & Trading	Ahmed Nagar Paikpara, Mirpur-1, Dhaka.	Brand New	Bangladesh	N/A	802,510	10	5	520,026
36	Crane for Dyeing Machine	2012	Mollik Trade International	House#04, Road# 15, B-D, Banani, Dhaka.	Brand New	China	N/A	250,200	10	5	162,130

37	Fuel Tank	2012	Mojumder Engineers & Trades	Ahmed Nagar Paikpara, Mirpur-1, Dhaka.	Brand New	China	N/A	170,000	10	5	110,160
38	Steam Line & Piping's	2013	Mojumder Engineering & Trading	Ahmed Nagar Paikpara, Mirpur-1, Dhaka.	Brand New	Korea	N/A	1,431,568	10	6	1,017,845
39	Weighting Scale	2013	CAS Scale (BD) Pvt. Ltd.	152/2/A/1 Monorom Villa, Green Road, Dhaka.	Brand New	China	N/A	1,674,535	10	6	1,190,595
40	Water Tank	2013	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	China	N/A	251,324	10	6	178,691
41	Water Line & Water Piping	2013	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Bangladesh	N/A	1,467,660	10	6	1,043,506
42	Water Softener	2013	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Bangladesh	N/A	1,756,775	10	6	1,290,692
43	Air Tank	2013	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Korea	N/A	235,780	10	6	167,639
44	Air Dryer	2013	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Korea	N/A	416,955	10	6	296,455
45	Chimney	2013	Mojumder Engineers & Trades	Ahmed Nagar Paikpara, Mirpur-1, Dhaka.	Brand New	Korea	N/A	85,650	10	6	60,898
46	Inverter	2014	Padma Trading Co.	126, Nawabpur Road, Dhaka.	Brand New	China	N/A	1,744,700	10	7	1,350,398
47	Heat Exchanger	2014	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	China	N/A	1,551,343	10	7	1,200,740
48	Electric Cables	2014	BBS Cables	House# 26, Road# 03, Banani, Dhaka.	Brand New	Bangladesh	N/A	2,875,000	10	7	2,225,250

49	Water Tank & Water Piping	2014	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	China	N/A	2,740,000	10	7	2,120,760
50	Electric Fan & Bulbs	2014	Mollah Electric	Kaptan Bazar Shopping Complex, 84, Nawabpur Road, Dhaka.	Brand New	China	N/A	220,500	10	7	170,667
51	Tube Lights	2014	Mollah Electric	Kaptan Bazar Shopping Complex, 84, Nawabpur Road, Dhaka.	Brand New	Bangladesh	N/A	82,500	10	7	63,855
52	HTHP Dyeing Machine (Capacity-300Kg)	2015	D.H. Euro	401, Campus-Town Bldg., 716-12, 1-Dong, Sangrokgu Ansan, Korea	Brand New	Korea	\$365,800	28,898,200	10	8	24,187,793
53	HTHP Dyeing Machine (Capacity-100kg)	2015	D.H. Euro	401, Campus-Town Bldg., 716-12, 1-Dong, Sangrokgu Ansan, Korea	Brand New	Korea	\$255,000	20,145,000	10	8	16,861,365
54	Sewing Thread Winding Machine	2015	D.H. Euro	401, Campus-Town Bldg., 716-12, 1-Dong, Sangrokgu Ansan, Korea	Brand New	Korea	\$245,800	19,418,200	10	8	16,253,033
55	Soft Winding Machine	2015	D.H. Euro	401, Campus-Town Bldg., 716-12, 1-Dong, Sangrokgu Ansan, Korea	Brand New	Korea	\$229,600	18,138,400	10	8	15,181,841
56	Dewater Machine	2015	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$95,000	7,505,000	10	8	6,281,685
57	Water Line & Piping's	2015	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Bangladesh	N/A	455,900	10	8	381,588

58	Steam & Air Piping	2015	Salim Engineering works	Mowna, Sheepur, Gazipur.	Brand New	Bangladesh	N/A	4,134,000	10	8	3,460,158
59	Support Generator	2015	Cross World Power Ltd.	House# 06, Road# 92, Gulshan-2, Dhaka.	Brand New	China	N/A	950,000	10	8	795,150
60	Exhaust Fan	2015	Padma Trading Co.,	126, Nawabpur Road, Dhaka.	Brand New	India	N/A	224,600	10	8	187,990
61	Auto Dyeing Machine	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$86,000	7,004,127	10	8.5	6,114,600
62	Auto High Speed Soft Yarn Winding Machine	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$325,600	26,517,950	10	8.5	23,150,160
63	Auto Sewing Thread Winding Machine	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$179,680	14,633,738	10	8.5	12,775,248
64	Automatic Cone Yarn Dehydrate Machine	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$18,610	1,515,660	10	8.5	1,323,171
65	Industrial Air Compressor	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	China	\$12,000	977,320	10	8.5	853,200

66	High Speed Coning Machine	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$22,684	1,734,720	10	9.7	1,692,165
67	Spare Parts	2016	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$ 564	161,140	10	9.6	155,505
68	Fully Automatic Computerized High Speed Soft Yarn Winding Machine	2017	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$110,428	8,834,240	10	9.9	8,760,775
69	HTHP Auto Yarn Dyeing Machine	2017	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$189,468	15,157,440	10	9.9	15,031,391
70	RF Radio Frequency Laser Dryer Machine	2017	D.H. Euro	703, Hwanggum Plaza Building, 318-5, Shinjdong-Dong., Yang Cheon Ku, Seoul, Korea.	Brand New	Korea	\$269,679	21,574,320	10	9.9	21,394,909
<b>Total</b>								<b>621,505,785</b>			<b>432,051,572</b>

ix. Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.

Sl.	Name of Machineries	Cost of Machineries in USD	Name of Suppliers and Address	Date of Placement of order	Expected date of delivery
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Sl.	Name of Machineries	Cost of Machineries in USD	Name of Suppliers and Address	Date of Placement of order	Expected date of delivery
1	Duel Fuel Smoke Tube Packaged Boiler Brand: Daelim, Model-DL-Z 500, Capacity: 05 Ton	78,000.00	D.H. EURO HI –TECH CO., LIMITED  Address: 703, Hwanggum Plaza Building, 318-5, Shinjeong-Dong., Yang Cheon Ku, Seoul, Korea.	The Company will place order soon through at sight L/C. Payment of the machineries will be made after receiving IPO proceeds.	120 days from placement of order
2	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC, Model : HT-600, Capacity: 600 Kg	97,000.00			
3	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC, Model : HT-400, Capacity: 400 Kg,	71,000.00			
4	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand: HTC, Model: HT-300, Capacity: 300 Kg,	56,000.00			
5	Fully Automatic High Temperature & High Pressure Yarn Dyeing Machine. Brand : HTC, Model: HTC200, Capacity: 200 Kg,	65,500.00			
6	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC, Model: HT-100, Capacity: 100 Kg,	60,000.00			
7	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC, Model : HT-30, Capacity : 30 Kg,	50,000.00			
8	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC, Model : HT- 20, Capacity: 20 Kg,	42,000.00			
9	Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand: Hi-Tech, Model: HT-206, Capacity:10Kg,	36,000.00			
10	Fully Automatic Sample Dyeing Machine Brand : HTC, Model : HTC24	12,740.00			
11	Super High Speed PLC Control Automatic Thread Winding Machine. Brand : Hi-Tech, Model : HT-56	550,000.00			
12	Fully Automatic Soft Winding Machine. Brand : Hi-Tech, Model : HT-190	123,000.00			
13	Automatic Nylon / Polyester Hank yarn Expanding machine. Brand : Changli, Model : HY 150	6,652.00			



Sl.	Name of Machineries	Cost of Machineries in USD	Name of Suppliers and Address	Date of Placement of order	Expected date of delivery
14	Fully Automatic Computerized Nylon/Hank Yarn winding machine Brand : Changli, Model : FSSL, Capacity : 48 Head	198,300.00			
15	Automatic Hank Yarn De-water machine. Brand: Changli, Model: Z-2000, Capacity: 100kg	7,234.00			
16	Fully Automatic Cone Yarn Dehydrate Machine. Brand: Changli, Model: KD-Z751C, Capacity: 120kg	29,450.00			
17	Automatic High Speed Sewing Thread Winding Machine. Brand : Changli Model : YF(MH)-Y Capacity : 4 Spindle (2 Cone/Spindle)	178,500.00			
18	Brand New Radio Frequency Automatic Laser Dryer Machine Brand : Changli Model : RF-170 Capacity : 8000 Kg/Batch	111,600.00			
19	Power Pro DieselGenerator Brand : Power Pro Model: PPP1100 Engine : Perkins (UK)	165,000.00			

- x. In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned;

No machineries are required to be bought by the issuer except machineries to be bought from IPO proceeds. There are no such machineries are yet to be delivered.

- xi. If plant is purchased in brand new condition then it should be mentioned;

All the assets are purchased brand new and no re-conditioned or second hand assets are purchased by the company.

- xii. Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission;

The Company has no plan to purchase any second hand or reconditioned machineries.

- xiii. A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission;

**PHYSICAL VERIFICATION REPORT BY THE ISSUE MANAGER  
OF  
VFS THREAD DYEING LIMITED**

This is to certify that we have visited the registered office and factory of VFS THREAD DYEING LIMITED on October 25, 2017 and we have found the registered office and factory as details bellow:

Visited and Accompanied by:

Particulars		Name & Designation	Company
Visited by	:	Tahid Ahmed Chowdhury Managing Director & CEO	Citizen Securities & Investment Limited
	:	K M Rasidul Hasan Chief Executive Officer	First Security Islami Capital & Investment Limited
Accompanied by	:	M. Azhar Rahman Managing Director	VFS THREAD DYEING LIMITED
	:	Md Rasel Chief Financial Officer	
	:	Md. Golam Kibria Company Secretary	
Registered Office	:	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka – 1206.	
Corporate Office	:	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka – 1206.	
Location of the Factory	:	RS # 36, Vill # Gazipur, P.O # BOF P.S # Gazipur Sadar, Dist # Gazipur, Bangladesh.	
Nature of Business	:	The principal activities of the Company are to carry on the business of dyeing and coning of sewing thread of different types for 100 % export oriented ready- made garments industries in Bangladesh.	
Products	:	✓ Spun Polyester Yarn ✓ Poly Core Spun ✓ Textured Polyester (Synthetic Filament Yarn)	

Workers'	:	We have found 182 nos. of workers' are present at the time of our visit, 3 nos. of workers are in leave as per attendance record. All of the workers are full time basis and total 185 nos. workers' are working in the factory.
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#### **Description of Property:**

We have identified the properties of VFS THREAD DYEING LIMITED are as follows:

#### **Land:**

We have found 35.54 decimals of land in factory area and 192 decimal of land in Mymensingh area surrounded by boundary wall.

#### **Factory Building:**

The factory has four numbers of buildings, with one for factory building, Substation and generator shed building, store shed building & dormitory shed building.

#### **Details of the buildings status are discussed below:**

No. of Buildings	Buildings Description	Type (Brick/RCC/Prefabricated Tin shade)	Total Building Area (sft)	Status of Use
Building-1	Five Storied Building	Five Storied Building, Wall-Brick, Roof-RCC slab with false ceiling and Vibration absorption floor	47,940	Main factory building
Building-2	One Storied Building	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	950	Substation and generator room
Building-3	One Storied Building	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	4,020	Raw material store
Building-4	One Storied Building	Pillar- RCC, Wall-Brick, Roof-Prefabricated tin shade	3,200	staff dormitory

#### **Plant and Machinery:**

Sl No	Name of Machineries	Condition when Purchased
1	Centrifugal Pump	Brand New
2	Tool Box (Mechanical)	Brand New
3	Tool Box (Electrical)	Brand New
4	Water Tank	Brand New
5	Auto Dyeing Machine (HTC- 150)	Brand New
6	Auto Dyeing Machine (HTC- 120)	Brand New
7	Auto Dyeing Machine (HTC- 100)	Brand New
8	Auto Dyeing Machine (HTC- 80)	Brand New
9	Auto Dyeing Machine (HTC- 70)	Brand New
10	Auto Dyeing Machine (HTC- 60)	Brand New

Sl No	Name of Machineries	Condition when Purchased
11	Sample Dyeing Machine (HTC-12)	Brand New
12	Cone Winding Machine	Brand New
13	Hard Coning Machine	Brand New
14	Semi Auto Winding Machine	Brand New
15	Auto Dryer Machine	Brand New
16	Thread Packaging machine	Brand New
17	Auto Dehydrate Machine	Brand New
18	Soft Cone Winding Machine	Brand New
19	Semi Auto Dyeing Machine	Brand New
20	Lab Dyeing Machine	Brand New
21	Sewing Thread Winder	Brand New
22	PLC Control Soft Coning Machine	Brand New
23	Yarn Dryer Machine	Brand New
24	Hot shrink thread packing machine	Brand New
25	Semi Auto Dehydrate machine	Brand New
26	Steel Cone 55mm	Brand New
27	Steam Line & Water piping	Brand New
28	Platform for Dyeing	Brand New
29	Crane for Dyeing Machine	Brand New
30	Fuel Tank	Brand New
31	Steam Line & Piping's	Brand New
32	Weighing Scale	Brand New
33	Water Softener	Brand New
34	Air Tank	Brand New
35	Air Dryer	Brand New
36	Chimney	Brand New
37	Inverter	Brand New
38	Heat Exchanger	Brand New
39	HTHP Dyeing Machine (Capacity- 300Kg)	Brand New
40	HTHP Dyeing Machine (Capacity- 100kg)	Brand New
41	Sewing Thread Winding Machine	Brand New
42	Soft Winding Machine	Brand New
43	Dewater Machine	Brand New
44	Generator	Brand New
45	Auto Dyeing Machine	Brand New
46	Auto High Speed Soft Yarn Winding Machine	Brand New
47	Auto Sewing Thread Winding Machine	Brand New
48	Automatic Cone Yarn Dehydrate Machine	Brand New
49	Industrial Air Compressor	Brand New

Sl No	Name of Machineries	Condition when Purchased
50	High Speed Coning Machine	Brand New
51	Spare Parts	Brand New
52	Fully Automatic Computerized High Speed Soft Yarn Winding Machine	Brand New
53	RF Radio Frequency Laser Dryer Machine	Brand New

ETP: VFS Thread Dyeing Limited has an ETP Plant to purify the waste water from the dyeing of sewing thread. The Company follows the rules & guidelines of the environment directorate policies & directives.

#### **Fire Fighting Equipment:**

List of firefighting equipment are as follows:

Sl. No.	Details	Quantity
01	Fire Exit	2 Gate
02	Fire Extinguisher	15

Besides these assets we have also found other assets like Furniture & Fixture, Vehicles, Substation, Electrical Installation & Equipment, Generator, Office Equipment, Air Conditions and Others.

It is mentionable here that during our visit, we have checked inventory register and roster (Workers' duty register) and found satisfactory and all machineries are in good condition and running well. We also noticed that they have vehicle parking zone, emergency light, Water Tank, Water Reservoir and Separate gents and ladies toilet. The factory is on smooth operation.

#### **Signboard:**

The signboard of the Company is well displayed at the factory premises.

For the Issue Manager(s)

Sd/-

**Tahid Ahmed Chowdhury, FCCA**  
Managing Director & CEO  
Citizen Securities & Investment Limited  
Date: 25.10.2017

Sd/-

**K M Rasidul Hasan**  
Chief Executive Officer (CEO)  
First Security Islami Capital & Investment Limited  
Date: 25.10.2017

- xiv. If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether the same are legally held by the issuer and whether all formalities in this regard have been complied with;**

The Issuer is not entitled to any intellectual property right or intangible asset.

- xv. Full description of other properties of the issuer.**

The Issuer has no other properties other than mentioned in "**Description of Property**", page no: **42-61**)

**f. Plan of Operation and Discussion of Financial Condition:**

- i. If the issuer has not started its commercial operation, the company's plan of operations for the period which would be required to start commercial operation which shall, among others, include:

This is not applicable for this Issue.

- ii. If the issuer had been in operation, the issuer's revenue and results from operation, financial position and changes in financial position and cash flows for the last five years or from commercial operation, which is shorter, shall be furnished in tabular form which shall, among others, include the following information:

The Company's revenues and results from operations, Statement of Financial position, Changes in Financial Position and Statement of Cash Flows for the last five years are mentioned below:

**Revenue and Results from operation:**

Particulars	For the year ended					
	01-07-2016 to 30-06-2017	01-01-2016 to 30-06-2016	01-01-2015 to 31-12-2015	01-01-2014 to 31-12-2014	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
Sales	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Less: Cost of Goods Sold	681,178,034	299,200,862	597,364,510	579,575,180	477,122,369	223,220,804
<b>Gross Profit</b>	<b>199,655,206</b>	<b>99,655,455</b>	<b>184,548,247</b>	<b>185,846,710</b>	<b>158,126,427</b>	<b>36,705,183</b>
Less: Operating Expenses	18,801,150	8,740,467	15,915,284	15,049,207	15,266,689	12,245,352
<b>Operating Income</b>	<b>180,854,056</b>	<b>90,914,989</b>	<b>168,632,963</b>	<b>170,797,503</b>	<b>142,859,738</b>	<b>24,459,831</b>
Less: Financial Expenses	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766
<b>Net Operating Income</b>	<b>165,628,677</b>	<b>81,882,846</b>	<b>156,237,476</b>	<b>161,896,346</b>	<b>129,385,692</b>	<b>13,187,065</b>
Add: Other non-operation Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500
<b>Profit before Tax</b>	<b>166,086,987</b>	<b>82,364,515</b>	<b>157,450,852</b>	<b>163,112,651</b>	<b>130,532,296</b>	<b>14,364,565</b>
Less: Provision for Income Tax	25,004,710	12,046,816	12,488,110	24,710,159	19,837,831	2,419,622
<b>Net Profit after Tax</b>	<b>141,082,277</b>	<b>70,317,699</b>	<b>144,962,742</b>	<b>138,402,492</b>	<b>110,694,465</b>	<b>11,944,943</b>

**Statement of Financial Position:**

Particulars	30-06-2017	30-06-2016	31-12-2015	31-12-2014	31-12-2013	31-12-2012
<b>Assets</b>						
<b>Non-Current Assets</b>	<b>805,175,967</b>	<b>783,989,824</b>	<b>744,065,186</b>	<b>602,700,628</b>	<b>630,060,588</b>	<b>657,234,346</b>
Property, Plant & Equipment (Restated)	804,404,467	783,218,324	743,293,686	601,929,128	629,289,088	633,615,358
Advance against Land & Land Development (Restated)	-	-	-	-	-	19,073,162
Preliminary Expenses	-	-	-	-	-	3,774,326
Security Deposits	771,500	771,500	771,500	771,500	771,500	771,500
<b>Current Assets</b>	<b>634,562,148</b>	<b>531,420,429</b>	<b>525,043,795</b>	<b>408,082,437</b>	<b>270,701,604</b>	<b>132,747,490</b>
Inventory	228,032,743	192,934,494	206,290,427	166,326,914	150,345,614	59,345,086
Trade and Other Receivable	369,467,815	328,201,465	300,356,426	237,095,917	117,713,250	70,951,842
Advances, Deposits and Prepayments	35,860,857	8,289,137	4,248,797	2,805,338	641,876	869,964
Cash and Cash Equivalents	1,200,734	1,995,333	3,145,645	1,854,268	2,000,864	1,580,598
<b>Total Assets</b>	<b>1,439,738,115</b>	<b>1,315,410,254</b>	<b>1,258,106,481</b>	<b>1,010,783,065</b>	<b>900,762,192</b>	<b>789,981,836</b>
<b>Shareholders Equity &amp; Liabilities</b>						
<b>Shareholders' Equity</b>	<b>1,247,787,185</b>	<b>1,107,659,496</b>	<b>1,040,036,433</b>	<b>888,189,900</b>	<b>749,787,408</b>	<b>639,092,943</b>
Share Capital	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000
Share Money Deposit	-	-	-	-	-	-
Retained Earnings	620,639,185	480,511,496	412,888,433	261,041,900	122,639,408	11,944,943
<b>Non-Current Liabilities</b>	<b>58,611,448</b>	<b>72,208,098</b>	<b>64,920,065</b>	<b>48,650,860</b>	<b>50,253,645</b>	<b>46,216,985</b>
Long Term Loan from Bank	32,356,039	56,052,180	53,317,592	30,394,876	43,369,854	46,216,985
Deferred Tax liabilities	26,255,409	16,155,918	11,602,473	18,255,984	6,883,791	-

<b>Current Liabilities</b>	<b>133,339,482</b>	<b>135,542,660</b>	<b>164,152,483</b>	<b>73,942,305</b>	<b>100,721,139</b>	<b>104,671,908</b>
Trade and Other Payable	5,984,789	19,544,536	38,254,729	35,284,294	39,052,880	50,346,485
Current portion of Long Term Loan	16,722,000	10,660,000	19,597,011	11,760,000	11,760,000	18,000,000
Short term Loan from Bank	58,826,719	83,332,142	77,923,127	10,754,981	30,607,412	29,226,371
Creditors & Accruals	4,024,515	3,337,979	2,994,746	3,017,990	6,559,733	4,679,430
Provision for Income Taxes	47,781,460	18,668,003	14,380,370	13,125,040	12,741,114	2,419,622
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>1,439,738,115</b>	<b>1,315,410,254</b>	<b>1,258,106,481</b>	<b>1,010,783,065</b>	<b>900,762,192</b>	<b>789,981,836</b>

#### Statement of Change in Equity:

Particulars	Ordinary Share Capital	Retained Earnings	Share Money Deposit	Total
As at 31 December 2012	627,148,000	11,944,943	-	639,092,943
As at 31 December 2013	627,148,000	122,639,408	-	749,787,408
As at 31 December 2014	627,148,000	261,041,900	-	888,189,900
As at 31 December 2015	627,148,000	412,888,433	-	1,040,036,433
As at 30 June 2016	627,148,000	480,511,496	-	1,107,659,496
As at 30 June 2017	627,148,000	620,639,185	-	1,247,787,185

#### Statement of Cash Flows:

Particulars	01-07-2016 to 30-06-2017	01-01-2016 to 30-06-2016	01-01-2015 to 31-12-2015	01-01-2014 to 31-12-2014	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
<b>Cash Flow from Operating Activities:</b>						
Cash receipts from customers & others	840,025,200	371,492,947	719,865,624	647,255,528	589,633,992	190,151,645
Cash payment to suppliers, employee & others	(694,059,537)	(289,712,480)	(602,590,159)	(572,853,869)	(538,371,643)	(224,115,417)
Cash payment for interest on short term loan (Restated)	(7,749,530)	(4,255,268)	(2,954,855)	(2,248,793)	(4,521,879)	(1,120,568)



Cash payment for income tax	(11,831,556)	(3,205,738)	(11,002,500)	(12,954,040)	(2,632,548)	-
<b>Net cash flow from Operating activities</b>	<b>126,384,577</b>	<b>74,319,460</b>	<b>103,318,110</b>	<b>59,198,826</b>	<b>44,107,922</b>	<b>(35,084,340)</b>
<b>Cash Flow From Investing Activities:</b>						
Purchase of Fixed Assets	(77,563,764)	(69,899,489)	(190,513,974)	(19,865,649)	(27,029,399)	(49,119,920)
Investment in Preliminary Expenses	-	-	-	-	-	-
Advance, Deposit & Prepayments	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(77,563,764)</b>	<b>(69,899,489)</b>	<b>(190,513,974)</b>	<b>(19,865,649)</b>	<b>(27,029,399)</b>	<b>(49,119,920)</b>
<b>Cash Flow From Financing Activities:</b>						
Cash receipts from Short term loan from bank	44,867,620	7,159,015	123,777,550	28,813,512	78,713,532	51,088,826
Cash repayments of short term loan	(69,373,044)	(1,750,000)	(56,609,404)	(48,665,943)	(77,332,491)	(21,862,455)
Cash receipts from long term loan	7,475,849	4,777,577	42,079,654	6,652,364	8,952,167	64,216,985
Cash repayments of long term loan	(25,109,990)	(10,980,000)	(11,319,927)	(19,627,342)	(18,039,298)	-
Cash payment for interest on long term loan (Restated)	(7,475,849)	(4,776,875)	(9,440,632)	(6,652,364)	(8,952,167)	(10,152,198)
Increase/Decrease in Share Capital	-	-	-	-	-	10,000
<b>Net Cash Flow from Financing Activities</b>	<b>(49,615,414)</b>	<b>(5,570,283)</b>	<b>88,487,241</b>	<b>(39,479,773)</b>	<b>(16,658,257)</b>	<b>83,301,158</b>
<b>Increase/(Decrease) cash and cash equivalents</b>	<b>(794,600)</b>	<b>(1,150,312)</b>	<b>1,291,377</b>	<b>(146,596)</b>	<b>420,266</b>	<b>(903,102)</b>
Opening Cash and Cash Equivalents	1,995,333	3,145,645	1,854,268	2,000,864	1,580,598	2,483,700
<b>Closing Cash and Cash Equivalents</b>	<b>1,200,734</b>	<b>1,995,333</b>	<b>3,145,645</b>	<b>1,854,268</b>	<b>2,000,864</b>	<b>1,580,598</b>

**a) Internal and external sources of cash:**

Particulars	As at June 30, 2017	As at June 30, 2016	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013	As at December 31, 2012
<b>Internal sources of cash:</b>						
Share Capital	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000
Share Money Deposit	-	-	-	-	-	-
Retained Earnings	620,639,185	480,511,496	412,888,433	261,041,900	122,639,408	11,944,943
<b>Total</b>	<b>1,247,787,185</b>	<b>1,107,659,496</b>	<b>1,040,036,433</b>	<b>888,189,900</b>	<b>749,787,408</b>	<b>639,092,943</b>

<b>External sources of cash:</b>						
Short term loan	58,826,719	83,332,142	77,923,127	10,754,981	30,607,412	29,226,371
Long term loan	32,356,039	56,052,180	53,317,592	30,394,876	43,369,854	46,216,985
Current Portion of Long Term Loan	16,722,000	10,660,000	19,597,011	11,760,000	11,760,000	18,000,000
<b>Total</b>	<b>107,904,758</b>	<b>150,044,322</b>	<b>150,837,730</b>	<b>52,909,857</b>	<b>85,737,266</b>	<b>93,443,356</b>
<b>Grand Total</b>	<b>1,355,691,943</b>	<b>1,257,703,818</b>	<b>1,190,874,163</b>	<b>941,099,757</b>	<b>835,524,674</b>	<b>732,536,299</b>

(As per Audited Accounts -Amount in BDT)

**b) Any material commitments for capital expenditure and expected sources of funds for such expenditure;**

VFS Thread Dyeing Limited has no other material commitments for capital expenditures except for those mentioned in the Utilization of IPO proceeds in this prospectus.

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

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

(As per Audited Accounts-Amount in BDT)

<b>Particulars</b>	<b>Year ended June 30, 2017</b>	<b>Year ended June 30, 2016</b>	<b>Year ended December 31, 2015</b>	<b>Year ended December 31, 2014</b>	<b>Year ended December 31, 2013</b>	<b>Year ended December 31, 2012</b>
Sales	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Less: Cost of Goods Sold	681,178,034	299,200,862	597,364,510	579,575,180	477,122,369	223,220,804
<b>Gross Profit</b>	<b>199,655,206</b>	<b>99,655,455</b>	<b>184,548,247</b>	<b>185,846,710</b>	<b>158,126,427</b>	<b>36,705,183</b>
Less: Operating Expenses	18,801,150	8,740,467	15,915,284	15,049,207	15,266,689	12,245,352
<b>Operating Income</b>	<b>180,854,056</b>	<b>90,914,989</b>	<b>168,632,963</b>	<b>170,797,503</b>	<b>142,859,738</b>	<b>24,459,831</b>
Financial Expenses	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766
<b>Net Operating Income</b>	<b>165,628,677</b>	<b>81,882,846</b>	<b>156,237,476</b>	<b>161,896,346</b>	<b>129,385,692</b>	<b>13,187,065</b>
Add: Other Non-Operating Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500
<b>Net Profit before Tax</b>	<b>166,086,987</b>	<b>82,364,515</b>	<b>157,450,852</b>	<b>163,112,651</b>	<b>130,532,296</b>	<b>14,364,565</b>

Provision for taxation	25,004,710	12,046,816	12,488,110	24,710,159	19,837,831	2,419,622
<b>Net Profit after tax</b>	<b>141,082,277</b>	<b>70,317,699</b>	<b>144,962,742</b>	<b>138,402,492</b>	<b>110,694,465</b>	<b>11,944,943</b>

**Reason for Material Changes:**

**Revenue:** Sales increase 144.40% in 2013 in respect to 2012 and in 2014 sales increased by further 20.49% compare to 2013. As sales were increased net profit were also increased by 827.00% in 2013 and 25% in 2014. The company started its commercial operation in July 2012, therefore 2012 financial figures were only for half year. The first full year operation was 2013; hence it looks 2013 sales and profitability were drastically changed compare to 2012. Since 2013 sales and profitability kept increasing steadily and were stable because of steady growth of the company. The management of the company is very well known and recognized business person within the Dyeing and Garments sector in Bangladesh therefore able to generate healthy sales in short period of time.

**Cost of goods sold:** COGS are increasing steadily since inception. As revenue increased COGS also increased. Revenue increased by approx. 8.9% in year ended June 30, 2017 compared to December 31, 2015 and COGS increased by 8.8% in the same period and in line with industry average.

**Other operating expenses:** Operating expenses are increasing steadily since inception. The Operating expenses were approximate 2% of revenue for year ended December 31, 2015 and that was approximate 2% in year ended June 30, 2017. So there were no material changes in Operating expenses over the years.

**Net income:** In year 2013 net profit stood at 17.4% and in year 2015 net profit stood at 18.5% that was slight increased over two years period. In year ended June 30, 2017 net profit stood at 16.01%. Net profit decreased by 2.49% compared to 2015 as raw material, utility and other costs were increased in the same period.

**d) Any seasonal aspects of the issuer's business;**

Garments prepared from all different types of fabrics is exported from Bangladesh round the year almost in same volume, since the world demand remain more or less same in all seasons. Therefore, the company's business is not significantly affected by the seasonal aspect.

**e) Any known trends, events or uncertainties that may have material effect on the issuer's future business;**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i) Increased production cost
- ii) Increased competition
- iii) Scarcity of power
- iv) Political unrest
- v) Natural disaster

**f) Any assets of the company used to pay off any liabilities;**

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

**g) Any loan taken from or given to any related party or connected person of the issuer with details of the same;**

The company did not take or give any loan from or to its subsidiary or holding companies during last five years.

**h) Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer;**

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

**i) The estimated amount, where applicable, of future capital expenditure;**

The Company has not any plan to make any capital expenditure except for those mentioned in the 'Use of Proceeds' section in this prospectus.

**j) Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter;**

**Value Added Tax (VAT):**

VFS TDL is 100% export oriented Company. Government of Bangladesh has declared that there is no VAT on 100% export oriented company except local sales by the Bangladesh Gazette dated June 6, 2013 General order no. 25/VAT/2013. As such the company does not have any outstanding VAT as on 30 June, 2017.

**Customs Duty:**

There is no such liability outstanding for the company as of 30 June, 2017.

**Contingent Liability:**

There exists no situation involving VFS Thread Dyeing Limited for which any liability for the company is most likely to occur or which may create any possibility of company's liability in the near future.

**Income Tax:**

As per Income Tax Ordinance 1984, tax has been made on operating income at the rate of 15%. Income from other sources like sales of wastage is taxed at 35% and adequate provision has been made in this regard.

**Year-wise income tax status of the company is provided below:**

Accounting Year	Assessment Year	Status
30 June 2017	2017-18	Assessment is under process.
30 June 2016	2016-2017	Assessment is under process.
31 December 2015	2016-2017	Assessment is under process.
31 December 2014	2015-2016	As per DCT certificate, Taxes Circle – 140, Taxes Zone – 07, Dhaka, the Company has submitted the return for assessment year 2015-2016 and assessment is under process of disposal.
31 December 2013	2014-2015	The Company was submitted the tax return duly for assessment year 2014-2015 under law of Universal Self-Assessment Scheme (U/S 82BB) and assessment was completed duly for the assessment year 2014-2015. Later the file has been opened by tax authority for audit and as per Income Tax Ordinance 1984, Section 135 demanded extra tax of Tk. 877,896.00 through demand note dated November 23, 2016 and the payment is made accordingly.
31 December 2012	2013-2014	The Company was submitted the tax return duly for assessment year 2013-2014 under law of Universal Self-Assessment Scheme (U/S 82BB) and assessment was completed duly for the assessment year 2013-2014. Later the file has been opened by tax authority for audit and as per Income Tax Ordinance 1984, Section 135 demanded extra tax of Tk. 76,692.00 that was fully paid by Company.
31 December 2011	2012-2013	As per DCT certificate, Taxes Circle – 140, Taxes Zone – 07, Dhaka, the Company has submitted the return for assessment year 2012-2013 and assessment has been completed. No revenue transaction has been made during the year.

- k) Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected;**

The Company did not enter into any kind of financial commitment, including lease commitment in the last five years

- l) Details of all personnel related schemes for which the company has to make provision for in future years;**

VFS Thread Dyeing Limited is a 100% export oriented sewing thread Industry and member of Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association. We could not comply the section 234 of Bangladesh Labor Law 2006 (Amendment Act 2013) as section 232 of the said Act stated that “in case of a 100% export oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector based central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector”, due to not form the board and fixed the rate by the appropriate authority to recognize WPPF. We are in communication with Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association regarding formation of WPPF. However management of VFS Thread Dyeing Limited has decided to comply the section 234 of Bangladesh Labor Law 2006, (Amendments 2013) from the financial year 2017-2018. Like others company, we have already made provision for WPPF in half yearly financial statements for the period ended December 31, 2017.

