

“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.”

PUBLIC ISSUE OF 30,000,000 ORDINARY SHARES

ISSUE DATE OF THE PROSPECTUS: _____

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Opening and closing date of subscription:

Opening date of subscription: _____

Closing date of subscription: _____

PROSPECTUS

Name of Issuer:



Bonito Accessories Industries Limited

Name of Issue Manager:



BMSL Investment Limited



CAPM Advisory Limited

&



EBL Investments Limited

(a) Preliminary Information and Declarations:

- (i) Name(s), address(s), telephone number(s), web address(s), e-mail(s), fax number(s) and contact persons of the issuer, issue manager(s), underwriter(s), auditors, credit rating company and valuer, where applicable;

Issuer		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
Bonito Accessories Industries Limited (BAIL) Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) Email: md@bonitoaccessories.com Web: www.bonitoaccessories.com	Rabiul Hossain Chief Financial Officer
Issue Managers		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
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CAPM Advisory Limited Tower Hamlet (9th Floor) 16, Kemal Ataturk Avenue Banani C/A, Dhaka-1213.	Tel: +88-02-9822391-2 Fax: +88-02-9822393 E-mail: contact@capmadvisorybd.com Web: www.capmadvisorybd.com	Tania Sharmin Managing Director & CEO
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Underwriters		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
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Auditor		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
ARTISAN Chartered Accountants 33 Shah Ali Tower, (7th Floor), Kawran Bazar Dhaka-1215.	Tel: +88-02-8189883-7 Fax: +88-02-8180187 E-mail: info@artisan-ca.com web: www.artisan-ca.com	A F M Alamgir Chief Executive Partner

The Company has no involvement with Credit Rating Company and Valuer.

(ii) A declaration that a person interested to get a prospectus may obtain from the issuer and the issue managers.

(iii) **"If you have any query about this document, you may consult the issuer, issue manager and underwriter"**

(iv) "CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE OR 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 (IF ANY)."

(v) *'Risks in relation to the First Issue'*

"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. 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."

(vi) *'General Risk'*

"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(s) 140-147"

(vii) *'Bonito Accessories Industries Limited's Absolute Responsibility'*

"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."

(b) **Availability of Prospectus**

- (i) **Names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses and names of contact persons of the institutions where the prospectus and abridged version of prospectus are available in hard and soft forms;**

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

Issuer		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
Bonito Accessories Industries Limited (BAIL) Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) Email: md@bonitoaccessories.com Web: www.bonitoaccessories.com	Rabiul Hossain Chief Financial Officer
Issue Managers		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
BMSL Investment Limited Shareef Mansion (4th Floor), 56-57 Motijheel C/A, Dhaka-1000.	Tel: +88-02-9577651, +88-02-9570624 Fax: +88-02-47117218 E-mail: ssi@dhaka.net Web: www.bmslinvestment.com	Md. Riyad Matin Managing Director
CAPM Advisory Limited Tower Hamlet (9th Floor) 16, Kemal Ataturk Avenue Banani C/A, Dhaka-1213.	Tel: +88-02-9822391-2 Fax: +88-02-9822393 E-mail: contact@capmadvisorybd.com Web: www.capmadvisorybd.com	Tania Sharmin Managing Director & CEO
EBL Investments Limited 59, Motijheel C/A (1st Floor), Dhaka-1000.	Tel: +88-02-47111096, +88-02-47111867 Fax: +88-02-47111218 E-mail: info@eblinvestments.com Web: www.eblinvestments.com	Tahid Ahmed Chowdhury, FCCA Managing Director
Stock Exchanges		
Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
Dhaka Stock Exchange Limited DSE Library, 9/F Motijheel C/A, Dhaka-1000	Tel: +88-02-9564601, 9576210-18 Fax: +88-02-9564727, +88-02-9569755 E-mail: reasearch@dsebd.org Web: www.dsebd.org	Afzalur Rahaman Manager
Chittagong Stock Exchange Limited CSE Library, CSE Building, 1080, Sheikh Mujib Road Agrabad, Chittagong- 4100.	Tel: 031-714632-3 Fax: 031-714101 E-mail: habib.ullah@cse.com.bd Web: www.cse.com.bd	Mohammad Habib Ullah Deputy Manager

Prospectus would also be available on the web sites of BSEC (www.sec.gov.bd) and at the Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

(ii) **Names and dates of the newspapers where abridged version of prospectus was published.**

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

Sl. No.	Name of the Newspaper	Date of Publication
1		
2		
3		
4		

(iii) Definitions and Acronyms or Elaborations

Acronyms or Elaborations:

A	
"Articles" or "Articles of Association" or "AoA"	The Articles of Association of Bonito Accessories Industries Limited, as amended
AGM	Annual General Meeting
Allotment	Letter of Allotment of shares
B	
"Board" or "Board of Directors" or "our Board"	The Board of Directors of Bonito Accessories Industries Limited, as duly constituted from time to time including any committees thereof
BA	Bachelor of Arts
BAIL	Bonito Accessories Industries Limited
BAS	Bangladesh Accounting Standards
B.Com	Bachelor of Commerce
BDT	Bangladeshi Taka
BFRS	Bangladesh Financial Reporting Standards
BIDA	Bangladesh Investment Development Authority
BO A/C	Beneficiary Owner's Account
BSEC	Bangladesh Securities and Exchange Commission
C	
CDBL	Central Depository Bangladesh Limited
Certificate	Share Certificate
CFO	Chief Financial Officer
CIB	Credit Information Bureau
Commission	Bangladesh Securities and Exchange Commission
CSE	Chittagong Stock Exchange Limited
D	
DSE	Dhaka Stock Exchange Limited
E	
E-Mail	Electronic Mail
EPS	Earnings Per Share
Exchanges	Stock Exchanges
F	
FC A/C	Foreign Currency Account
FY	Fiscal Year
G	
GBP	Great Britain Pound
I	
IPO	Initial Public Offering
Issue	Public Issue of shares
Issue Managers	BMSL Investment Limited, CAPM Advisory Limited & EBL Investments Limited
Issuer	Bonito Accessories Industries Limited
L	
L/C	Letter of Credit
LL.M	Master of Laws

M	
"Memorandum" or "Memorandum of Association" or "MoA"	The Memorandum of Association of Bonito Accessories Industries Limited, as amended
MA	Master of Arts
MBA	Master of Business Administration
M.Com	Master of Commerce
MSS	Master of Social Sciences
MS-Word	Microsoft word
N	
NAV	Net Asset Value
NRB	Non Resident Bangladeshi
O	
"Our Company"	Bonito Accessories Industries Limited, a public limited company incorporated under the Companies Act
Offering Price	Price of the Securities of BAIL
P	
PE	Price to Earnings
R	
RJSC	Registrar of Joint Stock Companies and Firms
S	
Securities	Share of Bonito Accessories Industries Limited
Securities Market	The Share Market of Bangladesh
Sponsors	The sponsor shareholders of Bonito Accessories Industries Limited
Stock Holder	Share Holder
Subscription	Application Money
T	
The Company/Issuer	Bonito Accessories Industries Limited, a public limited company incorporated under the Companies Act
TT	Telephonic Transfer
U	
UK Pound	United Kingdom Pound
USD	United States Dollar
V	
VAT	Value Added Tax
W	
WDV	Written Down Value

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CHAPTER (I): EXECUTIVE SUMMARY

(a) About the industry:

Garments Accessories & Packaging Industry is the backward linkage industry for RMG sector. The product lines are Sewing Thread, Button, Bag, Elastic, Ribbon, Cartoon, Gum Tape, Tissue Paper, Tag, Labels, Polly, Photo Card, Back Board, Drawstring, Zipper and Hanger. More than 400,000 (four lac) people work in this sector. This sector has immense contribution to our economy in terms of employment and foreign exchange earnings. In the financial year 2016-17, this sector generates USD 6.70 billion. If the sector gets policy support and co-operation from government, the earning of this sector is likely to increase up to US\$ 12 billion by the end of 2018, and to US\$ 18 billion by the end of the year 2025. Total investment of this sector is about US\$ 30 billion & value addition is near about 40 percent.

(Data source: <http://bgapmea.org>)

(b) About the Issuer:

Incorporation	Incorporated as Private Limited Company on July 26, 2010 vide registration no. C-86022/10
Name Change	Bonito Button Industries Limited was changed to Bonito Accessories Industries Limited on December 13, 2017
Converted Public Limited Company	June 25, 2018
Commencement of Commercial Operation	March 01, 2013
Registered Office & Factory	B.K. Bari, Rajendrapur, Gazipur
Corporate Office	Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000
Nature of Business	Bonito Accessories Industries Limited (BAIL) is 100% deemed export-oriented garments accessories manufacturer and exporter. The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc.

(c) Financial Information:

Major financial information of Bonito Accessories Industries Limited (BAIL) is as follows:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Gross Profit	104,186,161	90,893,851	67,589,005	52,922,676	5,030,267
Profit before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994
Total Assets	702,852,282	697,975,771	473,815,611	219,430,597	173,977,020
Share Capital	400,000,000	400,000,000	99,990,000	10,000,000	10,000,000
Retained Earnings	150,152,793	99,789,691	56,433,611	25,765,867	1,157,269
Net Asset Value (NAV) per Share	13.75	12.49	15.64	35.77	11.16
Earnings Per Share (EPS)	1.26	1.91	1.46	1.18	0.01

The Company started its commercial operation on March 01, 2013.

(d) Features of the issue and its objects:

Offer Price	Tk. 10.00
Number of Shares	30,000,000
Offer Size	Tk. 300,000,000.00
Purpose of Raising Fund	Proceeds from Initial Public Offering (IPO) will be used for acquisition of machinery & equipment, construction of building and other civil works, bank loan pay off and for IPO Expenses.
Date of Implementation	Within 21 months after receiving IPO fund

(e) Legal and other Information:

SL	Name of Certificate/license/Registration	License Issuer/Issuing Authority	Certificate/License No.	Validity/Current Status
1	Incorporation	Registrar of Joint Stock Companies & Firms (RJSC)	Private Limited Company dated July 26, 2010 & C-86022/10	N/A
2	Name Change	Registrar of Joint Stock Companies & Firms (RJSC)	December 13, 2017	N/A
3	Certificate of Commencement of Business	Registrar of Joint Stock Companies & Firms (RJSC)	N/A	Incorporated as a private limited company
4	Trade License	Mirzapur Union Parishad, Gazipur	162432000164	30-Jun-20
5	TIN Certificate	National Board of Revenue	452343674833	N/A
6	VAT Reg. No.	Customs, Excise & VAT Commissionerate, Dhaka (South)	000437814	N/A
7	Import Registration Certificate (IRC)	Controller of Import & Export, Government of Bangladesh	Ba 0220129	30-Jun-19 (Applied for renewal)
8	Export Registration Certificate (ERC)		Ra 0100831	
9	Fire License	Bangladesh Fire Services and Civil Defense	AD/Dhaka-20523/11	30-Jun-20
10	Factory License	Factory and Organization Inspection Authority, Gazipur	17313/Gazipur	30-Jun-20
11	Bonded Warehouse License	Customs Bond Commissionerate, Dhaka	1081/KAS-PBW/2016	14-Jun-20
12	BGAPMEA	Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association	1648	31-Dec-19 (Applied for renewal)
13	Environment Clearance Certificate	Department of Environment	10.02.3300.138.71189.19	4-Feb-20 (Applied for renewal)
14	Group Insurance	NRB Global Life Insurance Company Limited	-	11-Feb-22

(f) Promoters' background:

At the time of incorporation of the Company, the following persons were the subscribers to the memorandum:

Sl. No.	Name of Promoter	Present Status
1	Md. Golam Sorowar	Director
2	Chowdhury Ahmed Nowshad Aziz	Sponsor
3	Nahid Sultana	Chairman
4	Md. Golam Moula Majumder	Sponsor
5	Mohi Uddin Ahmed	Sponsor
6	Chowdhury Ahmed Riyadh Aziz	Sponsor
7	Md. Golam Zilani	Managing Director

Their background is stated below:

Md. Golam Sorowar, Director

Md. Golam Sorowar was born in 01 January, 1970 in an illustrious family of Feni. His father is Late Sayed Ahmed Mojumdar, mother is Sofura Akter and spouse is Nahid Sultana. His residence address: 3 Segunbagicha, Akhter Imams Puyo Prangon, Level 7, Dhaka-1000.