**m) Break down of all expenses related to the public issue;**

Particulars	Basis of Fees	Amount in BDT(approx.)
Manager to the Issue fees	Maximum 2% of the public offer amount	2,200,000
VAT against Issue Management fee	15% of Issue Management fees	330,000
Fees related to listing with the stock exchanges:		
Application Fee(DSE & CSE) each	Fixed	100,000
Annual Fee for DSE & CSE	Up to BDT 100 crore of paid-up capital @0.05%[ minimum BDT 50,000.00 (fifty thousand) and maximum BDT 6, 00,000.00 (six lac) for each]	847,148
Listing Fees for Stock Exchanges	@ 0.25% on Tk. 100 million and	2,741,444
(DSE & CSE)	@ 0.15% on the balance amount of paid-up capital (But not more than Tk. 2 million each.)	
BSEC Fees:		
Application Fee	Fixed	50,000
Consent Fee	@ 0.40% on the public offering amount	880,000
IPO Related Fees:		
Underwriting Commission	@ 1.00% on the underwritten amount	770,000
CDBL Fees and Expenses:		
Security Fee	Fixed	500,000
Documentation Fee	As actual	2,500
Annual Fee	As actual	100,000
Initial Public Offering fee	0.015% of total issue size (Pre & Post IPO)	127,072
Connection Fee	As actual	6,000
Printing, Publication and Others:		
Publication of Abridged Version of Prospectus and notice in 4 daily newspaper	(Estimated, to be paid at actual)	600,000
Publication of Prospectus	(Estimated, to be paid at actual)	1,000,000
Stationeries and other expenses	(Estimated, to be paid at actual)	500,000
Lottery related expenses including BUET fee	(Estimated, to be paid at actual)	750,000
Post Issue Expenses:		
Collection of Forms, Data Processing and other related job	(Estimated, to be paid at actual)	6,000,000
Total		17,504,164

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

- n) If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission;

No revaluation has been made to the Company's assets and liabilities.

- o) Where the issuer is a holding/subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary/holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;

The Company has no subsidiary nor it is operated under any holding company nor does it have any associate company. Hence, no transaction has taken place.

- p) **Financial Information of Group Companies:** following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors;

The Company is not falling under any group of companies. VFS is an independent company and do not have any holding or subsidiary companies as well.

- q) Where the Issuer is a Banking company, Insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer;

VFS Thread Dyeing Limited is a manufacturing company.

- r) A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares;

This is to certify that 'VFS Thread Dyeing Limited' Dhaka, Gazipur bearing incorporation No. C-84051/10 dated April 20, 2010 has the following capital structure as at 30 June 2017;

**Particulars of Allotment:**

Particulars	No. of Share issued		Amount of share capital (BDT)
	Consideration in cash	Consideration other than cash	
April 20, 2010 (At the time of Incorporation)	30,000	-	3,000,000
September 25, 2011 (First Allotment )	265,400	-	26,540,000
December 26, 2011 (Second Allotment)	700,000	-	70,000,000
November 28, 2012 (Third Allotment)	1,550,350	3,725,730	527,608,000
<b>Total</b>	<b>2,545,750</b>	<b>3,725,730</b>	<b>627,148,000</b>

The company subdivided the face value of its ordinary share from Tk. 100 to Tk. 10 on dated 10 January 2013 by special resolutions in the Extra Ordinary General Meeting and necessary

amendments in the capital clause of the Memorandum of Association and Articles of Association were made accordingly.

The above information is based on books and records provided by the management.

Sd/-

**AHMAD & AKHTAR**  
Chartered Accountants

- s) **Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public;**

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

- t) **Business strategies and future plans – projected financial statements shall be required only for companies not started commercial operation yet and authenticated by chairman, two directors, managing director, CFO and company secretary;**

VFS Thread Dyeing Limited started its commercial operation in 02 July, 2012.

- u) **Discussion on the results of operations shall inter-alia contain the following:**

**1) A summary of the past financial results;**

Particulars	Year Ended 30-June-17	Year Ended 30-June-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14	Year Ended 31-Dec-13	Year Ended 31-Dec-12
<b>Non-Current Assets</b>	805,175,9967	783,989,824	744,065,186	602,700,628	630,060,588	657,234,346
<b>Current Asset</b>	634,562,148	545,628,667	525,043,795	408,082,437	270,701,604	132,747,490
<b>Shareholders' Equity</b>	1,247,787,185	1,107,659,496	1,040,036,433	888,189,900	749,787,408	639,092,943
<b>Long Term Borrowings</b>	32,356,039	56,052,180	53,317,592	30,394,876	43,369,854	46,216,985
<b>Current Liabilities</b>	133,339,482	149,750,898	164,152,483	73,942,305	100,721,139	104,671,908
<b>Turnover</b>	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
<b>Gross Profit</b>	199,655,206	99,655,455	184,548,247	185,846,710	158,126,427	36,705,183
<b>Net profit before tax</b>	166,086,987	82,364,515	157,450,852	163,112,651	130,532,296	14,364,565
<b>Net Profit after tax</b>	141,082,277	70,317,699	144,962,742	138,402,492	110,694,465	11,944,943

**2) A summary of major items of income and expenditure;**

**Major items of income:**

Particulars	Year Ended 30-June-17	Year Ended 30-June-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14	Year Ended 31-Dec-13	Year Ended 31-Dec-12
Turnover	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Other Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500



**Major items of expenses:**

Particulars	Year Ended 30-June-17	Year Ended 30-June-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14	Year Ended 31-Dec-13	Year Ended 31-Dec-12
Operating Expenses	18,801,150	8,740,467	15,915,284	15,049,207	15,266,689	12,245,352
Financial Expenses	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766

**3) The income and sales on account of major products or services;**

There are three main products of the Company. As of June 30, 2017 the contribution to Company's total revenue as follows:

Sl. No.	Product	Types of product	Sales	Income	(%)
1	Spun Polyester and sewing Thread	Knit & Oven	704,666,592	112,865,822	80%
2	Poly Core Spun	Fashion Apparels	44,041,662	7,054,114	5%
3	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss	132,124,986	21,162,341	15%
<b>Total</b>			<b>880,833,240</b>	<b>141,082,277</b>	<b>100%</b>

**4) In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or non-recurring;**

The other income of the Company is generated through sale of scrap and wastage. The other Income of VFS TDL is not more than 10% of the total income as of June 30, 2017.

**5) If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly, if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations;**

The Company's income is not dependent upon a single customer or a few major customers nor any particular foreign customer.

**6) In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed.**

The issuer has not followed any unorthodox procedure for recording sales and revenues.

**v) Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following:**

(As per Audited Accounts-Amount in BDT)

Particulars	Year ended June 30, 2017	Year ended June 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Sales Turnover	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Less: Cost of Goods Sold	681,178,034	299,200,862	597,364,510	579,575,180	477,122,369	223,220,804
Gross Profit	199,655,206	99,655,455	184,548,247	185,846,710	158,126,427	36,705,183
Less: Operating	18,801,150	8,740,467	15,915,284	15,049,207	15,266,689	12,245,352

Expenses						
Operating Income	180,854,056	90,914,989	168,632,963	170,797,503	142,859,738	24,459,831
Financial Expenses	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766
Net Operating Income	165,628,677	81,882,846	156,237,476	161,896,346	129,385,692	13,187,065
Add: Other Non-Operating Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500
Net Profit before Tax	166,086,987	82,364,515	157,450,852	163,112,651	130,532,296	14,364,565
Provision for taxation	25,004,710	12,046,816	12,488,110	24,710,159	19,837,831	2,419,622
Net Profit after tax	141,082,277	70,317,699	144,962,742	138,402,492	110,694,465	11,944,943

**1) Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

Sales increase 144.40% in 2013 in respect to 2012 and in 2014 sales increased by further 20.49% compare to 2013. As sales were increased net profit were also increased by 827.00% in 2013 and 25% in 2014. The company started its commercial operation in July 2012, therefore 2012 financial figures were only for half year. The first full year operation was 2013; hence it looks 2013 sales and profitability were drastically changed compare to 2012. Since 2013 sales and profitability kept increasing steadily and were stable because of steady growth of the company. The management of the company is very well known and recognized business person within the Dyeing and Garments sector in Bangladesh therefore able to generate healthy sales in short period of time.

**2) Significant economic changes that materially affect or are likely to affect income from continuing operations;**

There are no significant economic changes that materially affect or are likely to affect income from continuing operations.

**3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i. Increased production cost
- ii. Increased competition
- iii. Scarcity of power
- iv. Political unrest
- v. Natural disaster

**4) Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known;**

We are aware of the fact that future is always uncertain that affect business and plan as well. So in near future labor price or material price may change. However, revenue is always adjusted and follows the trend in line with production cost. Hence, any change in cost will be reflected in sales price. It is mentioned-worthy that Bangladesh is the 3<sup>rd</sup>

largest Denim producer of the world. So we have strong influence over market to set the trend as well.

**5) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;**

We are expecting the increased net sales or revenue because of increased sales volume, new product line and better sales price. It is forecasted that we will be able to increase our net sales or revenue around 18- 22 percent on an average for the next 3 years.

**6) Total turnover of each major industry segment in which the issuer operated;**

YEAR	EXPORT OF RMG (IN MILLION US\$)	TOTAL EXPORT (IN MILLION US\$)	% OF RMG'S TO TOTAL EXPORT
2009-10	12,496	16,204	77.12%
2010-11	17,914	22,924	78.15%
2011-12	19,089	24,287	78.60%
2012-13	21,515	27,018	79.63%
2013-14	24,491	30,186	81.13%
2014-15	25,491	31,208	81.68%
2015-16	28,094	34,257	82.01%

(Source: <http://www.epb.gov.bd>)

**7) Status of any publicly announced new products or business segment;**

The Company did not announce new products or business segment.

**8) The extent to which the business is seasonal;**

All types of garments require sewing thread and the garment prepared from these sewing thread are exported from Bangladesh to all around the world round the period in almost the same volume, since the world demand remain more or less same in all seasons. Therefore, the company's business is not significantly affected by the seasonal aspect.

**w) Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc.**

The Company has neither rescheduled its borrowings with financial institutions/banks nor converted its loans into equity. There has been no lock out, strikes etc.

**x) Details regarding the changes in the activities of the issuer during the last five years which may had a material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors;**

There were no changes in the activities of the Company during the last five years and had not any material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors.

**y) Injunction or restraining order, if any, with possible implications;**

There was no injunction or restraining order imposed against the Company.

**z) Technology, market, managerial competence and capacity built-up;**

We have been using HTHP dyeing technology for premium quality dyeing while the dye stuffs are been imported from Germany to ensure best results & superior quality. Managerial competence is interlinked with technology and we hired most experienced and expert professionals to get maximum and smooth line of production as per market demand. So we are always in line to establish our goal with increasing our capacity & built-up best quality to meet up the expanding demand & to grab the maximum market share.

**aa) Changes in accounting policies in the last three years;**

The management of the Company has not change any accounting policies in the last three years.

**bb) Significant developments subsequent to the last financial year;**

There were no significant events occurred subsequent to the last financial year and no adverse effect will happen in the profitability of the issuer.

Sd/-  
**Md. Rasel**  
Chief Financial Officer

Sd/-  
**M. Azhar Rahman**  
Managing Director

Sd/-  
**Sarwat Khaled**  
Chairman

**cc) If any quarter of the financial year of the issuer ends after the year ended in the audited financial statements as disclosed in the prospectus, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;**

Unaudited Financial Statements as on 31 December 2017 is as follows:

**VFS THREAD DYEING LIMITED**  
**Statement of Financial Position (Un-audited)**  
**As at 31 December 2017**

Particulars	Amount in Taka	
	31 December 2017	30 June 2017
<b>Assets</b>		
<b>Non-Current Assets</b>	<b>825,258,852</b>	<b>805,175,967</b>
Property, Plant & Equipment	824,487,352	804,404,467
Security Deposit	771,500	771,500
<b>Current Assets</b>	<b>663,700,079</b>	<b>634,562,148</b>
Inventories	227,799,839	228,032,743
Material In Transit	11,625,895	-
Trade Receivables	379,720,681	369,467,815
Advance, Deposits and Prepayments	40,861,280	35,860,857
Cash and Cash Equivalents	3,692,384	1,200,734
<b>Total Assets</b>	<b>1,488,958,931</b>	<b>1,439,738,115</b>
<b>Shareholders Equity and Liabilities</b>		
<b>Shareholders Equity</b>	<b>1,295,767,357</b>	<b>1,247,787,185</b>
Share Capital	627,148,000	627,148,000
Retained Earnings	668,619,357	620,639,185
<b>Non-Current Liabilities</b>	<b>53,482,702</b>	<b>58,611,448</b>
Long Term Borrowings	23,355,910	32,356,039
Deferred Tax Liabilities	30,126,792	26,255,409
<b>Current Liabilities</b>	<b>139,708,872</b>	<b>133,339,483</b>
Trade Payables	838,240	5,984,789
Current Portion of Long Term Borrowings	17,268,000	16,722,000
Short Term Borrowings	61,934,765	58,826,719
Creditor & Accruals	6,750,411	4,024,515
Provision for Income Tax	52,917,456	47,781,460
<b>Total Shareholders Equity and Liabilities</b>	<b>1,488,958,931</b>	<b>1,439,738,115</b>
<b>Net Asset Value (NAV) Per Share</b>	<b>20.66</b>	<b>19.90</b>

Sd/-

**Managing Director**

Sd/-

**Chief Financial Officer**

Dated: February 08, 2018  
Dhaka

**VFS THREAD DYEING LIMITED**  
**Statement of Profit or Loss and other Comprehensive Income (Un-audited)**  
**For the period ended 31 December 2017**

Particulars	(Amount in Taka)			
	01 July 2017 to 31 December 17	01 July 2016 to 31 December 2016	October to December 31, 17	October to December 31, 16
Sales Revenue	423,316,780	416,267,889	217,608,390	216,114,244
Less: Cost of Goods Sold	346,794,859	340,598,049	176,756,604	175,658,736
<b>Gross Profit</b>	<b>76,521,921</b>	<b>75,669,840</b>	<b>40,851,786</b>	<b>40,455,508</b>
Less: Operating Expenses	10,033,773	10,151,226	5,301,741	5,417,172
<b>Operating Income</b>	<b>66,488,148</b>	<b>65,518,614</b>	<b>35,550,045</b>	<b>35,038,336</b>
Less: Financial Expenses	6,810,419	7,594,072	3,266,788	3,879,131
<b>Net Operating Income</b>	<b>59,677,729</b>	<b>57,924,541</b>	<b>32,283,257</b>	<b>31,159,205</b>
Add: Other Non-Operating Income	159,200	184,460	108,897	114,653
<b>Profit before Tax &amp; WPPF</b>	<b>59,836,929</b>	<b>58,109,001</b>	<b>32,392,154</b>	<b>31,273,858</b>
Less: Workers profit Participation Fund (WPPF)	2,849,378	-	1,542,484	-
<b>Profit before Tax</b>	<b>56,987,551</b>	<b>58,109,001</b>	<b>30,849,670</b>	<b>31,273,858</b>
<b>Less: Provision for Taxation</b>	<b>9,007,380</b>	<b>8,753,242</b>	<b>4,880,602</b>	<b>4,714,009</b>
Current Tax	5,135,996	4,755,406	2,628,333	2,705,081
Deferred Tax	3,871,383	3,997,836	2,252,270	2,008,929
<b>Net Profit after Tax</b>	<b>47,980,172</b>	<b>49,355,759</b>	<b>25,969,068</b>	<b>26,559,849</b>
<b>Earnings Per Share (EPS)</b>	<b>0.77</b>	<b>0.79</b>	<b>0.41</b>	<b>0.42</b>

Sd/-  
**Managing Director**

Sd/-  
**Chief Financial Officer**

Dated: February 08, 2018  
Dhaka

**VFS THREAD DYEING LIMITED**  
**Statement of Changes in Equity (Un-audited)**  
**For the period ended 31 December 2017**

*(Amount in Taka)*

<b>Particulars</b>	<b>Ordinary Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
As at July 01, 2017	627,148,000	620,639,185	1,247,787,185
Net Profit during the period	-	47,980,172	47,980,172
<b>Balance as on 31 December 2017</b>	<b>627,148,000</b>	<b>668,619,357</b>	<b>1,295,767,357</b>

**Statement of Changes in Equity**  
**For the period ended 31 December 2016**

*(Amount in Taka)*

<b>Particulars</b>	<b>Ordinary Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
As at July 01, 2016	627,148,000	480,511,496	1,107,659,496
Net Profit during the period	-	49,355,759	49,355,759
<b>Balance as on 31 December 2016</b>	<b>627,148,000</b>	<b>529,867,255</b>	<b>1,157,015,255</b>

Sd/-

**Managing Director**

Sd/-

**Chief Financial Officer**

Dated: February 08, 2018  
Dhaka

**VFS THREAD DYEING LIMITED**  
**Statement of Cash Flows (Un-audited)**  
**For the period ended 31 December 2017**

Particulars	(Amount in Taka)	
	01 July 2017 to 31 December 2017	01 July 2016 to 31 December 2016
<b>A. Cash Flows from Operating Activities</b>		
Cash receipts from customers & others	413,223,114	442,484,038
Cash payment to suppliers, employee & others	(344,248,168)	(344,098,208)
Cash payment for interest on short term loan	(3,934,548)	(3,559,387)
Cash payment for income tax	(5,891,447)	(3,096,097)
<b>Net Cash Flows from Operating Activities</b>	<b>59,148,951</b>	<b>91,730,346</b>
<b>B. Cash Flows from Investing Activities</b>		
Cash payments for acquisition of fixed assets	(48,435,347)	(2,553,565)
<b>Net Cash Flows from Investing Activities</b>	<b>(48,435,347)</b>	<b>(2,553,565)</b>
<b>C. Cash Flows from Financing Activities</b>		
Cash receipts from short term loan from bank	57,705,922	36,771,490
Cash repayments of short term loan	(54,597,876)	(55,839,215)
Cash receipts from long term loan	2,875,871	4,034,685
Cash repayments of long term loan	(11,330,000)	(14,150,000)
Cash payment for interest on long term loan	(2,875,871)	(4,034,685)
<b>Net Cash Flows from Financing Activities</b>	<b>(8,221,954)</b>	<b>(33,217,725)</b>
<b>D. Increase/(Decrease) of Cash and Cash Equivalents (A+B+C)</b>	<b>2,491,650</b>	<b>55,959,056</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>1,200,734</b>	<b>1,995,333</b>
<b>F. Closing Cash and Cash Equivalents (D+E)</b>	<b>3,692,384</b>	<b>57,954,390</b>
<b>Net Operating Cash Flows per Share (NOCFPS)</b>	<b>0.94</b>	<b>1.46</b>

Sd/-  
**Managing Director**

Sd/-  
**Chief Financial Officer**

Dated: February 08, 2018  
Dhaka



**dd) Factors that may affect the results of operations.**

There are no such factors known to the Issuer that may affect the results of operations.

**SECTION (VII): MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS**

**a. Overview of business and strategies:**

VFS Thread Dyeing Ltd is one of the leading manufacturers of Sewing Thread in Bangladesh. The Company started its commercial operation in July 02, 2012. The principal activities of the company are to carry on dyeing and finishing of sewing thread yarn for 100 % export oriented Readymade Garments industries in Bangladesh that exports the finished products to the overseas buyers against Letter of Credit. The garment manufacturers export their goods to the overseas markets. Therefore, the final destination of the company's products appears to be the overseas market. VFS Thread Dyeing Ltd. has expanded its capacity, developed a skilled workforce and introduced integrated technologies, to remain globally up-to-date. It is truly an organization with a glorious past and a bright future. Quality is main concern while formulating is company's strategy. We try to produce goods with low cost so that we can get competitive advantages over our competitors. We also believe in providing customizing products to our customer as per need basis so that we can get maximum market share of our products.

**b. SWOT ANALYSIS:**

Brief SWOT analyses of VFS Thread Dyeing Ltd. are tabulate below:



**c. Analysis of the financial statement of last five years:**

(As per Audited Accounts-Amount in BDT)

Particulars	Year ended 30-Jun-17	Year ended 30-Jun-16	Year ended 31-Dec-15	Year ended 31-Dec-14	Year ended 31-Dec-13	Year ended 31-Dec-12
Revenue	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Other Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500
Total Income	881,291,550	399,337,986	783,126,133	766,638,195	636,395,400	261,103,487
Cost of Material	551,823,813	239,812,145	492,179,369	475,538,807	415,379,598	211,995,694
Finance Cost	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766
Depreciation and Amortization	56,377,621	27,280,214	49,149,416	47,225,609	50,428,831	13,828,996
Manufacturing Overhead	64,740,637	32,435,865	61,271,977	59,021,007	33,723,119	18,967,084
Operating Expenses	18,124,619	8,413,104	15,325,491	14,482,500	14,661,543	12,079,404
Net Profit Before Tax	166,086,987	82,364,515	157,450,852	163,112,651	130,532,296	14,364,565
Net Profit After Tax	141,082,277	70,317,699	144,962,742	138,402,492	110,694,465	11,944,943
EPS	2.25	1.12	2.31	2.21	1.77	0.19

**Reason for any material change:**

Sales increase 144.40% in 2013 in respect to 2012 and in 2014 sales increased by further 20.49% compare to 2013. As sales were increased net profit were also increased by 827.00% in 2013 and 25% in 2014. The company started its commercial operation in July 2012, therefore 2012 financial figures were only for half year. The first full year operation was 2013; hence it looks 2013 sales and profitability were drastically changed compare to 2012. Since 2013 sales and profitability kept increasing steadily and were stable because of steady growth of the company. The management of the company is very well known and recognized business person within the Dyeing and Garments sector in Bangladesh therefore able to generate healthy sales in short period of time.

**Finance cost:** Finance cost increased over time due to loan taken from bank. The company intended to decrease the dependence on loan finance and focused on equity finance.

**Changes of inventories:** Inventory increase from Tk. 192,934,494 to Tk. 228,032,743 due to higher demand as the sales has increased from Tk. 800,062,695 to Tk. 880,833,240.

**d. Known trends, demands, commitments, events or uncertainties that are likely to have an effect on the company's business:**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- I. Increased production cost
- II. Increased competition
- III. Scarcity of power
- IV. Political unrest
- V. Natural disaster

**e. Trends or expected fluctuations in liquidity:**

There are no trends or expected fluctuations in liquidity position of the Company.

**f. Off-balance sheet agreements those have or likely to have a current or future effect on financial condition:**

There are no off-balance sheet agreements those have or likely to have current or future effect on financial condition.

**SECTION (VIII): DIRECTORS AND OFFICERS**

**a. Name, Father's Name, age, Residential address, Educational qualification, experience and position of each director and nominated director with nomination period, organization name:**

Name	Father's Name	Age	Residential address	Educational Qualification	Experience	Position	Name of the Institutions and Duration for Nominated Director
Sarwat Khaled	Khaled Saufullah Siddique	43	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka -1213	M.Com (D.U)	12	Chairman	None
M. Azhar Rahman	Late Abul Hashem	43	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka -1213	MBA from University of London, UK	16	Managing Director	None
Rumana Hashem	Late Abul Hashem	40	Sec: 10, Block: A, Lane: 1, House: 10, Mirpur, Dhaka-1216	PhD- University of East London, Masters from Munich University Germany.	10	Director	None
Tariqul Islam	Late Abul Hashem	49	Sec: 10, Block: A, Lane: 1, House: 10, Mirpur, Dhaka-1216	Bachelor in Architecture from BUET	20	Director	None
Khaleda Siddique	Late Aminur Rasul	46	Parc palais, Apt #A4, House # 74, Road # 12A, Dhanmondi R/A, Dhaka	Masters from Dhaka University	19	Independent Director	None

**b. Date of first Directorship and Expiry of Current Tenure of the directors:**

SL	Name of the Director	Position	Date of first Directorship	Date of Expiration of Current term
1	Sarwat Khaled	Chairman	20/04/2010	AGM in 2019
2	M. Azhar Rahman	Managing Director	20/04/2010	AGM in 2018
3	Rumana Hashem	Director	25/09/2011	AGM in 2019
4	Tariqul Islam	Director	09/10/2017	AGM in 2019
5	Khaleda Siddique	Independent Director	24/04/2016	AGM in 2019

**c. Name of Interest and Involvement in other business/organization of directors:**

Name	Designation in VFS Thread Dyeing Limited	Directorship/Sponsorship/Ownership in other Company	Position
Sarwat Khaled	Chairman	Oryza Agro Industries Limited VFS Apparels & Design Limited	Director
M. Azhar Rahman	Managing Director	Oryza Agro Industries Limited Decolete Collections Limited VFS Apparels & Design Limited	Director
Rumana Hashem	Director	Hemple Rhee Manufacturing Co (BD) Ltd	Shareholder
Tariqul Islam	Director	None	None
Khaleda Siddique	Independent Director	N/A	N/A

**d. Statement of if any Directors of the issuer are associated with the securities market in any manner and any director of the issuer company is also director of any issuer of other listed securities during last three years with dividend payment history and market performance:**

None of the Directors are involved in securities market and not involved with other listed securities during last three years.

**e. Family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers:**

Name	Position	Relationship with other directors
Sarwat khaled	Chairman	Wife of Mr. M. Azhar Rahman
M. Azhar Rahman	Managing Director	Husband of Mrs. Sarwat khaled
Tariqul Islam	Director	Brother of Mr. M. Azhar Rahman
Rumana Hashem	Director	Daughter of Mrs. Rawshon Ara and Sister of Mr. M. Azhar Rahman
Khaleda Siddique	Independent Director	None

There is no family relationship among the directors and top five officials of the company, except Managing director of the Company.

**f. Brief description of other businesses of the directors:**

Name	Designation in VFS Thread Dyeing Limited	Directorship/Sponsorship/Ownership	Position
Sarwat Khaled	Chairman	Oryza Agro Industries Limited VFS Apparels & Design Limited	Director
M. Azhar Rahman	Managing Director	Oryza Agro Industries Limited	Director

		Decolete Collections Limited VFS Apparels & Design Limited	
Rumana Hashem	Director	Hample Rhee Manufacturing Co (BD) Ltd	Shareholder
Tariqul Islam	Director	None	None
Khaleda Siddique	Independent Director	None	None

**g. Short bio-data of each director**

**Sarwat Khaled**

Chairman

Sarwat Khaled, Chairman of the Company born in a well-known business family in Chittagong in 1974. After completion of her Masters of Commerce from University of Dhaka, she engages herself in business. She is a dynamic and energetic business lady with over 12 years of business experience in different sectors. She started her business carrier in trading of textile and IT products, than expanded it to manufacturing and exporting of different types of garments & agro based items. She became a successful business person in short time of her business career with her sincerity, honesty and conceptual problem solving ability.

**M. Azhar Rahman**

*Managing Director*

Mr. M. Azhar Rahman, Managing Director of the Company is a professional and dynamic business person having above 16 years of business experience in different business. He was born in 1974 in a sophisticated business family in Dhaka. He completed his Master's in Business Administration (MBA) from University of London, UK and then he engages himself into business. His interpersonal skills, leadership behavior, high analytical ability and hardworking nature made him worth as a business leader in a short period. During his tenure of business career, he gained business knowledge in textiles, yarn dyeing, agro based and readymade garment industries.

**Rumana Hashem**

*Director*

Rumana Hashem, Director of the Company is a highly qualified person who took her Doctoral Degree (PhD) from University of East London, UK. She completed her Post Masters from Munich University, Germany and Masters from Dhaka University. She is an excellent entrepreneur and a bona fide business person.

**Tariqul Islam**

*Director*

Tariqul Islam aged 49, Director of the Company born in a well-known business family in 1968 in Dhaka. After completion of his Bachelor Degree in Architecture from Bangladesh University of Engineering and Technology (BUET), He engages himself in business. He also involved in many social activities and similar works. He became a successful business person of his business career with his sincerity, honesty and practical problem solving ability. His interpersonal skills, leadership behavior and hardworking nature made him worth as a successful business leader.

**Khaleda Siddique**  
*Independent Director*

Khaleda Siddique aged 46, independent director of VFS Thread Dyeing Limited born in a well-known business family in Dhaka in 1972. She was completed her Graduation in Business and completed her Masters from Dhaka University. After completed the study she engaged herself in business. She started business in IT sector and worked in both software & hardware industry in home & abroad. She also gained experience in internal control system and well experienced in financial statement analysis and issues related to internal audit, external audit and internal control system. She became a successful business person in short time of her business career with her interpersonal skills, honesty and conceptual problem solving ability. Her leadership behavior, high analytical ability and hardworking nature made her a leading business person in the society.

**h. Loan status of the issuer, its directors and shareholders who hold 10% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank:**

Neither the Company nor any of its Directors or shareholders who hold 10% or more shares in the paid up capital of the issuer is loan defaulter in terms of the CIB report of Bangladesh Bank.

**i. Name, position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the CEO, MD, CFO, CS, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included:**

Sl	Name	Position	Educational Qualification	Age	Date of Joining	Overall experience	Previous employment	Salary/remuneration paid as of June 30, 2017
1	Sarwat Khaled	Chairman	M.Com (DU)	43	April 20, 2010	12	None	75,000
2	M. Azhar Rahman	Managing Director	MBA from University of London, UK	43	April 20, 2010	16	None	1,200,000
3	Rumana Hashem	Director	PhD-University of East London, Masters from Munich University, Germany	40	September 25, 2011	10	None	75,000
4	Md. Rasel	Chief Financial Officer	M.Com	33	Nov 1, 2016	09	Simtex Industries Limited	400,000
5	Golam Kibria	Company Secretary	MBA	45	May 05, 2011	16	Rupayan Group	540,000
6	Siddiqui Rahman	GM-Commercial	M.Com	50	June 10, 2010	18	Sonali Bank Ltd.	252,000
7	Fakruddin Ahmed	Production in Charge	MBA in Textiles	36	July 01, 2016	07	Nassa Group	216,000
8	Bayzied Hossain	Manager - Admin	MBA	48	June 15, 2011	21	Magpie composite Group	432,000

**j. Changes in the key management persons during the last three years:**

Mo Lai Mei, Director of the Company resigned from the Board dated May 02, 2015 and stayed as shareholders. Khaleda Siddique, Independent Director joined with the Company dated April 24, 2016. Apart from that there was no change in the key management persons during the last three years.

**k. A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions/posts held in the past, directorship held, other ventures of each sponsor and present position:**

Name	Father's Name	Age	personal addresses	Education al Qualificat ion	Exper ience	Position held in the past	Director ship held	Venture of Sponsors and present position
Sarwat Khaled	Khaled Saifullah Siddique	43	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka - 1213	M.Com (D.U)	12	Director	20/04/2010	Oryza Agro Industries Ltd. as a Director
M. Azhar Rahman	Md. Abul Hashem	43	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka - 1213	MBA from University of London, UK	16	Director	20/04/2010	Oryza Agro Industries Ltd., Decolete CollectionsLtd. and Silk Road International Ltd. as a Director

**l. If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.**

VFS TDL has total of five directors and M. Azhar Rahman & Sarwat Khaled are the sponsors of the Company.

**m. If the sponsors/directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out/managed:**

All the directors have adequate knowledge to carry out this line of business.

**n. Interest of the key management persons:**

There is no other interest with the key management personal except the Managing Director who are given remuneration for the full time job he is carrying out for developing business.

**o. All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary:**

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

**p. Number of shares held and percentage of shareholding of Sponsors and Directors (pre issue):**

Sl. No.	Name of Shareholder	Position	No. of Shareholding	Shareholding (%) before IPO
1.	Sarwat Khaled	Chairman	6,490,000	10.35%
2.	M. Azhar Rahman	Managing Director	13,760,000	21.94%
3.	Rumana Hashem	Director	2,783,500	4.44%
4.	Tariqul Islam	Director	3,030,000	4.83%
5.	Mo Lai Mei	Sponsor	15,501,300	24.72%
6.	Khaleda Siddique	Independent Director	100,000	0.16%
<b>Total</b>			<b>41,664,800</b>	<b>66.44%</b>

**q. Change in board of directors during last three years:**

On 2<sup>nd</sup> May 2015, Mo lai Mei, Director of the company had resigned from the Board and merely became shareholder of the company and In April 24, 2016 Khaleda Siddique was joined with the company as Independent Director to ensure regulatory compliance.

On October 09, 2017 Tariqul Islam joined in the Company as new Director and Ms. Rowshan Ara resigned from the Directorship and became shareholder of the company.

**r. Director's engagement with similar business:**

None of the Directors are involve with similar business except Mrs. Rumana Hashem who is a Shareholder of Hemple Rhee Mfg. Co., (BD) Ltd., a leading garment manufacturer in CEPZ, Chittagong.



## SECTION (IX): CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

- a. Description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and the amount of such interest

- (i) Any director or sponsor or executive officer of the issuer;
- (ii) Any person holding 5% or more of the outstanding shares of the issuer;
- (iii) Any related party or connected person of any of the above persons;

This is to certify that the status of related party transactions of VFS Thread Dyeing Limited for the last five years were as follows:

Name	Relationship	Nature of Transaction	Year ended June 30, 2017	Period ended June 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Ms. Sarwat Khaled	Chairman	Remuneration & Board Meeting Attendance Fees	81,000	40,500	80,000	61,200	60,900	45,840
Mr. M. Azhar Rahman	Managing Director & Director	Salary, Remuneration & Board Meeting Attendance Fees	1,206,000	603,000	1,280,000	1,061,200	860,900	545,840
Ms. Rumana Hashem	Director	Remuneration & Board Meeting Attendance Fees	81,000	40,500	77,000	60,600	60,900	45,840
Ms. Rawshon Ara	Director	Remuneration & Board Meeting Attendance Fees	78,000	39,500	80,000	61,200	60,900	45,840
Ms. Khaleda Siddique	Independent Director	Board Meeting Attendance Fees	3,000	2,000	-	-	-	-
Ms. Mo Lai Mei	Director	Remuneration & Supplied Machineries through Vendor Agreement	-	-	20,000	60,600	60,900	45,840
<b>Total</b>			<b>1,449,000</b>	<b>725,500</b>	<b>1,537,000</b>	<b>1,304,800</b>	<b>1,104,500</b>	<b>729,200</b>

Apart from above transactions the company does not have any other transactions with related parties or any proposed transactions with related parties.

The above balance is certified on the basis of books of accounts records and other supporting documents for the period from 01 January 2011 to 30 June 2017. We also noted that Ms. Mo Lai Mei was resigned from the Directorship dated 02 May 2015 and stayed as shareholders of the Company. On the other hand Mrs. Khaleda Siddique joined as Independent Director of the company dated on April 24, 2016.

Sd/-

**AHMAD & AKHTAR**

Chartered Accountants

Date: 13 September 2017

- b. Transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus**

There is no Transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transaction mentioned in Section IX (a).

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

The company hasn't taken from or given to any loans to any director or any person connected with the director.

## SECTION (X): EXECUTIVE COMPENSATION

- a. The total amount of remuneration/salary/perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer:

Sl	Name	Position	Salary as on June 30, 2017
1	M. Azhar Rahman	Managing Director	1,200,000
2	Md. Rasel	Chief Financial Officer	400,000
3	Golam Kibria	Company Secretary	540,000
4	Siddiquir Rahman	GM-Commercial	252,000
5	Md. Bayzied Hossain	Manager-Admin	432,000
<b>Total</b>			<b>2,824,000</b>

- b. Aggregate amount of remuneration paid to all directors and officers as a group during the last 12 month:

Sl.	Particulars	Nature of Payment	Year ended June 30, 2017
1.	Directors	Board Meeting Fees	24,000
2.	Managing Director and Directors	Remuneration	1,425,000
3.	Officers and Executives	Salary and Allowances	3,677,770
<b>Total</b>			<b>5,126,770</b>

- c. If any shareholder director received any monthly salary/perquisite/benefit it must be mentioned along with date of approval in AGM/EGM, terms thereof and payments made during the last accounting year:

Name of Directors	Monthly salary/perquisite/benefit	Date of Approval in AGM/EGM	Terms There of	Payment for period ended June 30, 2017
Sarwat Khaled	6,250	Approved in Board Meeting and last AGM held on October 25, 2017.	-	75,000
M. Azhar Rahman	100,000		-	1,200,000
Rowshan Ara	6,250		-	75,000
Rumana Hashem	6,250		-	75,000

- d. The board meeting attendance fees received by the director including the managing director along with date of approval in AGM/EGM:

The board meeting attendance fees received by the director are as follows:

Name	Position	Approval in AGM	Fees as at June 30, 2017
Sarwat Khaled	Chairman	Approved in Board Meeting and last AGM held on October 25, 2017.	6,000
M. Azhar Rahman	Managing Director		6,000
Rumana Hashem	Director		6,000
Khaleda Siddique	Independent Director		3,000
Total			24,000

**Note:** The above Board meeting attendance fees also approved by the Board of Directors in Board Meeting dated 05 January 2015.

**e. Any contract with any director or officer providing for the payment of future compensation:**

There is no such contract between the company and any of directors or officers regarding any future compensation to be made to them.

**f. If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto:**

The company has no plan for substantially increasing remuneration to its directors and/or officers except for those that are paid as annual increment to their salaries.

**g. Any other benefit/facility provided to the above persons during the last accounting year:**

No other benefit/facility provided to the above persons during the last accounting year.

**SECTION (XI): OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES**

The VFS Thread Dyeing Ltd did not grant any options to its directors, officers and/or any other employees for the purpose of issuing shares.

## SECTION (XII): TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- a. The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;

There were no such transaction was recorded in last five years other than those mentioned in “Section (IX): Certain Relationships & Related Transactions” of the prospectus (page no. 89).

- b. Assets were acquired or to be acquired from the Directors and Subscribers of the Memorandum:

Mo Lai Mei, Room # 201, No 598 Long pen, Zhong Road, Nanjing City, JiangSu, china, a citizen of china paid US\$ 46,57,163.00 i.e. equivalent to BDT 37,25,73,000.00 for importing machineries from M/S. Dayeung Industries, Inc, RM 495, campus-Town Building, 795-12, I-Dong, Sangrokgu, Ansan, 426-160, Korea from his own source against her newly shares in the company. Total of 37,25,730 ordinary shares of TK 100 each was issued in favor of Mo Lai Mei against her investment in the company by Return of Allotment dated on November 28, 2012.

The Company also purchased total of 13 decimals land from M. Azhar Rahman, Managing Director and Sarwat Khaled, Chairman of the company. The details breakdown of such transaction is presented in table below:

Name of Seller	Location of Land	Area in decimal	Cost of acquisition(BDT)	Land deed No	Relation
M. Azhar Rahman and Sarwat Khaled	Gazipur	13	502,000	16154	Chairman & Managing Director of VFS Thread Dyeing Limited respectively

The Company does not have any intention to be acquired any further assets from the Directors and Subscribers of the Memorandum in foreseeable future.

### SECTION (XIII): OWNERSHIP OF THE COMPANY'S SECURITIES

- a. The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership, in tabular form

#### Shareholding of the sponsors, directors and other shareholders:

Sl. No.	Name of Shareholder	Address	Position	BO ID	No. of Shareholding	Shareholding (%) before IPO on 62,714,800 shares	Shareholding (%) Post- IPO on 84,714,800 shares	Lock-in Period
1	Sarwat Khaled	House-29 (A-5), Road -9, Block - G, Banani, Dhaka-1213, Dhaka	Chairman	1201950064953536	6,490,000	10.35 %	7.66 %	3 Years
2	M. Azhar Rahman	House-29 (A-5), Road -9, Block - G, Banani, Dhaka-1213, Dhaka	Managing Director	1201950064952657	13,760,000	21.94 %	16.24 %	3 Years
3	Rumana Hashem	House-29 (A-5), Road -9, Block - G, Banani, Dhaka-1213, Dhaka	Director	1201950064955411	2,783,500	4.44 %	3.29 %	3 Years
4	Tariqul Islam	House-10, Lane-1, Block-A, Section-10, Mirpur, Dhaka-1216	Director	1201950064955031	3,030,000	4.83%	3.58%	3 Years
5	Mo Lai Mei	Room-201, No.598 long Pan Zhong Road, Nanjing City, Jiangsu, China	Sponsor	1605860061247164	15,501,300	24.72 %	18.30 %	3 Years
6	Rowshan Ara	House-10, Lane-1, Block-A, Section-10, Mirpur, Dhaka-1216	Shareholder	1204120064955487	3,300,000	5.26 %	3.90 %	1 Year
7	Md. Shohedul Islam	House -C13, Road -5, Arambag, section -7, Mirpur, Dhaka-1216.	Shareholder	1605860061246590	14,50,000	2.31%	1.71%	1 Year
8	AKM Nasir Ullah	Vill-Satmora, P.S-Nobinaga, brahmonbaria, Brahmanbaria	Shareholder	1605860061244492	50,000	0.08 %	0.06 %	1 Year
9	Farzana Khaled	House#14, Road#16/3, Section-12, Block-Dha, Pallbi, Mirpur, Dhaka-1216	Shareholder	1604940064954391	75,000	0.12 %	0.09 %	1 Year
10	Khandoker Mofazzal Hossain	House#3, Flat #5A, road #6, sector #4, Uttara, Dhaka-1230	Shareholder	1202090059088777	50,000	0.08 %	0.06 %	1 Year
11	Golam Mohiuddin	House:56/i, South Mugdapara, P.O.: Bashabo, P.S.: Mugda, Dhaka-1214	Shareholder	1203180007726747	700,000	1.12 %	0.83 %	1 Year
12	Md. Abdus Sultan	Village & Post # Nandina, District # Jamalpur	Shareholder	1605570058021241	800,000	1.28 %	0.94 %	1 Year
13	Mayfair Holdings Ltd	6, Gulshan Avenue Level-3, Block-SW (H) Gulshan -1, Dhaka -1212	Shareholder	1202090059408200	300,000	0.48 %	0.35 %	1 Year

14	Md. Abdul Bari Sarkar	House # 299, Block # C, Khilgaon Choudhury Para, Dhaka-1219	Shareholder	1202090000385096	50,000	0.08 %	0.06 %	1 Year
15	Md Shah Alam	Holding # G1591, North Halishahar, Oci Miya Road (Nath Para), Chittagong	Shareholder	1203620007870675	50,000	0.08 %	0.06 %	1 Year
16	MST. Nadira Akhter	House # 62, Road No/ Name Jot Kalic Proshad Chowdhury Professor Colony, P.O- Gaibandha, P.S-Gaibandha Sadar, Gaibandha	Shareholder	1605760055703723	2,000,000	3.19 %	2.36 %	1 Year
17	Md. Mahabuber Rahman	Road: Roghunathpur, P.O- Rowshanbag, P.S-Gaibandhasadar, Gaibandha-5700 Bangladesh	Shareholder	1605760055660960	2,000,000	3.19 %	2.36 %	1 Year
18	Shamsunnahar	33/B, Uttar Basabo, Shobujbag, Dhaka, Bangladesh	Shareholder	1204220056696739	50,000	0.08 %	0.06 %	1 Year
19	Jahadha Khondoker	House No- 37, Road No-01, Bonosree, Block- A, P.O-Khilgaon, Dhaka-1219 Bangladesh	Shareholder	1605570048505085	1,500,000	2.39 %	1.77 %	1 Year
20	Md Anowar Jahid	Village-Khalishakundi, Po- Khalishakundi, P.S-Daulatpur, Dis- Kushtia-7030, Bangladesh	Shareholder	1605860061228627	100,000	0.16 %	0.12 %	1 Year
21	Mst. Shahanaj Pervin	Vill-Goalkhali, P.O- Magura, P.S- Magura Sador, Magura-7600, Bangladesh	Shareholder	1203610052249643	100,000	0.16 %	0.12 %	1 Year
22	Mr Sonkar Kumar Paul	Vill- Nandanpur, P.O- Nandanpur, Sathia, Pabna-6670 Bangladesh	Shareholder	1203140064837164	100,000	0.16 %	0.12 %	1 Year
23	Nayon Chowdhury	80/11, South Basabo, Kodomtola, Dhaka, Bangladesh	Shareholder	1204220059298763	40,000	0.06 %	0.05 %	1 Year
24	M.M. Iqbal Hossain	House- 6/1, South Kallyanpur Nondon- 2 (3rd Floor) Right Side, Kallayanpur, Post- Mohammadpur- 1207, Mirpur, Dhaka, Bangladesh	Shareholder	1204180023624187	50,000	0.08 %	0.06 %	1 Year
25	Md. Khaled- Al Mahmud	House-41/23/Ka, Road # Moulobi Salek Road (Notun Rasta) Jigatola, Dhaka- 1209, Bangladesh	Shareholder	1204180045720046	50,000	0.08 %	0.06 %	1 Year
26	Nazim Md. Imtiaz	Holding : Shahin Mansion, Vill: Kanugazi Mosque Road, Gazipara, Noakhali- 3800, Bangladesh	Shareholder	1205790064808431	50,000	0.08 %	0.06 %	1 Year

27	Md. Zillur Rahman	Holding- Shaheb Bari, Vill-Bimpur, P.O-Chatkhil- 3870, Chatkhil Pouroshova, Chatkil, Noakhali, Bangladesh	Shareholder	1204180020025151	10,000	0.02 %	0.01 %	1 Year
28	Banco Finance And Investment Ltd.	Baitul View Tower (11th Floor), 56/1, Purana Paltan, Dhaka-1000. Bangladesh	Shareholder	1605570061564795	1,000,000	1.59 %	1.18 %	1 Year
29	Mahbuba Begum	148,South Kamlapur,Dhaka-1217	Shareholder	1201700000258308	50,000	0.08 %	0.06 %	1 Year
33	Md. Rabiul Islam	Village-Fulbari, P.O-Nohata, P.S-Mohammadpur, Dist-Magura, Bangladesh	Shareholder	1203140020591391	50,000	0.08 %	0.06 %	1 Year
31	Aulad Hussain Bhuiyan	Shemuha Deghirpar, Maishati, Katiadi, Kishoregonj	Shareholder	1205690061453864	50,000	0.08 %	0.06 %	1 Year
32	Md. Foysal Ahamed	22/7 Bijli Moholla, Mahammadpur, Dhaka	Shareholder	1203040058175818	150,000	0.24 %	0.18 %	1 Year
33	Md. Tazul Islam	House- Tazul Islamer Bari, Vill-Hazinagar, P.S.-Sharulia P.S.-Deamra, Dhaka-1361.	Shareholder	1203040064933657	300,000	0.48 %	0.35 %	1 Year
34	Kaji Amdadul Haque	Vill- Mohadan, P.O.: Bario Patal, P.S.: Sarishabari, Dist.: Jamalpur	Shareholder	1605570062732560	250,000	0.40 %	0.30 %	1 Year
35	Shakil Mahmud	Vill- Nachon Mohori, P.O.: Aynapur, P.S.: Zinaigati, Dist.: Sherpur-2130	Shareholder	1605550062101886	800,000	1.28 %	0.94 %	1 Year
36	Mohammad Towhidul Islam	112/Ka, Central Road, Dhanmondi, Dhaka-1205	Shareholder	1202830055707558	500,000	0.80 %	0.59 %	1 Year
37	Saima Rahman Chaity	House#81/1, Wapda Road, West Rampura, Khilgaon, Dhaka-1219	Shareholder	1604940064954276	50,000	0.08 %	0.06 %	1 Year
38	Sharmin Akther	House#554/7, Borabari Amaiya, Kanchkura, Uttarkhan, Dhaka-1230	Shareholder	1604940064581569	150,000	0.24 %	0.18 %	1 Year
39	Syada Gulshan Ara	Vill-Poylonpur, Po-Kuliarchar, Kuliarchar Powrosava, Kisorgong-2340	Shareholder	1604940064954415	50,000	0.08 %	0.06 %	1 Year
40	Mst. Kamrun Nahar	Vill-Maruka, Harbaid, Gazipur Sadar, Gazipur-1710	Shareholder	1604940064581494	100,000	0.16 %	0.12 %	1 Year
41	Khaleda Siddique	House#74, Park Palas Apartment No.A/4, Road#12/A, Jigatola, Dhanmondi, Dhaka.	Independent Director	1604940064955618	100,000	0.16 %	0.12 %	3 Years
42	Lipi Khatun	House#827, Road#04, Section-7 (East), Pallabi, Mirpur, Dhaka.	Shareholder	1605860061464930	50,000	0.08 %	0.06 %	1 Year



43	Ranu Gain	House#3, Mia Para, Mia Para 1st Gole, Khulna Sadar, Khulna-9100	Shareholder	1201950064952649	50,000	0.08 %	0.06 %	1 Year
44	Md. Mahamodul Hossain	House#437, Bazar Purboline, Goripur Powrosava, Mymensingh.	Shareholder	1604940064581352	1,050,000	1.67 %	1.24 %	1 Year
45	Maksuda Alam	House#0-16 (5th Floor), Road# Nurjahan Road, Block-D-1, Mohammadpur, Dhaka.	Shareholder	1201630029241422	50,000	0.08 %	0.06 %	1 Year
46	Md. Ikhtiar Hossain	House#B-05, Housing Block-B, Kushtia Sadar, Kushtia-7000	Shareholder	1201510008023188	50,000	0.08 %	0.06 %	1 Year
47	Md. Alamgir Hossain	House# 490, Road# Manda Pear Ali Goli, Post office# Basabo, Polish station# Sobujbag, Dhaka-1214.	Shareholder	1604940061304031	400,000	0.64%	0.47%	1 Year
48	Md. Mominur Rahman	House-47/C, Road-Amlapara City Road Post office-Posta, Polishstation- Lalbag, Dhaka-1211.	Shareholder	1604940062512451	250,000	0.40%	0.30%	1 Year
49	Md. Habib Ahsan	House-D/2, Road-05 Nekaton Post office-Gulshan, Polishstation-Gulshan, Dhaka-1212.	Shareholder	1604940060738612	200,000	0.32%	0.24%	1 Year
50	F.A. Trading Corporation	Flat: B-7, 12 Eskaton Road (Boro Moghbazar) Dhaka 1000	Shareholder	1604940063139008	1,250,000	1.99%	1.48%	1 Year
51	Ishtiaq Ahmed	House-565/1 Noyatola , Road-North Noyatola Moghbazar Post office-Santinogor, Polishstation-Ramna, Dhaka-1217.	Shareholder	1202490000226422	75,000	0.12%	0.09%	1 Year
52	Moniruzzaman	House-391/C, Road-Khilgaon Choudhuripara Post office-Khilgaon, Polishstation-Khilgaon, Dhaka-1219.	Shareholder	1203730007301413	50,000	0.08%	0.06%	1 Year
53	Ataur Rahman	Vill: Boiragir chak, Brindabonpur, Post office- Brindabonpur, Polishstation- Komolgong, Moulovibazar-3224.	Shareholder	1604650063053606	200,000	0.32%	0.24%	1 Year
54	Asraf Uddin Ahmed	House-4/3, Humayun Road, (2 <sup>nd</sup> Floor) Block –B, Mohammadpur, Dhaka.	Shareholder	1203110060936141	100,000	0.16%	0.12%	1 Year
55	Mst. Kanij Fatema	House# 2589-A, Road# Vai pagla mazar road, Maltinagar Paikarpara Post office# Bagora-5800.	Shareholder	1604940063976219	400,000	0.64%	0.47%	1 Year

56	Masudul Islam	House-18/K, Road-Tallahbag Post office-Mohammadpur, Police station-Mohammadpur, Dhaka-1207.	Shareholder	1604940047374850	500,000	0.80%	0.59%	1 Year
<b>Total</b>					<b>62,714,800</b>	<b>100.00%</b>	<b>74.03%</b>	

b. There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue:

SL	Name of Director	Address	Age	Experience	BO ID	TIN	No. of Share	(%)	Position held in other organization	
									other organization	Position
1	Sarwat Khaled	House: 29 (House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka -1213	43	12	1201950064953536	589678346505	6,490,000	10.35%	Oryza Agro Industries Limited	Director
									VFS Apparels & Design Limited	
2	M. Azhar Rahman	House: 29 (A-5), Road: 9, Block: G, Banani, Dhaka - 1213	43	16	1201950064952657	111147587755	13,760,000	21.94%	Oryza Agro Industries Limited	Director
									VFS Apparels & Design Limited	
									Decolete Collections Limited	
3	Rumana Hashem	Sec: 10, Block: A, Lane: 1, House: 10, Mirpur, Dhaka-1216	40	10	1201950064955411	771142390094	2,783,500	4.44%	Hemple Rhee manufacturing co Limited	Shareholder
4	Tariqul Islam	Sec: 10, Block: A, Lane: 1, House: 10, Mirpur, Dhaka-1216	49	20	1201950064955031	135153766855	3,030,000	4.83%	None	None
5	Khaleda Siddique	Parc palais, Apt #A4, House # 74, Road # 12A, Dhanmondi R/A, Dhaka	46	19	1604940064955618	771145360521	100,000	0.16 %	None	N/A

**c. The average cost of acquisition of equity shares by the directors certified by the auditors:**

This is to certify that the shares in the equity of VFS Thread Dyeing Limited have been allotted at face value in cash and the average cost of acquisition of equity by the directors is Tk. 10.00 each. Name wise shareholdings position, allotment date and consideration are given below:

Date of Allotment/ Transfer	Allotment/ Transfer	Sarwat Khaled	M. Azhar Rahman	Rumana Hashem	Tariqul Islam	Khaleda Siddique	Consideration	Face value of Share (Tk.)
20.04.2010	Allotment	90,000	210,000	-	-	-	Cash	10.00
25.09.2011	Allotment	900,000	1,550,000	30,000	30,000	-	Cash	10.00
26.12.2011	Allotment	500,000	6,000,000	250,000	-	-	Cash	10.00
28.11.2012	Allotment	5,000,000	5,000,000	2,503,500	-	-	Cash	10.00
26.12.2015	Transfer	-	-	-	-	100,000	Cash	10.00
11.04.2016	Transfer	-	-	-	3,000,000	-	Cash	10.00
29.10.2017	Transfer	-	1,000,000	-	-	-	Cash	10.00
<b>Total</b>		<b>6,490,000</b>	<b>13,760,000</b>	<b>2,783,500</b>	<b>3,030,000</b>	<b>100,000</b>		

The company subdivided the face value of its ordinary share from Tk. 100 to Tk. 10 on dated 10 January 2013 by special resolutions in the Extra Ordinary General Meeting and necessary amendments in the capital clause of the Memorandum of Association and Articles of Association were made accordingly.

The above information is based on books and records provided by the management.

Sd/-

**AHMAD & AKHTAR**

Chartered Accountants

Dated: 17.12.2017

- d. A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors/ directors. In this connection, a statement to be included:

**Sarwat Khaled**

Date of Allotment/ Transfer of fully paid-up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
20-04-2010	Cash	Ordinary Share	90,000	10.00	10.00	90,000	10.35 %	7.66 %	Own Source
25-09-2011			900,000			990,000			
26-12-2011			500,000			1,490,000			
28-11-2012			5,000,000			6,490,000			
Total			6,490,000						

**M. Azhar Rahman**

Date of Allotment/ Transfer of fully paid-up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
20-04-2010	Cash	Ordinary Share	210,000	10.00	10.00	210,000	21.94 %	16.24 %	Own Source
25-09-2011			1,550,000			1,760,000			
26-12-2011			6,000,000			7,760,000			
28-11-2012			5,000,000			12,760,000			
29-10-2017			1,000,000			13,760,000			
Total			13,760,000						

**Rumana Hashem**

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
25-09-2011	Cash	Ordinary Share	30,000	10.00	10.00	30,000	4.44 %	3.29 %	Own Source
26-12-2011			250,000			280,000			
28-11-2012			2,503,500			2,783,500			
Total			2,783,500						

**Tariqul Islam**

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
25-09-2011	Cash	Ordinary Share	30,000	10.00	10.00	30,000	4.83%	3.58%	Own Source
11-04-2016			3,000,000			3,030,000			
Total			3,030,000						

**e. Detail of shares issued by the company at a price lower than the issue price:**

All the shares are issued by the Company at face value of Tk. 10.00 before this issue.

**f. History of significant (5% or more) changes in ownership of securities from inception:**

<b>Date of Allotment/ Transfer</b>	<b>Sarwat Khaled</b>	<b>M. Azhar Rahman</b>	<b>Mo Lai Mei</b>
20.04.2010	90,000	210,000	-
25.09.2011	900,000	1,550,000	14,000
26.12.2011	500,000	6,000,000	-
28.11.2012	5,000,000	5,000,000	37,257,300
29.10.2017 (Transfer)	-	1,000,000	(21,770,000)
	<b>6,490,000</b>	<b>13,760,000</b>	<b>15,501,300</b>

## **SECTION (XIV): CORPORATE GOVERNANCE**

**a. Management disclosure regarding compliance with the requirements of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC);**

The Company declares that it has been complied with the requirements of the applicable regulations of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) and accordingly constitutes several committees under the board for good governance. A certificate of compliance from competent authority has been incorporated accordingly.

Sd/-

**M. Azhar Rahman**

Managing Director

VFS Thread Dyeing Limited

**b. A compliance report of Corporate Governance requirements certified by competent authority;**

**CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE  
OF  
VFS Thread Dyeing Limited**

We have examined the compliance to the BSEC guidelines on Corporate Governance by VFS Thread Dyeing Limited, for the year ended June 30, 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 as amended vide notification dated July 21, 2013 and August 18, 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance Guidelines is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the condition of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

Sd/-

**Mohammad Ata Karim & Co.**

Chartered Accountant

Date: September 17, 2017.

**COMPLIANCE REPORT ON BSEC'S NOTIFICATION**  
**VFS Thread Dyeing Ltd.**

Status of Compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 as amended vide notification dated 21 July 2013 and 18 August 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors:</b>			
<b>1.1</b>	<b>Board's Size</b>			
	The number of the Board members of the company shall not be less than 5 (five) or more than 20 (twenty)	✓		
<b>1.2</b>	<b>Independent Directors:</b>			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the Company's Board	✓		
1.2 (ii) a)	Does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1.2 (ii) b)	Not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship	✓		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	✓		
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies	✓		
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	Shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1.2 (iv)	Cannot remain vacant for more than 90 (ninety) days	✓		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.3 (ii)	Should be a Business Leader/Corporate Leader/ Bureaucrat / University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of Corporate management/professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer:</b>			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals	✓		
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
	The Directors' of the company shall include the following additional statements in the Director's report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994)	✓		
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance.	✓		
1.5 (iii)	Risks and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.			N/A
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			N/A
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			N/A
1.5 (x)	Remuneration to directors including independent directors.	✓		Independent Directors have not received any remuneration
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.			
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Business Growth & Re-Investment
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
<b>1.5 (xxi)</b>	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);			N/A
1.5 (xxi) b)	The pattern of shareholding of Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) c)	The pattern of shareholding Executives;			N/A
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</b>			
1.5 (xxii) a)	a brief resume of the director	✓		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
<b>2.</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary:</b>			
<b>2.1</b>	<b>Appointment</b>			
	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
<b>2.2</b>	<b>Requirement to attend the Board Meetings</b>			
	The CFO and the Company Secretary of the Companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
<b>3.</b>	<b>Audit Committee:</b>			
3 (i)	The company shall have an Audit Committee as a sub-	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	committee of the Board of Directors.			
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>3.1</b>	<b>Constitution of the Audit Committee:</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			N/A
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of Audit Committee:</b>			
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	weakness issued by statutory auditors.			
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results			N/A
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors:</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii) a)	Report on conflicts of interests;			N/A
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.			N/A
<b>3.4.2</b>	<b>Reporting to the Authorities</b>			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			N/A
<b>3.5</b>	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by the Audit Committee, including and report made to the Board of Directors under conditions 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
<b>4.</b>	<b>External/Statutory Auditors:</b>			
4 (i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely: Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Financial information systems design and implementation.	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Broker-dealer services.	✓		
4 (v)	Actuarial services.	✓		
4 (vi)	Internal audit services.	✓		
4 (vii)	Any other service that the Audit Committee determines.	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	during the tenure of their audit assignment of that company.			
<b>5.</b>	<b>Subsidiary Company:</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
<b>6</b>	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
6 (i)	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance</b>			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in directors' report whether the company has complied with these conditions.	✓		

Place: Dhaka  
Date: September 17, 2017

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

- c. Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.

**Audit Committee:**

VFS Thread Dyeing Ltd. forms an Audit Committee with following members.

Name of Director	Position	Position in Audit Committee
Khaleda Siddique	Independent Director	Chairman
M. Azhar Rahman	Managing Director	Member
Rumana Hashem	Director	Member

Golam Kibria, Company Secretary acting as Secretary of the committee.

The terms of reference of the committee has been agreed upon as follows:

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plant" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half yearly and annual financial statements before submission to the Board, focusing particularly on.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.

**Remuneration Committee:**

The company forms the Remuneration Committee with following members.

Name of Member	Position	Position in Remuneration Committee
M. Azhar Rahman	Managing Director	Chairman
Sarwat Khaled	Chairman	Member
Khaleda Siddique	Independent Director	Member
Md. Rasel	Chief Financial Officer	Member

Golam Kibria, Company Secretary acting as Secretary of the committee.

The terms of reference of the committee has been agreed upon as follows:

- To appoint Company's top management and executive.
- To measure performance of top management executive
- To determine scope of work of top executive
- To fix up remuneration package and other benefits for top management and executive.

## SECTION (XV): VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGER

- a. The valuation report of securities to be offered shall be prepared and justified by the issue manager on the basis of the financial and all other information pertinent to the issue;

The offering of the common stock of VFS Thread Dyeing Limited is 22,000,000 ordinary shares of tk. 10.00 each at par totaling to Tk. 220,000,000.00 through IPO under fixed price method. The justification of the offer price is presented below for users' decision making:

Method	Particulars	Amount in BDT
Method-1	Net Asset Value (NAV) per share	19.90
Method-2	Calculation of Historical Earning based value per share considering weighted average no of shares outstanding	30.23
Method-3	Average market price per share of similar stocks	34.08

- b. To prepare the valuation report, the issue manager may consider all qualitative and quantitative factors which shall be explained in details with rationale to consider such factors, the valuation method used, sources of information and authenticity of such information;

To prepare the valuation report, the issue manager consider all qualitative and quantitative factors such as financial statements and audit report of VFS TDL, website of Dhaka Stock Exchange and Chittagong Stock Exchange and information used for valuation are authentic.

- c. While preparing the valuation report, the issue manager shall avoid exaggeration and biasness and shall exercise independence and due diligence;

The issue manager was fully independent and extensive due diligence were carried out on preparing the valuation report.

- d. The issue manager(s) shall, among others, consider the following methods for valuation of securities;

Method 1: Net Asset Value per share

Particulars	Note	June 30, 2017 (BDT)
Share Capital as on June 30, 2017	A	627,148,000
Retained Earnings as on June 30, 2017	B	620,639,185
Total Shareholders' Equity as on June 30, 2017	A+B	1,247,787,185
Number of share as on June 30, 2017	D	62,714,800
<b>Net Assets Value (NAV) per share as on June 30, 2017</b>		<b>19.90</b>

Method 2: Earning Based Value per Share based on average Market P/E

Year	No. of shares	Net profit after Tax	Weighted average no. of shares	Weighted average net profit after tax
30-Jun-17	62,714,800	141,082,277	0.22	31,351,617
30-Jun-16	31,357,400	70,317,699	0.11	7,813,078
31-Dec-15	62,714,800	144,962,742	0.22	32,213,943
31-Dec-14	62,714,800	138,402,492	0.22	30,756,109
31-Dec-13	62,714,800	110,694,465	0.22	24,598,770
<b>Total</b>	<b>282,216,600</b>	<b>605,459,675</b>	<b>1</b>	<b>126,733,517</b>

<b>Total number of shares before IPO</b>	<b>62,714,800</b>
Weighted average EPS	2.02
Relevant P/E Multiple*	14.96
<b>Earnings - based-Value per share (BDT)</b>	<b>30.23</b>

\*Calculation of relevant P/E multiple:

<b>Month</b>	<b>Market P/E</b>	<b>Textile Sector P/E</b>
July'17	16.19	15.24
August'17	16.33	15.24
September'17	16.31	14.39
<b>Average</b>	<b>16.28</b>	<b>14.96</b>
Relevant P/E Multiple[Lower of three month average P/E of market and Textile Sector]		

*Source: DSE Monthly Review.*

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

**Method 3:Average market price per share of similar stocks:**

<b>Month</b>	<b>Closing Price</b>		
	<b>Mithun Knitting and Dyeing Limited</b>	<b>The Anlima yarn Dyeing limited</b>	<b>Simtex Industries Limited</b>
28-Feb-17	53.60	34.60	26.80
30-Mar-17	47.90	33.00	28.10
30-April-17	45.10	30.20	27.50
31-May-17	43.10	29.60	27.90
29-Jun-17	47.70	31.80	28.20
31-Jul-17	45.90	34.90	33.30
31-Aug-17	44.50	39.00	32.90
28-Sep-17	44.40	34.70	29.90
31-Oct-17	30.00	30.00	28.70
30-Nov-17	30.00	30.20	28.70
29-Dec-17	26.10	31.20	29.30
31-Jan-18	26.50	31.40	30.10
<b>Average Price</b>	<b>40.40</b>	<b>32.55</b>	<b>29.28</b>

**Average price of these 3 (Three) Stocks: BDT 34.08**

Therefore, the offering price of Tk. 10.00 per share is justified.

Sd/-

Tahid Ahmed Chowdhury, FCCA  
Managing Director & CEO  
Citizen Securities & Investment Limited



**SECTION (XVI): DEBT SECURITIES**

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

**SECTION (XVII): PARTIES INVOLVED AND THEIR RESPONSIBILITIES**

<b>Parties involve with VFS Thread Dyeing Limited</b>		<b>Responsibilities</b>
<b>Issue manager(s)</b>	Citizen Securities & Investment Limited & First Security Islami Capital & Investment Ltd.	The Issue Managers will act as the manager to the issue for the public issue as described in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.
<b>Underwriters</b>	(1) Citizen Securities & Investment Limited (2) Prime Finance Capital Management Limited (3) LankaBangla Investments Limited	The Underwriters will act as the underwriters to the public issue as described in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.
<b>Auditors</b>	Ahmad & Akhtar Chartered Accountants	To express an opinion on these financial statements based on their audit. Auditor will conduct the audit in accordance with Bangladesh Standards on Auditing (BSA).
<b>Cost and Management Accountants</b>	N/A	N/A
<b>Valuer</b>	N/A	N/A
<b>Credit Rating Company</b>	N/A	N/A

## SECTION (XVIII): MATERIAL CONTRACTS

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

**a. Major agreements entered into by the issuer;**

- i) Underwriting Agreement between the Company and the Underwriters.
- ii) Issue Management Agreement between the Company and the Managers to the Issue, Citizen Securities and Investment Limited

**b. Material parts of the agreements and fees;**

**Underwriter:**

As per Rule 12 of the Bangladesh Securities of Exchange Commission (Public Issue) Rules, 2015, the board of directors of the issuer company has appointed the following underwriters having certificate of registration from the Bangladesh Securities and Exchange Commission to carry out the purpose of underwriting on a firm commitment basis:

- 1. Citizen Securities & Investment Limited
- 2. Prime Finance Capital Management Limited
- 3. LankaBangla Investments Limited

Initial public Offering (IPO) is for 22,000,000 ordinary shares of tk. 10.00 each at par totaling to Tk.220, 000,000.00. As per Securities and Exchange Commission's (Public Issue) Rules,2015, 35% of the aforementioned amount i.e.7,700,000ordinary shares at an issue price of BDT 10 each amounting to BDT 77,000,000 (BDT Seven crore seventy lac only) has to be underwritten on a firm commitment basis by the following Underwriters for the IPO of VFS Thread Dyeing Limited:

Sl. No.	Name of Underwriter	Number of Shares	Amount in Tk.
1.	Citizen Securities & Investment Limited	1,700,000	17, 000,000.00
2.	Prime Finance Capital Management Limited	4,000,000	40,000,000.00
3.	LankaBangla Investments Limited	2,000,000	20,000,000.00
	<b>Total</b>	<b>7,700,000</b>	<b>77,000,000.00</b>

- i) As per the guideline of Bangladesh Securities and Exchange Commission, **35%** of Initial Public Offering (IPO) i.e. **7,700,000** ordinary shares of **Tk. 10.00** per share totaling **Tk. 77,000,000.00** shall have to be underwritten by the Underwriters, subject to the terms stated as follows:
  - ii) 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 closer), if any of the following events occur:
    - (a) Upon closing of the subscription list it is found that the total number of the valid applications is less than the minimum requirement as specified in the listing regulations of the stock exchanges.
    - (b) At least **65%** of the IPO is not subscribed.