Md. Golam Sorowar obtained his M.Com from Dhaka University, Dhaka. He has 23 years experience of garments accessories business.

Md. Golam Sorowar is the Director of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector. He is also Director of Bay Poly & Packaging Ltd. and Alfis Ltd.

Chowdhury Ahmed Nowshad Aziz, Sponsor

Chowdhury Ahmed Nowshad Aziz was born in 01 January, 1973 in an illustrious family of Feni. His father is Aziz Ahmed Chowdhury, mother is Rokeya Aziz and spouse is Nahid Farhana. His residence address is Awal Center (16th Floor), 34 Kemal Ataturk Avenue, Banani, Dhaka.

Chowdhury Ahmed Nowshad Aziz obtained his B.Com from Chittagong University, Chittagong.

Chowdhury Ahmed Nowshad is the Sponsor of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Nahid Sultana, Chairman

Mrs. Nahid Sultana was born in 02 October, 1978 in an illustrious family of Chittagong. Her father is Late Mofiz Ullah, mother is Sultana Pori Akther and husband name is Md. Golam Sorowar. Her residence address is 3 Segunbagicha, Akhter Imams Puyo Prangon, Level 7, Dhaka-1000.

Mrs. Nahid Sultana obtained his B. A (Pass) from National University. She has 19 years experience of garments accessories business.

Mrs. Nahid Sultana is the chairman of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector

Md. Golam Moula Majumder, Sponsor

Md. Golam Moula Majumder was born in 12 January, 1967 in an illustrious family of Feni. His father is Late Sayed Ahmed Mojumdar, mother is Sofura Akter and spouse is Shaheda Nur. His residence address is 21 Armanian Street, Babu Bazar, Dhaka.

Md. Golam Moula Majumder obtained his BA (Pass) from National University.

Md. Golam Moula Majumder is the Sponsor of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector and Managing Director of Hi-Tec Industries Ltd.

Mohi Uddin Ahmed, Sponsor

Mohi Uddin Ahmed was born in 01 January, 1973 in an illustrious family of Feni. His father is Late Siddique Ahmed, mother is Kamrun Nasa and spouse is Naharin Zannat. His residence address is House no-41, Road No-12, Sector-14, Uttara, Dhaka.

Mohi Uddin Ahmed obtained his M.Com from National University.

Mohi Uddin Ahmed is the Sponsor of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Chowdhury Ahmed Riyadh Aziz, Sponsor

Chowdhury Ahmed Riyadh Aziz Ahmed was born in 01 June 1980, 1973 in an illustrious family of Feni. His father is Aziz Ahmed Chowdhury, mother is Rokeya Aziz. His residence address is 144, Bhai-Bon Niketon, Station Road, Feni.

Chowdhury Ahmed Riyadh Aziz obtained his B.Com from National University. He has vast experience of garments accessories business.

Chowdhury Ahmed Riyadh Aziz is the Sponsor of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Md. Golam Zilani, Managing Director

Md. Golam Zilani was born in 01 June, 1976 in an illustrious family of Feni. His father is Late Sayed Ahmed Mojumdar, mother is Sofura Akter and spouse is Sanjida Yasmin. His residence address is Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.

Md. Golam Zilani obtained his Diploma Engineer in Graphics, Dhaka. He has 23 years experience of garments accessories business.

Md. Golam Zilani is the Managing Director of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

(g) Capital structure and history of capital raising:

The Company intends to issue 30,000,000 ordinary shares of Tk. 10.00 each at par through Initial public offering (IPO) totaling to Tk. 300,000,000.00.

Particulars	No. of Shares	Face Value (Tk.)	Issue Price (Tk.)	Amount in Taka
Authorized Capital	100,000,000	10.00	10.00	1,000,000,000
Before IPO:				
Paid up capital	40,000,000	10.00	10.00	400,000,000
After IPO:				
To be issued through IPO	30,000,000	10.00	10.00	300,000,000
Paid up capital (Post IPO)	70,000,000	10.00	10.00	700,000,000

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

Particulars of Allotment	Date of Allotment	Form of Consideration (No. of Shares)			Face Value of Share (Tk.)	Paid-up Capital
		In cash	Other than in cash	Bonus		
1 st (subscriber to the Memorandum & Articles of Association at the time of incorporation)	26-Jul-10	1,000,000	-	-	10.00	10,000,000
2 nd	30-Jun-17	8,999,000	-	-	10.00	89,990,000
3 rd	24-Jun-18	30,001,000	-	-	10.00	300,010,000
Total					10.00	400,000,000

(h) Summary of Valuation Report of Securities:

Particulars	Amount (in Tk.)
Method 1: Net Asset Value (NAV) per share/Equity based valuation	13.75
Method 2: Historical Earnings based valuation	12.46
Method 3: Average market price of similar stock based valuation	32.41

(i) Others:

a) DECLARATION OF MATERIAL CHANGES

We, the Issuer, declare that we did not make any material changes including raising of paid-up capital after the date of audited financial statements as included in the prospectus.

Sd/-

Md. Golam Zilani

Managing Director

b) ISSUE MANAGERS DECLARATION IN CONNECTION WITH ISSUER

We, the Issue Managers (BMSL Investment Limited, CAPM Advisory Limited & EBL Investments Limited), declared that we do not have any connection with the Issuer, nor any connected persons of us are connected with the Issuer. Moreover, we do not have any connection with the connected persons of the Issuer nor hold any securities thereof.

Sd/-

Md. Riyad Matin

Managing Director

BMSL Investment Limited

Sd/-

Tania Sharmin

Managing Director & CEO

CAPM Advisory Limited

Sd/-

Tahid Ahmed Chowdhury, FCCA

Managing Director

EBL Investments Limited

CHAPTER (II): CONDITIONS IMPOSED BY THE COMMISSION

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM:

As per provisions of the Depository Act, 1999 and regulations made there under, share of the Company will be issued in dematerialized form only and for this purpose Bonito Accessories Industries Limited will sign an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfers, transmissions, splitting or conversions will take place on the Central Depository Bangladesh Limited 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 3,00,00,000 ordinary shares of Tk. 10.00 each at par totaling to **Tk. 30,00,00,000.00 (Taka Thirty 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 lot of 500 shares worth Taka 5,000/- (Taka five thousand only) or its multiples.
7. The IPO shall stand cancelled in case of under-subscription in collectively 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 investors 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 investors 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 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 10% or more shares, other than alternative investment funds, 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 (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.
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 website and Exchanges shall also post the same in company information contained in websites of the Exchanges. In the event of any irregularity or inconsistency, the Commission may employ or engage any person 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 by crossed cheques or 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 respect of time or purpose of utilization must have prior approval of the shareholders in the general meeting and if approved by the shareholders, the meeting resolution shall be submitted to the Commission and the Exchanges along with reasonable explanations.

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 ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.

PART-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 depository system of Central Depository Bangladesh Ltd. (CDBL) 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.

CHAPTER (III): DECLARATION AND DUE DILIGENCE CERTIFICATES

Annexure-A

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE ISSUER 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/-
Nahid Sultana
Chairman

Sd/-
Md. Golam Zilani
Managing Director

Sd/-
Md. Golam Sorowar
Director

Sd/-
Rahman Abu Jafar
(Nominee Director for Bay Poly and Packaging Ltd.)
Director

Sd/-
Mohammad Ashraf Uddin Bhuiyan
Independent Director

Date: October 04, 2018

DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER
(BMSL INVESTMENT LIMITED)

[Rule 4 (1) (d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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 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 purposes 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 investor to make a well informed decision;
- (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:

<u>Serial No</u>	<u>Issue Month/Year</u>	<u>Issue Price</u>	<u>Dividend Payment History</u>	
1	Khan Brothers PP Woven Bag Industries Limited (2014)	10.00	Cash Dividend	2% 2018
			Stock Dividend	10% 2014, 15% 2015, 11% 2016, 10% 2017
2	SK Trims & Industries Limited (2018)	10.00	Cash Dividend	2% 2018, 10% 2019
			Stock Dividend	10% 2018, 10% 2019

Place: Dhaka
Date: February 11, 2020

Sd/-
Md. Riyad Matin
Managing Director
BMSL Investment Limited

DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER
(CAPM ADVISORY LIMITED)

[Rule 4 (1) (d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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 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 purposes 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 investor to make a well informed decision;
- (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:

<u>Serial No</u>	<u>Issue Month/Year</u>	<u>Issue Price</u>	<u>Dividend Payment History</u>	
1	Olympic Accessories Limited (February/2015)	10.00	Cash Dividend	5% 2015, 2% 2019
			Stock Dividend	7% 2015, 12% 2016, 10% 2017, 10% 2018
2	Nurani Dyeing & Sweater Limited (March/2017)	10.00	Cash Dividend	2% 2018
			Stock Dividend	10% 2017, 11% 2018, 10% 2019
3	Advent Pharma Limited (January/2018)	10.00	Cash Dividend	2% 2018, 2% 2019
			Stock Dividend	10% 2018, 10% 2019
4	Indo-Bangla Pharmaceuticals Limited (February/2018)	10.00	Cash Dividend	2% 2019
			Stock Dividend	10% 2018, 9% 2019
5	Ring Shine Textiles Limited (July/2019)	10.00	Cash Dividend	-
			Stock Dividend	15% 2019

Place: Dhaka
Date: February 11, 2020

Sd/-
Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER
(EBL INVESTMENTS LIMITED)

[Rule 4 (1) (d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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 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 purposes 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 investor to make a well informed decision;
- (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	Issue Month/Year	Issue Price	Dividend Payment History	
1	Nurani Dyeing & Sweater Limited (March-2017)	10.00	Cash Dividend	2% 2018
			Stock Dividend	10% 2017, 11% 2018, 10% 2019
2	Indo-Bangla Pharmaceuticals Limited (February-2018)	10.00	Cash Dividend	2% 2019
			Stock Dividend	10% 2018, 9% 2019
3	Silco Pharmaceuticals Ltd. (February2018)	10.00	Cash Dividend	2% 2019
			Stock Dividend	10% 2019

Place: Dhaka
Date: February 11, 2020

Sd/-
Tahid Ahmed Chowdhury, FCCA
 Managing Director
EBL Investments Limited

DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER
(AFC CAPITAL LIMITED)

[Rule 4 (1)(d)]

To
The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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. 130,000,000.00 (Thirteen Crore) and we have the capacity to underwrite a total amount of Tk. 650,000,000.00 (Sixty-Five Crore as per relevant legal requirements. We have committed to underwrite for up to Tk. 35,000,000.00 (Taka Three Crore Fifty Lac) for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us: (Name of issue and amount underwritten)

Sl.	Name of the Company	Amount Underwritten (TK.)
1	Index Agro Industries Limited	30,000,000
2	Energypac Power Generation Limited	12,500,000
3	Ratanpur Steel Re-Rolling Mills Limited	45,000,000
4	S.F. Textile Industries Limited	21,000,000
Total		108,500,000

- (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/-

Mahbub H. Mazumdar FCMA
Chief Executive
AFC Capital Limited

Place: Dhaka

Date: February 11, 2020

DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER
(BMSL INVESTMENT LIMITED)

[Rule 4 (1)(d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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. 42,00,00,000 (Forty-Two Crore Only) and we have the capacity to underwrite a total amount of Tk. 210,00,00,000 (Two Hundred Ten Crore Only) as per relevant legal requirements. We have committed to underwrite for up to Tk. 35,000,000 (Three Crore Fifty Lac) only for the upcoming issue.
- b) At present, the following underwriting obligations are pending for us:

SI	Name of the company	Amount Underwritten (In Tk.)
1	Delta Hospital Ltd	4,000,000.00
2	Lub-rref (Bangladesh) Ltd.	30,000,000.00
3	Al-Faruque Bags Ltd.	35,000,000.00
5	Oryza Agro Industries Limited	21,875,000.00
6	Anik Trims Ltd.	35,000,000.00
7	Master Feed AgrotecL Ltd.	35,000,000.00
8	AB Bank Ltd.	50,000,000.00
9	Ratanpur Steel Re-Rolling Mills Ltd.	28,500,000.00
10	Dragon Sweater and Spinning Ltd.	200,000,000.00
Total		439,375,000.00

- 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/-

Md. Riyad Matin

Managing Director

BMSL Investment Limited

Place: Dhaka

Date: February 11, 2020

DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER
(CAPM ADVISORY LIMITED)

[Rule 4 (1)(d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 30,000,000 Ordinary Shares of Tk. 300,000,000.00 by Bonito Accessories Industries 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. 100,000,000.00 (One Hundred million only) and we have the capacity to underwrite a total amount of Tk. 500,000,000.00 (Five Hundred Million) as per relevant legal requirements. We have committed to underwrite for up to Tk. 35,000,000.00 (Three crore fifty lac) for the upcoming issue.
- (b) At present, there is no underwriting obligations are pending for us;

Sl. No.	Name of The Company	Amount Underwritten (in Tk.)
1	Anik Trims Limited	35,000,000
2	AFC Health Limited	20,000,000
3	Dragon Sweater and Spinning Limited	30,000,000
4	Ratanpur Steel Re-Rolling Mills Limited	28,500,000
5	Delta Hospital Limited	4,000,000
	Total	117,500,000

- (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/-

Tania Sharmin

Managing Director & CEO

CAPM Advisory Limited


Place: Dhaka

Date: February 11, 2020

CHAPTER (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 of the Company:

Particulars		Description
Name of the Issuer	:	Bonito Accessories Industries Limited (BAIL)
Dates of Incorporation	:	July 26, 2010, & C-86022/10
Commencement of its Commercial Operations	:	March 01, 2013
Logo	:	
Registered office & Factory	:	B.K. Bari, Rajendrapur, Gazipur Cell: +8801710829899
Corporate Office	:	Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000 Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101)
Contact Person	:	Rabiul Hossain Chief Financial Officer
Website Address	:	www.bonitoaccessories.com
E-mail Address	:	md@bonitoaccessories.com

- (b) **The names of the sponsors and directors of the issuer:**

Name of the Sponsors and Directors:

Sponsors:

Sl. No.	Name of Promoter	Current Position
1	Md. Golam Sorowar	Director
2	Chowdhury Ahmed Nowshad Aziz	Sponsor
3	Nahid Sultana	Chairman
4	Md. Golam Moula Majumder	Sponsor
5	Mohi Uddin Ahmed	Sponsor
6	Chowdhury Ahmed Riyadh Aziz	Sponsor
7	Md. Golam Zilani	Managing Director

Directors:

Sl. No.	Name	Position
1	Nahid Sultana	Chairman
2	Md. Golam Zilani	Managing Director
3	Md. Golam Sorowar	Director
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director
5	Mohammad Ashraf Uddin Bhuiyan	Independent Director

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

Particulars of Auditor and Registrar to the Issue:



Auditor:

Particulars		Description
Name	:	ARTISAN Chartered Accountants
Logo	:	
Address	:	33 Shah Ali Tower, (5th & 6th Floor), Kawran Bazar Dhaka-1215.
Telephone Number	:	Tel: +88-02-8189883-7
Fax Number	:	Fax: +88-02-8180187
Contact Person	:	AFM Alamgir Chief Executive Partner
Website Address	:	www.artisan-ca.com
E-mail Address	:	info@artisan-ca.com

Registrar to the Issue is not applicable for BAIL.

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

Name of the Stock Exchanges where the Securities to be listed:

Stock Exchanges	Dhaka Stock Exchange Limited 9/F Motijheel C/A, Dhaka 1000.		Tel: +88-02-9564601, 9576210-18 Fax: +88-02-9564727, +88-02-9569755
	Chittagong Stock Exchange Ltd. CSE Building, 1080, Sheikh Mujib Road Chittagong 4100.		Tel: +880-2-9513911-15 Fax: +880-2-9513906

CHAPTER (V): CORPORATE DIRECTORY OF THE ISSUER

Name of the Company	:	Bonito Accessories Industries Limited (BAIL)
Logo	:	
Nature of Business	:	Bonito Accessories Industries Limited (BAIL) is 100% deemed export oriented garments accessories manufacturer and exporter. The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc.
Date of Incorporation	:	July 26, 2010, & C-86022/10
Commencement of its Commercial Operations	:	March 01, 2013
Authorized Capital	:	Tk. 1,000,000,000 divided into 100,000,000 Ordinary Share of Tk. 10.00 each
Paid up Capital	:	Tk. 400,000,000 divided into 40,000,000 Ordinary Share of Tk. 10.00 each
Registered office & Factory	:	B.K. Bari, Rajendrapur, Gazipur Cell: +8801710829899
Corporate Office	:	Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000 Tel: +88-02-9822391-2 Fax: +88-02-9357745 (Ext.-101) Email: md@bonitoaccessories.com Web: www.bonitoaccessories.com
Board of Directors	:	5 Directors
Auditors	:	ARTISAN Chartered Accountants 33 Shah Ali Tower, (5th & 6th Floor), Kawran Bazar Dhaka-1215. Tel: +88-02-8189883-7 Fax: +88-02-8180187 E-mail: info@artisan-ca.com web: www.artisan-ca.com
Tax Consultants & Legal Advisors	:	Talukder Law Associates 44/3 Chamelibagh, 1st Floor, Shantinagar, Dhaka-1217 Tel: +88-02-9331795 E-mail: adshi plu@yahoo.com
Banker for IPO	:	Eastern Bank Limited
Banker of the Company	:	NRB Commercial Bank Limited
Compliance Officer	:	Rabiul Hossain <i>Chief Financial Officer</i>

CHAPTER (VI): DESCRIPTION OF THE ISSUER

(a) Summary:

- (i) **The summary of the industry and business environment of the issuer. The summary shall not be one-sided or biased to highlight the issuer or the issue;**

Summary of the industry:

Garments Accessories & Packaging Industry is the backward linkage industry for RMG sector. The product lines are Sewing Thread, Button, Bag, Elastic, Ribbon, Cartoon, Gum Tape, Tissue Paper, Tag, Labels, Polly, Photo Card, Back Board, Drawstring, Zipper and Hanger. More than 400,000 (four lac) people work in this sector. This sector has immense contribution to our economy in terms of employment and foreign exchange earnings. In the financial year 2016-17, this sector generates USD 6.70 billion. If the sector gets policy support and co-operation from government, the earning of this sector is likely to increase up to US\$ 12 billion by the end of 2018, and to US\$ 18 billion by the end of the year 2025. Total investment of this sector is about US\$ 30 billion & value addition is near about 40 percent.

(Data source: <http://bgapmea.org>)

Business environment:

The Issuer's business environment is conducive to the business as we have good supply of raw materials. The Company has skilled labors as well. The wage of labor is reasonable also. Government policy is favorable to the sector. Overall, it is a business-friendly situation.

- (ii) **Summary of consolidated financial, operating and other information.**

This information is not applicable for Bonito Accessories Industries Limited since it has neither any subsidiary company nor operates under any holding 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;**

Particulars		Description
Name of the Company	:	Bonito Accessories Industries Limited (BAIL)
Registered office & Factory	:	B.K. Bari, Rajendrapur, Gazipur Cell: +8801710829899
Corporate Office Address	:	Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000 Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) Email: md@bonitoaccessories.com Web: www.bonitoaccessories.com
Outlets of the issuer	:	The issuer company has no outlets.

(ii) **The board of directors of the issuer;**

Sl. No.	Board of Director	Designation
1	Nahid Sultana	Chairman
2	Md. Golam Zilani	Managing Director
3	Md. Golam Sorowar	Director
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director
5	Mohammad Ashraf Uddin Bhuiyan	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 & Address	Telephone and Fax No. & E-mail Address
1	Name: Nahid Sultana Position: Chairman Address: 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: chairman@bonitoaccessories.com
2	Name: Md. Golam Zilani Position: Managing Director Address: Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: md@bonitoaccessories.com
3	Name: Md. Golam Sorowar Position: Director Address: 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: sorowar@bonitoaccessories.com
4	Name: Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.) Position: Director Address: House-30, Azimpur Road, Lalbagh, Dhaka-1205.	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: jafar@bonitoaccessories.com
5	Name: Mohammad Ashraf Uddin Bhuiyan Position: Independent Director Address: 258, Bangshal Road, Dhaka	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: auassociates@dhaka.net

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

Sl.	Name & Address	Telephone and Fax No. & E-mail Address
1	Rabiul Hossain Chief Financial Officer & Compliance Officer Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: cfo@bonitoaccessories.com
2	Berlin Kumer Barua Company Secretary Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000	Tel: +88-02-9357745 Fax: +88-02-9357745 (Ext.-101) E-mail: cs@bonitoaccessories.com
3	Talukder Law Associates Tax Consultants & Legal Advisors 44/3 Chamelibagh, 1st Floor, Shantinagar, Dhaka-1217	Tel: +88-02-9331795 Fax: No Fax Number E-mail: adshiplu@yahoo.com
4	ARTISAN Chartered Accountants 33 Shah Ali Tower, (5th & 6th Floor), Kawran Bazar Dhaka-1215.	Tel: +88-02-8189883-7 Fax: +88-02-8180187 E-mail: info@artisan-ca.com

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

Issue Manager:

Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person
BMSL Investment Limited Shareef Mansion (4th Floor), 56-57 Motijheel C/A, Dhaka-1000.	Tel: +88-02-9577651, +88-02-9570624 Fax: +88-02-47117218 E-mail: ssi@dhaka.net Web: www.bmslinvestment.com	Md. Riyad Matin Managing Director
CAPM Advisory Limited Tower Hamlet (9th Floor) 16, Kemal Ataturk Avenue Banani C/A, Dhaka-1213.	Tel: +88-02-9822391-2 Fax: +88-02-9822393 E-mail: contact@capmadvisorybd.com Web: www.capmadvisorybd.com	Tania Sharmin Managing Director & CEO
EBL Investments Limited 59, Motijheel C/A (1st Floor), Dhaka-1000.	Tel: +88-02-47111096, +88-02-47111867 Fax: +88-02-47111218 E-mail: info@eblinvestments.com Web: www.eblinvestments.com	Tahid Ahmed Chowdhury, FCCA Managing Director

Registrar to the issue:

The Company is going to IPO under Fixed Price Method. So, no registrar to the issue is required as per amendments to the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

(vi) The following details of credit rating, where applicable:

- a) **The names of all the credit rating agencies from which credit rating has been obtained;**
- b) **The details of all the credit ratings obtained for the issue and the issuer;**
- c) **The rationale or description of the ratings(s) so obtained, as furnished by the credit rating agency(s);**
- d) **Observations and risk factors as stated in the credit rating report.**

As per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, credit ratings report is not applicable for Bonito Accessories Industries Ltd. as they offer to the public under fixed price method.