- iii) The Company shall issue **22,000,000** Ordinary Shares of **Tk. 10.00** per share for public subscription through publishing a prospectus in accordance with the consent of the Bangladesh Securities and Exchange Commission and the provision of this Agreement.
- iv) Prior to publication of the prospectus, the Company shall have obtained consent from the Bangladesh Securities and Exchange Commission permitting the issue as described in Article 2.01 and providing for payment of underwriting commission **1% (one percent)** on the amount underwritten.
- v) 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 underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within **15 (fifteen) days** after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's share subscription account credited.

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 Underwriters to the Commission.

In the case of failure by the underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under this Agreement.

**Issue Manager:**

- i) The scope of the services to be rendered by the Issue Manager to the Issuer under this agreement shall be as detailed hereunder:
  - a. Consultancy services;
  - b. Regulatory compliance;
  - c. Underwriting Co-operation;
  - d. After consent tasks.
- ii) The Issue Manager's take such steps as are necessary to ensure completion of allotment and dispatch of letters of allotment and refund warrants to the applicants according to the basis of allotment approved by the Bangladesh Securities and Exchange Commission. The Issuer undertakes to bear all expenses relevant to the share application processing, allotment and dispatch of letters of allotment and refund warrant. The Issuer shall also bear all expenses related to printing and issuance of share certificate and connected govt. stamps and hologram expenses.
- iii) Without prejudice to other stipulations relative to the responsibility of the Issue Manager, it is responsible towards the Company for strict compliance of this Agreement and to comply with all terms therein.

- iv) The Issue Manager shall ensure compliance of the Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015, listing Rules of the Stock Exchanges, Companies Act 1994, Securities, and Exchange Ordinance, 1969 and other relevant rules, regulations, practices, directives, guidelines, etc.
- v) If any differences or disputes arises between the parties during the subsistence of this contract or thereafter, in connection with the validity, interpretation, implementation or alleged breach of any provision of this contract, such disputes shall be referred to a sole arbitrator or in case of disagreement as to the appointment of the two arbitrators, each party nominating an arbitrator and arbitration shall be conducted as per provision of the Arbitration Act 2001 and the award of the arbitration shall be binding upon the parties and the parties shall be precluded from challenging or objecting to the award.
- vi) No, forbearance, indulgence or relaxation or inaction by any party at any time to require performance of any of the provisions of this Agreement by the other parties shall in any way affect, diminish or prejudice the right of such party to require performance of that provision and any waiver or acquiescence of any right under or arising out of this Agreement shall not be construed as a waiver or acquiescence to or recognition of rights and/or position other than as expressly stipulated in this Agreement.

If any provision of this Agreement or the application thereof to any person or circumstances becomes or is declared invalid or unenforceable to any extent, the remainder of this agreement and the application of the such provision to person or circumstances other than those as to which it is held invalid or unenforceable, shall not affect thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**c. Fees payable to different parties.**

**Commission for Underwriters:** The Company shall pay to the underwriters an underwriting commission at the rate of 1% of 35% of the total IPO amount (i.e. Tk. 770,000.00) of the issue value of shares underwritten by them.

**Fees for the issue management services:**

As per Rule 14 of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Issue Managers will get maximum 2% on the Public Offer amount.

## **SECTION (XIX): OUTSTANDING LITIGATIONS, FINE OR PENALTY**

### **a. The following outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority:**

The issuer or any of its directors was not involved in any of the following type of legal proceedings mentioned below;

- i) Litigation involving Civil Laws;
- ii) Litigation involving Criminal Laws;
- iii) Litigation involving Securities, Finance and Economic Laws;
- iv) Litigation involving Labor Laws;
- v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties);
- vi) Litigation involving any other Laws.

### **b. Outstanding cases filed by the Company or any of its directors:**

There are no cases including outstanding litigations filed by the issuer or any of its directors to any of the following types of legal proceedings mentioned below;

- (i) **Litigation involving Civil Laws:** No cases filed by the company or any of its directors.
- (ii) **Litigation involving Criminal Laws:** No cases filed by the company or any of its directors.
- (iii) **Litigation involving Securities, Finance and Economic Laws:** No cases filed by the company or any of its directors.
- (iv) **Litigation involving Labor Laws:** No cases filed by the company or any of its directors.
- (v) **Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes or duties):** No cases filed by the company or any of its directors.
- (vi) **Litigation involving any other Laws:** No cases filed by the company or any of its directors.

## **SECTION (XX): RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS**

An investment in capital market involves a high degree of risk. The company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. All investors should carefully consider all of the information in this prospectus, including the risk factors, both external and internal, and management perception thereabout enumerated hereunder before making an investment decision. If any of the following risks actually occur, their business, results of operations and financial conditions could suffer, the trading price of their shares could decline and investors may lose all or part of their investment.

### **(i) Internal risk factors may include, among others:**

#### **a) Credit Risk:**

This is the risk of default on a debt that may arise because of default by the borrower to pay the loan. In operating any business there is always credit risk lies in the business. As there is always lending and borrowing between parties in the form of money and goods.

##### ***Management Perception:***

Credit Risk mainly lies with Financial Institutions. Since VFS Thread Dyeing Ltd. is concentrating in Manufacturing, Dyeing, yarn and thread and exporting the same, there is no such credit risk. However, there is interest free loan given to employees against salary which are recovered from salary on monthly basis. Apart from this there are some advance given to the suppliers.

#### **b) Liquidity Risk:**

The risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert its current assets to cash without a loss of capital or income. Liquidity is a common phenomenon of the business.

##### ***Management Perception:***

Finance is an arts and science of managing fund so that it can manage working capital in efficient way. VFS Thread Dyeing Ltd. is also doing its level best to manage working capital management in efficient way to maintain liquidity risk. Management is dealing with accounts payable, inventory and accounts receivable efficiently.

#### **c) Risk associated with the issuer's interest in subsidiaries, joint ventures and associates:**

If the subsidiaries make loss, it affects parent company's balance sheet. In case of associate, there is chance of decline value of investment in associate company. As for joint venture, a joint venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity. In a joint venture (JV), each of the participants is responsible for profits, losses and costs associated with it.

##### ***Management Perception:***

*As we do not have any interest in subsidiaries, joint ventures, there is no risk related as such.*

#### **d) Significant revenue generated from limited number of customers, losing any one or more of which would have a material adverse effect on the issuer.**

There is risk involved in having limited number of customer and losing of that particular customer has negative impact on company's sales and cash flow as well.

**Management Perception:**

*Our management is always keen to find out new buyers which boost up the sales. So we are not dependent on any particular or limited number of customers to operate our business.*

**e) Dependency on a single or few suppliers of raw materials, failure of which may affect production adversely.**

There is also risk involved in having limited number of suppliers as well. Single or few suppliers may exploit the company by price hike, untimely delivery and low quality of product.

**Management Perception:**

*In business, having many suppliers of raw materials helps to get competitive advantage of cheaper price of raw materials. Because, it helps to bargain over price with suppliers. In addition, having many supplier helps to maintain doing business efficiently. As we hold the views, we are not dependent on a single or few suppliers.*

**f) More than 20% revenue of the issuer comes from sister concern or associate or subsidiary**

Having 20% revenue generation from sister concern or associate or subsidiary makes issuer dependent on others companies. Hence, there is dependency risk.

**Management Perception:**

*As we do not have any sister concerns or associate or subsidiary, there is no risk related as such.*

**g) Negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years, if any.**

Negative earning and negative operating cash flow is risk the going concern risk for the entity.

**Management Perception:**

*We have been operating our business efficiently. However, there was negative operating cash flow in the year 2012. It is happened due to growth. Our accounts receivable and inventory had been increased in the year 2012 and 2013 that affected our operating cash flow. But it was not threat for going concern.*

**h) Loss making associate/subsidiary/group companies of the issuer.**

When associate/ subsidiary/group companies of the issuer are loss making, it affect the issuer and there is negative impact on cash flow of issuer and Balance Sheet as well.

**Management Perception:**

*We do not have any investment in subsidiary or associates.*

**i) Financial weakness and poor performance of the issuer or any of its subsidiary or associates**

Any kind of financial weakness and poor performance of the issuer or any of its subsidiary or associates.

**Management Perception:**

*Sales is one of the key indicators of success of a business if there is good margin of profit. VFS Thread Dyeing Ltd. has been experiencing with increasing sales growth which is boosting up the profitability for last five years. Current and quick ratios are also in favor of the company. Debt to Equity ratio is in decreasing trend which means that company is reducing its dependency on debt capital and we do not have any subsidiary.*

**j) Decline in value of any investment**

The value of any type of investment may decline.

***Management Perception:***

*We do not have any investment.*

**k) Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned.**

There is obsolescence risk relating to plant and machinery. If the machinery is purchased in second hand or reconditioned, there high risk of repair and maintenance which has impact on profitability of the company.

***Management Perception:***

*We are always using brand new machineries. Hence, there is no chance to use second hand or reconditioned machineries.*

**l) Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recall.**

It is loan given and taken from related party and directors as well. If company gives such loan without interest to related party, there is interest burden for the company if the money was taken as loan. On the other hand, if such loan are taken from directors, it will have an impact on the cash flow to pay off the loan to the Directors.

***Management Perception:***

*There is no such loan given to related party or loan taken from directors.*

**m) Potential conflict of interest, if the sponsors or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer and if any supplier of raw materials or major customer is related to the same sponsors or directors.**

In these cases there is high chance of compromise among the related companies because of conflict of Interest.

***Management Perception:***

*There is common management with one or more ventures but business activities are not in the same line.*

**n) Related party transactions entered into by the company those may adversely affect competitive edge.**

Related party transaction of the issuer creates conflict of interest which reduces the competitive advantage of the issuer.

***Management Perception:***

*There is no as such transaction which may adversely affect competitive edge except director's remuneration and equity investment.*

**o) Any restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or any restrictive covenants of banks in respect of the loan/ credit limit and other banking facilities.**

All information must be known to the potential investor so that investor's interest may not be hampered in future. So, any restrictive covenants, if it goes against potential investors, will make investors in threat.

***Management Perception:***

*There are no restrictive covenants in any shareholders' agreement, sponsors' agreement or any*



*agreement relating to debt or preference shares or any restrictive covenants of Banks in respect of loan or credit limit and other banking facilities.*

**p) Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees.**

In such case, company's business operation will be hampered.

***Management Perception:***

*We are habituated with the political unrest for long era and our business industries are used to dealing with this phenomenon. VFS Thread Dyeing Ltd. has been operating business since 2012 and it is a profitable entity. Employee unrest is part of business and it is important to deal with labor unrest efficiently. We have different incentive packages for our employees so that they can be beneficial to such package. Because we believe that employees are very important part of our business and we all know that there are government rules relating to paying minimum wage.*

**q) Seasonality of the business of the issuer**

It is the risk involving that company is not doing business round the year.

***Management Perception:***

*Garment sector is the leading industry of our country. It is also the 2<sup>nd</sup> largest industry of the world. Bangladesh is looking forward to earn 50 billion US dollar from this industry in near future. We run our business throughout the year. So it is not seasonal business.*

**r) Expiry of any revenue generating contract that may adversely affect the business**

This is the risk of losing customers affecting future sales

***Management Perception:***

*The company has no long term contract with their customers so not in risk of expiry of any revenue generating contract.*

**s) Excessive dependence on debt financing which may adversely affect the cash flow.**

As per Financial Statement for the year ended 30.06.2016 the debt equity ratio is 71% which means the company is in highly leverage.

***Management Perception:***

*For last three years we have been reducing our dependence on debt financing and it is now less than 1 in comparison with debt to equity ratio.*

**t) Excessive dependence on any key management personnel absence of whom may have adverse effect on the issuer's business performance.**

Excessive dependence on key management affects the business if the management is changed in future, which will create vacuum. Besides, if the key management personnel is of bad intention, excessive dependence will also affect the business.

***Management Perception:***

*Corporate Governance and Corporate structured is well practiced in our company. We have also well placed organogram in our company. So any change in the key management can be replaced with other person. It is mentioned-worthy that the industry is growing over 30 years. So we can hire key management as per our needs.*

**u) Enforcement of contingent liabilities which may adversely affect financial condition.**

It is the future burden of liabilities that the investors will take on their shoulders. Contingent liabilities reduced the assets or create obligation to pay the liabilities.

**Management Perception:**

*We do not have any contingent liabilities which may adversely affect financial condition.*

**v) Insurance coverage not adequately protect against certain risks of damages.**

Insurance ensures and protects to deal with uncertainty of future material loss/damage. So, insurance coverage is important for the business.

**Management Perception:**

*We have different insurance coverage for all the relating issues that are risky to operating our business.*

**w) Absence of assurance that directors will continue its engagement with Company after expiry of lock in period.**

Directors run the company with the accumulated finance from public and other financing source. If directors discontinue to run the business, there will be negative impact on business and share price as well.

**Management Perception:**

*Our directors are involved in the business for long time and they will continue the business after expiry of lock in period as well.*

**x) Ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.**

Dividend payment is highly dependent on company's ability to generate positive cash flow from operating profit of the business. If company cannot earn good amount of profit from operation, it is unlikely to pay dividend.

**Management Perception:**

*We have been a profitable entity over a long time and the profit is on the uptrend. So we are in belief that we will be able to pay dividend from our earning profit.*

**y) History of non-operation, if any and short operational history of the issuer and lack of adequate background and experience of the sponsors.**

History of non-operation indicates weak operational management of the Company. Non-operation leads to negative cash flow, incurring of losses and bankruptcy in worst case scenario.

**Management Perception:**

*As a manufacturer we take our operation very seriously. We know, if operation is closed for one day that can hamper supply to our customers. In any situation, we do not compromise with our operation. Our company started commercial operation from July, 2012 and we are proud to declare that the company has never been non-operative till date. For the smooth operation, we are very serious about our responsibilities towards our employees and the society as a whole. In addition, we are self-sufficient with an uninterrupted power supply.*

**z) Risks related to engagement in new type of business, if any.**

If it is new business, there is risk of viability of the new business.

**Management Perception:**

*There is no as such risk relating to engagement in new type of business.*

**aa) Risk in investing the securities being offered with comparison to other available investment**

**options.**

If the issue price goes down after floating, there is investment risk for the potential investors.

**Management Perception:**

*We are profitable entity over long time and we have been operating our business efficiently. Therefore, it is not risky in investing securities in comparison with other available investment option.*

**bb) Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law.**

It creates a negative impression on the issuer.

**Management Perception:**

*Such case did not happen in the history of our company.*

**cc) Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case**

If any kind of Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case.

**Management Perception:**

*We did not have any litigation relating to Tax, VAT or other government claims against of our company.*

**dd) Registered office or factory building or place of operation is not owned by the issuer.**

Factory building should be owned by the company. Otherwise, there is risk of hike in factory rent in the years to come and threat of shifting the factory as well.

**Management Perception:**

*Our factory building is owned by us but corporate office is rented. So it is not a risk.*

**ee) Lack of renewal of existing regulatory permissions/ licenses.**

In this case company is not following the law to renew its all licenses.

**Management Perception:**

*There is no such issue relating to lack of existing regulatory permissions/ licenses.*

**ff) Failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates**

Failure in holding AGM or declaring dividend indicates the lack of compliance to the regulatory rules. Failure of payment of interest indicate the poor cash generation to the company to pay interest and debt service. The overall impression will be negative for the company.

**Management Perception:**

*There is no incident of failure in holding AGM or declaring dividend or payment of interest by the issuers.*

**gg) Issuances of securities at lower than the IPO offer price within one year**

The management ultimate goal is to maximize the wealth of the company. If share price goes up, it maximizes wealth of the company. On the other hand, if share price goes down, it minimizes

the wealth of the company.

**Management Perception:**

*VFS Thread Dyeing Ltd. is a profitable entity and it is experienced with growth over the years. So we believe that our IPO offer price will not be lower within one year.*

**hh) Refusal of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time by the Commission.**

If any refusal happened in the above cases, it will create negative impression to the issuer.

**Management Perception:**

*Such cases did not happen for our company.*

**(ii) External risk factors may include among others:**

**a) Interest Rate Risks;**

Interest rate risk is the risk that a company faces due to unfavorable movement in interest rates on bank loans. Due to several macroeconomic and market driven factors, interest rates on short term and long term bank loans may fluctuate. Inflationary pressure, increased demand for bank loan, increased volatility in money market, restrictive monetary policy etc. can increase market-wide interest rates on bank loans of different tenor. Rising interest rate adversely affects cash flow and profitability of any company with financial leverage. The risk is even greater when a company has floating rate liabilities which increased the variability of the company's cash flows and profitability.

**Management Perception:**

*The management of the Company is always aware of interest rate, which is connected to the cost of fund of the Company. The Management prefers procuring the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate.*

*The company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant. Additionally, the management of the Company emphasizes on equity base financing to reduce the dependency on borrowing. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the Company.*

**b) Exchange Rate Risk:**

The company imports all of its raw materials from foreign sources and makes payment in foreign currency. On the other hand, it supplies finished goods to local Export Oriented Readymade Garments factory through letter of credit in US Dollar. Hence any significant volatility in the exchange rate of BDT against US Dollar will increase the volatility of the company's cash flow and profitability. If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand if exchange rate goes down margin is squeezed in local currency.

**Management Perception:**

*The products of the company are sold against foreign currency and payments for raw materials are also made in foreign currency. The exchange rate of the country traditionally witnessed upward trends, which makes ample opportunity of export. Depreciation of BDT against a particular foreign currency like US Dollar, the import payment and export proceeds will both be higher in terms of take. In case of an appreciation of BDT against the same currency, the opposite*

will occur. Hence the company has a natural hedge against exchange rate risk and largely immune to fluctuation of exchange rates of BDT against US Dollars.

**c) Industry Risk:**

**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 detailed human resources management policies encompassing employee recruitment, training, development, remuneration and retirement. 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. 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:**

*VFS has no gas connection from Titas Gas Transmission & Dist. Co. Ltd or any other organization. The primary reason behind this is that the Government of Bangladesh was decided few years back that not to provide any gas connection to new industry for shortage of gas. Therefore VFS has no gas connection. However, the company has gas and oil dual fuel generator and boiler with the capacity of 600 KVA and 5 Ton respectively to meet the requirement of gas and ensure smooth production of the company. Subsequently, the management also well aware that dual fuel generator and boiler have depreciation and need to be overhauled and eventually replaced that involved costs. The life cycle of dual fuel generator and boiler is around 15 to 20 years. So we do not need to incur any cost in near future for replacement of dual fuel generator and boiler.*

**iii) Unavailability of power**

The company also needs electricity to run day to day operation of the factory. If there is unavailability of electricity, the operation will be disrupted. This would affect the operational and financial performance of the company adversely.

**Management Perception:**

*Apart from the electricity connection line from REB, the company has two gas and oil generators. The generators dual fuel capacity 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) Economic and Political risks;**

**Economic risks;**

Our performance and growth are dependent on the health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action,

including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant changes may adversely affect our business and financials.

**Management Perception:**

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

**Political risks;**

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

**Management Perception:**

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

**e) Market and Technology-related risk:**

**(i) Market Risk:**

In the global market of 21st century, developed technology, products and services render obsolete the old service and product strategy. So, the existing organization may not be able to cope up with the future needs and demands.

**Management Perception:**

*In VFS Thread Dyeing the focus is on systems. It has a systematic approach to identifying new markets and developing new clients. The Research and development cell focuses on continuous product innovation and up-gradation of the existing process technology.*

**(ii) Technology related Risk:**

Technology always plays a vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolescence existent technology, which may cause negative impact.

**Management Perception:**

*VFS Thread Dyeing has invested in latest and most modern machinery. The company keeps track of the latest developments in technology and has developed a system of upgrading its machines as and when the need arises. The company has found the right mix between technology and the required investments.*

**f) Potential or existing government regulation:**

The Company operates under Company's Act 1994 and other related regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

**Management Perception:**

*Unless any policy change negatively and materially affects the industry as a whole, the business of the Company is expected not to be affected. The textile sector is largest contributor to the GDP and contributes to a major portion of the total foreign exchange earned by the country. This sector generates the maximum employment among all the industries. Therefore, it is highly unlikely that the Government will frustrate the growth of the industry with an adverse policy.*

**g) Potential Changes in Global and 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 regulation change, its competitive advantage may diminish.

**Management Perception:**

*As a least developed country Bangladesh enjoys GSP facility from EU countries. It is not expected that the facility will be withdraw in near future. Rather the relevant provision-Rules of Origin-for availing the factory has been relaxed recently. 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) Statutory clearances and approvals those are yet to be received by the issuer;**

If the Issuer does not have clearance or approval from relevant authorities then the company might face legal action from those authorities.

**Management Perception:**

*We have been in the business over 05 years. We have collected all the statutory clearance to operate our business. Hence, there is no as such risk for our company.*

**i) Competitive condition of the business;**

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

**Management Perception:**

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

**j) Complementary and supplementary products/services which may have an impact on business of the issuer.**

The introduction of supplementary or any complimentary product may impact on the demand and supply of the market in which the issuer operates.

**Management Perception:**

*The company has not faced any challenges relating to supplementary and complementary products and Management are concerned with the issue. In future, if necessary, management may diversify the product to be competitive over the competitors.*

## SECTION (XXI): DESCRIPTION OF THE ISSUE

- a. **Issue Size:** BDT 22 Crore only
- b. **Number of securities to be issued:** Public issue of 22,000,000 ordinary shares.
- c. **Authorized capital:** Tk. 1,000,000,000.00

**Paid-up capital:** Tk. 627,148,000.00

- d. **Face value of securities:** Tk. 10.00

**Offer Price per unit of securities:** Tk. 10.00

- e. **Number of securities to be entitled for each category of applicants;**

Category	Particulars	No. of Share	Amount (BDT)
Eligible Investors (EIs)	10% of IPO i.e. 2,200,000 Ordinary Shares shall be reserved for Mutual Funds and Collective Investment Scheme (CIS)	2,200,000	22,000,000
	40% of IPO i.e. 8,800,000 Ordinary Shares shall be reserved for Eligible Investors excluding Mutual Funds and Collective Investment Scheme (CIS)	8,800,000	88,000,000
General Public (GP)	10% of IPO i.e. 2,200,000 Ordinary Shares shall be reserved for Non- Resident Bangladeshis (NRB)	2,200,000	22,000,000
	40% of IPO i.e. 8,800,000 Ordinary Shares shall be reserved for General Public excluding Non- Resident Bangladeshis (NRB)	8,800,000	88,000,000

IPO size will be 22,000,000 ordinary shares of Tk. 10.00 totaling Tk. 220,000,000.00. As per the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, 10% of total Initial Public Offering shall be reserved for mutual funds, 40% for other eligible investors (EIs), 10% for non-resident Bangladeshi (NRB) and 40% for other general public.

- f. **Holding structure of different classes of securities before and after the issue;**

The Company has issued only ordinary shares and breakdown is as follows:

Shareholder Category	No. of Shares	Shareholding Structure (Before Issue)	Shareholding Structure (After Issue)
Sponsors and Directors	41,664,800	66.44%	49.18%
Other shareholders	21,050,000	33.56%	24.85%
Initial Public Offering	22,000,000	-----	25.97%
<b>Total</b>	<b>84,714,800</b>	<b>100.00%</b>	<b>100.00%</b>



**g. Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital.**

Net Proceeds from initial public offering (IPO) will be used for purchase of machineries and repayment of long term loan.

Particulars	Required Amount (BDT)
Acquisition of Plant & Machinery	177,403,108
Partial Repayment of Term Loan (Sonali Bank Limited, Local Office)	25,092,728
IPO Expenses	17,504,164
<b>Total</b>	<b>220,000,000</b>

The IPO subscription money collected from successful applicants (other than NRB applicants) by the stockbrokers/Merchant Bankers will be remitted to the Company's **Account No. 1501203089179001 with BRAC Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212, Bangladesh** for this purpose.

The IPO subscription money collected from successful NRB applicants in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purposes are as follows:

Sl. No.	Name of the FC Accounts	Currency	Account No.	Bank
1	<b>VFS THREAD DYEING LTD.</b>	US Dollar	1501203089179002	<b>BRAC Bank Limited, Gulshan Branch, Gulshan-1, Dhaka-1212</b>
2		EURO	1501203089179003	
3		GB Pound	1501203089179004	

## SECTION (XXII): USE OF PROCEEDS

- a. Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up

Issue size (Number of share to be issued)	Issue price	Amount in BDT
22,000,000 Shares	Tk. 10.00	220,000,000.00
Less: IPO Expenses (Detail as at page: 71)		17,504,164.00
<b>Net IPO Proceeds</b>		<b>202,495,836.00</b>

### Breakdown of IPO proceeds and Implementation Schedule:

Description	Amount in BDT	Implementation Schedule
Acquisition of Plant & Machinery	177,403,108	Will start immediate after receiving IPO proceeds and to be completed within 18 (eighteen) months.
Partial Repayment of Term Loan (Sonali Bank Limited, Local Office)	25,092,728	Within 15 days of IPO fund received.
IPO Expenses	17,504,164	As and when required
<b>Total IPO Proceeds Utilization</b>	<b>220,000,000.00</b>	

### Detailed cost of Plant & Machineries:

Sl No.	Name of Machinery	Quantity In Sets	Unit Price USD/Set	Cost of Plant & Machineries	
				Total Amount In USD	Total Amount In BDT
1	<b>Duel Fuel Smoke Tube Packaged Boiler Brand: Daelim , Model-DL-Z 500, Capacity : 05 Ton</b> Boiler Body (3 Pass, Wet Back) Duel Fuel Burner (Gas & Diesel, P9MG) Feed Water Pump (CALPEDA, Made in Italy) Water Flow Meter Body Piping, Body Wiring Chemical Dosing Pump Water Softener (KS-30, Made in USA) Over Heat Protector (For Safety) Origin : Korea	1 Set	78,000.00	78,000.00	6,396,000

2	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine.</b> <b>Brand : HTC</b> <b>Model : HT-600</b> Capacity : 600 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M. Origin : Korea	1 Set	97,000.00	97,000.00	7,954,000
3	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine.</b> <b>Brand : HTC</b> <b>Model : HT-400</b> Capacity : 400 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M. Origin : Korea	1 Set	71,000.00	71,000.00	5,822,000

4	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine.</b> <b>Brand : HTC</b> <b>Model : HT-300</b> Capacity : 300 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M. Origin : Korea	1 Set	56,000.00	56,000.00	4,592,000
5	<b>Fully Automatic High Temperature &amp; High Pressure Yarn Dyeing Machine.</b> <b>Brand : HTC</b> <b>Model : HTC200</b> Capacity : 200 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M Origin : Korea	2 Set	32,750.00	65,500.00	5,371,000

6	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC</b> <b>Model : HT-100</b> Capacity : 100 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M. Origin : Korea	2 Set	30,000.00	60,000.00	4,920,000
7	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : HTC</b> <b>Model : HT-30</b> Capacity : 30 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size:L-1.35*M*W 1.1M*H2.6M. Origin : Korea	2 Set	25,000.00	50,000.00	4,100,000

8	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine.</b> <b>Brand : HTC</b> <b>Model : HT- 20</b> Capacity: 20 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size:L-1.35*M*W 1.1M*H2.6M. Origin : Korea	2 Set	21,000.00	42,000.00	3,444,000
9	<b>Fully Automatic High Temperature Cone Yarn Dyeing Machine. Brand : Hi-Tech</b> <b>Model : HT-206</b> Capacity : 10 Kg, Materials : Main vessel use SUS 316L Stainless Steel, Double Temperature sensor, Air pad system and dyeing liquor cyclic, Delta inverter, Fully Computerized control system. Automatic computer controlled by PLC 3000 system. Dyestuff additional tank & Sample draw system included. Materials thickness : 2.5 & 3.5 mm. Highest work temperature : 140° C, Rising rate of temperature : About 25 minutes ranging from 98° C-140° C. Machine Power : 440V 50Hz 3 phase, Machine Size: L 1.35*M*W 1.1M*H2.6M. Origin : Korea	2 Set	18,000.00	36,000.00	2,952,000
10	<b>Fully Automatic Sample Dyeing Machine</b> <b>Brand : HTC</b> <b>Model : HTC24</b> Origin : Korea	2 Set	6,370.00	12,740.00	1,044,680

11	<b>Super High Speed PLC Control Automatic Thread Winding Machine. Brand : Hi-Tech Model : HT-56</b> Per head equipped with independent motor. Equipped central touch screen counter, The winding pressure can be controlled by balance with optical sensor. Spindles: 60 Spindles, Machine size: L 18M*W 0.85M*H 1.45M, Metal winding drum, Power: 440V/50Hz, 3 phase, 6.48 Kw. Origin : Korea	10 Set	55,000.00	550,000.00	45,100,000
12	<b>Fully Automatic Soft Winding Machine. Brand : Hi-Tech Model : HT-190</b> Head of machine : 60 Head/Machine, Winding Speed: Max 800M/Min, Speed adjustable, Equipped central touch screen counter, Per head equipped with independent motor, computer counter, over feed roller with ITS motor, silicon oil device with ITS motor, Lower speed start winding, Machine size: L 18M*w 0.85M*H 1.45M, Power: 440V 50HZ 3 Phase, Origin: Korea	2 Set	61,500.00	123,000.00	10,086,000
13	<b>Automatic Nylon / Polyester Hank yarn Expanding machine. Brand : Changli Model : HY 150</b> Power : 440V 50HZ 3 PHASE Origin : Korea	2 Set	3,326.00	6,652.00	545,464
14	<b>Fully Automatic Computerized Nylon/Hank Yarn winding machine Brand : Changli Model : FSSL</b> Capacity : 48 Head Origin : Korea	3 Set	66,100.00	198,300.00	16,260,600
15	<b>Automatic Hank Yarn De-water machine. Brand : Changli Model : Z-2000</b> Capacity : 100 KGS Power : 440V 50HZ 3 PHASE Origin : Korea	1 Set	7,234.00	7,234.00	593,188

16	<b>Fully Automatic Cone Yarn Dehydrate Machine. Brand : Changli</b> <b>Model : KD-Z751C</b> Capacity : 120 KGS Power : 440V 50HZ 3 PHASE Origin : Korea	1 Set	29,450.00	29,450.00	2,414,900
17	<b>Automatic High Speed Sewing Thread Winding Machine. Brand : Changli</b> <b>Model : YF(MH)-Y</b> Capacity : 4 Spindle (2 Cone/Spindle) Power : 440V 50HZ 3 Phase Origin : Korea	6 Set	29,750.00	178,500.00	14,637,000
18	<b>Brand New Radio Frequency Automatic Laser Dryer Machine</b> <b>Brand : Changli</b> <b>Model : RF-170</b> Capacity : 8000 Kg/Batch Type "RF 85KW" Size and Weight: Length 9.0 m., Width 2.4 m., Height 3.3 m., Weight 4,800 kg. Electrical supply –Three phased 380 V+/-5%, 50Hz+/- 2%, or other supply available at the buyer's facility. Origin : Korea	1 Set	111,600.00	111,600.00	9,151,200
19	<b>Power Pro Diesel Generator</b> Brand: Power Pro Model: PPP1100 Engine: Perkins (UK) Lean Burn Engine. Low Fuel Pressure System, 1000kva prime/1060kva each continuous power 1500RPM, 50HZ, 415 Volts, 3 Phases, 0.8.P.F. Country of Origin: UK/Germany	1 Set	165,000.00	165,000.00	13,530,000
Total				1,937,976.00	158,914,032
Installation & Other Charges					18,489,076
<b>Grand Total</b>					<b>177,403,108</b>

The IPO proceeds will be utilized as per the above mentioned schedule.

Sd/-  
M. Azhar Rahman  
Managing Director

Sd/-  
Md. Rasel  
Chief Financial officer

Sd/-  
Sarwat Khaled  
Chairman



- b. Where the sponsors' contribution or privately placed fund has been brought prior to the public issue and has already been deployed by the issuer, indication of use of such funds in the cash flow statement;

SL. No.	Source of Fund			Application of Fund	
	Other than Cash	Bank Name	Amount in Taka	Head of Utilization	Amount in Taka
1	Capital Machinery		372,573,000	Capital Machinery	372,573,000
2		Sonali Bank Limited	155,035,000	Capital Machinery Installation	27,798,698
				Building	75,479,668
				Land Development	5,687,420
				Boiler	18,765,270
				Purchase of other fixed Assets	13,613,503
				Working Capital	13,690,441
<b>Total</b>			<b>527,608,000</b>		<b>527,608,000</b>

- c. If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture:

The issuer has no objects to investment in a joint venture, a subsidiary, an associate or any acquisition.

- d. If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds:

IPO proceeds are sufficient to complete the project.

- e. A schedule mentioning the stages of implementation and utilization of funds received through public offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer:

The proceeds from the Initial public Offering (IPO) will be used for expansion of existing operation. Breakdown of IPO proceeds and Implementation Schedule are as follows:

Description	Amount in BDT	Implementation Schedule
Acquisition of Plant & Machinery	177,403,108	Will start immediate after receiving IPO proceeds and to be completed within 18 (eighteen) months.
Partial Repayment of Term Loan (Sonali Bank Limited, Local Office)	25,092,728	Within 15 days of IPO fund received.
IPO Expenses	17,504,164	As and when required
<b>Total IPO Proceeds Utilization</b>	<b>220,000,000.00</b>	

Sd/-

M. Azhar Rahman  
Managing Director

Sd/-

Md. Rasel  
Chief Financial Officer

Sd/-

Sarwat Khaled  
Chairman

- f. If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be enclosed as annexure to the prospectus:

There is no such contract yet to be engaged by the company.

Sd/-

Azhar Rahman  
Managing Director

Sd/-

Md. Rasel  
Chief Financial Officer

Sd/-

Sarwat Khaled  
Chairman

- g. If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection:

No objects of the issue are utilization of the issue proceeds for working capital.

- h. Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc., the total project cost activity-wise or project wise, as the case may be:

The IPO funds will be utilized in, purchase of capital machinery and repayment of long term loan and such information is given in details under the heading use of IPO proceeds with implementation schedule.

- i. Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented:

The company has planned to implement the existing operation by using of IPO proceeds after receiving the funds, which have been mentioned in Use of IPO proceeds and projects Implementation schedule (page no **130-144**).

- j. **The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies:**

There is no existing or anticipated material transaction in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies.

- k. **Summary of the project appraisal/ feasibility report by the relevant professional people with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal/ feasibility report:**

### **FEASIBILITY STUDY REPORT OF VFS THREAD DYEING LIMITED**

#### **Executive Summary**

**VFS Thread Dyeing Limited** was commissioned in 2010 with a goal to carry on manufacturing, dyeing and finishing of sewing thread of different types for 100 % export oriented ready-made garment industries in Bangladesh. The company has earned fames and laurels in respect of proper management and volume export and established itself as an innovative leader of 100% export oriented sewing thread of Spun Polyester, Core Spun and Synthetic Filament of all grades with continuous advancement in customer service, competitive pricing, quality product, technical support and research & developments. Among all different products of the company, the Spun Polyester Yarn and Textured Polyester (Synthetic Filament Yarn) are predominantly used in readymade garments products while the Core Spun mostly used in fashion apparels (Lingerie & Swimsuits). It is truly an organization with a glorious past and a bright future.

#### **Introduction**

**VFS Thread Dyeing Limited** was incorporated in Bangladesh on April 20, 2010 vide registration no.C-84051/10 with the Registrar of Joint Stock Companies and Firms as a Private Limited Company under Companies Act, 1914. The Company started its commercial operation on 02 July 2012. Later on, it converted into a public Limited Company on January10, 2013. The principal activities of the Company are to carry on the business of dyeing and finishing of sewing thread of different types for 100 % export oriented ready-made garments industries in Bangladesh. The authorized capital of the company stands at BDT 1,000,000,000.00 and paid up capital of the company is BDT 627,148,000.00 divided into 62,714,800 ordinary shares of BDT 10.00 each. The registered and corporate office of the company is House # 257 (3rd Floor), Road: 03, Baridhara DOHS, Dhaka-1206 and the factory is situated at RS-36, Village: Gazipur, P.S: Gazipur Sadar, District -Gazipur, Bangladesh.

#### **Vision**

To become the market leader of the thread industry through the high productivity advanced technological innovation and absolute customer satisfaction by leveraging on the strengths of our well experienced professionals and infrastructural advantages within this decade.

## **Mission**

Using our capacity, which enables us to provide high quality dyeing in the lowest possible time as well as supply yarn on cone to our customers at very competitive prices.

## **Nature of Business**

The principal activities of the Company are manufacturing and supplying all types of high quality Sewing thread products & Conning/winding of sewing threads.

## **Principal products of the Company**

VFS Thread Dyeing Limited's vast infrastructure allows manufacturing almost every types of high quality Sewing thread products. Following are the principal products of VFS Thread Dyeing Limited:

<b>Sl. No.</b>	<b>Products</b>	<b>Types Of Products</b>
1.	Spun Polyester and Sewing Thread	Knit & Oven
2.	Poly Core Spun	Fashion Apparels
3.	Textured Polyester (Synthetic Filament Yarn)	Knit / Fliss

Among these threads the Textured Polyester, Spun Polyester and Poly Core-spun are predominantly used for readymade garments products. On the other hand the Cotton Yarn Dyeing service is used more in the Knitting industry.

These threads are available in various counts. The Textured Polyester is available in 150D Raw White (O-TPM, 80-TPM, 180-TPM and 200-TPM) and 150D Optical White (200-TPM and 80-TPM).

The Spun Polyester is available in 60/2, 60/3, 50/2, 40/2, 40/3, 30/3, 20/2, 20/3, 20/4, 20/6, 20/9, 12/3, etc. varieties of counts. Poly Core spun on the other hand is available in the counts of 20/2, 20/3, 20/4 and 40/2.

Other counts of threads are also provided according to the clients requirements. These threads are dyed according to the Company's shade-book or as per customer requirement.

## **Utilities Considerations**

### **Power:**

Power requirement for the project is 1MW (approx.) which are met up from the project power connection from REB. The Company also have duel fuel generator with capacity of 600 KVA for smooth running of the business.

### **Water:**

The project is required 200m<sup>3</sup> (approx.) of water per day which is met up by its own deep tube well.

### **GAS:**

VFS have gas and oil duel fuel generator and boiler with the capacity of 600 KVA and 5 Ton respectively to ensure smooth production of the company.

## Product Market place

VFS Thread Dyeing Limited is supplying its products to export oriented knit fabrics mills, export oriented readymade garments manufacturing company and the domestic level fabric producing mills.

## Marketing Strategy

On receiving the orders from its customers, VFS Thread Dyeing Limited manufactures the products and supplies them to the customers' destination as per their requirements. As a deemed exporter the Company supplies those products to the main exporter companies' factory site.

## Methodology

We have considered our historical data of our last couple of year's revenue and expenses. We have also talked with our merchandisers, staffs & industry experts. The interviews provided us with the relevant information concerning all aspects sales and expenses. The responses to these open-ended questions have allowed us to have a greater depth of knowledge into their opinions and so we were able to address them to the best of our ability. We have also considered machinery inclusion and capacity utilization to the implementation of sales growth, and enough background information was included.

Once we have compiled and analyzed all our data and research we have looked at all the different options of implementing the living wall and then decide on the best option of the sales, current and future market and our saleable capacity in near future.

## Financial Projections

### Existing Capacity Utilization and Projected Capacity Utilization (After IPO):

Sl.	Product	Types of product	Existing Capacity		Expected Capacity after IPO	
			Production capacity(lbs)	Current utilization(lbs)	Production capacity in year 3(Lbs)	Expected utilization in year 3(lbs)
1	Spun Polyester and Sewing Thread	Knit & Oven	3,505,904	2,343,927	5,258,856	3,944,142
2	Poly Core Spun	Fashion Apparels	219,119	146,445	328,678	246,509
3	Textured Polyester (Synthetic Filament Yarn)	Knit/Fliss	657,357	434,537	986,035	739,526
<b>Total</b>			<b>4,382,380</b>	<b>2,929,909</b>	<b>6,573,569</b>	<b>4,930,177</b>

### Financial Aspects

**The assumptions for these projections are as follows:**

(Each year calculation is made comparing with respective previous year)

The projected financial statement has been prepared on underlying assumption				
Assumption indicator	Assumption's Basis	Assumptions Years		
		Year 1	Year 2	Year 3
Capacity Increase	Capacity will be increased as new machineries will be introduced.	10%	30%	10%
Capacity Utilization	Capacity utilization will be almost same.	70-75%	70-75%	70-75%
Sales Revenue Increase	Sales will be increased for qualitative products by the increase of sales volume and unit price.	10%	20%	7.5%
Operating Expenses Increase/ (Decrease)	Operating expenses will be increased due to increase of production and sales. IPO expense will lead to the higher increase of Operating expenses in the year 2018.	5%	7%	2.5%
Property, Plant and Equipment Addition	Property, Plant and Equipment will be increased in every year for the purpose of production increase.	177,403,108		
Paid up Capital Increase	Paid up Capital will be increased by Tk.220,000,000 through IPO in 1st Year.	220,000,000		
Repayment of Term Loan	Partial Repayment of Term Loan in 1 <sup>st</sup> year.	25,092,728		
Dividend	Dividend is not considered here as the decision is not predetermined.			

### Financial Aspects

#### COST OF THE PROJECT AND MEANS OF FINANCE

##### COST OF THE PROJECT

ITEM	Project Cost Estimation		
	Incurred	To be incurred	Total Cost
Land & Land Development	130,715,614	-	130,715,614
Factory Building	183,465,405		183,465,405
Plant & Machinery	621,505,785	177,403,108	798,908,893
Electrical Installation	14,948,112	-	14,948,112
Power Generator Set	19,090,932	-	19,090,932
Boiler	27,689,016	-	27,689,016
Compressor	14,990,734	-	14,990,734
Fork lift	688,027	-	688,027
Air Condition Installation	3,364,551	-	3,364,551

ETP Plant	15,420,283	-	15,420,283
Telephone Installation	23,587	-	23,587
Office Equipment	4,199,008	-	4,199,008
Vehicles	9,642,318	-	9,642,318
Furniture & Fixture	5,646,419	-	5,646,419
Security Deposit	771,500	-	771,500
<b>Total Fixed Cost</b>	<b><u>1,052,161,291</u></b>	<b><u>177,403,108</u></b>	<b><u>1,229,564,399</u></b>
Net Working Capital	560,049,385	-	560,049,385
<b>Total Project Cost</b>	<b><u>1,612,210,676</u></b>	<b><u>177,403,108</u></b>	<b><u>1,789,613,784</u></b>

#### **MEANS OF FINANCE**

Loans :-			
Long-term Bank Loan	32,356,039	(25,092,728)	7,263,311
Short-term Bank Loan	58,826,719	-	58,826,719
Total Loan	<u>91,182,758</u>	<u>(25,092,728)</u>	<u>66,090,030</u>
Accumulated Depreciation	246,985,324	-	246,985,324
Deferred Tax	26,255,409	-	26,255,409
Equity :-			
Paid-up Capital	627,148,000	220,000,000	847,148,000
Retained Earnings**	<u>620,639,185</u>	<u>(17,504,164)</u>	<u>603,135,021</u>
	<u>1,247,787,185</u>	<u>202,495,836</u>	<u>1,450,283,021</u>
<b>Total Means of Finance</b>	<b><u>1,612,210,676</u></b>	<b><u>177,403,108</u></b>	<b><u>1,789,613,784</u></b>

\*\* IPO expenses of 17,504,164 to be charged as expense.

**VFS Thread Dyeing Limited**  
STATEMENT OF PROJECTED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE

Particulars	Audited		Projected		
	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT
	30-06-2017	30-06-2016	Year 1	Year 2	Year 3
Sales Revenue	880,833,240	398,856,317	968,916,564	1,162,699,877	1,249,902,368
Less: Cost of Goods Sold	681,178,034	299,200,862	749,263,179	887,488,816	954,050,477
<b>Gross Profit/ (Loss)</b>	<b>199,655,206</b>	<b>99,655,455</b>	<b>219,653,385</b>	<b>275,211,061</b>	<b>295,851,890</b>
Less: Operating Expenses	18,801,150	8,740,467	37,245,372	21,123,092	21,651,169
<b>Operating Profit</b>	<b>180,854,056</b>	<b>90,914,989</b>	<b>182,408,013</b>	<b>254,087,969</b>	<b>274,200,721</b>
Less: Financial Expenses	15,225,379	9,032,143	8,591,704	6,417,844	4,243,984
Add: Non -Operating Income	458,310	481,669	677,450	866,540	1,012,340
<b>Profit before Tax</b>	<b>166,086,987</b>	<b>82,364,515</b>	<b>174,493,759</b>	<b>248,536,665</b>	<b>270,969,077</b>
Less: Provision for Income Tax	25,004,710	12,046,816	26,326,490	37,475,472	40,873,138
<b>Net Profit after Income Tax</b>	<b>141,082,277</b>	<b>70,317,699</b>	<b>148,167,269</b>	<b>211,061,193</b>	<b>230,095,939</b>
<b>Other Comprehensive Income</b>					
<b>Total Comprehensive Income</b>	<b>144,962,742</b>	<b>70,317,699</b>	<b>148,167,269</b>	<b>211,061,193</b>	<b>230,095,939</b>
<b>Gross profit percentages</b>	<b>22.67%</b>	<b>24.99%</b>	<b>22.67%</b>	<b>23.67%</b>	<b>23.67%</b>
<b>Net profit percentages</b>	<b>16.02%</b>	<b>17.63%</b>	<b>15.29%</b>	<b>18.15%</b>	<b>18.41%</b>
<b>Earnings per Share (EPS)</b>	<b>2.25</b>	<b>1.12</b>	<b>1.75</b>	<b>2.49</b>	<b>2.72</b>

**Conclusion**

The feasibility of the project has been conducted and analyzed from the viewpoint of marketing, financial, management & economic aspects and found to be worthwhile. The projected financial results and the profitability estimated based on historical data shows that the project is viable and lucrative. This projection will help the interested parties to have an idea over the VFS Thread Dyeing Limited.

Sd/-

**Md. Uzzal Hassain**

Analyst

Citizen Venture Limited

Date: December 07, 2017



## **SECTION (XXIII): LOCK-IN**

Ordinary shares of the issuer shall be subject to lock-in, from the date of issuance of prospectus or commercial operation, whichever comes later, in the following manner:

- (1) All shares held, at the time of according consent to the public offer, by sponsors, directors and shareholders holding ten percent (10%) or more shares, other than alternative investment funds, for 03 (three) years;
- (2) In case any existing sponsor or director of the issuer transfers any share to any person, other than existing shareholders, all shares held by those transferee shareholders, at the time of according consent to the public offer, for 03 (three) years;
- (3) Twenty five percent (25%) of the shares allotted to eligible investors, for 06 (six) months and other twenty five percent (25%) of the shares allotted to them, for 09 (nine) months;
- (4) All shares held by alternative investment funds, at the time of according consent to the public offer, for 01 (one) year;
- (5) All shares held, at the time of according consent to the public offer, by any person other than the persons mentioned in sub rules(1), (2) and (3) above, for 01 (one) year.

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in as mentioned above.

The following table indicates the **Lock-In** status of the shareholders of VFS Thread Dyeing Limited

**Shareholding of the sponsors and directors:**

Sl. No.	Name of Shareholder	Position	BO ID	No. of Shareholding	Shareholding (%) before IPO on 62,714,800 shares	Shareholding (%) Post-IPO on 84,714,800 shares	Lock-in Period
1	Sarwat Khaled	Chairman	1201950064953536	6,490,000	10.35 %	7.66 %	3 Years
2	M. Azhar Rahman	Managing Director	1201950064952657	13,760,000	21.94 %	16.24 %	3 Years
3	Rumana Hashem	Director	1201950064955411	2,783,500	4.44 %	3.29 %	3 Years
4	Tariqul Islam	Director	1201950064955031	3,030,000	4.83 %	3.58 %	3 Years
5	Mo Lai Mei	Sponsor	1605860061247164	15,501,300	24.72%	18.30 %	3 Years
6	Khaleda Siddique	Independent Director	1604940064955618	100,000	0.16 %	0.12 %	3 Years

**Other shareholders:**

Sl. No.	Name of Shareholder	Position	BO ID	No. of Shareholding	Shareholding (%) before IPO on 62,714,800 shares	Shareholding (%) Post- IPO on 84,714,800 shares	Lock-in Period
7	Rowshan Ara	Shareholder	1204120064955487	3,300,000	5.26 %	3.90 %	1 Year
8	Md. Shohedul Islam	Shareholder	1605860061246590	14,50,000	2.31%	1.71%	1 Year
9	AKM Nasir Ullah	Shareholder	1605860061244492	50,000	0.08 %	0.06 %	1 Year
10	Farzana Khaled	Shareholder	1605860061442656	75,000	0.12 %	0.09 %	1 Year
11	Khandoker Mofazzal Hossain	Shareholder	1202090059088777	50,000	0.08 %	0.06 %	1 Year
12	Golam Mohiuddin	Shareholder	1203180007726747	700,000	1.12 %	0.83 %	1 Year
13	Md. Abdus Sultan	Shareholder	1605570058021241	800,000	1.28 %	0.94 %	1 Year
14	Mayfair Holdings Ltd	Shareholder	1202090059408200	300,000	0.48 %	0.35 %	1 Year

15	Md. Abdul Bari Sarkar	Shareholder	1202090000385096	50,000	0.08 %	0.06 %	1 Year
16	Md Shah Alam	Shareholder	1203620007870675	50,000	0.08 %	0.06 %	1 Year
17	MST. Nadira Akhter	Shareholder	1605760055703723	2,000,000	3.19 %	2.36 %	1 Year
18	Md. Mahabuber Rahman	Shareholder	1605760055660960	2,000,000	3.19 %	2.36 %	1 Year
19	Shamsunnahar	Shareholder	1204220056696739	50,000	0.08 %	0.06 %	1 Year
20	Jahadha Khondoker	Shareholder	1605570048505085	1,500,000	2.39 %	1.77 %	1 Year
21	Md Anowar Jahid	Shareholder	1605860061228627	100,000	0.16 %	0.12 %	1 Year
22	Mst. Shahanaj Pervin	Shareholder	1203610052249643	100,000	0.16 %	0.12 %	1 Year
23	Mr Sonkar Kumar Paul	Shareholder	1203140064837164	100,000	0.16 %	0.12 %	1 Year
24	Nayon Chowdhury	Shareholder	1204220059298763	40,000	0.06 %	0.05 %	1 Year
25	M.M. Iqbal Hossain	Shareholder	1204180023624187	50,000	0.08 %	0.06 %	1 Year
26	Md. Khaled- Al Mahmud	Shareholder	1204180045720046	50,000	0.08 %	0.06 %	1 Year
27	Nazim Md. Imtiaz	Shareholder	1205790064808431	50,000	0.08 %	0.06 %	1 Year
28	Md. ZillurRahman	Shareholder	1204180020025151	10,000	0.02 %	0.01 %	1 Year
29	Banco Finance And Investment Ltd	Shareholder	1605570061564795	1,000,000	1.59 %	1.18 %	1 Year
30	Mahbuba Begum	Shareholder	1201700000258308	50,000	0.08 %	0.06 %	1 Year
31	Md. Rabiul Islam	Shareholder	1203140020591391	50,000	0.08 %	0.06 %	1 Year
32	Aulad Hussain Bhuiyan	Shareholder	1205690061453864	50,000	0.08 %	0.06 %	1 Year
33	Md. Foysal Ahamed	Shareholder	1203040058175818	150,000	0.24 %	0.18 %	1 Year
34	Md. Tazul Islam	Shareholder	1203040064933657	300,000	0.48 %	0.35 %	1 Year
35	Kaji Amdadul Haque	Shareholder	1605570062732560	250,000	0.40 %	0.30 %	1 Year
36	Shakil Mahmud	Shareholder	1605550062101886	800,000	1.28 %	0.94 %	1 Year

37	Mohammad Towhidul Islam	Shareholder	1202830055707558	500,000	0.80 %	0.59 %	1 Year
38	Saima Rahman Chaity	Shareholder	1604940064954276	50,000	0.08 %	0.06 %	1 Year
39	Sarmin Akter	Shareholder	1604940064581569	150,000	0.24 %	0.18 %	1 Year
40	Syada Gulshan Ara	Shareholder	1604940064954415	50,000	0.08 %	0.06 %	1 Year
41	Mst. Kamrun Nahar	Shareholder	1604940064581494	100,000	0.16 %	0.12 %	1 Year
42	Lipi Khatun	Shareholder	1605860061464930	50,000	0.08 %	0.06 %	1 Year
43	Ranu Gain	Shareholder	1201950064952649	50,000	0.08 %	0.06 %	1 Year
44	Md. Mahamodul Hossain	Shareholder	1604940064581352	1,050,000	1.67 %	1.24 %	1 Year
45	Maksuda Alam	Shareholder	1201630029241422	50,000	0.08 %	0.06 %	1 Year
46	Md. Ikhtiar Hossain	Shareholder	1201510008023188	50,000	0.08 %	0.06 %	1 Year
47	Md. Alamgir Hossain	Shareholder	1604940061304031	400,000	0.64%	0.47%	1 Year
48	Md. Mominur Rahman	Shareholder	1604940062512451	250,000	0.40%	0.30%	1 Year
49	Md. Habib Ahsan	Shareholder	1604940060738612	200,000	0.32%	0.24%	1 Year
50	F.A. Trading Corporation	Shareholder	1604940063139008	1,250,000	1.99%	1.48%	1 Year
51	Ishtiaq Ahmed	Shareholder	1202490000226422	75,000	0.12%	0.09%	1 Year
52	Moniruzzaman	Shareholder	1203730007301413	50,000	0.08%	0.06%	1 Year
53	Ataur Rahman	Shareholder	1604650063053606	200,000	0.32%	0.24%	1 Year
54	Asraf Uddin Ahmed	Shareholder	1604940064000434	100,000	0.16%	0.12%	1 Year
55	Mst. Kanij Fatema	Shareholder	1604940063976219	400,000	0.64%	0.47%	1 Year
56	Masudul Islam	Shareholder	1604940047374850	500,000	0.80%	0.59%	1 Year

*[From the issue date of Prospectus]*

## **SECTION (XXIV): MARKETS FOR THE SECURITIES BEING OFFERED**

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



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



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

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

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

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

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

### **Trading and Settlement;**

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

### **THE ISSUE SHALL BE PLACED IN "N" CATEGORY**

**SECTION (XXV): DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED**

<b>Particulars</b>	<b>To Whom</b>	<b>Type of Securities Outstanding</b>	<b>Subscriber of the Securities being Outstanding</b>	<b>No of Securities</b>	<b>Issue Price</b>
April 20, 2010 (At the time of Incorporation)	Sponsors	Ordinary Shares	-	30,000	10.00
September 25, 2011 (First Allotment )	Sponsor, Directors& Shareholders	Ordinary Shares	-	265,400	10.00
December 26, 2011 (Second Allotment)	Sponsor & Directors	Ordinary Shares	-	700,000	10.00
November 28, 2012 (Third Allotment)	Sponsor, Directors & Shareholders	Ordinary Shares	-	5,276,080	10.00
<b>Total</b>				<b>6,271,480</b>	

The Company has issued Ordinary Share to the Subscriber to the Memorandum and other shareholders time to time which has been disclosed in the Section "Ownership of the Company's Securities."

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

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

**b. Conversion and liquidation rights;**

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

**c. Dividend policy;**

- i. The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

- ii. No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
- iii. No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- iv. 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.
- v. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- vi. No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

**d. Other rights of the securities holders;**

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

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

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

## **SECTION (XXVI): FINANCIAL STATEMENTS**

- a) The latest financial statements prepared and audited by the Commission's panel auditors in adherence to the provisions of the Securities and Exchange Rules, 1987, the Companies Act, 1994, International financial Reporting and Auditing Standards as adopted in Bangladesh from time to time and Financial Reporting Act;

### **AUDITOR'S REPORT TO THE SHAREHOLDERS OF VFS THREAD DYEING LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of VFS THREAD DYEING LIMITED (the company), which comprises the Statement of Financial Position as at 30 June 2017 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year from 01 July 2016 to 30 June 2017 then ended and a summary of significant accounting policies and other explanatory information thereon.

#### **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 (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion:**

In our opinion, the financial statements give a true and fair view of the financial position of VFS THREAD DYEING LIMITED as at 30 June 2017 and of its financial performance and its cash flows for the year from 01 July 2016 to 30 June 2017 then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and The Securities and Exchange Rules 1987, we also report that:

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- (c) the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purpose of the company's business.

Date: 13 September 2017  
Place: Dhaka

SD/-  
**AHMAD & AKHTAR**  
*Chartered Accountants*



**VFS THREAD DYEING LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2017**

Particulars	Notes	Amount in Taka	
		30 June 2017	30 June 2016
<b>Assets</b>			
<b>Non-Current Assets</b>		<b>805,175,967</b>	<b>783,989,824</b>
Property, Plant & Equipment	3.00	804,404,467	783,218,324
Capital Work in Progress	4.00	-	-
Security Deposit	5.00	771,500	771,500
<b>Current Assets</b>		<b>634,562,148</b>	<b>545,628,667</b>
Inventories	6.00	228,032,743	192,934,494
Trade Receivables	7.00	369,467,815	328,201,465
Advance, Deposits and Prepayments	8.00	35,860,857	22,497,375
Cash and Cash Equivalents	9.00	1,200,734	1,995,333
<b>Total Assets</b>		<b>1,439,738,115</b>	<b>1,329,618,492</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholders Equity</b>		<b>1,247,787,185</b>	<b>1,107,659,496</b>
Share Capital	10.00	627,148,000	627,148,000
Retained Earnings	11.00	620,639,185	480,511,496
<b>Non-Current Liabilities</b>		<b>58,611,448</b>	<b>72,208,098</b>
Long Term Borrowings	12.00	32,356,039	56,052,180
Deferred Tax Liabilities	13.00	26,255,409	16,155,918
<b>Current Liabilities</b>		<b>133,339,482</b>	<b>149,750,898</b>
Trade Payables	14.00	5,984,789	19,544,536
Current Portion of Long Term Borrowings	15.00	16,722,000	10,660,000
Short Term Borrowings	16.00	58,826,719	83,332,142
Creditor & Accruals	17.00	4,024,515	3,337,979
Provision for Income Tax	18.00	47,781,460	32,876,241
<b>Total Shareholders Equity and Liabilities</b>		<b>1,439,738,115</b>	<b>1,329,618,492</b>
<b>Net Asset Value (NAV) Per Share</b>	26.00	<b>19.90</b>	<b>17.66</b>

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

sd/  
Chief Financial Officer

sd/  
Company Secretary

sd/  
Managing Director

sd/  
Chairman

Signed as per our annexed report on even date.

Dated: 13 September 2017  
Place: Dhaka

sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**VFS THREAD DYEING LIMITED**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2017**

Particulars	Notes	(Amount in Taka)	
		01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
Sales Revenue	19.00	880,833,240	800,062,695
Less: Cost of Goods Sold	20.00	681,178,034	605,703,468
<b>Gross Profit</b>		<b>199,655,206</b>	<b>194,359,227</b>
Less: Operating Expenses	21.00	18,801,150	16,824,784
<b>Operating Income</b>		<b>180,854,056</b>	<b>177,534,443</b>
Less: Financial Expenses	22.00	15,225,379	15,229,887
<b>Net Operating Income</b>		<b>165,628,677</b>	<b>162,304,557</b>
Add: Other Non-Operating Income	23.00	458,310	1,145,857
<b>Profit before Tax</b>		<b>166,086,987</b>	<b>163,450,414</b>
<b>Less: Provision for Taxation</b>		<b>25,004,710</b>	<b>24,342,538</b>
Current Tax	24.01	14,905,219	13,289,668
Deferred Tax	24.02	10,099,491	11,052,870
<b>Net Profit after Tax</b>		<b>141,082,277</b>	<b>139,107,875</b>
<b>Earnings Per Share (EPS)</b>	25.00	<b>2.25</b>	<b>2.22</b>

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

sd/  
Chief Financial Officer

sd/  
Company Secretary

sd/  
Managing Director

sd/  
Chairman

Signed as per our annexed report on even date.

Dated: 13 September 2017  
Place: Dhaka

sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**Statement of Changes in Equity  
For the year ended 30 June 2017**

*(Amount in Taka)*

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2016	627,148,000	480,511,496	1,107,659,496
Net Profit during the period	-	141,082,277	141,082,277
Prior year adjustment (under provision of Tax)	-	(954,588)	(954,588)
<b>Balance as on 30 June 2017</b>	<b>627,148,000</b>	<b>620,639,185</b>	<b>1,247,787,185</b>

**Statement of Changes in Equity  
For the year ended 30 June 2016**

*(Amount in Taka)*

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2015	627,148,000	344,098,257	971,246,257
Depreciation of road & others (Adjustment as per BAS -8)	-	(2,694,636)	(2,694,636)
Net Profit during the year	-	139,107,875	139,107,875
<b>Balance as on 30 June 2016</b>	<b>627,148,000</b>	<b>480,511,496</b>	<b>1,107,659,496</b>

sd/ _____ <b>Chief Financial Officer</b>	sd/ _____ <b>Company Secretary</b>	sd/ _____ <b>Managing Director</b>	sd/ _____ <b>Chairman</b>
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Signed as per our annexed report on even date.

Dated: 13 September 2017  
Place: Dhaka

sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**VFS THREAD DYEING LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

<i>(Amount in Taka)</i>			
Particulars	Notes	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
<b>A. Cash Flows from Operating Activities</b>			
Cash receipts from customers & others		840,025,200	794,098,158
Cash payment to suppliers, employee & others		(694,059,537)	(613,640,063)
Cash payment for interest on short term loan		(7,749,530)	(5,732,696)
Cash payment for income tax		(11,831,556)	(11,301,000)
<b>Net Cash Flows from Operating Activities</b>		<b>126,384,577</b>	<b>163,424,399</b>
<b>B. Cash Flows from Investing Activities</b>			
Cash payments for acquisition of fixed assets		(77,563,764)	(155,556,476)
<b>Net Cash Flows from Investing Activities</b>		<b>(77,563,764)</b>	<b>(155,556,476)</b>
<b>C. Cash Flows from Financing Activities</b>			
Cash receipts from short term loan from bank		44,867,620	73,060,627
Cash repayments of short term loan		(69,373,044)	(66,760,685)
Cash receipts from long term loan		7,475,849	12,386,668
Cash repayments of long term loan		(25,109,990)	(16,569,776)
Cash payment for interest on long term loan		(7,475,849)	(9,497,191)
<b>Net Cash Flows from Financing Activities</b>		<b>(49,615,414)</b>	<b>(7,380,357)</b>
<b>D. Increase/(Decrease) of Cash and Cash Equivalents (A+B+C)</b>		<b>(794,600)</b>	<b>487,565</b>
E. Opening Cash and Cash Equivalents		1,995,333	1,507,769
<b>F. Closing Cash and Cash Equivalents (D+E)</b>		<b>1,200,734</b>	<b>1,995,333</b>
<b>Net Operating Cash Flows per Share (NOCFPS)</b>	27.00	<b>2.02</b>	<b>2.61</b>

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

sd/	sd/	sd/	sd/
<b>Chief Financial Officer</b>	<b>Company Secretary</b>	<b>Managing Director</b>	<b>Chairman</b>

Dated: 13 September 2017  
Place: Dhaka

**VFS THREAD DYEING LIMITED**  
**Notes, comprising significant accounting policy and other explanatory information**  
**For the year ended 30 June 2017**

**1.00 The Company and its operations**

**1.01 Legal form of the Company**

The Company was incorporated on April 20, 2010 as a 'Private' company limited by shares, registered under the Companies Act 1994 vide Certificate of Incorporation No. C-84051/10. Later on the company converted into Public Limited Company on the date of January 10, 2013.

**1.02 Address of the Registered Office**

The registered office of the company is located at House No # 257 (3<sup>rd</sup> Floor), Road No # 03, Baridhara DOHS, Dhaka – 1206.

**1.03 Nature of Business activities**

VFS Thread Dyeing Limited is a leading manufacturer and supplier of high quality Sewing Thread products to apparel industries in Bangladesh. The principal activities of the company include dyeing and coning of different types of sewing thread yarn. The company has established itself as an innovative leader of 100% export oriented sewing thread yarn of Spun Polyester, Core Spun and Synthetic Filament of all grades.

Among all different products of the company, the Spun Polyester Yarn and Textured Polyester (Synthetic Filament Yarn) are predominantly used in readymade garments products while the Core Spun mostly used in fashion apparels (Lingerie & Swimsuits). These sewing threads are available in various counts. The Spun Polyester is available in 60/2, 60/3, 50/2, 40/2, 20/2, 20/3, 20/4, 20/6 & 20/9 etc while the Synthetic Filament available in 150D Raw White (()-TPM, 80-TPM, 180-TPM & 200TPM) and 150D Optical White (80TPM & 200TPM).

Other counts of threads are also available as per client's requirements and these are dyed according to shade book of the company or as per clients instructions.

**1.04 Production Unit**

Production unit of the company is situated at RS-36, Village # Gazipur, PS # Gazipur Sador, District # Gazipur. Production facility of the company comprises of two units namely 'Dyeing' and 'Finishing' unit.

**1.05 Capital Structure of the Company**

Particulars	Taka
<b>Authorized Capital</b> 100,000,000 ordinary shares of Taka 10/= each.	1,000,000,000
<b>Issued, subscribed, called-up and paid-up capital</b> 62,714,800 Ordinary Shares of Taka 10/= each fully paid-up	627,148,000

**2.00 Summary of significant accounting as per rules**

## **2.01 Basis of preparation and presentation of the financial statements**

The financial statements have been prepared and disclosures of information are made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 (as applicable) and BAS's as well as BFRSs (as applicable) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income have been prepared according to BAS 1 Presentation of Financial Statements based on accrual basis of accounting following going concern assumption under Generally Accepted Accounting Principles (GAAP) and practices in Bangladesh.

## **2.02 Regulatory Compliances**

As required by the company, the management complies 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 Customs Act, 1969; and  
Bangladesh Labor Law, 2006.

## **2.03 Accounting convention and assumption**

The financial statements are prepared under the historical cost convention.

## **2.04 Principal accounting policies**

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial Statements.

Financial Statements have been prepared and presented in compliance with applicable BASs. Previous year's figures were re-arranged where felt necessary.

There were no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS 1.

## **2.05 BAS and BFRS Adopted by the Management**

The following BAS and BFRS are applicable and adopted by management for preparation of financial statements for the year ended 30 June, 2017.

### **BASs:**

BAS	1	Presentation of Financial Statements
BAS	2	Inventories
BAS	7	Statement of Cash Flows

BAS	8	Accounting policies, Changes in Accounting Estimates and Errors
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	23	Borrowing Costs
BAS	24	Related Party Disclosures
BAS	32	Financial Instruments: Presentation
BAS	33	Earnings Per Share (EPS)
BAS	36	Impairment of Assets
BAS	37	Provisions, Contingent liabilities and Contingent Assets
BAS	39	Financial Instruments: Recognition and Measurement

**BFRSs:**

BFRS	7	Financial Instruments: Disclosures
BFRS8		Operating Segments

## **2.06 Risk and Uncertainties for use of Estimates in preparation of financial statements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure requirements for contingent assets and liabilities during and at the date of financial statements. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

## **2.07 Components of the Financial Statements**

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

- i) Statement of Financial Position as at 30 June 2017;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2017;
- iii) Statement of Changes in Equity for the year ended 30 June 2017;
- iv) Statement of Cash Flows for the year ended 30 June 2017; and
- v) Notes, comprising significant accounting policy and other explanatory information for the year ended 30 June 2017.