(vii) Following 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;**

Name & Address	Telephone & Fax Number, E-mail, Web Address	Contact Person	Amount Underwritten
AFC Capital Limited Saiham Sky View Tower (11th Floor), 45 Bijoy Nagar, Dhaka-1000.	Tel: +88-02-8392371 Fax: +88-02-8392372 E-mail: capital.afc@gmail.com Web: www.afccl.asia	Golam Md. Ahsan Kabir Manager	35,000,000
BMSL Investment Limited Shareef Mansion (4th Floor), 56-57 Motijheel C/A, Dhaka-1000.	Tel: +88-02-9577651, +88-02-9570624 Fax: +88-02-47117218 E-mail: ssi@dhaka.net Web: www.bmslinvestment.com	Md. Riyad Matin Managing Director	35,000,000
CAPM Advisory Limited Tower Hamlet (9th Floor) 16, Kemal Ataturk Avenue Banani C/A, Dhaka-1213.	Tel: +88-02-9822391-2 Fax: +88-02-9822393 E-mail: contact@capmadvisorybd.com Web: www.capmadvisorybd.com	Tania Sharmin Managing Director & CEO	35,000,000
Total			105,000,000

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

Declaration by Underwriter(s)

We are one of the underwriters of the Initial Public Offering (IPO) of Bonito Accessories Industries Limited. We will underwrite BDT 35,000,000 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/-
Mahbub H. Mazumdar
Chief Executive
AFC Capital Limited

Sd/-
Md. Riyad Matin
Managing Director
BMSL Investment Limited

Sd/-
Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Place: Dhaka

Date: February 11, 2020

- c) **Major terms and conditions of the underwriting agreements.**

As per guideline of Bangladesh Securities and Exchanges Commission, 35% of total securities shall have to be underwritten on a firm commitment basis by the underwriter(s), subject to the major terms stated below:

- (i) The IPO shall stand cancelled if at least collectively 65% of the IPO is not subscribed.
- (ii) In case of under subscription Collectively by up to 35% of the IPO the un-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 0.40% on the amount underwritten.
- (v) The Issuer shall **within 10 (Ten) days** of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Bangladesh Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares **within 15 (Fifteen) days** of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
- (vi) 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 Securities	Class of Securities	Allotment		Nominal &	Form of Consideration	Amount in Taka
			Dates	Amount	Issue Price (Tk.)		
Authorized Capital	100,000,000	Ordinary Share	-	-	10.00	-	1,000,000,000
Before IPO:							
Issued, Subscribed and paid up capital	40,000,000	Ordinary Share	26-Jul-10	10,000,000	10.00	Cash	400,000,000
			30-Jun-17	89,990,000	10.00	Cash	
			24-Jun-18	300,010,000	10.00	Cash	
After IPO:							
To be issued through IPO	30,000,000	Ordinary Share	-	-	10.00	Cash	300,000,000
Paid up capital (Post IPO)	70,000,000	Ordinary Share	-	-	10.00	Cash	700,000,000

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

Particulars			Percentage	No. of Ordinary Shares	Nominal Value	Issue price	Issue Amount (Taka)
Initial Public Offering through Fixed Price Method	Eligible investors (EI)	EI excluding mutual funds and CIS	30%	9,000,000	10.00	10.00	90,000,000
		Mutual Funds and CIS	10%	3,000,000			30,000,000
	General public (GP)	GP excluding NRB*	50%	15,000,000			150,000,000
		NRB	10%	3,000,000			30,000,000
	Total		100%	30,000,000			300,000,000

GP excluding NRB*: 15,000,000 Ordinary shares will be reserved for General Public and Small Affected Investors.

- (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);**

The Company has no convertible instruments and share premium account.

Particulars	Amount in BDT
Paid up capital before the present issue	400,000,000
Paid up capital after the present issue	700,000,000
Paid up capital after conversion of convertible instruments (if any)	N/A
Share premium account before the present issue	N/A
Share premium account after the present issue	N/A

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

Particulars	No. of Securities	Amount in Taka
Authorized Capital	100,000,000	1,000,000,000
Issued, Subscribed and paid up capital	40,000,000	400,000,000
To be issued through IPO	30,000,000	300,000,000
Paid up capital (Post IPO)	70,000,000	700,000,000

Category wise shareholding structure with percentage before and after the present issue is as follows:

Sl. No.	Category of Shareholders	No. of Ordinary Shares Hold		Percentage of Holding	
		Pre-IPO	Post-IPO	Pre-IPO	Post-IPO
1	Director & Sponsor	21,500,000	21,500,000	53.75%	30.71%
2	Institutional	-	9,000,000	0.00%	12.86%
3	Mutual Funds and CIS	-	3,000,000	0.00%	4.29%
4	Individual	18,500,000	33,500,000	46.25%	47.86%
5	Non Resident Bangladeshis (NRBs)	-	3,000,000	0.00%	4.29%
Total		40,000,000	70,000,000	100.00%	100.00%

There is no convertible instrument, so no conversion is required.

- (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;**

The Company did not issue any ordinary shares for consideration in other than cash.

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

The Company has not allotted any shares in terms of any merger, amalgamation or acquisition scheme.

- (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 equity shares under one or more employee stock option schemes.

- (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 issuer has not made any issue of specified securities 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 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;

Name & Position	Nature of Issue	Date of Allotment and Acquisition & date of shares fully paid-up	No. of shares	Face Value & Issue Price	Consideration	Pre IPO %	Post IPO %	Lock in Period*	Number & % of pledge of shares
Name: Nahid Sultana Position: Chairman	Ordinary	26-Jul-10	150,000	10.00	Cash	19.26%	11.01%	3 Yrs	No Pledge
		22-Dec-15	(150,000)		Cash				
		30-Jun-17	5,617,100		Cash				
		24-Jun-18	2,086,800		Cash				
		Total	7,703,900						
Name: Md. Golam Zilani Position: Managing Director	Ordinary	26-Jul-10	100,000	10.00	Cash	4.88%	2.79%	3 Yrs	No Pledge
		22-Dec-15	500,000		Cash				
		15-Jul-16	300,000		Cash				
		30-Jun-17	10,000		Cash				
		24-Jun-18	1,040,000		Cash				
		Total	1,950,000						
Name: Md. Golam Sorowar Position: Director	Ordinary	26-Jul-10	200,000	10.00	Cash	9.75%	5.57%	3 Yrs	No Pledge
		22-Dec-15	(200,000)		Cash				
		30-Jun-17	3,000,000		Cash				
		24-Jun-18	900,000		Cash				
		Total	3,900,000						
Name: Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.) Position: Director	Ordinary	30-Jun-17	10,000	10.00	Cash	19.87%	11.35%	3 Yrs	No Pledge
		24-Jun-18	7,936,100		Cash				
		Total	7,946,100						
Name: Mohammad Ashraf Uddin Bhuiyan Position: Independent Director	Ordinary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Name: Chowdhury Ahmed Nowshad Aziz Position: Sponsor	Ordinary	26-Jul-10	150,000	10.00	Cash	0.00%	0.00%	N/A	N/A
		22-Dec-15	100,000		Cash				
		15-Jul-16	(250,000)		Cash				
		Total	-						
Name: Md. Golam Moula Majumder Position: Sponsor	Ordinary	26-Jul-10	150,000	10.00	Cash	0.00%	0.00%	N/A	N/A
		22-Dec-15	(150,000)		Cash				
		Total	-						

Name: Mohi Uddin Ahmed Position: Sponsor	Ordinary	26-Jul-10	150,000	10.00	Cash	0.00%	0.00%	N/A	N/A
		15-Jul-16	(150,000)		Cash				
		Total	-						
Name: Chowdhury Ahmed Riyadh Aziz Position: Sponsor	Ordinary	26-Jul-10	100,000	10.00	Cash	0.00%	0.00%	N/A	N/A
		22-Dec-15	(100,000)		Cash				
		Total	-						

Notes: The Company has changed the face value of its ordinary share from Tk. 100.00 to Tk. 10.00 by passing a special resolution in its extraordinary general meeting held on February 25, 2017 and necessary amendments in capital clause of the Memorandum and Articles of Association were made accordingly. [*From the 1st trading date of the securities]

- (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;**

Aggregate shareholding of the Sponsors and Directors:

Sl.	Name of Sponsor & Director	Number of Ordinary Shares Held	Face Value & Issue Price	Date of acquisition	Percentage	
					Pre-IPO	Post-IPO
1	Nahid Sultana	7,703,900	10.00	26-Jul-10	19.26%	11.01%
2	Md. Golam Zilani	1,950,000	10.00	26-Jul-10	4.88%	2.79%
3	Md. Golam Sorowar	3,900,000	10.00	26-Jul-10	9.75%	5.57%
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	7,946,100	10.00	30-Jun-17	19.87%	11.35%
5	Mohammad Ashraf Uddin Bhuiyan	-	10.00	-	0.00%	0.00%
6	Chowdhury Ahmed Nowshad Aziz	-	10.00	26-Jul-10	0.00%	0.00%
7	Md. Golam Moula Majumder	-	10.00	26-Jul-10	0.00%	0.00%
8	Mohi Uddin Ahmed	-	10.00	26-Jul-10	0.00%	0.00%
9	Chowdhury Ahmed Riyadh Aziz	-	10.00	26-Jul-10	0.00%	0.00%
Total		21,500,000			53.75%	30.71%

Transferred by the sponsor and/or by the directors of the issuer:

No shares have been transferred by the sponsor and/or by the directors of the Bonito Accessories Industries Limited and their related parties 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;**

Sl.	Name of the Shareholders	Relationship	Address	Number of Shares Held	Pre IPO %
1	Mrs. Nahid Sultana	Chairman	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	7,703,900	19.26%
2	Md. Golam Sorowar	Director	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	3,900,000	9.75%
3	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	House-30, Azimpur Road, Lalbagh, Dhaka-1205.	7,946,100	19.87%
4	Md. Golam Kibria	Shareholder	45, Bijoy Nagar, Saiham Sky View Tower, 5th floor, Dhaka-1000.	3,950,000	9.88%
5	Mr. Rifat Bin Kibria	Shareholder	Bijoy Nagar, Saiham Sky View Tower, 5th floor, Dhaka-1000.	3,900,000	9.75%
6	GM Ribbon Industries Ltd.	Shareholder	63/7, Water works Road, Chawalk Bazar, Dhaka.	2,170,000	5.43%

7	Riverside Apparels Ltd.	Shareholder	ATM Complex, South Burschar, Dhoh Pol, Kaptai Road, P.O.- Nur Ali Bari, Chittagong	3,780,000	9.45%
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There is no event or intent of exercising warrant, option or right to convert any convertible instrument.