## **2.08 Property, Plant and Equipment**

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the

asset to its working condition for its intended use inclusive of inward freight, duties and non- refundable taxes.

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied with the item will flow to and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

## **2.09 Depreciation of fixed assets**

Depreciation is provided on reducing balance method (except Land & Land Development) on the cost at which the asset is carried in the books of account.

Depreciation has been charged on additions of fixed assets on the year of available for utilization. The depreciation /amortization rate(s) are as follows:

<b><u>Category of fixed assets</u></b>	<b><u>Rate %</u></b>
Land and Land Development	-
Factory Building	2.50
Plant & Machinery	10
Power Generator set	10
Electrical Installation	10
Boiler	10
Compressor	10
Fork lift	10
ETP Plant	10
Gas Installation	10
Air Condition Installation	10
Telephone Installation	20
Office Equipment	10
Furniture & Fixture	20
Vehicles	20

## **2.10 Valuation of stocks**

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of BAS-2.

<b>Category of stocks</b>		<b>Basis of valuation</b>
Raw & packing materials including work-in-process	:	Moving average (Weighted) Cost
Finished Goods at Factory	:	At lower of cost or net estimated realizable value
At warehouses	:	At cost
Stores Items	:	At cost
Materials in-transit	:	Book value i.e. cost so far incurred



Cost comprises of the value of materials and all other distributable direct labor & production overheads including depreciation.

**2.11 Bills receivable**

Bills Receivable is carried at invoice amount without making any provision for doubtful debts, since sales/exports are based on 100% confirmed letter of credit with fixed maturity dates.

**2.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash at bank, which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

**2.13 Foreign currency transaction**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS-21 (the Effects of changes in Foreign Exchange Rates). Foreign currency transactions translated at the financial position date are charged/ credited to the statement of Profit or Loss and Other Comprehensive Income whenever arise.

**2.14 Trade payables**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

**2.15 Provision**

The preparation of financial statements in conformity with Bangladesh accounting standards BAS-37 (Provisions, Contingent Liabilities and Contingent Assets) requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by BAS-37 provisions were recognized in the following situations:

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

We have shown the provisions in the balance sheet at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

**2.16 Taxation**

**Current Tax**

Provision for current income tax has been made at the rate of 15% as prescribed in the finance act (এস, আর, ও নং ২০৭. আইন-আয়কর/২০০৮, তারিখ, ৩০.০৬.২০০৮ এস, আর, ও নং ২২১- আইন-আয়কর/২০১১ তারিখ: ০৪.০৭.২০১১ এবং এস, আর, ও নং ২০৭-আইন-আয়কর/২০১৩ তারিখ, ০১.০৭.২০১৩) on the accounting profit made by the company making some adjustment with the profit as per ITO 1984 in compliance with BAS-12 "Income Taxes".

### **Deferred Tax**

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future years in respect of deductible temporary differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax based. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the reporting date. The impact on the account of changes in the deferred tax assets and liabilities for the period ended 30 June 2017 has been recognized in the statement of profit or loss and other comprehensive income as per BAS-12 “Income Taxes”.

### **2.17 VAT**

According to Value Added Tax (VAT) Act 1991 section 72 (এস, আর, ও নং ১৬২-আইন/২০০৮/৪৮৮-মুসক, তারিখ ২৬ জুন ২০০৮), the company's traded income is 100% export oriented so its income is not subject to VAT.

### **2.18 Contingent liabilities and assets**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events, which are not within the control of the company. In accordance with BAS-37, Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

### **2.19 Revenue recognition**

In compliance with the requirements of BAS-18 (Revenue), revenue is recognized only when;

- a) receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably;
- b) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable;
- c) Income from export (deemed export) is recognized at delivery of the consignment on accrual basis.

### **2.20 Borrowing cost**

In compliance with the requirements of BAS-23 (Borrowing Cost), borrowing cost of operational period on long term loan, short term loan and overdraft facilities from Sonali Bank Limited and Bangladesh Development Bank Limited (BDBL) was charged off as revenue expenditure as they incurred.

### **2.21 Intangible Assets**

The company has no intangible assets.

### **2.22 Repairs, upkeep and maintenance charges**

These are usually charged as revenue expenditure in the period in which it is incurred.

### **2.23 Related Party Disclosure**

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by BAS-24: Related Party Disclosures has been disclosed in a separate note (note no: 29) to the accounts.

### **2.24 Event after Statement of Financial Position Date**

In compliance with the requirements of "BAS-10: Event After the reporting period" that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes.

### **2.25 Bad and Doubtful Debts**

No provision has been made for bad and doubtful debts since sales / export are based on 100% confirmed letter of credit with fixed maturity date.

### **2.26 Employee Benefit**

The company has accounted for and disclosed employee benefits.

- The cost of employee benefits is charged of as revenue expenditure in the period to which the contributions relate.
- The company's employee benefits include the following:
- Short-term employee benefits include salaries, bonuses, house rent, medical fees etc.
- Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.
- During the period the company is unable to start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. As per Sub-Section 3 of Section 232 of Bangladesh labor Act 2006 re-placed by the Act no 30, Section 63 of the year 2015, the Board consists of the owner of the 100% export oriented industries and buyers. The board shall format the rules of determination of subscription, procedure of collection and utilization of the fund.

### **2.27 Advertising and Promotional Expenses**

All costs associated with advertising and promotional activities are charged in the period they were incurred.

### **2.28 Statement of Cash Flows**

Statement of Cash Flows is prepared principally in accordance with BAS-7 (Statement of Cash Flows) and cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987.

### **2.29 Earnings Per Shares (EPS)**

The management calculates Earnings Per Share (EPS) in accordance with BAS-33, Earnings per share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income; the same has been calculated dividing surplus available for ordinary shareholders by weighted average number of ordinary shares outstanding at the end of the period (note- 25.00).

**2.29.1 Basic earnings**

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

**2.29.2 Weighted average number of ordinary shares outstanding during the period**

Computations of weighted average number of ordinary shares are not required as number of shares outstanding has been same throughout the financial period.

**2.30 Reporting Period**

The financial statements cover twelve (12) months from 01 July 2016 to 30 June 2017.

**2.31 Date of Authorization**

The Board of Directors of VFS Thread Dyeing Limited approved this Financial Statements on 13.09.2017.

**2.32 Reporting Currency**

All figures are rounded of nearest in Bangladeshi Taka.

**2.33 Going Concern**

The financial statements are normally prepared on the assumption that an enterprise is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation.

**2.34 Impairment of Assets**

In accordance with the provision of BAS-36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the period.

**2.35 Segment Reporting**

No segmental reporting is applicable for the company as required by "BFRS-8: 'Operating Segments' as the company operates in a single industry segment and within as geographical segment.

**2.36 Comparative information and General**

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

ii) Figures for the year ended 30 June 2016 have been rearranged wherever considered necessary to ensure comparability with the current year.

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>Taka</b>	<b>Taka</b>
<b>3.00 Property, Plant and Equipment</b>		
Balance as on July 01, 2016	973,826,027	818,269,551
Add: Addition during the year	77,563,764	155,556,476
	<b>1,051,389,791</b>	<b>973,826,027</b>
Less: Accumulated Depreciation	246,985,324	190,607,703
<b>Written down value as on 30 June 2017</b>	<b>804,404,467</b>	<b>783,218,324</b>
<i>The details of the above is given in Annexure-A</i>		
<b>4.00 Capital work in Progress</b>		
Opening Balance	-	-
Add: Addition during the year	25,487,429	-
	<b>25,487,429</b>	<b>-</b>
Less: Capitalize to Building & Civil Construction	25,487,429	-
	<b>-</b>	<b>-</b>
<b>5.00 Security Deposit</b>		
Bangladesh Telecommunication Company Ltd. (BTCL)	6,500	6,500
Rural Electrification Board (REB)	765,000	765,000
	<b>771,500</b>	<b>771,500</b>
<b>6.00 Inventories</b>		
Raw Materials-Yarn (Note-6.01)	162,923,566	123,201,563
Raw Materials-Chemicals (Note-6.02)	18,055,430	13,545,565
Work in Process (Note-6.03)	3,823,455	2,854,785
Packing Materials (Note-6.04)	1,560,807	1,495,689
Finished Goods (Note-6.05)	39,357,141	49,540,865
Store Items (Note-6.06)	2,312,344	2,296,027
	<b>228,032,743</b>	<b>192,934,494</b>
<b>6.01 Raw Materials-Yarn</b>		
Opening Balance	123,201,563	119,856,215
Add: Purchase during the year	542,090,730	476,400,326
<b>Raw materials available for production</b>	<b>665,292,293</b>	<b>596,256,541</b>
Less: Input to production	502,368,727	473,054,978
<b>Closing Balance</b>	<b>162,923,566</b>	<b>123,201,563</b>
<b>6.02 Raw Materials- Chemicals</b>		
Opening Balance	13,545,565	13,825,463
Add: Purchase during the year	45,823,300	39,641,078
<b>Raw materials available for production</b>	<b>59,368,865</b>	<b>53,466,541</b>
Less: Input to production	41,313,435	39,920,976
<b>Closing Balance</b>	<b>18,055,430</b>	<b>13,545,565</b>

**6.03 Work in Process**

Opening Work in Process	2,854,785	1,340,579
Add: Current year	551,823,813	519,052,112
	<b>554,678,598</b>	<b>520,392,691</b>
Less: Transfer to Finished Goods	550,855,143	517,537,906
<b>Closing Balance</b>	<b>3,823,455</b>	<b>2,854,785</b>

**6.04 Packing Materials**

Opening Balance	1,495,689	1,526,598
Add: Purchase during the year	8,206,769	6,045,249
	<b>9,702,458</b>	<b>7,571,847</b>
Less: Consumption during the year	8,141,651	6,076,158
<b>Closing Balance</b>	<b>1,560,807</b>	<b>1,495,689</b>

**6.05 Finished Goods**

Opening Finished Goods	49,540,865	22,524,589
Add: Production during the year	671,296,870	633,151,812
Less: Cost of free issue	302,560	432,068
<b>Production available for export</b>	<b>720,535,175</b>	<b>655,244,333</b>
Less: Cost of goods sold	681,178,034	605,703,468
<b>Closing Balance</b>	<b>39,357,141</b>	<b>49,540,865</b>

**6.06 Store Items**

Opening Balance	2,296,027	1,896,399
Add: Purchase during the year	4,122,188	4,246,794
	<b>6,418,215</b>	<b>6,143,193</b>
Less: Consumption during the year	4,105,871	3,847,166
<b>Closing Balance</b>	<b>2,312,344</b>	<b>2,296,027</b>

**Raw materials:** It consist of import value and local expenses incurred upto warehouse. Inventory system is maintained on FIFO basis.

**Work in process:** It consist of cost of raw materials, chemicals and packing materials only.

**Finished Goods:** It includes the cost incurred upto cost of goods available for sale.

**Store Items:** It consist of the total cost of spare parts, loose tools and consumable items.

**Physical verification of inventories:** The management has physically verified the inventories as of the Statement of Financial Position date.

**7.00 Trade Receivables**

The amount of receivable against export bills as on 30 June 2017. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

**Bill Receivables**

Opening Balance	328,201,465	321,091,071
Add: Addition during the year	880,833,240	800,062,695
<b>Available for received</b>	<b>1,209,034,705</b>	<b>1,121,153,766</b>
Less: Realized during the year	839,566,890	792,952,301
	<b>369,467,815</b>	<b>328,201,465</b>

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	Taka
i. Receivables considered good in respect of which the company is fully secured	369,467,815
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	-
iii. Receivables considered doubtful or bad	-
iv. Receivables to Directors	-
v. Receivables by the common management	-
vi. The maximum amount of receivable due by any director or other officer of the company	-
<b>Total</b>	<b>369,467,815</b>

**Ageing of Bill Receivable:**

Less than 6 Month	369,467,815	328,201,465
More Than 6 Month	-	-
	<b>369,467,815</b>	<b>328,201,465</b>

**8.00 Advance, Deposits & Prepayments**

Advance Salary	276,540	375,500
Advance Income Tax Note: 8.01	25,085,206	14,208,238
LC Margin & Charges	8,055,221	-
M/S. Almunium Trade Center	233,400	-
M/S. Shafiq Trading Corporation	755,460	2,784,589
M/S. Sujon Enterprise	322,400	1,458,750
M/S. Rainbow Power & Engineering	566,230	1,554,855
M/S. Nayan Electric	-	12,500
M/S. Farid & Sons	566,400	2,102,943
	<b>35,860,857</b>	<b>22,497,375</b>

**8.01 Advance Income Tax**

Opening Balance	14,208,238	2,907,238
Addition during the year	10,876,968	11,301,000
	25,085,206	14,208,238
Adjustment during the year	-	-
Closing balance	<b>25,085,206</b>	<b>14,208,238</b>

**9.00 Cash and Bank Balance**

Cash in hand	833,120	189,653
Cash at Bank-Sonali Bank Limited	60,611	15,384
Cash at Bank-Bangladesh Development Bank Ltd.	14,311	530,000
Cash at Bank-Mercantile Bank Ltd.	292,692	1,260,296
	<b>1,200,734</b>	<b>1,995,333</b>

The bank balance are in agreement with respective bank statement.

**10.00 Share Capital**

**10.01 Authorized Share Capital**

100,000,000 ordinary shares of Taka 10/= each.

**1,000,000,000**

**1,000,000,000**

**10.02 Issued, subscribed, called-up and paid-up share capital**

62,714,800 ordinary shares of Tk 10/= each fully paid-up

627,148,000

627,148,000

**627,148,000**

**627,148,000**

The shareholding position of the company are as under:

Name	Designation	No. of Shares	Percentage (%)	Amount in Tk.
Mrs. Sarwat Khaled	Chairman	6,490,000	10.35	64,900,000
Mr. M. Azhar Rahman	Managing Director	12,760,000	20.35	127,600,000
Rumana Hashem	Director	2,783,500	4.44	27,835,000
Rawshon Ara	Director	3,300,000	5.26	33,000,000
Mrs. Khaleda Siddique	Independent Director	100,000	0.16	1,000,000
Ms. Mo Lai Mei	Sponsor	16,551,300	26.39	165,513,000
Tariqul Islam	Shareholder	3,030,000	4.83	30,300,000
Md. Shohedul Islam	Shareholder	2,050,000	3.27	20,500,000
AKM Nasir Ullah	Shareholder	50,000	0.08	500,000
Farzana Khaled	Shareholder	3,000,000	4.78	30,000,000
Khandoker Mofazzal Hosain	Shareholder	50,000	0.08	500,000
Golam Mohiuddin	Shareholder	700,000	1.12	7,000,000
Md. Abdus Sultan	Shareholder	800,000	1.28	8,000,000
Md. Abdullah	Shareholder	100,000	0.16	1,000,000
Mayfair Holdings Ltd	Shareholder	300,000	0.48	3,000,000
Md. Abdul Bari Sarkar	Shareholder	50,000	0.08	500,000
Md. Shah Alam	Shareholder	50,000	0.08	500,000
Mst. Nadira Akhter	Shareholder	1,000,000	1.59	10,000,000
Md. Mahabuber Rahman	Shareholder	1,000,000	1.59	10,000,000
Shamsunnahar	Shareholder	50,000	0.08	500,000
Jahadha Khondoker	Shareholder	1,500,000	2.39	15,000,000
Md. Anowar Jahid	Shareholder	100,000	0.16	1,000,000
Mst. Shahanaj Pervin	Shareholder	100,000	0.16	1,000,000
Sonkar Paul	Shareholder	100,000	0.16	1,000,000
Nayon Chowdhury	Shareholder	40,000	0.06	400,000
M.M. Iqbal Hossain	Shareholder	50,000	0.08	500,000
Md. Khaled- Al Mahmud	Shareholder	50,000	0.08	500,000
Nazim Md.Imtiaz	Shareholder	50,000	0.08	500,000
Md. Zillur Rahman	Shareholder	10,000	0.02	100,000
Banco Finance & Investment Ltd.	Shareholder	1,000,000	1.59	10,000,000
Mahbuba Begum	Shareholder	50,000	0.08	500,000
Md. Rabiul Islam	Shareholder	50,000	0.08	500,000
Aulad Hussain Bhuyan	Shareholder	50,000	0.08	500,000



Name	Designation	No of Shares	Percentage	Amount
Md. Foysal Ahamed	Shareholder	150,000	0.24	1,500,000
Md. Tazul Islam	Shareholder	300,000	0.48	3,000,000
Kaji Amdadul Haque	Shareholder	250,000	0.40	2,500,000
Shakil Mahmud	Shareholder	800,000	1.28	8,000,000
Mohammad Towhidul Islam	Shareholder	500,000	0.80	5,000,000
Saima Rahman Chaity	Shareholder	50,000	0.08	500,000
Shaheena Khatun	Shareholder	50,000	0.08	500,000
Syada Gulshan Ara	Shareholder	50,000	0.08	500,000
Md. Naseruddin Sarker	Shareholder	50,000	0.08	500,000
Mamrun Nahar	Shareholder	50,000	0.08	500,000
Sayed Golam Farouque	Shareholder	50,000	0.08	500,000
Mehedi Hasan Sumon	Shareholder	50,000	0.08	500,000
Mohammad Saadot Hossain Firozee	Shareholder	50,000	0.08	500,000
Samira Siddika	Shareholder	50,000	0.08	500,000
Utpala Bhattacharjee	Shareholder	50,000	0.08	500,000
Md. Imdadul Haque	Shareholder	200,000	0.32	2,000,000
Sarmin Akter	Shareholder	100,000	0.16	1,000,000
Lipi Khatun	Shareholder	50,000	0.08	500,000
Ranu Gain	Shareholder	50,000	0.08	500,000
Debashish Sen	Shareholder	100,000	0.16	1,000,000
Md. Mahamodul Hossain	Shareholder	2,100,000	3.35	21,000,000
Maksuda Alam	Shareholder	50,000	0.08	500,000
Mohammad Mosharaf Hosain	Shareholder	50,000	0.08	500,000
Md. Ikhtiar Hossain	Shareholder	50,000	0.08	500,000
Golam Mozaddedur Rahman	Shareholder	50,000	0.08	500,000
Md. Azad Hussain Bhuyain	Shareholder	50,000	0.08	500,000
<b>Total</b>		<b>62,714,800</b>	<b>100</b>	<b>627,148,000</b>

#### 11.00 Retained Earnings

Opening Balance	480,511,496	344,098,257
Add: Profit during the year	141,082,277	139,107,875
Less: Depreciation of road and other as per BAS-8	-	(2,694,636)
Less: Prior Year Adjustment (under provision of Tax)	(954,588)	-
	<b>620,639,185</b>	<b>480,511,496</b>

#### 12.00 Long Term Borrowings

This represent amount of term loan sanctioned by the Sonali Bank Limited under the following:

Project Loan (Sonali Bank Ltd)	19,660,236	32,114,510
BMRE Loan (Sonali Bank Ltd)	29,417,803	34,597,670
	<b>49,078,039</b>	<b>66,712,180</b>
Less: Current portion of Long term borrowings (Note-15.00)	16,722,000	10,660,000
	<b>32,356,039</b>	<b>56,052,180</b>

Bank	Sanction Amount	Particulars
Sonali Bank Ltd. Project Loan	4.50 Crore	Purpose: Factory Building & Purchase of Import Machinery
		Interest Rate: 13.00 % per annum
		Security: Mortgage of Factory, Building and Land
		Tenure: Validity 8 years from the date of sanction
Sonali Bank Ltd. BMRE Loan	3.65 Crore	Purpose: Purchase of Import Machinery & Extension of Building
		Interest Rate: 13.00 % per annum
		Security: Mortgage of Factory, Building and Land
		Tenure: Validity 8 years from the date of sanction

### 13.00 Deferred Tax Liabilities

<b>Opening Balance</b>	16,155,918	5,103,048
Deferred Tax (Income)/Expenses during the year (Note-24.02)	10,099,491	11,052,870
	<b>26,255,409</b>	<b>16,155,918</b>

### 14.00 Trade Payables

Payables to Suppliers (Note-14.01)	5,984,789	19,544,536
	<b>5,984,789</b>	<b>19,544,536</b>

### 14.01 Trade Payables (by Name)

Asian Accessories	213,450	321,458
Babul Plastic Enterprise	255,670	358,750
Alif Chemicals	43,329	206,325
Trees & Toys	122,400	409,756
Silk Associates	-	489,547
Monika Accessories	733,200	454,875
Mr. Farid Uddin	-	254,875
Telegraph Dye Chemicals	-	295,865
S.M Chemical Corporation	212,670	126,589
RK Accessories Int.	375,600	825,488
Koshba Thread & Poly	-	1,554,874
S.K Trims Ltd.	-	102,356
Naiaaz Packaging	33,780	425,875
Marble Tex Int.	-	1,352,652
Sixteen Enterprise	-	3,582,752
Anik Enterprise	-	132,564
Protreshoti International	-	125,635
M/S Robbin Electric	1,242,200	3,059,825
SMS Enterprise Ltd.	1,577,890	4,568,952
ABC Chemicals	855,600	569,825
Lima Packaging	166,700	325,698
Artek Communication	152,300	-
<b>Total</b>	<b>5,984,789</b>	<b>19,544,536</b>

Ageing of the above Trade Payable is given below:

Particular	1-3 Months	Above 3 Months
Trade payables	5,984,789	-

#### 15.00 Current portion of Long Term Borrowings

This represent amount of term loan sanctioned by the Sonali Bank Limited which will be paid within one year under the following form:

Project Loan (Sonali Bank Ltd.)	10,590,000	6,324,000
BMRE Loan (Sonali Bank Ltd.)	6,132,000	4,336,000
	<b>16,722,000</b>	<b>10,660,000</b>

#### 16.00 Short Term Borrowings

C.C (Hypo)-Sonali Bank Ltd.	26,488,280	28,791,219
LTR Liability-Sonali Bank Ltd.	8,612,056	30,898,363
C.C (Hypo)-Bangladesh Development Bank Ltd.	23,726,383	23,642,560
	<b>58,826,719</b>	<b>83,332,142</b>

#### 17.00 Creditors & Accruals

Utilities	1,031,445	966,317
Rent	80,000	80,000
Salary & Wages	2,544,320	1,891,662
Director Remuneration and Fees	118,750	150,000
Audit Fees	250,000	250,000
	<b>4,024,515</b>	<b>3,337,979</b>

#### 18.00 Provision for Income Tax

Opening Balance	32,876,241	19,586,573
Add: Income Tax Charged on current year (Note-24.01)	14,905,219	13,289,668
	<b>47,781,460</b>	<b>32,876,241</b>
Add: Adjustment of Under Provision of Tax	954,588	-
Less: Tax Paid Assessment year 2013-2014	76,692	-
Less: Tax Paid Assessment year 2014-2015	877,896	-
	<b>47,781,460</b>	<b>32,876,241</b>

	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
	Taka	Taka
<b>19.00 Sales Revenue</b>		
Sales of Finished Goods	880,833,240	800,062,695
	<b>880,833,240</b>	<b>800,062,695</b>
<b>19.01 Sales Quantity</b>		
Sales of Finished Goods (Lbs)	<b>2,929,909</b>	<b>2,697,487</b>
<b>20.00 Cost of Goods Sold</b>		
Raw materials consumed-Yarn (Note-20.01)	502,368,727	473,054,978
Raw materials consumed-Chemicals (Note-20.02)	41,313,435	39,920,976
Packing materials consumed (Note-20.03)	8,141,651	6,076,158
<b>Total raw materials consumed</b>	<b>551,823,813</b>	<b>519,052,112</b>
Add: Manufacturing Overhead (Note-20.04)	120,441,727	115,613,906
<b>Prime Cost</b>	<b>672,265,540</b>	<b>634,666,018</b>
Add: Work in Process- Opening	2,854,785	1,340,579
	<b>675,120,325</b>	<b>636,006,597</b>
Less: Work in Process- Closing	3,823,455	2,854,785
<b>Cost of goods manufactures</b>	<b>671,296,870</b>	<b>633,151,812</b>
Add: Finished goods - Opening	49,540,865	22,524,589
	<b>720,837,735</b>	<b>655,676,401</b>
Less: Finished goods - Closing	39,357,141	49,540,865
Less: Sample Expenses (Cost of free issue)	302,560	432,068
<b>Cost of goods sold during the year</b>	<b>681,178,034</b>	<b>605,703,468</b>
<b>20.01 Raw materials consumed-Yarn</b>		
Opening Stock Raw materials	123,201,563	119,856,215
Add: Purchase during the year	542,090,730	476,400,326
<b>Yarn available for production</b>	<b>665,292,293</b>	<b>596,256,541</b>
Less: Closing Stock of Raw materials	162,923,566	123,201,563
	<b>502,368,727</b>	<b>473,054,978</b>
<b>20.02 Raw materials consumed-Chemicals</b>		
Opening Stock of Chemicals	13,545,565	13,825,463
Add: Purchase during the year	45,823,300	39,641,078
<b>Chemicals available for Production</b>	<b>59,368,865</b>	<b>53,466,541</b>
Less: Closing Stock of Chemicals	18,055,430	13,545,565
	<b>41,313,435</b>	<b>39,920,976</b>
<b>20.03 Packing materials consumed</b>		
Opening Stock of Packing materials	1,495,689	1,526,598
Add: Purchase during the year	8,206,769	6,045,249
<b>Materials available for packing</b>	<b>9,702,458</b>	<b>7,571,847</b>
Less: Closing Stock of Packing materials	1,560,807	1,495,689
	<b>8,141,651</b>	<b>6,076,158</b>

**20.04 Manufacturing Overhead**

Salary, Wages and allowances	20,922,800	19,607,819
Utilities	32,463,600	32,386,847
Printing & Stationary	724,300	644,340
Conveyance & Courier	654,320	645,564
Food & Allowance	792,130	652,729
Entertainment	276,290	166,627
Labor Charge	1,277,992	1,173,886
Medical Expenses	321,060	420,304
Phone, Fax & Internet	83,580	79,838
Store & Spares (Note-20.04.1)	4,105,871	3,847,166
Rent, Rates and Taxes	1,203,394	1,288,892
Repairs & Maintenance (Note-20.04.2)	1,915,300	2,074,274
Depreciation (Annex-A)	55,701,090	52,625,623
	<b>120,441,727</b>	<b>115,613,906</b>

**20.04.1 Store & Spares**

Opening Balance	2,296,027	1,896,399
Add: Purchase during the year	4,122,188	4,246,794
	<b>6,418,215</b>	<b>6,143,193</b>
Less: Closing Stock of Store Items	2,312,344	2,296,027
	<b>4,105,871</b>	<b>3,847,166</b>

**20.04.2 Repairs & Maintenance**

Plant and Machinery	1,387,600	1,505,763
Buildings	527,700	568,511
	<b>1,915,300</b>	<b>2,074,274</b>

**21.00 Operating Expenses**

Warehouse, Distribution & Selling Exp. (Note-21.01)	8,925,997	7,721,547
Administrative Expenses (Note-21.02)	9,875,153	9,103,237
	<b>18,801,150</b>	<b>16,824,784</b>

**21.01 Warehouse, Distribution & Selling Expenses**

Salary & Welfare	4,835,700	3,718,825
Advertising	30,230	42,063
Transportation and Handling	1,926,830	1,730,809
Repair and Maintenance	151,320	116,272
Rent	16,000	16,000
Utilities	33,500	32,493
Sales promotion	50,210	47,805
Traveling & Conveyance	738,970	730,722
Entertainment	555,340	552,768
Miscellaneous	12,148	31,764
Sample, Test & Analysis	70,230	78,206
Sample Expenses (Cost of free issue)	302,560	432,068
Depreciation (Annex-A)	202,959	191,753
	<b>8,925,997</b>	<b>7,721,547</b>

**21.02 Administrative Expenses**

Salary & Welfare	4,877,770	3,906,811
Director Remuneration	225,000	262,500
Postage & Courier	245,650	258,534
Traveling & Conveyance	719,210	718,851
Repair & Maintenance	133,210	121,619
Utilities	245,320	235,269
Printing and Stationery	400,120	393,652
Rent, Rates and Taxes	1,684,500	1,659,796
Subscription & Donation	23,400	25,487
Entertainment	241,050	236,027
Legal & Professional Charge	122,700	203,798
Audit fees	250,000	500,000
Miscellaneous Expenses	113,234	29,792
Bank Charges	76,456	65,434
News paper & periodical	19,960	19,244
Board Meeting attendance Fees (Note-31.01)	24,000	19,000
Depreciation (Annex-A)	473,572	447,424
	<b>9,875,153</b>	<b>9,103,237</b>

**22.00 Financial Expenses**

Interest on Loan (Note-22.01)	15,225,379	15,229,887
	<b>15,225,379</b>	<b>15,229,887</b>

**22.01 Interest on Loan**

Interest on Long Term Loan	7,475,849	9,497,191
Interest on Short Term Loan	7,749,530	5,732,696
	<b>15,225,379</b>	<b>15,229,887</b>

**23.00 Other Non-operating Income**

Sale of Wastage-Raw Material	199,300	298,514
Wastage of Work in Process	90,700	169,542
Wastage of finished goods	146,730	613,746
Foreign exchange gain/(loss)	21,580	64,056
	<b>458,310</b>	<b>1,145,857</b>

**24.00 Income Tax Charged during the year**

Current Tax (Note-24.01)	14,905,219	13,289,668
Deferred Tax (Note-24.02)	10,099,491	11,052,870
	<b>25,004,710</b>	<b>24,342,538</b>

**24.01 Current Tax**

Profit before Other Income and Tax	165,628,677	162,304,557
Add: Depreciation as Accounting base	56,377,621	53,264,800
	<b>222,006,298</b>	<b>215,569,357</b>
Less: Depreciation as per Tax base	123,707,565	129,645,234
<b>Net profit for current Tax</b>	<b>98,298,734</b>	<b>85,924,123</b>
Income Tax Rate	15%	15%
<b>Tax on operating income</b>	<b>14,744,810</b>	<b>12,888,618</b>
Tax on Non Operating Income @35.00%	160,409	401,050
	<b>14,905,219</b>	<b>13,289,668</b>

**24.02 Deferred Tax**

Written down value as Accounting base	804,404,467	783,218,324
Written down value as per Tax base	629,368,405	675,512,206
<b>Temporary Difference</b>	<b>175,036,062</b>	<b>107,706,118</b>
Income Tax Rate	15%	15%
<b>Deferred Tax During the year</b>	<b>26,255,409</b>	<b>16,155,918</b>
Less: Opening Balance	16,155,918	5,103,048
<b>Deferred Tax (Income)/Expenses during the year</b>	<b>10,099,491</b>	<b>11,052,870</b>

Deferred Tax calculation made as per BAS-12: Income Tax and Third Schedule of Income Tax Ordinance 1984.

**25.00 Earnings Per Share (EPS)**

Net Profit after Tax (Numerator)	141,082,277	139,107,875
Weighted average no of Shares (Denominator)	62,714,800	62,714,800
<b>Earnings Per Share (EPS)</b>	<b>2.25</b>	<b>2.22</b>

**26.00 Net Asset Value (NAV) Per Share**

Total Assets	1,439,738,115	1,329,618,492
Less: Total Liabilities	191,950,930	221,958,996
<b>A. Net Asset Value (NAV)</b>	<b>1,247,787,185</b>	<b>1,107,659,496</b>
B. Total Number of Share outstanding	62,714,800	62,714,800
<b>Net Asset Value (NAV) Per Share (A/B)</b>	<b>19.90</b>	<b>17.66</b>

**27.00 Net Operating Cash Flows Per Share (NOCFPS)**

Net Operating Cash Flows (Numerator)	126,384,577	163,424,399
Number of Ordinary Shares (Denominator)	62,714,800	62,714,800
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>2.02</b>	<b>2.61</b>

**28.00 Disclosure as per requirement of Schedule XI, part II, note 5 of para 3 of company Act 1994.**

Employee Position (year ended 30 June 2017)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below Taka 5,560	Nil	Nil	Nil	Nil
Above Taka 5,560	13	30	185	228
<b>Total</b>	<b>13</b>	<b>30</b>	<b>185</b>	<b>228</b>

**29.00 Related Party Disclosure**

The Details of related party transactions during the year along with the relationship illustrated below in accordance of BAS-24.

Name	Designation	Nature of Transaction	30 June 2017 Taka	30 June 2016 Taka
Mrs. Sarwat Khaled	Chairman	Remuneration & Meeting attendant Fee	81,000	80,000
Mr. M. Azhar Rahman	Managing Director	Salary & Meeting attendant Fee	1,206,000	1,242,500
Mrs. Rawshon Ara	Director	Remuneration & Meeting attendant Fee	78,000	78,000
Mrs. Rumana Hashem	Director	Remuneration & Meeting attendant Fee	81,000	79,000
Mrs. Khaleda Siddique	Independent Director	Meeting Attendant Fee	3,000	2,000
<b>Total</b>			<b>1,449,000</b>	<b>1,481,500</b>

**29.01 Aggregated amount of remunerating paid to all Directors and Officers during the accounting year is as follows:**

Particulars	Nature of Payment	30 June 2017 Taka	30 June 2016 Taka
Directors	Board Meeting Fees	24,000	19,000
Directors	Remuneration	225,000	262,500
Officers and Executives	Salary and other Allowances	4,877,770	3,906,811
<b>Total</b>		<b>5,126,770</b>	<b>4,188,311</b>



### 30.00 General

**a) Audit Fee:** Audit fee of Tk. 250,000 represented only the audit fees and VAT thereon.

**b) Capital Expenditure Contract**

There is no capital expenditure contract has been made during the year.

**c) Income Tax Assessment**

Income tax assessment of the company up to the assessment year 2014-2015 has been completed and assessment year 2015-2016 and 2016-2017 are under process.

**d) Contingent Liabilities & Capital Commitments**

There is no claim against the company not acknowledged debt and no un-availed credit facilities, other than those in the normal course of business, available to the company on 30 June 2017.

### 31.00 Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994

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

(a) Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager.	1,480,250
(b) Expenses reimbursed to Managing Agent	Nil
(c) Commission or Remuneration payable separately to a managing agent or his associate	Nil
(d) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.	Nil
(e) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.	Nil
(f) Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil
(g) Other allowances and commission including guarantee commission	Nil
(h) Pensions etc.	
(i) Pensions	Nil
(ii) Gratuities	Nil
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(i) Share Based payments	Nil

**As per BAS- 24:**

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	1,449,000
(b) Post-employee benefits	Nil
(c) Other long term benefits	Nil
(d) termination benefits and	Nil
(e) share- based payment	Nil

### 31.01 Board Meeting attendance Fees

Directors' are entitled Tk 1,000 as Board Meeting fee for attending each Board Meeting as per Articles of Association. The break down is as follows:

Name of the Board of Directors	Designation	No. of meeting held	No. of meeting attending	Amount in Taka
Mrs. Sarwat Khaled	Chairman	6	6	6,000
Mr. M. Azhar Rahman	Managing Director	6	6	6,000
Mrs. Rawshon Ara	Director	6	3	3,000
Mrs. Rumana Hashem	Director	6	6	6,000
Mrs. Khaleda Siddique	Independent Director	6	3	3,000
<b>Total Taka</b>				<b>24,000</b>

**VFS THREAD DYEING LIMITED**  
**Schedule of Property, Plant & Equipments**  
**As at 30 June 2017**

**Annexure-A**

(Amount in Taka)

Particulars	Cost			Rate of Dep. / Amortization (%)	Depreciation			Written Down Value as at 30.06.2017
	Balance as on 01 July 2016	Addition during the year	Balance as on 30 June 2017		Balance as on 01 July 2016	Charge during the year	Balance as on 30 June 2017	
Land & Land Development	128,690,844	2,024,770	130,715,614	-	-	-	-	130,715,614
Factory Building & other Construction	157,977,976	25,487,429	183,465,405	2.5%	13,336,355	3,616,041	16,952,396	166,513,009
Plant & Machinery	574,043,925	47,461,860	621,505,785	10%	146,247,453	43,206,760	189,454,213	432,051,572
Electrical Installation	13,205,492	1,742,620	14,948,112	10%	2,522,019	1,138,809	3,660,829	11,287,283
Power Generator Set	19,090,932	-	19,090,932	10%	6,438,068	1,265,286	7,703,355	11,387,577
Boiler	27,689,016	-	27,689,016	10%	8,765,721	1,892,330	10,658,050	17,030,966
Compressor	14,990,734	-	14,990,734	10%	4,333,745	1,065,699	5,399,444	9,591,290
Fork lift	688,027	-	688,027	10%	183,509	50,452	233,960	454,067
Air Condition Installation	2,989,551	375,000	3,364,551	10%	257,371	276,343	533,714	2,830,837
ETP Plant	15,420,283	-	15,420,283	10%	4,875,056	1,054,523	5,929,579	9,490,704
Telephone Installation	23,587	-	23,587	20%	13,261	2,065	15,327	8,260
Office Equipment	4,028,508	170,500	4,199,008	10%	651,416	353,338	1,004,754	3,194,254
Vehicles	9,517,318	125,000	9,642,318	20%	1,242,156	1,677,949	2,920,105	6,722,213
<b>Balance as on 30 June 2017</b>	<b>973,826,027</b>	<b>77,563,764</b>	<b>1,051,389,791</b>		<b>190,607,703</b>	<b>56,377,621</b>	<b>246,985,324</b>	<b>804,404,467</b>
<b>Balance as on 30 June 2016</b>	<b>818,269,551</b>	<b>155,556,476</b>	<b>973,826,027</b>		<b>137,342,903</b>	<b>53,264,800</b>	<b>190,607,703</b>	<b>783,218,324</b>

Allocation of depreciation	Rate (%)	Amount Taka
Manufacturing Overhead	98.80%	55,701,090
Administrative Expenses	0.84%	473,572
Selling & Distribution Expenses	0.36%	202,959
<b>Total</b>	<b>100%</b>	<b>56,377,621</b>

**(b) Information as is required under section 186 of the কোম্পানী আইন, ১৯৯৪ relating to holding company;**

The Company has no holding Company. So this is not applicable for the issuer.

**(c) Selected ratios as specified in Annexure-D;**

**VFS Thread Dyeing Limited**  
**Statement of Ratio Analysis**

The following Ratios have been calculated by the management based on audited financial statements of VFS Thread Dyeing Limited for the year/period ended 30 June 2017, 30 June 2016, 31 December 2015, 2014, 2013 and 2012. Selected Ratio as specified in rule 4(1)(d) Annexure D of the Securities and Exchange Commission (Public Issue) Rules, 2015.

Particulars	30-06-2017	30-06-2016 (6 month period)	31-12-2015	31-12-2014	31-12-2013	31-12-2012
	Result	Result	Result	Result	Result	Result
<b>Liquidity Ratios</b>						
Current Ratio	4.76	3.64	3.36	5.52	2.69	1.27
Quick Ratio	3.05	2.36	2.01	3.27	1.19	0.70
<b>Operating Efficiency Ratios</b>						
Accounts Receivable Turnover Ratio	2.53	1.27	2.91	4.31	6.73	7.33
Inventory-Turnover Ratio	3.24	1.50	3.21	3.66	4.55	7.52
Asset - Turnover Ratio	0.64	0.31	0.69	0.80	0.75	0.36
<b>Profitability Ratios</b>						
Gross Margin Ratio (%)	22.67%	24.99%	23.60%	24.28%	24.89%	14.12%
Operating Income Ratio (%)	20.53%	22.79%	21.57%	22.31%	22.49%	9.41%
Net Profit Ratio (Before Tax) %	18.86%	20.65%	20.14%	21.31%	20.55%	5.53%
Net Profit Ratio (After Tax) %	16.02%	17.63%	18.54%	18.08%	17.43%	4.60%
Return on Assets (%)	10.19%	5.43%	12.78%	14.48%	13.09%	1.68%
Return on Equity (%)	11.98%	6.55%	15.04%	16.90%	15.94%	3.23%
Earnings Per Share (weighted)	2.25	1.12	2.31	2.21	1.77	0.19
EBITDA Margin *	26.98%	29.75%	28.01%	28.64%	32.78%	15.18%
<b>Solvency Ratios</b>						
Debt to Total Asset Ratio	7.49%	11.28%	11.99%	5.23%	9.52%	11.83%
Debt-Equity Ratio	8.65%	13.55%	14.50%	5.96%	11.43%	14.62%
Time Interest Earned Ratio (Times)	11.88	10.07	13.60	19.19	10.60	2.17
Debt to Service Coverage Ratio	11.88	10.07	13.60	19.19	10.60	2.17
<b>Cash Flow Ratio</b>						
Net Operating Cash Flows Per Share	2.02	2.61	1.65	0.94	0.70	(0.56)
Net Operating Cash Flows Per Share/EPS	0.90	2.32	0.71	0.43	0.40	(2.94)

We have examined the calculation procedure of the above ratios of VFS Thread Dyeing Limited for the year/period ended 30 June 2017, 30 June 2016 and the year ended 31 December 2015, 2014, 2013 and 2012 and no material deviation found in the result.

The details calculation is presented in Annexure-I

Dated : 13 September 2017  
Place : Dhaka

Sd/-  
**AHMAD & AKHTAR**  
Chartered Accountants

**VFS Thread Dyeing Limited**  
**Statement of Ratio Analysis**

**Annexure-I**

Particulars	Formula	30-06-2017		30-06-2016 (6 month period)		31-12-2015		31-12-2014		31-12-2013		31-12-2012	
		Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result
Liquidity Ratios:													
Current Ratio	Current Asset / Current Liability	$\frac{634,562,148}{133,339,483}$	4.76	$\frac{545,628,667}{149,750,898}$	3.64	$\frac{514,041,295}{153,149,983}$	3.36	$\frac{408,082,437}{73,942,305}$	5.52	$\frac{270,701,604}{100,721,139}$	2.69	$\frac{132,747,490}{104,671,908}$	1.27
Quick Ratio	(Current Asset-Stock / Current Liability	$\frac{406,529,405}{133,339,483}$	3.05	$\frac{352,694,173}{149,750,898}$	2.36	$\frac{307,750,868}{153,149,983}$	2.01	$\frac{241,755,523}{73,942,305}$	3.27	$\frac{120,355,990}{100,721,139}$	1.19	$\frac{73,402,404}{104,671,908}$	0.70
Operating Ratios:													
Accounts Receivable-Turnover Ratio	Sales / Average Receivable	$\frac{880,833,240}{348,834,640}$	2.53	$\frac{398,856,317}{314,278,946}$	1.27	$\frac{781,912,757}{268,726,172}$	2.91	$\frac{765,421,890}{177,404,584}$	4.31	$\frac{635,248,796}{94,332,546}$	6.73	$\frac{259,925,987}{35,475,921}$	7.33
Inventory Turnover Ratio	COGS / Average Inventory	$\frac{681,178,034}{210,483,619}$	3.24	$\frac{299,200,862}{199,612,461}$	1.50	$\frac{597,364,510}{186,308,671}$	3.21	$\frac{579,575,180}{158,336,264}$	3.66	$\frac{477,122,369}{104,845,350}$	4.55	$\frac{223,220,804}{29,672,543}$	7.52
Asset-Turnover Ratio	Sales / Average Assets	$\frac{880,833,240}{1,384,678,303}$	0.64	$\frac{398,856,317}{1,293,862,486}$	0.31	$\frac{781,912,757}{1,134,444,773}$	0.69	$\frac{765,421,890}{955,772,629}$	0.80	$\frac{635,248,796}{845,372,014}$	0.75	$\frac{259,925,987}{712,875,030}$	0.36

VFS Thread Dyeing Limited													
Industry Average Ratios compare with VFS Thread Dyeing Limited													
												Annexure-II	
Particulars	30.06.2016	30.06.2016	31.12.2015	31.12.2015	31.12.2014	31.12.2014	31.12.2013	31.12.2013	31.12.2012	31.12.2012	31.12.2011	31.12.2011	
	VFS (18 M)	Industry Average (18 M)	VFS	Industry Average	VFS	Industry Average	VFS	Industry Average	VFS	Industry Average	VFS	Industry Average	
Liquidity Ratios:													
Current Ratio	3.92	1.77	3.36	1.59	5.52	0.97	2.69	0.81	1.27	0.87	1.16	0.75	
Quick Ratio	2.50	1.19	2.01	0.83	3.27	0.53	1.19	0.34	0.70	0.44	1.16	0.40	
Time Interest Earned Ratio (Times)	12.11	1.98	13.60	2.12	19.19	2.07	10.60	1.76	2.17	1.16	N/A	1.38	
Debt-Equity Ratio	0.14	0.86	0.15	1.07	0.06	1.00	0.11	2.23	0.15	3.24	N/A	4.64	
Operating Ratios:													
Accounts Receivable Turnover Ratio	4.18	3.50	2.91	2.91	4.31	4.13	6.73	2.86	7.33	2.77	N/A	2.56	
Inventory Turnover Ratio	4.99	3.60	3.21	3.12	3.66	4.03	4.55	2.48	7.52	2.77	N/A	4.34	
Asset Turnover Ratio	1.02	0.66	0.69	0.56	0.80	0.71	0.75	0.52	0.36	0.54	N/A	0.60	
Profitability Ratios													
Gross Margin Ratio	24.07%	26.11%	23.60%	21.61%	24.28%	20.00%	24.89%	26.17%	14.12%	25.98%	N/A	25.11%	
Operating Income Ratio	21.98%	20.54%	21.57%	17.00%	22.31%	15.65%	22.49%	21.88%	9.41%	21.49%	N/A	21.25%	
Net Profit Ratio (Before Tax)	20.31%	103.00%	20.14%	7.90%	21.31%	7.07%	20.55%	9.79%	5.53%	2.55%	N/A	4.95%	
Net Profit Ratio (after Tax)	18.23%	9.16%	18.54%	-	18.08%	-	17.43%	-	4.60%	-	N/A	-	
Return on Assets	18.51%	6.03%	12.78%	5.18%	14.48%	5.80%	13.09%	5.59%	1.68%	1.64%	N/A	3.54%	
Return on Equity	19.44%	18.64%	15.04%	9.24%	16.90%	10.00%	15.94%	16.57%	3.23%	5.88%	N/A	16.90%	
Earnings Per Share (weighted)	3.43	1.95	2.31	1.67	2.21	1.88	1.77	4.16	0.19	3.46	N/A	6.77	
EBITDA Margin *	28.60%	0.30	28.01%	0.24	28.64%	0.21	32.78%	0.20	15.18%	0.20	N/A	0.20	
Coverage Ratio													
Debt to Total Asset Ratio	11.41%	0.45	11.99%	0.43	5.23%	0.44	9.52%	0.62	11.83%	0.71	N/A	0.79	
Debt to Service Coverage Ratio	12.11	1.98	13.60	0.38	19.19	0.28	10.60	0.20	2.17	0.21	N/A	0.21	
Cash flow													
Net Operating cash flow per share	2.83	2.10	1.65	0.93	0.94	0.34	0.70	6.96	-0.56	5.91	N/A	8.93	
Net Operating cash flow per share/EPS	0.83	1.08	0.71	0.58	0.43	1.72	0.40	1.67	-2.94	1.71	N/A	1.33	

# AHMAD & AKHTAR

Chartered Accountants

## Profitability Ratios:

Gross Margin Ratio (%)	Gross Margin / Sales	$\frac{199,655,206}{880,833,240}$	<b>22.67%</b>	$\frac{99,655,455}{398,856,317}$	<b>24.99%</b>	$\frac{184,548,247}{781,912,757}$	<b>23.60%</b>	$\frac{185,846,710}{765,421,890}$	<b>24.28%</b>	$\frac{158,126,427}{635,248,796}$	<b>24.89%</b>	$\frac{36,705,183}{259,925,987}$	<b>14.12%</b>
Operating Income Ratio (%)	Operating Income / Sales	$\frac{180,854,056}{880,833,240}$	<b>20.53%</b>	$\frac{90,914,989}{398,856,317}$	<b>22.79%</b>	$\frac{168,632,963}{781,912,757}$	<b>21.57%</b>	$\frac{170,797,503}{765,421,890}$	<b>22.31%</b>	$\frac{142,859,738}{635,248,796}$	<b>22.49%</b>	$\frac{24,459,831}{259,925,987}$	<b>9.41%</b>
Net Profit Ratio (Before Tax) %	NPBT / Sales	$\frac{166,086,987}{880,833,240}$	<b>18.86%</b>	$\frac{82,364,515}{398,856,317}$	<b>20.65%</b>	$\frac{157,450,852}{781,912,757}$	<b>20.14%</b>	$\frac{163,112,651}{765,421,890}$	<b>21.31%</b>	$\frac{130,532,296}{635,248,796}$	<b>20.55%</b>	$\frac{14,364,565}{259,925,987}$	<b>5.53%</b>
Net Profit Ratio (After Tax) %	NPAT / Sales	$\frac{141,082,277}{880,833,240}$	<b>16.02%</b>	$\frac{70,317,699}{398,856,317}$	<b>17.63%</b>	$\frac{144,962,742}{781,912,757}$	<b>18.54%</b>	$\frac{138,402,492}{765,421,890}$	<b>18.08%</b>	$\frac{110,694,465}{635,248,796}$	<b>17.43%</b>	$\frac{11,944,943}{259,925,987}$	<b>4.60%</b>
Return on Assets (%)	Net Profit / Average Assets	$\frac{141,082,277}{1,384,678,303}$	<b>10.19%</b>	$\frac{70,317,699}{1,293,862,486}$	<b>5.43%</b>	$\frac{144,962,742}{1,134,444,773}$	<b>12.78%</b>	$\frac{138,402,492}{955,772,629}$	<b>14.48%</b>	$\frac{110,694,465}{845,372,014}$	<b>13.09%</b>	$\frac{11,944,943}{712,875,030}$	<b>1.68%</b>
Return on Equity (%)	Net Profit / Average Shareholders Equity	$\frac{141,082,277}{1,177,723,340}$	<b>11.98%</b>	$\frac{70,317,699}{1,073,847,964}$	<b>6.55%</b>	$\frac{144,962,742}{964,113,167}$	<b>15.04%</b>	$\frac{138,402,492}{818,988,654}$	<b>16.90%</b>	$\frac{110,694,465}{694,440,176}$	<b>15.94%</b>	$\frac{11,944,943}{369,316,472}$	<b>3.23%</b>
Earnings Per Share (weighted)	Net Profit / ordinary Shares (weighted)	$\frac{141,082,277}{62,714,800}$	<b>2.25</b>	$\frac{70,317,699}{62,714,800}$	<b>1.12</b>	$\frac{144,962,742}{62,714,800}$	<b>2.31</b>	$\frac{138,402,492}{62,714,800}$	<b>2.21</b>	$\frac{110,694,465}{62,714,800}$	<b>1.77</b>	$\frac{11,944,943}{62,714,800}$	<b>0.19</b>
EBITDA Margin *	EBITDA / Sales Revenue	$\frac{237,689,987}{880,833,240}$	<b>26.98%</b>	$\frac{118,676,872}{398,856,317}$	<b>29.75%</b>	$\frac{218,995,755}{781,912,757}$	<b>28.01%</b>	$\frac{219,239,417}{765,421,890}$	<b>28.64%</b>	$\frac{208,264,169}{635,248,796}$	<b>32.78%</b>	$\frac{39,466,327}{259,925,987}$	<b>15.18%</b>

## Solvency Ratios:

Debt to Total Asset Ratio	Total Debt / Total Asset	$\frac{107,904,758}{1,439,738,115}$	<b>7.49%</b>	$\frac{150,044,322}{1,329,618,492}$	<b>11.28%</b>	$\frac{150,837,730}{1,258,106,481}$	<b>11.99%</b>	$\frac{52,909,857}{1,010,783,065}$	<b>5.23%</b>	$\frac{85,737,266}{900,762,192}$	<b>9.52%</b>	$\frac{93,443,356}{789,981,836}$	<b>11.83%</b>
Debt-Equity Ratio	Total Debt / Owners Equity	$\frac{107,904,758}{1,247,787,185}$	<b>0.09</b>	$\frac{150,044,322}{1,107,659,496}$	<b>0.14</b>	$\frac{150,837,730}{1,040,036,433}$	<b>0.15</b>	$\frac{52,909,857}{888,189,900}$	<b>0.06</b>	$\frac{85,737,266}{749,787,408}$	<b>0.11</b>	$\frac{93,443,356}{639,092,943}$	<b>0.15</b>
Time Interest Earned Ratio (Times)	EBIT / Int. Charges	$\frac{180,854,056}{15,225,379}$	<b>11.88</b>	$\frac{90,914,989}{9,032,143}$	<b>10.07</b>	$\frac{168,632,963}{12,395,487}$	<b>13.60</b>	$\frac{170,797,503}{8,901,157}$	<b>19.19</b>	$\frac{142,859,738}{13,474,046}$	<b>10.60</b>	$\frac{24,459,831}{11,272,766}$	<b>2.17</b>
Debt to service Coverage Ratio	Operating Income / total debt service cost	$\frac{180,854,056}{15,225,379}$	<b>11.88</b>	$\frac{90,914,989}{9,032,143}$	<b>10.07</b>	$\frac{168,632,963}{12,395,487}$	<b>13.60</b>	$\frac{170,797,503}{8,901,157}$	<b>19.19</b>	$\frac{142,859,738}{13,474,046}$	<b>10.60</b>	$\frac{24,459,831}{11,272,766}$	<b>2.17</b>

## Cash Flow Ratios:

Net Operating Cash Flow per Share (NOCFPS)	Net Operating Cash Flows / ordinary Shares(outstanding)	$\frac{126,384,577}{62,714,800}$	<b>2.02</b>	$\frac{163,424,399}{62,714,800}$	<b>2.61</b>	$\frac{103,318,110}{62,714,800}$	<b>1.65</b>	$\frac{59,198,826}{62,714,800}$	<b>0.94</b>	$\frac{44,107,922}{62,714,800}$	<b>0.70</b>	$\frac{(35,084,340)}{62,714,800}$	<b>(0.56)</b>
NOCFPS to EPS Ratio	Net Operating Cash Flows Per Share / EPS	$\frac{2.02}{2.25}$	<b>0.90</b>	$\frac{2.61}{1.12}$	<b>2.32</b>	$\frac{1.65}{2.31}$	<b>0.71</b>	$\frac{0.94}{2.21}$	<b>0.43</b>	$\frac{0.70}{1.77}$	<b>0.40</b>	$\frac{(0.56)}{0.19}$	<b>(2.94)</b>

\* EBITDA Margin (Earning Before Interest, Tax, Depreciation and Amortization)

**(d) Auditors report under Section 135(1), Para 24(1) of Part II of Schedule III of the কোম্পানী আইন, 1994. The report shall include comparative income statements and balance sheet and aforementioned ratios for immediate preceding five accounting years of the issuer**

**VFS Thread Dyeing Limited**  
**Auditors' Report under section 135(1) and para- 24(1) of Part-II of Schedule-III of the Companies Act 1994**

As required under section 135(1), Para 24(1), Part II of the Third Schedule of Companies Act 1994, we appended below the following financial information of VFS Thread Dyeing Limited for the year ended 30 June 2017, 30 June 2016, 31 December 2015 & 2014 audited by us and the year ended 31 December 2013 and 2012 audited by M/s. Shiraz Khan Basak & Co. Chartered Accountants:

1. VFS Thread Dyeing Limited was incorporated on April 20, 2010.
2. The Operating results of the company over the last 5 years operation is as follows:

						<i>Amount in Taka</i>
Particulars	30-06-2017	30-06-2016	31-12-2015	31-12-2014	31-12-2013	31-12-2012
<b>Assets</b>						(Restated)
<b>Non-Current Assets</b>	<b>805,175,967</b>	<b>783,989,824</b>	<b>744,065,186</b>	<b>602,700,628</b>	<b>630,060,588</b>	<b>657,234,346</b>
Property, Plant & Equipment	804,404,467	783,218,324	743,293,686	601,929,128	629,289,088	633,615,358
Advance against Land & Land Development	-	-	-	-	-	19,073,162
Preliminary Expenses	-	-	-	-	-	3,774,326
Security Deposits	771,500	771,500	771,500	771,500	771,500	771,500
<b>Current Assets</b>	<b>634,562,148</b>	<b>545,628,667</b>	<b>514,041,295</b>	<b>408,082,437</b>	<b>270,701,604</b>	<b>132,747,490</b>
Inventory	228,032,743	192,934,494	206,290,427	166,326,914	150,345,614	59,345,086
Trade and Other Receivable	369,467,815	328,201,465	300,356,426	237,095,917	117,713,250	70,951,842
Advances, Deposits and Prepayments	35,860,857	22,497,375	4,248,797	2,805,338	641,876	869,964
Cash and Cash Equivalents	1,200,734	1,995,333	3,145,645	1,854,268	2,000,864	1,580,598
<b>Total Assets</b>	<b>1,439,738,115</b>	<b>1,329,618,492</b>	<b>1,258,106,481</b>	<b>1,010,783,065</b>	<b>900,762,192</b>	<b>789,981,836</b>
<b>Shareholders Equity &amp; Liabilities</b>						
<b>Shareholders Equity</b>	<b>1,247,787,185</b>	<b>1,107,659,496</b>	<b>1,040,036,433</b>	<b>888,189,900</b>	<b>749,787,408</b>	<b>639,092,943</b>
Share Capital	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000	627,148,000
Retained Earnings	620,639,185	480,511,496	412,888,433	261,041,900	122,639,408	11,944,943
<b>Non-Current Liabilities</b>	<b>58,611,448</b>	<b>72,208,098</b>	<b>64,920,065</b>	<b>48,650,860</b>	<b>50,253,645</b>	<b>46,216,985</b>
Long Term Loan from Bank	32,356,039	56,052,180	53,317,592	30,394,876	43,369,854	46,216,985
Deferred Tax liabilities	26,255,409	16,155,918	11,602,473	18,255,984	6,883,791	-
<b>Current Liabilities</b>	<b>133,339,483</b>	<b>149,750,898</b>	<b>153,149,983</b>	<b>73,942,305</b>	<b>100,721,139</b>	<b>104,671,908</b>
Trade and Other Payable	5,984,789	19,544,536	38,254,729	35,284,294	39,052,880	50,346,485
Current portion of Long Term Loan	16,722,000	10,660,000	19,597,011	11,760,000	11,760,000	18,000,000
Short term Loan from Bank	58,826,719	83,332,142	77,923,127	10,754,981	30,607,412	29,226,371
Creditors & Accruals	4,024,515	3,337,979	2,994,746	3,017,990	6,559,733	4,679,430
Provision for Income Taxes	47,781,460	32,876,241	14,380,370	13,125,040	12,741,114	2,419,622
<b>Total Shareholders Equity &amp; Liabilities</b>	<b>1,439,738,115</b>	<b>1,329,618,492</b>	<b>1,258,106,481</b>	<b>1,010,783,065</b>	<b>900,762,192</b>	<b>789,981,836</b>



**B. Statement of Operating Result:**

Particulars	For the year/period ended					
	30-06-2017	30-06-2016 (6 month period)	31-12-2015	31-12-2014	31-12-2013	31-12-2012
Sales	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
Less: Cost of Goods Sold	681,178,034	299,200,862	597,364,510	579,575,180	477,122,369	223,220,804
<b>Gross Profit</b>	<b>199,655,206</b>	<b>99,655,455</b>	<b>184,548,247</b>	<b>185,846,710</b>	<b>158,126,427</b>	<b>36,705,183</b>
Less: Operating Expenses	18,801,150	8,740,467	15,915,284	15,049,207	15,266,689	12,245,352
<b>Operating Income</b>	<b>180,854,056</b>	<b>90,914,989</b>	<b>168,632,963</b>	<b>170,797,503</b>	<b>142,859,738</b>	<b>24,459,831</b>
Less: Financial Expenses	15,225,379	9,032,143	12,395,487	8,901,157	13,474,046	11,272,766
<b>Net Operating Income</b>	<b>165,628,677</b>	<b>81,882,846</b>	<b>156,237,476</b>	<b>161,896,346</b>	<b>129,385,692</b>	<b>13,187,065</b>
Add: Other non-operation Income	458,310	481,669	1,213,376	1,216,305	1,146,604	1,177,500
<b>Profit before Tax</b>	<b>166,086,987</b>	<b>82,364,515</b>	<b>157,450,852</b>	<b>163,112,651</b>	<b>130,532,296</b>	<b>14,364,565</b>
Less: Provision for Income Tax	25,004,710	12,046,816	12,488,110	24,710,159	19,837,831	2,419,622
<b>Net Profit after Tax</b>	<b>141,082,277</b>	<b>70,317,699</b>	<b>144,962,742</b>	<b>138,402,492</b>	<b>110,694,465</b>	<b>11,944,943</b>
<b>Earnings per Share Par Value of TK. 10/-</b>	<b>2.25</b>	<b>1.12</b>	<b>2.31</b>	<b>2.21</b>	<b>1.77</b>	<b>0.19</b>

**C. Dividend declared:**

Particulars	01 July 2016 to 30 June 2017	01 January 2016 to 30 June 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
	Taka	Taka	Taka	Taka	Taka	Taka
Cash dividend %	-	-	-	-	-	-
Stock dividend %	-	-	-	-	-	-

D. The company was incorporated as a Private Limited Company on April 20, 2010 and converted into a Public Limited Company on January 10, 2013 with the Registrar of Joint Stock Companies and Firms (RJSC) in Bangladesh;

E. The company has no subsidiary company as on the Statement of financial position date.

F. The Company prepared accounts for the year ended June 30, 2017

G. Figure have been restated as per BAS-8 ( Accounting Policies, Changes in Accounting Estimates and error) where necessary and no material impact is found in the financial statements.

Dated : 13 September 2017  
Place : Dhaka

sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

(e) Financial spread sheet analysis for the latest audited financial statements;

**VFS THREAD DYEING LIMITED**  
**Financial Spreadsheet Analysis**  
**Statement of Financial Position**

Particulars	As at 30 June 2017		
	Amount in Taka	(%) Percentage on Total Asset	Grand Total
<b>Assets</b>			
<b>Non-Current Assets</b>	<b>805,175,967</b>		<b>55.93%</b>
Property, Plant & Equipment	804,404,467	55.87%	
Capital Work in Progress	-	-	
Security Deposit	771,500	0.05%	
<b>Current Assets</b>	<b>634,562,148</b>		<b>44.07%</b>
Inventories	228,032,743	15.84%	
Trade Receivables	369,467,815	25.66%	
Advance, Deposits and Prepayments	35,860,857	2.49%	
Cash and Cash Equivalents	1,200,734	0.08%	
<b>Total Assets</b>	<b>1,439,738,115</b>		<b>100%</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholders Equity</b>	<b>1,247,787,185</b>		<b>86.67%</b>
Share Capital	627,148,000	43.56%	
Retained Earnings	620,639,185	43.11%	
<b>Non-Current Liabilities</b>	<b>58,611,448</b>		<b>4.07%</b>
Long Term Borrowings	32,356,039	2.25%	
Deferred Tax Liabilities	26,255,409	1.82%	
<b>Current Liabilities</b>	<b>133,339,482</b>		<b>9.26%</b>
Trade Payables	5,984,789	0.42%	
Current Portion of Long Term Borrowings	16,722,000	1.16%	
Short Term Borrowings	58,826,719	4.09%	
Creditor & Accruals	4,024,515	0.28%	
Provision for Income Tax	47,781,460	3.32%	
<b>Total Shareholders Equity and Liabilities</b>	<b>1,439,738,115</b>		<b>100%</b>

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Chief Financial Officer

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Managing Director

**VFS THREAD DYEING LIMITED**  
**Financial Spreadsheet Analysis**  
**Statement of Profit or Loss and other Comprehensive Income**

Particulars	01 July 2016 to 30 June 2017	
	Amount in Taka	(%) Percentage on Total Revenue
<b>Turnover</b>	<b>880,833,240</b>	
Sales Revenue	880,833,240	100%
Less: Cost of Goods Sold	681,178,034	77.33%
<b>Gross Profit</b>	<b>199,655,206</b>	<b>22.67%</b>
Less: Operating Expenses	18,801,150	2.13%
<b>Operating Income</b>	<b>180,854,056</b>	<b>20.53%</b>
Less: Financial Expenses	15,225,379	1.73%
<b>Net Operating Income</b>	<b>165,628,677</b>	<b>18.80%</b>
Add: Other Non-Operating Income	458,310	0.05%
<b>Profit before Tax</b>	<b>166,086,987</b>	<b>18.86%</b>
<b>Less: Provision for Taxation</b>	<b>25,004,710</b>	<b>2.84%</b>
Current Tax	14,905,219	1.69%
Deferred Tax	10,099,491	1.15%
<b>Net Profit after Tax</b>	<b>141,082,277</b>	<b>16.02%</b>

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**Chief Financial Officer**

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sd/  
**Managing Director**

**VFS Thread Dyeing Limited**  
**Worksheet Analysis**  
**For the year ended 30 June 2017**

Particulars	Trial Balance		Adjustment		Adjusted Trial Balance		Statements of Profit or Loss and Other		Statements of Changes in Equity (Retained Earnings)		Statements of Financial position	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Property, Plant & Equipment	1,051,389,791				1,051,389,791	-					1,051,389,791	
Accumulated Depreciation		190,607,703		56,377,621		246,985,324						246,985,324
Security Deposit	771,500				771,500	-					771,500	
Inventories	228,032,743				228,032,743	-					228,032,743	
Trade Receivables	369,467,815				369,467,815	-					369,467,815	
Advance, Deposits and Prepayments	-		10,775,651		10,775,651	-					10,775,651	
Advance Income Tax	25,085,206				25,085,206	-					25,085,206	
Cash and Cash Equivalents	1,200,734				1,200,734	-					1,200,734	
Share Capital		627,148,000			-	627,148,000						627,148,000
Opening Retained Earnings		479,556,908			-	479,556,908			479,556,908			
Long Term Borrowings		32,356,039			-	32,356,039						32,356,039
Deferred Tax Liabilities		26,255,409			-	26,255,409						26,255,409
Trade Payables		5,984,789			-	5,984,789						5,984,789
Current Portion of Long Term Borrowings		16,722,000			-	16,722,000						16,722,000
Short Term Borrowings		58,826,719			-	58,826,719						58,826,719
Creditor & Accruals		-		4,024,515	-	4,024,515						4,024,515
Provision for Income Tax		47,781,460			-	47,781,460						47,781,460
Sales Revenue		880,833,240			-	880,833,240		880,833,240				
Cost of Goods Sold (Excluding Depreciation)	634,944,610		1,031,445	10,499,111	625,476,944	-	625,476,944					
Administrative Expenses (Excluding Depreciation)	6,685,051		299,3070	276,540	9,401,581	-	9,401,581					
Warehouse, Distribution & Selling Expenses (Excluding Depreciation)	8,723,038				8,723,038	-	8,723,038					
Depreciation	-		56,377,621		56,377,621	-	56,377,621					
Other Non-Operating Income		458,310			-	458,310		458,310				
Financial Expenses	15,225,379				15,225,379	-	15,225,379					
Current Tax	14,905,219				14,905,219	-	14,905,219					
Deferred Tax	10,099,491				10,099,491	-	10,099,491					
	<b>2,366,530,577</b>	<b>2,366,530,577</b>	<b>71,177,787</b>	<b>71,177,787</b>	<b>2,426,932,713</b>	<b>2,426,932,713</b>						
Net Profit							141,082,277			141,082,277		
							<b>881,291,550</b>	<b>881,291,550</b>				
Closing Retained Earnings									620,639,185			620,639,185
									<b>620,639,185</b>	<b>620,639,185</b>		
											<b>1,686,723,440</b>	<b>1,686,723,440</b>

**(f) Earnings Per Share (EPS) on fully diluted basis (with the total existing number of shares) in addition to the weighted average number of shares basis. Future projected Net Income should not be considered while calculating the weighted average EPS**

*As per audited statement as at June 30, 2017*

Particulars	Amount in BDT
Net profit after Tax	141,082,277
Total existing number of Share before IPO	62,714,800
Weighted average number of Share	62,714,800
<b>Earnings per Share (EPS) fully diluted basis</b>	<b>2.25</b>
<b>Earnings per Share (EPS) Weighted average number of Share basis</b>	<b>2.25</b>

**Calculation of weighted average number of shares:**

Days of utilization of shares			
Allotment of shares-existence	x	-----	= No of shares
		Days of whole year	
		365	
62,714,800	x	-----	= 62,714,800
		365	
Days of utilization of shares			
Allotment of shares-further issue	x	-----	
		Days of whole year	
		365	
NIL	x	-----	= -
		365	
Total weighted average number of shares outstanding during the year			= <b>62,714,800</b>

**(g) All extra-ordinary income or non-recurring income coming from other than core operations should be shown separately while showing the Net Profit as well as the Earnings Per Share;**

The Company has no extra-ordinary income or non-recurring income coming from other than core operations. Details are given below:

*As per audited statement as at June 30, 2017*

Particulars	Amount in BDT
Net profit before Tax	166,086,987
Less: Other Income	458,310
<b>Net profit before tax except other income</b>	<b>165,628,677</b>
Less: Deferred Tax Expenses	10,099,491
Less: Provision for Taxation	14,905,219
<b>Net profit after tax except other income</b>	<b>140,623,967</b>
No. of shares	62,714,800
<b>Earnings per Share (EPS)</b>	<b>2.24</b>

**(h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS;**

This information is not applicable for us.