- (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.**

No employee or executive holds any shares of the Company individually or as a group except the following:

Sl.	Name of the Shareholders	Position	Address	Number of Shares Held	Pre IPO %
1	Md. Golam Zilani	Managing Director	Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.	1,950,000	4.88%

(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;**

Bonito Accessories Industries Limited was incorporated as a Private Limited Company on July 26, 2010. The Company changed its name from Bonito Button Industries Limited to Bonito Accessories Industries Limited on December 13, 2017 and subsequently converted into a Public Limited Company on June 25, 2018 under Companies Act 1994 with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh under the Companies Act, 1994. The Certificate of Incorporation number is C-86022/10.

The Company started its commercial operation on March 01, 2013.

Bonito Accessories Industries Limited (BAIL) is 100% deemed export oriented garments accessories manufacturer and exporter. The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc.

There is no subsidiary company of BAIL.

- (ii) **Location of the project;**

BAIL's factory is situated at B.K. Bari, Rajendrapur, Gazipur.

(iii) Plant, machinery, technology, process, etc.

Plant & Machinery:

Bonito Accessories Industries Limited has been using modern machineries in order to manufacture of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc. for export oriented garments industry.

The technology and process to produce the products are as follows:

Product	Technology	Process
Button	Auto	Rasin- Undulation-Finishing-Packing
Elastic	Plain –Auto Jaccard -Auto	Weaving – Finishing - Packing
Hanger	Auto machine with 8 head	PP/GPPS/HIPS/ Moulding – finishing-Packaging
Sewing Thread	General High-Speed Winding Machine/ Auto measuring	Bobin– Small Cone –coloring Packing.
Poly Bag	Auto	LLDPE/LDP/PP/ HDPE- Poly – Blowing /Cutting- Addhessive / Zip – Printing – Holing – printing / Packing.
PVC Bag,	Auto	PVC Sheet Poly – Blowing /Cutting- Addhessive / Zip – Printing – Holing – printing / Packing.
Photo Card	Full auto printing	Duplex / Art Card Cutting – Printing – Cutting –Laminating/ Packing.
Back Board / Paper Band	Full-auto	Duplex Board Dye Cutting – Packing
Bar Code/ Hang tag	Full-auto	Art Card Cutting – Printing – Cutting – Packing.
Tissue Paper	Auto	Dye Cutting – Packing
Gum Tape	Auto	Re- cone from Jumbo cone to small cone - Cutting – Packing
Label	Auto	Ribbon Printing, Cutting. Packing

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

History of the issuer	Banito Button Industries Limited was incorporated as a Private Limited Company July 26, 2010.
	The name was changed to Bonito Accessories Industries Limited on December 13, 2017.
	Converted into a Public Limited Company on June 25, 2018.
Launching of plant	On March 01, 2013.
Capacity (Quantity)	5,421 M. Ton
Capital raise (Last)	Tk. 300,010,000.00 (Cash consideration) on 24.06.2018.
Products	All kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc. for export oriented garments industry.
Market for the product	Overseas Market

Change in ownership/key management personnel	<p>The followings Directors have been appointed:</p> <ol style="list-style-type: none"> 1. On June 30, 2017, Md. Golam Sorowar appointed as Director; 2. On June 30, 2017, Mrs. Nahid Sultana appointed as Chairman; 3. On June 30, 2017, Rahman Abu Jafar (Nominee Director for Bay Ploly and Packaging Ltd.), appointed as Director; 4. On August 01, 2018, Mohammad Ashraf Uddin Bhuiyan appointed as Independent Director for the period of 3 (Three) years. <p>The followings key management personnel have been appointed:</p> <ol style="list-style-type: none"> 1. On September 15, 2016, Berlin Kumer Barua appointed as Company Secretary; 2. On January 05, 2017, Rabiul Hossain appointed as Chief Financial Officer; 3. On July 01, 2018, Abu Sayed appointed Factory Manager.
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- (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;**

Principal products:

Products of BAIL: The Company has following products:

1. Button,
2. Elastic,
3. Hanger,
4. Poly Bag,
5. PVC Bag,
6. Gum Tape,
7. Sewing Thread,
8. Hang Tag,
9. Bar Code,
10. Back Board,
11. Paper Board,
12. Photo Card,
13. Label.

Market for Products:

Bonito Accessories Industries Limited is a 100% deemed export oriented garments industry. Its products are marketed based on buyer's requirement. It supplies garment accessories to export oriented garments industry against Back to Back L/C and operated as deemed exporter.

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:

Last 5 years sales of Bonito Accessories Industries Limited (BAIL):

(Amount in BDT)

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667

Local market, demand and supply forecasts for the sector:

In the financial year 2016-17, this sector generates USD 6.70 billion. If the sector gets policy support and cooperation from government, the earning of this sector is likely to increase up to US\$ 12 billion by the end of 2018, and to US\$ 18 billion by the end of the year 2025. Total investment of this sector is about US\$ 30 billion & value addition is near about 40 percent. Small & Medium Enterprises (SME) are involved in this sector.

(Data source: <http://bgapmea.org>)

- (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;**

Sl. No.	Name of Products	For the year ended Jun 30, 2019	
		Revenue (Tk.)	Percentage
1	Button	49,356,218	10.82%
2	Hanger	46,163,117	10.12%
3	Elastic	46,710,506	10.24%
4	Poly	77,637,970	32.50%
5	Paper band	49,857,991	10.93%

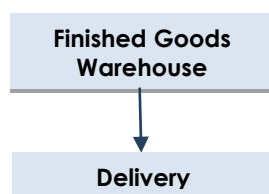
- (vii) **Description of associates, subsidiary and holding company of the issuer and core areas of business thereof;**

Bonito Accessories Industries Limited has no associates, subsidiary and holding company.

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

Bonito Accessories Industries Limited is a 100% deemed export oriented garments industry. Its products are marketed based on buyer's requirement. It supplies garment accessories to export oriented garments industry against Back to Back L/C.

The distribution process may demonstrate as follows:



Product delivered directly to 100% export oriented garments.

Export possibilities and export obligations:

BAIL does not have any export obligation rather there is good potential of expansion for export.

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

BAIL has a number of competitors and some of these are as follows:

Sl. No.	Name of the Company	Core area of work
01	Olympic Accessories Limited	To manufacture, process, print cut, seal and assemble of all kinds of Elastic, Poly Bag, Sticker, Carton, Thread, Photo inlay, Bar code, Hangtag, Hanger, Twill tape, Back board, Tissue paper, Gum tape, Interlining, Label etc.
02	KDS Accessories Limited	
03	SK Trims & Industries Limited	

There is no market data in respect of percentage and volume of market shares of major competitors.

Apart from this, as per annual report of the listed companies and audited financial statements of Bonito Accessories Industries Limited, the sales amounts are presented below:

Amount in BDT (Million)

Sl.	Name of the Company	Turnover	Period/Year	Year End
1	Bonito Accessories Industries Limited	456.16	From 01-Jul-18 to 30-Jun-19	30 Jun
2	KDS Accessories Limited	2,302.16		30 Jun
3	Olympic Accessories Limited	1,103.80		30 Jun
4	SK Trims & Industries Limited	1,146.71		30 Jun

There is no data available regarding market shares of the respective listed company in their annual report.

(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 being used by the Bonito Accessories Industries Limited are listed below which the company procures from overseas market. The Company has some trusted suppliers for its raw materials as under:

Name of Suppliers	Address	Raw Materials	Country of Origen
PT. Indah Kiat Pulp & Paper Tbk	Sinar Mas Land Plaza, Menara 2, 7 th Floor, Jl. M. H. Thamrin No. 51 Jakarta 10350	Duplex Board	Indonesia
PT. Pindo Deli Pulp and Paper Mills	Sinar Mas Land Plaza, Menara II, Lt. 9, Jl. M. H. Thamrin No. 51, Jakarta,	Art Card	Indonesia
Rubberflex SDN BHD	21 st Floor, U. B. N Tower, Box no. 48 No. 10 Jalan P. Ramlee, 50250 Kuala Lumpur.	Rubber Thread	Dubai
Indorama Polyester Industries Public Com Ltd.	75/92 Ocean Tower 2, 35 th Floor sor sukhumvit 19, aso ke Rd. Bangkok.	Polyester Textured Yarn	Bangkok.
CJ Polymers SND BHD	B-6-16 Vox Southgate, Jalan Dua Off Jalan Chan Sow lin, 55200 Kuala Lumpur, Malaysia	PP Flim, GPPS, HIPS, PP Injection	Malaysia
Fulin Plastic Industry Joint Stock Company,	Plot No. 109, Amata Industrial Park, Long Binh Ward, Bong nai Province, Vietnam.	PVC Roll	Vietnam.
Juxian Oute Commerce and Trade Co. Ltd.	Juxian Industrial Park, Juxian Country, Rizhao City Shandong, Province, Chiana	Gum Tape	China
Huzhou Unifull Label Fabric Co. LTd.	Qinglong Bridge, Linghu Town, Huzeou City, Zhejiang 3130018 China	Ribbon	China
Supreme Petrochem Ltd.	Solitaire Corporate Park, 11 th Building, 5 th Floor, Andheri-Ghatkiopar Link Rd, Chakala, Andheri (E), Mumbai, India	Polystyrene, GPPS, HIPS, PP Injection	India
Qualipoly Chemical Corporation	No.2 Yeong Gong 5 th RD, Yeong And Dist Kaoshiung City 828, Taiwan R. O. C.	Polyester Resin Pigment Cobalt Octade Pearl Essence	Taiwan
Landy Textile Technology	RM1707-08 Unit 1 Bld1, D+ Mansion, Youyi Int'L Square, Wuchang, Whuan, Hubei, China	Swing Thread	China
Hongkong fuquan paperfix trading co. ltd.	RM 1607 trend ctr 29-31 cheung lee st chai wan hong kong	Art card	Hong Kong
Kleannara co. ltd.	7/F shin choyang BLDG, 5-sami-daeo 6- gil, jung-gu seoul-04553, south korea	Duplex board	South korea

Contingency Plan in case of any disruption:

As number of suppliers of raw materials are plenty in the market, if one supplier fails to provide raw material there are always other suppliers available. Therefore, 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;**Power:**

Electricity connection has been taken from Gazipur Palli Bidyut Samity having a capacity of 450 KVA. Two diesel generators having capacity of 250 KVA and 350 KVA act as alternative power supply.

Gas & Water:

The Company does not require gas and water for manufacturing operation in any of the production line.

Contingency Plan in case of any disruption:

To tackle the disruption of power, Company has installed generator as mentioned in above.

(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 or services with amount and percentage thereof;

The Company has no customers who account for 10% or more of the company's products or services.

(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 or finished goods with amount and percentage thereof;

The Company has the following suppliers from whom the issuer purchases 10% or more of its raw material or finished goods:

Supplier Name & Address	Telephone Number	Web Address	Email	Fax Number	Amount (in Tk.)	%
Name: PT. Indah Kiat Pulp & Paper Tbk Address: Sinar Mas Land Plaza, Menara, 7th Floor, Jl. M. H. Thamrin No. 51 Jakarta 10350, Indonesia	+62 21 3929 266, Ext. 1310	www.ikserang.com	cS-d_cmi@app.co.id	+62 21 3929 428	54,440,771	18.78

Name: PT. Pindo Deli Pulp And Paper Mills Address: Sinar Mas Land Plaza, Menara II, Lt,9, JL. M. H. Thamrin No. 51, Jakarta, Indonesia	+62 21 3929267	www.asiapulppaper.com	helfi_irawaty@app.co.id	+62 21 392 7685	35,308,232	12.18
Name: CJ Polymers Sun BHD Address: B-6-16 Vox Southgate, Jalan Dua Off Jalan Chan Sow Lin, 55200 Kuala Lumpur, Malaysia	+603-9221-3000	www.cjpolymers.com	sales@cjpolymers.com	+603-9221-3006	59,484,804	20.52
Name: Supreme Petrochem Ltd. Address: Solitaire Corporate Park, 11th Building, 5th Floor, Andheri-Ghatkiopar Link Rd, Chakala, Andheri (E), Mumbai, India	+91-22-6709 1900	www.supremepetrochem.com	mp_taparia@supreme.co.in.	+91-22-4005 5681	36,989,576	12.76
Name: Qualipoly Chemical Corporation Address: No.2 Yeong Gong 5th RD, Yeong And Dist Kaoshiung City 828, Taiwan R. O. C.	886-7-6236199	www.qualipoly.com	sales7@qualipoly.com.tw	886-7-6241972	31,104,871	10.73

- (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 or MD, CFO and Chairman on behalf of Board of Directors;

The Company has no such contract with principal suppliers or Customers.

Declaration regarding Contract with Principal suppliers or customers

We, on behalf of the Board of Directors certify that Bonito Accessories Industries Limited did not enter into any contract with its principal suppliers or customers.

Sd/-
Md. Golam Zilani
Managing Director

Sd/-
Rabiul Hossain
Chief Financial Officer

Sd/-
Mrs. Nahid Sultana
Chairman

on behalf of Board of Directors

Dated: October 04, 2018
Place: Dhaka

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

The Company neither obtained any Patent Right/Trademarks nor signed any royalty agreement with any party. However, BAIL has several regulatory licenses and certificates in order to continue its operations. The table shows list of licenses:

SL	Name of Certificate/license/Registration	License Issuer/Issuing Authority	Certificate/License No.	Validity/Current Status
1	Incorporation	Registrar of Joint Stock Companies & Firms (RJSC)	Private Limited Company dated July 26, 2010 & C-86022/10	N/A
2	Name Change	Registrar of Joint Stock Companies & Firms (RJSC)	December 13, 2017	N/A
3	Certificate of Commencement of Business	Registrar of Joint Stock Companies & Firms (RJSC)	N/A	Incorporated as a private limited company
4	Trade License	Mirzapur Union Parishad, Gazipur	162432000164	30-Jun-20
5	TIN Certificate	National Board of Revenue	452343674833	N/A
6	VAT Reg. No.	Customs, Excise & VAT Commissionerate, Dhaka (South)	000437814	N/A
7	Import Registration Certificate (IRC)	Controller of Import & Export, Government of Bangladesh	Ba 0220129	30-Jun-19 (Applied for renewal)
8	Export Registration Certificate (ERC)		Ra 0100831	
9	Fire License	Bangladesh Fire Services and Civil Defense	AD/Dhaka-20523/11	30-Jun-20
10	Factory License	Factory and Organization Inspection Authority, Gazipur	17313/Gazipur	30-Jun-20
11	Bonded Warehouse License	Customs Bond Commissionerate, Dhaka	1081/KAS-PBW/2016	14-Jun-20
12	BGAPMEA	Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association	1648	31-Dec-19 (Applied for renewal)
13	Environment Clearance Certificate	Department of Environment	10.02.3300.138.71189.19	4-Feb-20 (Applied for renewal)
14	Group Insurance	NRB Global Life Insurance Company Limited	-	11-Feb-22

(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.

(xvii) Number of total employees and number of full-time employees;

Total Number of employees are as follows:

Particulars			2019	2018
Number of full time employees whose salary below Tk. 3,000			-	-
Number of full time employees whose salary above Tk. 3,000	Officer & Staff	Factory	15	15
		Head Office	26	26
	Worker		107	102
Number of part time employees whose salary above Tk. 3,000			-	-
Total Number of employees			148	143

The above-mentioned number of full time employees includes officer, staff & worker.

(xviii) A brief description of business strategy;

A business strategy sets out to achieve the desired goals. Business strategy is defined as long-term business planning. The Company strategies are as follows.

1. **Sales Increase:** The Company aims to increase its sales.
2. **Increase Physical Resources:** The Company is in planning to invest in fixed assets in order to expand its existing business.
3. **Economic Scale:** With a view to spreading the fixed cost over more units, the Company is trying to increase economic of scale.
4. **Lower price:** In order to get more market share, the Company is trying to be competitive price to deal with its rivals.
5. **Product Differentiating:** By differentiating in the product line, the Company will be able to make higher price for its specialized product. Hence, product differentiation is on the mind as well.

(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.

With regard to above, a table is presented in the following page:

Total actual capacity and its utilization:

Unit	Installed Capacity			Capacity utilization for this Products			Actual Capacity Utilization (%)		
	Jul'16 to Jun'17	Jul'17 to Jun'18	Jul'18 to Jun'19	Jul'16 to Jun'17	Jul'17 to Jun'18	Jul'18 to Jun'19	Jul'16 to Jun'17	Jul'17 to Jun'18	Jul'18 to Jun'19
M.Ton	3,419	5,319	5,421	2,856	3,707	4,082	83.54%	69.68%	75.30%

Projected capacity and its utilization:

Unit	Installed Capacity			Capacity utilization for this Products			Actual Capacity Utilization (%)		
	Jul'19 to Jun'20	Jul'20 to Jun'21	Jul'21 to Jun'22	Jul'19 to Jun'20	Jul'20 to Jun'21	Jul'21 to Jun'22	Jul'19 to Jun'20	Jul'20 to Jun'21	Jul'21 to Jun'22
M.Ton	6,689	7,496	10,331	4,816	5,622	7,851	72.00%	75.00%	76.00%

Assumptions for future capacity utilization

Assumption indicator	Assumption's Basis	Assumptions Years		
		30-Jun-20	30-Jun-21	30-Jun-22
Capacity Increase	Capacity will be increased as new machineries will be introduced.	23.39%	12.06%	37.82%

Rationale to achieve the projected levels:

The Company has projected that the capacity utilization will increase. As the total market is increased day by day and market share of the company is increasing. Hence, the management of the Company thinks that the projected capacity is attainable.

(e) Description of Property:

The written down value of Property, Plant & Equipment's owned by the company as per audited accounts as on 30 June, 2019 are stated below:

Particulars	Written Down Value as at 30.06.2019
Land	2,750,000
Land Development	14,287,876
Factory and Office Building	158,427,879
Plant & Machinery	249,772,553
Vehicles	2,678,062
Electronics & Electrical Equipment and Installation	7,497,156
Furniture and Fixture	1,879,751
Office Equipment	1,953,781
Fire Fighting Equipment	1,500,271
Total	440,747,330

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

The entire above mentioned assets are located at the Company's registered office and factory: B.K. Bari, Rajendrapur, Gazipur and at rented corporate office: Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000. The Company has 62.50 decimals land located at Bishuiya Kuribari, Gazipur Sadar, Gazipur on which the Company's factory premises is situated. All of the above-mentioned Property, Plant & Equipment's are in working condition.

(ii) Whether the property is owned by the company or taken on lease;

All the above-mentioned assets of the Company are in its own name except rented corporate office at Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000.

- (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;

Land:

Deed No.	Dates of purchase	Mutation date	Last payment date of current rent (খাজনা)/Premium	R. S Dag No.	Deed Value In Tk.	Land development & Other Cost in Tk.	Area of Land (Decimal)	Current use
29385	29 Dec 2010	18 Jul 2018	31 Jan 2019	2142, 4805	2,500,000	14,904,232	62.50	Factory Shed, Administrative Building, Warehouse, Mosque and developed open field

- (iv) **The names of the persons from whom the lands has been acquired or 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;**

Name of the persons from whom the land has been acquired	Cost of acquisition	Relations
Md. Mamun ur Rashid	2,500,000	No relation

*There is no relation of land owner with the Directors and Sponsors of the Bonito Accessories Industries Limited.

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

The Company has received all the approvals pertaining to use of the land from Mirzapur Union Parishad, Gazipur.

- (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;**

62.50 decimals lands along with factory buildings and machinery are mortgaged to NRB Commercial Bank Limited (Nayabazar Branch) against Long Term Loan and Short Term Borrowings.

Name of Mortgagee	Date	Description of Land	Area in Decimal
NRB Commercial Bank Limited (Nayabazar Branch)	June 26, 2016	Bishuiya Kuribari, Gazipur Sadar, Gazipur	62.50

- (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;