**(i) Net asset value (with and without considering revaluation surplus or reserve) per unit of the securities being offered at the date of the latest audited statement of financial position.**

**Net Asset Value (NAV per share (without Re-valuation)**

(As per Audited Financial Statements)

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount in BDT (As per June 30, 2017)</b>
a)	Total Asset	1,439,738,115
b)	Less: Total Liabilities	(191,950,930)
	<b>Net Asset Value</b>	<b>1,247,787,185</b>
	<b>Number of Shares</b>	<b>62,714,800</b>
	<b>Net Asset Value per share without Revaluation</b>	<b>19.90</b>

As the company did not made any revaluation in the past, so Net asset value considering revaluation surplus is not applicable for the company.

**(j) The Commission may require the issuer to re-audit the audited financial statements, if any deficiency or anomaly is found in the financial statements. In such a case, cost of audit should be borne by the concerned issuer.**

This information is not applicable for VFS.

**(k) Following statements for the last five years or any shorter period of commercial operation certified by the auditors: -**

**(i) Statements of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid/accrued**

After due verification, we certify that the Long Term and Short Term Borrowing Including Borrowing from Related Party or Connected Persons of the VFS Thread Dyeing Limited for the last five years made up as follows:

**For the year ended 30 June 2017:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on June 30, 2017	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	49,078,039	13%	7,475,849	-
Sonali Bank Limited, C.C (HYPO)		Short Term	26,488,280		7,749,530	
Sonali Bank Limited, LTR Liability		Short Term	8,612,056			
Bangladesh Development Bank Ltd., C.C (HYPO)		Short Term	23,726,383			
Total Taka			107,904,758		15,225,379	

**For the year ended 30 June 2016:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on June 30, 2016	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	66,712,180	13%	9,497,191	-
Sonali Bank Limited, C.C (HYPO)		Short Term	28,791,219		5,732,696	
Sonali Bank Limited, LTR Liability		Short Term	30,898,363			
Bangladesh Development Bank Ltd., C.C (HYPO)		Short Term	23,642,560			
Total Taka			150,044,322		15,229,887	

**For the year ended 31 December 2015:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on December 31, 2015	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	72,914,603	13%	9,440,632	-
Sonali Bank Limited, C.C (HYPO)		Short Term	26,923,174		2,954,855	
Sonali Bank Limited, LTR Liability		Short Term	27,999,953			
Bangladesh Development Bank Ltd, C.C (HYPO)		Short Term	23,000,000			
Total Taka			150,837,730		12,395,487	

**For the year ended 31 December 2014:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on December 31, 2014	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	42,154,876	15%	6,652,364	-
Sonali Bank Limited, C.C (HYPO)		Short Term	10,754,981		2,248,793	
Total Taka			52,909,857		8,901,157	

**For the year ended 31 December 2013:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on December 31, 2013	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	55,129,854	15.5%	8,952,167	-
Sonali Bank Limited, C.C (HYPO)		Short Term	15,630,978	15 %	4,521,879	
Bangladesh Development Bank Ltd., C.C (HYPO)		Short Term	14,976,434	15 %		
Total Taka			85,737,266		13,474,046	



**For the year ended 31 December 2012:**

Name of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on December 31, 2012	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Sonali Bank Limited	Lender	Long term	64,216,985	15.5%	10,152,198	-
Sonali Bank Limited, C.C (HYPO)		Short Term	15,638,748	15 %	1,120,568	
Bangladesh Development Bank Ltd., C.C (HYPO)		Short Term	13,587,623	15 %		
Total Taka			93,443,356		11,272,766	

The VFS Thread Dyeing Limited does not have any Long Term and Short Term Borrowing from related Party or Connected Persons for the period from 01 January 2012 to 30 June 2017.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**ii) Statement of Principal Terms of Secured Loans and Assets on which charge have been Created against Those Loans.**

**Long Term Loan:**

Particulars	30-June-17	30-June-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Names of lenders	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited
Purpose	Factory Building & purchase of Import Machinery	Factory Building & purchase of Import Machinery	Factory Building & purchase of Import Machinery	Purchase of machinery & working Capital	Purchase of machinery & working Capital	Purchase of machinery & working Capital
Collateral Asset	Mortgage of factory, land & Building	Mortgage of factory, land & Building	Mortgage of factory, land & Building	Mortgage of land, Building and Machinery	Mortgage of land, Building and Machinery	Mortgage of land, Building and Machinery
Sanctioned Amount	8.15 Crore	8.15 Crore	8.15 Crore	7.20 Crore	7.20 Crore	7.20 Crore
Rate of Interest	13%	13%	13%	15 %	15.5%	15.5%
Primary/Collateral/ Other Security	Mortgage of factory, land & Building	Mortgage of factory, land & Building	Mortgage of factory, land & Building	Mortgage of land, Building and Machinery	Mortgage of land, Building and Machinery	Mortgage of land, Building and Machinery
Re-payment schedule	8 Years	8 Years	8 Years	8 Years	8 Years	8 Years
Status (Outstanding balance Tk.)	49,078,039	66,712,180	72,914,603	42,154,876	55,129,854	64,216,985

**Short Term Loan (C.C):**

Particulars	30-June-17	30-June-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Names of lenders	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited
	Bangladesh Development Bank Ltd.	Bangladesh Development Bank Ltd.	Bangladesh Development Bank Ltd.		Bangladesh Development Bank Ltd.	Bangladesh Development Bank Ltd.
Purpose	Purchase of Raw Materials	Purchase of Raw Materials	Purchase of Raw Materials	Purchase of Raw Materials	Purchase of Raw Materials	Purchase of Raw Materials
Sanctioned Amount	5.00 Crore	5.00 Crore	5.00 Crore	5.00 Crore	5.00 Crore	5.00 Crore
Rate of Interest	13%	13%	13%	15%	15%	15%
Primary/Collateral/ Other Security	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories
Re-payment schedule	Yearly Renewable	Yearly Renewable	Yearly Renewable	Yearly Renewable	Yearly Renewable	Yearly Renewable
Status (Outstanding balance Tk.)	50,214,663	52,433,779	49,923,174	10,754,981	400,152,778	29,226,371

**Short Term Loan (LTR):**

Particulars	30-June-17	30-June-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Names of lenders	Sonali Bank Limited	Sonali Bank Limited	Sonali Bank Limited	-	-	-
Purpose	Purchase of Raw Materials	Purchase of Raw Materials	Purchase of Raw Materials	-	-	-
Sanctioned Amount	5.00 Crore	5.00 Crore	5.00 Crore	-	-	-
Rate of Interest	13%	13%	13%	-	-	-
Primary/Collateral/Other Security	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	Land, Factory Buildings & Machinery, Inventories	-	-	-
Re-payment schedule	1 Year	1 Year	1 Year	-	-	-
Status (Outstanding balance Tk.)	8,612,056	30,898,363	27,999,953	-	-	-

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**(iii) Statements of unsecured loans with terms & conditions**

This is to certify that VFS Thread Dyeing Limited was not taken any unsecured loan from any person/body/related party from 01 January 2012 to 30 June 2017.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
*Chartered Accountants*

**(iv) Certificate on inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store & spares parts, inventory of trading goods etc.**

Items	June 30, 2017	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Raw Materials	162,923,566	123,201,563	138,568,596	105,421,690	91,973,731	30,521,876
Chemicals	18,055,430	13,545,565	15,205,469	13,520,364	13,052,489	6,325,480
Stock in Process	3,823,455	2,854,785	2,985,473	2,745,219	2,548,763	1,152,684
Packing Materials	1,560,807	1,495,689	2,065,389	1,625,483	1,425,987	365,298
Finished Goods	39,357,141	49,540,865	45,259,860	41,259,860	40,215,985	20,125,489
Store Items	2,312,344	2,296,027	2,205,640	1,754,298	1,128,659	854,261
<b>Total</b>	<b>228,032,743</b>	<b>192,934,494</b>	<b>206,290,427</b>	<b>166,326,914</b>	<b>150,345,614</b>	<b>59,345,086</b>

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
*Chartered Accountants*

**(v) Statement of trade receivables showing receivable from related party and connected persons;**

Particulars	Amount in BDT					
	June 30, 2017	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
General	369,467,815	328,201,465	300,356,426	237,095,917	117,713,250	70,951,842
From Related Party	-	-	-	-	-	-
From Connected Persons	-	-	-	-	-	-
<b>Total</b>	<b>369,467,815</b>	<b>328,201,465</b>	<b>300,356,426</b>	<b>237,095,917</b>	<b>117,713,250</b>	<b>70,951,842</b>

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**(vi) Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized/accrued;**

This is to certify that the VFS Thread Dyeing Limited (issuer) had not given any loan to related party and connected person from 01 January 2012 to 30 June 2017.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

(vii) Statement of other income showing interest income, dividend income, discount received and other non-operating income;

Particulars	Amount in BDT					
	June 30, 2017	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Sale of wastage	436,730	417,613	1,213,376	1,216,305	1,146,604	1,177,500
Foreign exchange gain/(loss)	21,580	64,056	-	-	-	-
<b>Total</b>	<b>458,310</b>	<b>481,669</b>	<b>1,213,376</b>	<b>1,216,305</b>	<b>1,146,604</b>	<b>1,177,500</b>

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

(viii) Statement of turnover showing separately in cash and through banking channel;

Particulars		Amount in BDT					
		June 30, 2017	June 30, 2016 (6 month period)	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
In Cash		-	-	-	-	-	-
Through Banking Channel	Total Turnover	880,833,240	398,856,317	781,912,757	765,421,890	635,248,796	259,925,987
	Receipt from Turnover	839,566,890	371,011,278	718,652,248	646,039,223	588,487,388	188,974,145

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**(ix) Statement of related party transaction**

Name	Relationship	Nature of Transaction	Year ended June 30, 2017	Period ended June 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Mrs. SarwatKhaled	Chairman	Remuneration & Board Meeting Attendance Fees	81,000	40,500	80,000	61,200	60,900	45,840
Mr. M. AzharRahman	Managing Director & Director	Salary, Remuneration & Board Meeting Attendance Fees	1,206,000	603,000	1,280,000	1,061,200	860,900	545,840
Mrs. RumanaHashem	Director	Remuneration & Board Meeting Attendance Fees	81,000	40,500	77,000	60,600	60,900	45,840
Mrs. RawshonAra	Director	Remuneration & Board Meeting Attendance Fees	78,000	39,500	80,000	61,200	60,900	45,840
Mrs. KhaledaSiddique	Independent Director	Board Meeting Attendance Fees	3,000	2,000	-	-	-	-
Ms. Mo Lai Mei	Director	Remuneration & Supplied Machineries through Vendor Agreement	-	-	20,000	60,600	60,900	45,840
<b>Total</b>			<b>1,449,000</b>	<b>725,500</b>	<b>1,537,000</b>	<b>1,304,800</b>	<b>1,104,500</b>	<b>729,200</b>

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

**(x) Reconciliation of business income shown in tax return with net income shown in audited financial statements;**

This is to certify that the income of VFS Thread Dyeing Limited as per Audited financial statements and Income shown in Tax Return are similar during last five years, as such there was no matters of reconciliation.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants



**(xi) Confirmation that all receipts and payments of the issuer above Tk. 500,000/- (five lac) were made through banking channel;**

This is to certify that all receipts and payments except petty cash over Tk. 500,000 (Five Lac) were made through banking channel from 01 January 2012 to 30 June 2017.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
*Chartered Accountants*

**(xii) Auditors' Disclosure Regarding Confirmation that Bank Statements of the issuer are in conformity with its books of accounts;**

This is to certify that the books of accounts of VFS Thread Dyeing Limited are in conformity with bank statements from 01 January 2012 to 30 June 2017.

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
*Chartered Accountants*

(xiii) Statement of payment status of TAX, VAT and other taxes/duties;

Particulars	Payment Status					
	June 30, 2017	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
VAT	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted
TAX	11,831,556	3,205,738	11,002,500	12,954,040	2,632,548	-
Other Taxes/Duties	NA*	NA*	NA*	NA*	NA*	NA*

Dated: 13 September 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
*Chartered Accountants*

**(xiv) Certificate on average cost of acquisition of equity share by the Directors;**

This is to certify that the shares in the equity of VFS Thread Dyeing Limited have been allotted at face value in cash and the average cost of acquisition of equity by the Directors is Tk. 10.00 each. Name wise shareholdings position, allotment date and consideration are given below:

<b>Date of Allotment/ Transfer</b>	<b>Allotment/ Transfer</b>	<b>Sarwat Khaled</b>	<b>M. Azhar Rahman</b>	<b>Rumana Hashem</b>	<b>Tariqul Islam</b>	<b>Khaleda Siddique</b>	<b>Consideration</b>	<b>Face Value of Share (Tk.)</b>
20.04.2010	Allotment	90,000	210,000	-	-	-	Cash	10.00
25.09.2011	Allotment	900,000	1,550,000	30,000	30,000	-	Cash	10.00
26.12.2011	Allotment	500,000	6,000,000	250,000	-	-	Cash	10.00
28.11.2012	Allotment	5,000,000	5,000,000	2,503,500	-	-	Cash	10.00
26.12.2015	Transfer	-	-	-	-	100,000	Cash	10.00
11.04.2016	Transfer	-	-	-	3,000,000	-	Cash	10.00
29.10.2017	Transfer	-	1,000,000	-	-	-	Cash	10.00
<b>Total</b>		<b>6,490,000</b>	<b>13,760,000</b>	<b>2,783,500</b>	<b>3,030,000</b>	<b>100,000</b>		

The company subdivided the face value of its ordinary share from Tk. 100.00 to Tk. 10.00 on dated 10 January 2013 by special resolutions in the Extra Ordinary General Meeting and necessary amendments in the capital clause of the Memorandum of Association and Articles of Association were made accordingly.

The above information is based on books and records provided by the management.

Dated: 17 December 2017  
Place: Dhaka

Sd/  
**AHMAD & AKHTAR**  
Chartered Accountants

## **SECTION (XXVIII): PUBLIC ISSUE APPLICATION PROCEDURE**

### **Step-1 (Applicant)**

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
  - a. Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
  - b. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains Foreign Currency account debiting the same account and provide the customer with a certificate mentioning the FC account number which has been debited to issue the FDD. The applicant shall also submit the certificate with their application. No banker shall issue more than two drafts from any Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
  - c. Eligible investors shall submit application through the electronic subscription system of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by the exchange(s).

### **Step-2 (Intermediary)**

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:
  - a. post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
  - b. accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the first banking hour of next working day of the cut-off date;
  - c. instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.

4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.
6. The Stockbroker/Merchant Banker shall prepare category-wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within 03 (three) working days from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts and certificates received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. On the next working day, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts and certificates submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

### **Step-3 (Issuer)**

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. On the next working day, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges within 10 (ten) working days from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications within 03 (three) working days from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within 06 (six) hours and on the websites of the Commission and Exchanges within 12 (twelve) hours of lottery.

14. Within 02 (two) working days of conducting lottery, the Issuer shall:

- a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
- b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
- c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
- d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

**Step-4 (Intermediary)**

15. On the next working day, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:

- a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
- b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;

16. On the next working day of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:

- a. release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
- b. remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.

17. On the next working day of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.

18. Simultaneously, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to

recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.

19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account (FC account which has been debited to apply by NRB or foreign applicants) through banking channel within 10 (ten) working days from the date of lottery.

**Miscellaneous:**

20. The Issuer, Issue Manager, Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.

The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

All eligible Stock Brokers and Merchant Bankers shall receive the IPO subscription.

“পুঁজিবাজারে বিনিয়োগ ঝুঁকি পূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

APPLICATION FOR PUBLIC ISSUE

Date:

Name of applicant	:																
Client Code	:																
BO ID No.	:																
Category of applicant	:																
Name of the Company	:																
Number of Shares	:	..... Shares of Tk. .... each															
Total amount in Tk.	:																
Amount in word	:																

Applicants

Authorized Officer



## **Managements Disclosures**

### **STATEMENT REGARDING COST AUDIT**

This is to certify that, as per provision of the Companies Act, 1994, Cost Audit by Professional Accountant is not applicable for “VFS Thread Dyeing Limited”.

Sd/-

**M. Azhar Rahman**  
Managing Director

Sd/-

**Md. Raseel**  
Chief Financial Officer

Sd/-

**Tahid Ahmed Chowdhury, FCCA**  
Managing Director & CEO  
Citizen Securities & Investment  
Limited

Sd/-

**K M Rasidul Hasan**  
Chief Executive Officer(CEO)  
First Security Islami Capital & Investment  
Ltd.

### **MANAGEMENT DECLARATION**

We the management of VFS Thread Dyeing Limited, declared that our company is regular in holding of Annual general meeting (AGM).

Sd/-

**M. Azhar Rahman**  
Managing Director

Sd/-

**Sarwat Khaled**  
Chairman

### **MANAGEMENT DECLARATION**

We the management of VFS Thread Dyeing Limited, declared that our company has not made any material change including raising of paid-up capital after the date of audited financial statements as included in the prospectus.

Sd/-

**M. Azhar Rahman**  
Managing Director

Sd/-

**Sarwat Khaled**  
Chairman

### **CONSENT OF DIRECTORS TO SERVE AS DIRECTORS**

We hereby agree that we have been serving as Directors of VFS Thread Dyeing Limited and will continue to act as Directors of the Company.

Sd/-

**Sarwat Khaled**  
Chairman

Sd/-

**M. Azhar Rahman**  
Managing Director

Sd/-

**Rumana Hashem**  
Director

Sd/-

**Tariqul Islam**  
Director

Sd/-

**Khaleda Siddique**  
Independent Director

### ISSUE MANAGER(S) DECLARATION

We the management of Citizen Securities & Investment Limited, & First Security Islami Capital & Investment Limited, declared that our company is no way connected with the issuer not does hold any of its securities.

Sd/-

**Tahid Ahmed Chowdhury, FCCA**

Managing Director & CEO

Citizen Securities & Investment

Limited

Sd/-

**K M Rasidul Hasan**

Chief Executive Officer(CEO)

First Security Islami Capital & Investment

Ltd.

### MANAGEMENT DECLARATION

We the management of VFS Thread Dyeing Limited, declared that our company or any of its directors is not a bank defaulter.

Sd/-

**M. Azhar Rahman**

Managing Director

Sd/-

**Sarwat Khaled**

Chairman

### MANAGEMENT DECLARATION

We the management of VFS Thread Dyeing Limited, declared that our latest financial statements audited by the panel auditors as declared by the Bangladesh Securities and Exchange Commission.

Sd/-

**M. Azhar Rahman**

Managing Director

Sd/-

**Sarwat Khaled**

Chairman

### MANAGEMENT DECLARATION

We the management of VFS Thread Dyeing Limited, declared that our Company no accumulated retained loss at the time of application.

Sd/-

**M. Azhar Rahman**

Managing Director

Sd/-

**Sarwat Khaled**

Chairman

### MANAGEMENT DECLARATION

We the management of VFS Thread Dyeing Limited, declared that our Company complied with all the requirements of these Rules in preparing prospectus.

Sd/-

**M. Azhar Rahman**

Managing Director

Sd/-

**Sarwat Khaled**

Chairman

## MANAGEMENT DECLARATION

### RELATING TO PRODUCTION CAPACITY

We produce sewing thread and works as backward linkage of Readymade Garments Industries. The production schedule is based on customer's order size. The order size of our customers varies depending on color, counts (thickness of thread) and quantity. On the other hand, dyeing machine capacity are fixed. We have dyeing machines for 5kg, 10kg, 20kg, 50kg, 100kg, 200kg, 300kg & 500kg etc.

For an example for an order of 55 kg yarn we have to use a 100 kg capacity machine for this order resulting in 45% unused capacity in this case. This example is used for single color, single count but reality is more than that due to variety of order of different counts and color.

After IPO fund utilization production capacity will be increased by 50%. At present, our production capacity utilization is 67%. Management is of the belief that after 18-month of IPO fund utilization, capacity utilization will be increased to 70% to 75%. Management also believes that, due to nature of the business, 70% to 75% is optimum level of capacity utilization.

Sd/-  
**Sarwat Khaled**  
Chairman

Sd/-  
**M. Azhar Rahman**  
Managing Director

Sd/-  
**Rumana Hashem**  
Director

Sd/-  
**Tariqul Islam**  
Director

Sd/-  
**Khaleda Siddique**  
Independent Director

### Relating IPO of TK. 220 Million where Retained Earnings TK. 620.00 Million

The market of sewing thread is huge as the use of this product involves in every garment industries in our country while garment industries in our country also expanding day by day. The IPO proceed of 220 million will be used for expansion of our existing capacity to meet expanding demand of our customers. The existing retained earning amount is already been invested in various developments of the business. Moreover the remaining portion of retained earnings will be used for the further expansion of the business.

Sd/-  
**Sarwat Khaled**  
Chairman

Sd/-  
**M. Azhar Rahman**  
Managing Director

Sd/-  
**Rumana Hashem**  
Director

Sd/-  
**Tariqul Islam**  
Director

Sd/-  
**Khaleda Siddique**  
Independent Director

## CUSTOMERS LIST

SL. NO.	Customer Name
1	INTERSTOFF APPARELS LTD.
2	TROUSER WORLD (PVT) LTD.
3	DAL KNITWEARS LTD.
4	RAINA FASHION LTD.
5	BOTTOM GALLERY (PVT) LTD.
6	MULTITEX EXPORT LTD.
7	MONDOL INTIMATES LIMITED
8	LIZ FASHION LTD.
9	POLO KNIT COMPOSITE INDUSTRIES LTD.
10	AMC KNIT COMPOSITE LTD
11	NIPA FASHION WEAR IND. LTD.
12	MAC- TEX INDUSTRIES LTD.
13	MAYC'S GARMENTS LTD.
14	JEANS CARE LIMITED.
15	D.S. FASHION LIMITED.
16	KNIT ASIA LIMITED
17	SARMIN APPARELS LIMITED
18	ANJUMAN GARMENTS LIMITED.
19	HU FASHIONS LTD.
20	SIMCO DRESSES LTD.
22	TEEN AGE MODERN FASH. LTD.
22	MESH EXPORT HOUSE (PVT) LTD.
23	TAHMINA DENIM LTD.
24	FLAXEN DRESS MAKER LTD.
25	WINESOME KNIT COMPOSITE LTD.
26	RADIAL INTERNATIONAL LTD.
27	SWAN JEANS LTD.
28	TRIPLE SEVEN APPARELS LTD.
29	PACIFIC COTTON LTD.
30	SIKDER APPARELS HOSIERY LTD.
31	MURAD APPARELS LIMITED
32	HABITUS FASHION LTD.
33	RAPID DESIGN LTD.

SL. NO.	Customer Name
34	PARADE INTERNATIONAL LTD.
35	BANDO DESIGN LTD
36	VISION GARMENTS LTD.
37	A & A TROUSERS LTD.
38	KNIT BAZAR LATD.
39	MAHMUD JENS LTD.
40	TROUSE LINE LTD.
41	BALLY COTTON LTD.
42	BHUYAN GARMENTS LTD.
43	RENASANS GARMENTS LTD.
44	SKY LINE GROUP
45	MULTITEX EXPORTS WEAR LIMITED
46	APPARELS VILLAGE LTD.
47	SIGNET ENTERPRISE LTD.
48	DIRD COMPOSITE TEXTILE LTD.
49	BASE TEXTILE LIMITED
50	MAHDEEN GROUP
51	LIBAS TEXTILE LTD.
52	CONFIDANCE INTERNATIONAL LTD.
53	EPCOT APPARELS LTD.
54	GEMTEX LIMITED.
55	KIMS CORPORATION LIMITED
56	UNION GARMENTS LIMITED
57	PRETTY SWEATERS LTD,
58	MAVIS GARMENTS
59	BLUE PLANNET FASHION LTD.
60	FASHIONS SUPPORT LTD.
61	EVERSMART Bangladesh limited
62	TAQWA FABRICS LTD
63	TARATEX FASHION LIMITED
64	UNITED TROUSER LIMITED
65	PANAGEA FASHIONWEAR LIMITED
66	PADDA TEXTILE LIMITED

Sd/-

**M. Azhar Rahman**  
Managing Director

Sd/-

**Sarwat Khaled**  
Chairman

## Cash Receipt from Customers & Others

Particulars	Particulars
Cash receipt from Customers	839,566,890
Cash Receipt from Others	458,310
<b>Total</b>	<b>840,025,200</b>

## Cash payment to Supplier, Employees & others

Particulars	Amount in Taka
Cash Paid to Supplier	609,100,712
Cash Paid to Employees	31,162,644
Cash Paid to Others	53,796,181
<b>Total</b>	<b>694,059,537</b>

### CASH PAID TO SUPPLIERS

#### Opening Balance of Trade Payable

Add: Purchase during the year

Less: Closing balance of Trade Payable

Less: Opening Balance of Advance

Add: Closing Balance of Advance

Cash paid to Suppliers

19,544,536
600,242,987
5,984,789
<b>613,802,734</b>
6,346,282
1,644,260
<b>609,100,712</b>

### CASH PAID TO EMPLOYEES

Salary, Wages & Allowance (Factory Overhead)

Salary & Welfare (Warehouse, Distribution & Selling Expenses)

Salary & Welfare (Administrative)

Add: Advance Salary closing

Less: Accrued Salary closing

Less: Advance Salary opening

Add: Accrued Salary Opening

**Amount paid to employee**

22,200,792
4,835,700
4,877,770
31,914,262
276,540
2,544,320
375,500
1,891,662
<b>31,162,644</b>

### CASH PAID FOR OTHER EXPENSES

Manufacturing Overhead

Administrative Expenses

Selling & Distribution Expenses

Add: Advance Expenses closing

Less: Accrued Expenses closing

Less Advance Expenses Opening

Add: Accrued Expenses Opening

Less: Depreciation

Sample Expenses (Cost of free issue)

94,135,064
4,997,383
4,090,297
<b>103,222,744</b>
8,854,851
1,480,195
1,567,355
1,446,317
56,377,621
302,560
<b>53,796,181</b>

Sd/-

**M. Azhar Rahman**

Managing Director

Sd/-

**Sarwat Khaled**

Chairman

### Auditor's Additional Disclosure.

Explanation and calculation regarding TK. 954,588 & Tk. 2,694,636 as prior year adjustment and depreciation of road & others respectively from the financial statements in Statements of changes in Equity for the year ended 30 June 2017 which is confusing.

#### Auditor's Response to the above:

For the assessment year 2013-2014 and 2014-2015 tax liability claimed by the Deputy Commissioner of Taxes was TK. 16,541,177 where TK. 15,586,588 was adjusted hence TK. 954,588 was under provision. This TK. 954,588 has been adjusted with retained earnings as if TK. 954,588 was charged as expense which would have been reported with net profit after tax and reduced it by TK. 954,588. Depreciation on Road & others has been adjusted with retained earnings as if the depreciation has been charged as expenses net profit after tax would have been reported less than TK. 2,694,636. Above adjustment was made as per Accounting Practice and IAS/BAS-8.

**Detailed calculation of prior year adjustment and Depreciation of Road & others as follows:**

#### Prior year adjustment (under provision of Tax) Tk. 954,588

##### For Assessment year 2013-2014

Tax Liability as per Assessment:	2,709,240
Tax provision as per Accounts:	<u>2,632,548</u>
<b>Under Provision</b>	<b>76,692</b>

##### For Assessment year 2014-2015

Tax Liability as per Assessment:	13,831,937
Tax Provision as per Accounts:	<u>12,954,040</u>
<b>Under Provision</b>	<b>877,897</b>

**Total under Tax Provision: (877,897+76,692) 954,588**

#### Depreciation of Road & Others Tk. 2,694,636 & 28,937,564 adjusted

Particulars	Cost			Rate of Dep.	Depreciation			WDV 30.06.2016
	1 <sup>st</sup> January 2016	Addition	June 30, 2016		1 <sup>st</sup> January 2016	Charge	June 30, 2016	
Road	10,391,162	-	10,391,162	2.5%	1,286,849	-	-	-
Others	18,546,402	-	18,546,402	2.5%	1,407,787	-	-	-
<b>Total</b>	<b>28,937,564</b>	<b>-</b>	<b>28,937,564</b>		<b>2,694,636</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Building			<b>28,937,564</b>	-	-	-	-	-
Adjustment with Retained Earnings			-	-	<b>2,694,636</b>	-	-	-
Balance			-		-	-	-	-

#### Depreciation Schedule up to December 31, 2015

Particulars	Cost			Rate of Dep.	Depreciation			WDV 31.12.2015
	1 <sup>st</sup> January 2015	Addition	Dec 31, 2015		1 <sup>st</sup> January 2015	Charge	Dec 31, 2015	
<b>Road</b>	10,391,162	-	10,391,162	2.5%	1,053,405	233,444	1,286,849	9,104,313
<b>Others</b>	10,242,519	8,303,883	18,546,402	2.5%	1,074,795	332,992	1,407,787	17,138,615
<b>Total</b>	<b>28,937,564</b>	<b>8,303,883</b>	<b>28,937,564</b>		<b>2,128,201</b>	<b>332,992</b>	<b>2,694,636</b>	<b>26,242,928</b>

**Disclose NAV, EPS after recognizing WPPF as expenses in the year ended 2012, 2013, 2014 & 2015 for which Net Profit after Tax and Earning per Share (EPS) seem overstated that the company has not recognized WPPF.**

**Our response to the above:**

VFS Thread Dyeing Limited a 100% export oriented sewing thread manufacturer and member of Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association. The company could not comply the section 234 of Bangladesh Labor Law 2006 (Amendments Act 2013) as section 232 of the said Act stated that **“in case of a 100% export oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector based central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector”**, due to not form the board and fixed the rate by the appropriate authority.

The Company is in communication with Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association regarding formation of WPPF. However management of VFS Thread Dyeing Limited has decided to comply the section 234 of Bangladesh Labor Law 2006, (Amendments 2013) from the financial year 2017-2018. Like others company, The Company has already made provision for WPPF in half yearly financial statements for the period ended December 31, 2017.

NAV, EPS before and after recognizing WPPF as expenses in the year ended 2012, 2013, 2014, 2015, 2016 & 2017 as follows:

EPS & NAV before recognized WPPF

Particulars	2012	2013	2014	2015	2016	2017
NAV	10.19	11.96	14.16	16.58	17.66	19.90
EPS	0.19	1.77	2.21	2.31	1.12	2.25

EPS & NAV after recognized WPPF

Particulars	2012	2013	2014	2015	2016	2017
NAV	10.18	11.86	14.04	16.46	17.60	19.77
EPS	0.18	1.67	2.08	2.19	1.06	2.12

**Quantity wise information of inventory**

**Auditor's Response to the above:**

Quantity wise information of inventory are stated below

Sl. No	Particulars	Quantity (KG, Pcs & Cone)	Amount in Taka
01	Raw Material Yarn	661,189 (KG)	162,923,566
02	Raw Material Chemical	387,045 (KG)	18,055,430
03	Work in Process	101,108 (Cone)	3,823,455
04	Packing Materials	1,424,594 (Pcs)	1,560,807
05	Finished Goods	746,783 (Cone)	39,357,141
06	Store Item	25,472 (Pcs)	2,312,344
			<b>228,032,743</b>

**Month wise gross sales & amount of VAT****Auditor's Response to the above:**

According to Value added Tax (VAT) Act 1991 section 72 ((এস, আর, ও নং ১৬২-আইন/২০০৮/৪৮৮-মূসক, তারিখ, ২৬ জুন ২০০৮), the company's traded income is 100% export oriented so its income is not subject to VAT. The month-wise gross sales & amount of VAT for the year ended 30 June, 2017 is as follows:

Sl. No.	Month	Amount of Gross Sales (in Taka)	Amount of VAT (in Taka)	Net Sales (in Taka)
1	July, 2016	64,780,046	-	64,780,046
2	August, 2016	66,513,230	-	66,513,230
3	September, 2016	68,860,369	-	68,860,369
4	October, 2016	73,112,340	-	73,112,340
5	November, 2016	71,013,200	-	71,013,200
6	December, 2016	71,988,704	-	71,988,704
7	January, 2017	71,234,433	-	71,234,433
8	February, 2017	71,099,870	-	71,099,870
9	March, 2017	71,464,508	-	71,464,508
10	April, 2017	80,123,450	-	80,123,450
11	May, 2017	85,544,120	-	85,544,120
12	June, 2017	85,098,970	-	85,098,970
<b>Total</b>		<b>880,833,240</b>	<b>-</b>	<b>880,833,240</b>

**Whether you have obtained balance confirmation certificates from all the parties of the trade & other receivable.**

**Auditor's Response to the above:**

We have sent balance confirmation letter to all 66 respective parties regarding trade receivables. Of the 66 Parties, 62 parties have confirmed their balance, rest of them have not answered in writing but verbally confirmed the balance.

**Date: December 12, 2017**  
**Place: Dhaka**

**Sd/-**  
**Ahmad & Akhtar**  
**Chartered Accountants**