Date of Purchase	Sellers Name	Address	Years of Sale	Condition when Purchased	Name of Machinery	Country of Origin	Useful Economic Life at Purchase	Remaining Economic Life	Purchase Price	Written down value
2012	Anhui Kaijie Power Technology Co., Ltd	Anhui, China	2012	Brand New Capital Machineries	250kVA -Silent Diesel Generator Set Powered by Cummins Engine	China	10 Years	4 Years	2,486,579	1,407,529
2013	Tullio giusi spa	via lecnardo da vinci.5 , 24064 grumello del monte(bergamo)	2013		Mixer 300	Italy	10 Years	4 Years	4,953,894	2,804,153
					Polirotor 880/s iicr (long-life chromium)					
					Afila					
					Rotoslicer					
					Grinda					
Afiladrill	Italy	10 Years	6 Years		73,020,780	50,126,940				
Mixer 300										
Mixer 100										
Mixer 15										
Polirotor 880/s iicr (long-life chromium)										
Polirotor 880/s iicr (long-life chromium)										
Blanker top with bsd										
Afila										
Autorodmaker 2nd										
Rotoslicer										
Prep										
Wash										
Distillator 30 its flameproof										
Multiform dvk 3rd										
Grinda										
Afiladrill										
Numerical control profila machine										
Wps service 2nd										
Sizing										
Seledisk										
Wsp 3rd 330										
Selectimatic										
Giusilaser winner 100w										
Grip/edge 2nd										
One lot standard accessories including interchangeable working units ect.										
2014	Zhejiang one touch business service co. Ltd.	China	2014		Br New MI1100 Die Cutting Machine	China	10 Years	6 Years	5,230,241	3,590,430
			Br. New MI 1100 Die Cutting Machine With Heater							
2015	Zhangjiagang victor textile machinery co. Ltd.	China	2015		B.N Crochey Knitting Machine Mot. VG-830	China	10 Years	6 Years	12,607,666	8,654,848
	Anhui Kaijie Power Technology Co., Ltd	Anhui, China			350kVA -Silent Diesel Generator Set Powered by Cummins Engine	China	10 Years	6 Years	3,162,763	2,171,158
2016	Ning Bo Bole imp & Exp co., Ltd.	Shuangma industry zone.	2016		Injection Moulding Machine BI260ek B Screw servo system enerav saving	China	10 Years	7 Years	6,497,877	5,175,559

		zhutian, xiaogang, ningobo, China			series 380v/50 hz with hopper dryer 150kg					
					Injection Moulding Machine Bl320ek B Screw servo system energy saving series 380v/50 hz with hopper dryer 150kg					
					B.N Crochey Knitting Machine Mot. VG-830	China	10 Years	7 Years	25,381,254	20,216,169
					Brand New Needle Loom-Supporting Acc.					
					Br. New Hy-Pt3/1 4 Color Flexo Machine	China	10 Years	7 Years	1,798,399	1,432,425
					Hy Pt3/1 6 Cylinder					
					Br. New Velcro Cutting Machine					
					Interlining Slitting Machine					
					Lace & Band Crchet Machine-Dh 750- L	Taiwan	10 Years	7 Years	5,963,504	4,749,931
					Lace & Band Crchet Machine-Dh 750- 3b					
					Double Warping					
					Lace & Band Crchet Machine-Dh 750- 3b					
					Ty-A006 Automatic Machine	China	10 Years	7 Years	5,986,683	4,768,393
					Ty-A008 Digital Rod Slicer					
					Aluminium Tube					
					Polishing Stone					
					Polishing Power					
					Ty-A009 Flat Sheet Machine					
					Br New M1100 Die Cutting Machine	China	10 Years	7 Years	3,373,351	2,686,874
					Br. New M1 1100 Die Cutting Machine With Heater					
					Automatic Pvc Box Welding Machine	China	10 Years	7 Years	2,240,344	1,784,434
					Semi Automatic Blister Box Welding Machine					
					Automatic Glue Box					
					PRY-252B 4 colour Offset Printing Machine price	China	10 Years	8 years	36,004,648	29,703,835
					Hot sale mini folio 4 color offset printing machine					
					Brand New Capital Machinerries PT308 Crochet Knitting Machine(15G)	China	10 Years	8 years	11,879,105	9,800,262
					1300MM GumTape Slitting Machine.	China	10 Years	8 years	17,548,678	14,477,660
					100% export oriented Brand New Interlining Cutting Machine With Accessories.	China	10 Years	8 years	12,779,038	10,542,706
					Brand New Capital Machinerries PT308 Crochet Knitting Machine(15G)	China	10 Years	8 years	12,841,379	10,594,137
2017	Zhejiang one touch business service co. Ltd.	China	2017							
	Quanzhou dongming trading co. Ltd.	China								
	Ningbo sunshine import and export co Ltd.	P.O box 308 ningbo China								
	Hebei caiyi import and export trade co. Ltd.	China								
	Dah heer industrial co. Ltd.	Taiwan								
	Zhejiang one touch business service co. Ltd.	China								
	Zhejiang one touch business service co. Ltd.	China								
	Shenzhen onetouch business service ltd. China	China								
2017	Shanghai Printyoung International Industry Co., Ltd.	Shanghai, China (Mainland)	2017							
	Zhengzhou Perfect Imp & Exp Co., Ltd.	Henan, China (Mainland)								
	Zhangjiagang victor textile machinery co. Ltd.	China								
	Quanzhou dongming trading co. Ltd.	China								
	Zhejiang one touch business service co. Ltd.	China								
	Zhejiang one touch business service co. Ltd.	China								

2018	Laizhou Yibang Machinery Co., Ltd.	Shandong, China (Mainland)	2018		High quality high speed polyester sewing thread cone machine	China	10 Years	8 years	7,319,834	6,038,863
2018	Shenzhen onetouch business service ltd. China	China	2018		B. N. flexo printing & slotting, packing and auto gluer machine	China	10 Years	9 years	19,075,584	18,757,658
	Rulan new trend import and export trade co. Ltd.	China			B. N. PE film blowing machine	China	10 Years	9 years	7,043,310	6,925,921
	Zhejiang one touch business service co. Ltd.	China			B. N. auto side sealing & cutting machine	China	10 Years	9 years	13,897,653	13,666,025
	Ningbo sunshine import and export co Ltd.	China			B. N. flexo graphic printing & lldpe inflation machine	China	10 Years	9 years	20,030,486	19,696,645
									311,123,050	249,772,553

(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.

No machineries are required to be bought by the issuer except machineries to be bought from IPO proceeds, the details of which are below:

Sl.	Name of Supplier	Address	Country of Origin	Machine Model & Description	Qty		Total Amount BDT	Date of Placement of Order	Date or Expected Date of Supply
1	Kyang Yhe Trading Co., Ltd.	220F., No. 9, Lane 16, SEC. 2, Szu Chuan Road, Panchiao Dist., New Taipei City, Taiwan, R.O.C.	Taiwan	Computer Jacquard Needle Loom, Global Verson, Model No. EDJsk6/55/384, Above each set include: 1. 8 shedding frames, 2. Rubber Feeding Device, 3. Single weft & single latch & Double roller, 4. 24 position Back Creel (14"x255mm) 5. Standard Accessories	10	Sets	25,885,000	After receiving IPO Fund	Within 18 Months After receiving IPO Fund
2				High Speed Needle Loom Model No. KYF6/45	3	Sets	2,104,200		
3				High Speed Needle Loom Model No. KYF6/55	3	Sets	2,314,620		
4				High Speed Needle Loom Model No. KYF10/35	3	Sets	2,176,845		
5				High Speed Needle Loom Model No. KYF2/110	3	Sets	1,791,075		
6				High Speed Needle Loom Model No. KYF6/45	2	Sets	1,341,010		
7				High Speed Needle Loom Model No. KYF10/35	2	Sets	1,524,710		
8				High Speed Needle Loom Model No. KYF6/45	2	Sets	1,579,820		
9				Yarn Warping Machine Model No. WM300-256	4	Sets	3,857,700		
10				Rubber Warping Machine Model No. WMR308-120	4	Sets	8,817,600		
11				Textile Machinery- Finishing & Starching Machine Model: MINI-80	4	Sets	6,613,200		
12	Win Empire Limited	9E, No. 9, Lane 16, Sec.	Taiwan	RUBBER COVERING MACHINE	4	Sets	7,715,400		
13				BOBBIN WINDER	2	Sets	1,469,600		

		2, SZU Chuan Road, Panclua o Dist., New Taipei City							
				Sub Total	46	Sets	67,190,780		
14	Shiquan Ming Yang Trading Co., Ltd.	Level 1, Building No.3 Pearl Garden, Puzi, Chengg uan Shiquan County, Ankang, Shaanxi, 725200 China	China	Button press mc 14T Global Verson	8	Sets	6,212,400		
15				Die casting machine75T	3	Sets	7,164,300		
16				CNC machine 430 Global Verson	1	Set	4,008,000		
17				lathe MC 6	2	Sets	3,086,160		
18				Milling M/C CL-1 Global Verson	1	Set	1,837,000		
19				Autoginding machine 618	2	Sets	2,663,650		
20				Copper Cutting mc 400 KG	2	Sets	5,494,300		
21				EDM machine #300 Global Verson	2	Sets	6,078,800		
22				Universal grinding machine U2	2	Sets	477,620		
23				Manual press machine	20	Sets	1,586,500		
24				Cap mould	5	Sets	1,377,750		
25				Shank mould	10	Sets	5,511,000		
26				(3 barrel +2 barrel) shining copper & matt copper	1	Set	1,461,250		
27				(3 barrel +2 barrel) shining golden & matt golden	1	Set	1,461,250		
28				6 barrel nickle free nickle	1	Set	1,461,250		
29				(3 barrel +3 barrel) shining tin & antic pewter	1	Set	1,711,750		
30				Sample machine	2	Sets	751,500		
31				Polishing machine 500mmx1200mm	4	Sets	534,400		
32				Lacquer machine 450mm x 500mm x 400 mm	2	Sets	200,400		
33				Drying machine 6-12KW hitter, temperature 0-180	1	Set	292,250		
34				Water extraction machine	2	Sets	133,600		
35				Wash basket (plastic quality)	21	Sets	157,815		
36				Vibration machine 60L	2	Sets	217,100		
37				10HP cooling machine 15Ton cooling to wer 1et	2	Sets	2,004,000		
38				Wash barrel 500mm x 500mm x 6000mm	5	Sets	125,250		
39				Wash barrel (500mmx2)x500mm x 600mm	7	Sets	350,700		
40				Wash barrel (500mmx3)x500mm x 6000mm	3	Sets	212,925		
41				Heater 3KW for electric plating machine	10	Sets	58,450		

- (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;**

There are no machineries which are yet to be delivered.

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

All plants and machineries of the Company were purchased in brand new condition.

AUDITOR'S CERTIFICATE REGARDING PURCHASED IN BRAND NEW CONDITION OF MACHINERIES

We do hereby declare that all the plants and machineries of **Bonito Accessories Industries Limited** were purchased in brand new condition. There are no re-conditioned or second-hand machineries installed in the Company.

Place: Dhaka;

Dated: 12th September 2018

Sd/-

ARTISAN

Chartered Accountants

- (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 neither purchased any second hand or reconditioned machineries nor has any plan to purchase in future.

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

PHYSICAL VERIFICATION REPORT BY ISSUE MANAGERS

Particulars		
Name of the Company	:	Bonito Accessories Industries Limited
Registered office & factory	:	B.K. Bari, Rajendrapur, Gazipur
Corporate office	:	Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000
Project location	:	B.K. Bari, Rajendrapur, Gazipur
Visited by	:	Md. Riyad Matin Managing Director BMSL Investment Limited
	:	Tania Sharmin Managing Director & CEO CAPM Advisory Limited
	:	Tahid Ahmed Chowdhury, FCCA Managing Director EBL Investments Limited
Visit time	:	On 9 November, 2019
Accompanied by	:	Rabiul Hossain Chief Financial Officer Bonito Accessories Industries Limited
	:	Md. Zakir Hossain Manik General Manager (Factory)
Purpose of Visit	:	The Company signed an issue management agreement 02 September, 2018 with BMSL Investment Limited (BMSLIL), CAPM Advisory Limited (CAPMAL) and EBL Investments Limited (EBLIL) for public issue of shares through Initial Public Offer (IPO). In his respect, BMSLIL, CAPMAL and EBLIL visited the plant as a part of due diligence of issue manager on 18 September, 2018 in order to get the operational status of the Company before public issue of shares.
Project brief		
Project location	:	B.K. Bari, Rajendrapur, Gazipur
Project nature	:	The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label
Management team	:	Nahid Sultana Chairman
	:	Md. Golam Zilani Managing Director

Details of visit:**Description of property:**

We have identified that the factory of Bonito Accessories Industries Limited is located at B.K. Bari, Rajendrapur, Gazipur. We have found properties at the factory like:

- (a) **Land:** We have found 62.50 decimals of land surrounded by boundary wall (one side) and wire fence (three sides).
- (b) **Factory Building:** Details of the buildings status are discussed below:

No. of Buildings	Buildings Description	Type (Brick/Tin/Prefabricated Steel)	Building Area Each floor (sft)	Usage (sft)
Building	Six storied foundations and four stories completed.	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat Thai Aluminum & 5mm Glass in window, Industrial Door, M.S Grill in Window.	1,906	7,624
Building	One Storied Bonded Warehouse Buildings-1	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Inside wall- Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Industrial Door, M.S Grill in Window.	887	887
Building	One Storied Bonded Warehouse Buildings-2	RCC-Footing & Short Column, RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam, RCC-Lintel, Brick Wall Plaster, Wall Paint, Inside side, Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Industrial Door, M.S Grill in Window.	1,771	1,771
Building	One Storied Building for Generator room, Substation and Payer Hall	RCC-Footing & Short Column, RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam, RCC-Lintel, Brick Wall Plaster, Wall Paint, Inside side, Plastic Paint, Outside Wall- Weather Coat, Thai Aluminum & 5mm Glass in window, Industrial Door, M.S Grill in Window.	894	894
Factory Shed	Factory Shed-1	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Fabrication and Supply of pre-fabricated steel structure building.	11,399	11,399
Factory Shed	Factory Shed-2	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC- Slab with Beam,	2,949	2,949

		RCC-Stair, RCC-Lintel, Brick Wall, Fabrication and Supply of pre-fabricated steel structure building.		
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(c) **Machinery:**

Name of Machinery	Set/Quantity
250kVA -Silent Diesel Generator Set Powered by Cummins Engine	1
Mixer 300	1
Polirotor 880/s iicr (long-life chromium)	1
Afila	1
Rotoslicer	1
Grinda	2
Afiladrill	1
Br new ml1 100 die cutting machine	2
Br. New ml 1100 die cutting machine with heater	
Mixer 300	1
Mixer 100	2
Mixer 15	2
Polirotor 880/s iicr (long-life chromium)	2
Polirotor 880/s iicr (long-life chromium)	3
Blanker top with bsd	1
Afila	1
Autorodmaker 2nd	1
Rotoslicer	1
Prep	1
Wash	1
Distillator 30 its flameproof	1
Multiform dvk 3rd	12
Grinda	2
Afiladrill	1
Numerical control profila machine	1
Wps service 2nd	1
Sizing	1
Seledisk	1
Wsp 3rd 330	8
Selectimatic	1
Giusilaser winner 100w	3
Grip/edge 2nd	1
One lot standard accessories including interchangeable working units ect.	1
B.N Crochey Knitting Machine Mot. VG-830	9
350kVA Silent Diesel Generator Set Powered by Cummins Engine	1
Injection Moulding Machine BI260ek B Screw servo system energy saving series 380v/50 hz with hopper dryer 150kg	1
Injection Moulding Machine BI320ek B Screw servo system energy saving series 380v/50 hz with hopper dryer 150kg	1
B.N Crochey Knitting Machine Mot. VG-830	1
Brand New Needle Loom-Supporting Acc.	80
Br. New hy-pt3/1 4 color flexo machine	1
Hy pt3/1 6 cylinder	1
Br. New velcro cutting machine	2
Interlining slitting machine	2
Lace & band crchet machine-dh 750-l	2
Lace & band crchet machine-dh 750-3b	3

Double warping	1
Lace & band crchet machine-dh 750-3b	1
Ty-a006 automatic machine	1
Ty-a008 digital rod slicer	1
Aluminium tube	1
Polishing stone	1
Polishing power	1
Ty-a009 flat sheet machine	2
Br new ml1 100 die cutting machine	3
Br. New ml 1100 die cutting machine with heater	1
Automatic pvc box welding machine	1
Semi automatic blister box welding machine	1
Automatic glue box	1
PRY-252B 4 colour Offset Printing Machine price	2
Hot sale mini folio 4 color offset printing machine	
Brand New Capital Machinerics PT308 Crochet Knitting Machine(15G)	12
1300MM GumTape Slitting Machine.	12
100% export oriented Brand New Interlining Cutting Machine With Accessories.	4
Brand New Capital Machinerics PT308 Crochet Knitting Machine(15G)	1
High quality high speed polyester sewing thread cone machine	1
Zsyc 1600*2800 auto feed 2 color flexo printing & slotting Machine	1
ST-1000 pe packer	1
BF-2460 semi auto gluer	1
1200 MM PE blowing Machine	1
900 MM PE blowing Machine	1
KML-65 high speed LDPE/LLDPE inflation Machine	1
HJ-HS4001 four color felxographic printing Machine	1
LY-1000S fully automatic side sealing & cutting Machine	1
LY-1000B fully automatic bottom sealing & cutting Machine	1
B. N. flexo printing & slotting, packing and auto gluer machine	1
B. N. PE film blowing machine	1
B. N. auto side sealing & cutting machine	1
B. N. flexo graphic printing & lldpe inflation machine	1

Besides these assets, we have also found other assets like Car, Electronics & Electrical Equipment and Installation, Furniture and Fixture, Office Equipment and Fire Equipment.

During our visit, we also checked Inventory register and roster (Workers' duty register) and found satisfactory. All machinerics of BAIL are in good condition and running well. It is mentionable that the company is in operation at present. It is projected that new machinerics, which is to be procured, will be installed having sufficient space in the proposed factory building.

Signboard

The signboard of the Company is well displayed at the corporate office and factory premises and there is no other office or factory within the said factory premises.

Sd/-

Md. Riyad Matin
Managing Director
BMSL Investment Limited

Sd/-

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Sd/-

Tahid Ahmed Chowdhury, FCCA
Managing Director
EBL Investments Limited

- (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 Company has no intellectual property right or intangible asset.

- (xv) Full description of other properties of the issuer;

Particulars	Written Down Value as at 30.06.2019
Vehicles	2,678,062
Electronics & Electrical Equipment and Installation	7,497,156
Furniture and Fixture	1,879,751
Office Equipment	1,953,781
Fire Fighting Equipment	1,500,271

(f) Plan of Operation and Discussion of Financial Condition:

The issuer's revenue and results from operation, financial position and changes in financial position and cash flows for the last five years:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
RESULTS FROM OPERATION					
				Restated	
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Cost of Goods Sold	(351,971,122)	(312,357,266)	(233,924,419)	(185,135,944)	(12,575,400)
Gross Profit	104,186,161	90,893,851	67,589,005	52,922,676	5,030,267
Operating Expenses	(17,828,942)	(16,899,163)	(16,502,752)	(13,143,100)	(1,873,058)
Profit from Operation	86,357,219	73,994,687	51,086,253	39,779,576	3,157,209
Less: Financial Expenses	20,603,625	19,795,362	14,255,336	9,647,695	2,854,356
Add: Other Income gain/(loss)	116,368	1,418,945	434,211	(12,457)	(1,042)
Profit before Contribution to WPPF	65,869,962	55,618,270	37,265,128	30,119,424	301,811
Less: Contribution to WPPF	(3,136,665)	(2,648,489)	-	-	-
Profit before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Income Tax Expense	(12,370,195)	(9,613,701)	(6,597,384)	(5,273,079)	(52,817)
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994
CHANGES IN FINANCIAL POSITION					
				Restated	
Non-Current Assets	490,788,207	486,885,571	371,534,514	158,962,272	130,116,611
Current Assets	212,064,074	211,090,200	102,281,097	60,468,325	43,860,408
Total Assets	702,852,282	697,975,771	473,815,611	219,430,597	173,977,020
Shareholder's Equity	550,152,793	499,789,691	156,423,611	35,765,867	11,157,269
Non-Current Liabilities	42,950,983	47,824,321	192,696,098	116,722,606	114,786,076
Current Liabilities	109,748,506	150,361,759	124,695,902	66,942,124	48,033,675
Total Shareholder's Equity and Liabilities	702,852,282	697,975,771	473,815,611	219,430,597	173,977,020
CHANGES IN CASH FLOWS					
Net cash generated from operating activities	79,611,373	29,926,889	18,424,637	21,834,052	9,622,562
Net cash used in investing activities	(37,329,748)	(143,539,898)	(228,996,646)	(38,714,698)	(19,424,199)
Net cash generated from financing activities	(73,010,466)	148,189,831	205,398,400	6,017,349	29,923,526

(a) Internal and external sources of cash;

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Internal Sources of Cash	Restated				
Share Capital	400,000,000	400,000,000	99,990,000	10,000,000	10,000,000
Retained Earnings	150,152,793	99,789,691	56,433,611	25,765,867	1,157,269
Sub-Total	550,152,793	499,789,691	156,423,611	35,765,867	11,157,269
External Sources of Cash					
Long Term Loan	22,589,409	34,916,616	61,272,940	37,065,231	38,596,076
Share Money Deposit	-	-	124,150,000	76,190,000	76,190,000
Short Term Loan	73,512,382	100,406,672	92,162,005	47,947,473	33,263,624
Current portion-Long Term Loan	15,733,276	26,305,182	20,807,143	4,321,532	4,271,309
Sub-Total	111,835,067	161,628,470	298,392,087	165,524,236	152,321,009
Grand Total	661,987,860	661,418,161	454,815,698	201,290,103	163,478,278

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

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

(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 production by adding new machine and increase sales volume.

Particular	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Cost of Goods Sold	351,971,122	312,357,266	233,924,419	185,135,944	12,575,400
Operating Expenses	17,828,942	16,899,163	16,502,752	13,143,100	1,873,058
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994

Causes for changes:

Revenues:

Production capacity has been increased in every year by installing plant and machinery. Resultant, period to period changes in revenues have been arisen.

Cost of goods sold:

Increase of cost of goods sold in period to period is in the line with sales volume.

Other operating expenses:

Increase of operating expenses in period to period is in the line with production and sale volume.

Net income:

Net income increase in period to period is in line with sales volume.

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

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

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

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

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

- I. Political unrest
- II. Natural disaster.

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

None of the assets of the company has been used to pay off 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 any related party or connected person of the issuer.

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

(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;**

VAT: There is no VAT liability of the Company as on 30 June, 2019.

Customs Duty or other tax liabilities: There is no customs duty Liability of the Company as on 30 June, 2019.

Income Tax: The Company is a regular tax payer. The TIN number of the Company is 452343674833, Taxes Circle-156 (Company), Taxes Zone-08. Following are the details of income tax related information of the Company:

Accounting year	Assessment Year	Assessment Status
30-Jun-15	2015-2016	As per assessment order given by Deputy Commissioner of Taxes (DCT), Circle-156 (Companies), Taxes Zone-8, Dhaka dated 28.12.2017, income tax demand was Tk. 31,149.00 for the assessment year 2015-2016 and the Company paid in full dated 22.03.2018.
30-Jun-16	2016-2017	As per certificate given by Deputy Commissioner of Taxes (DCT), Taxes Circle-01 (Companies), Taxes Zone-Gazipur dated 19.08.2018 the assessment of the assessee has been completed for the assessment year 2016-2017 by demanding Tk. 1,139,696.00 including interest Tk. 92,269.00
30-Jun-17	2017-2018	As per certificate given by Deputy Commissioner of Taxes (DCT), Taxes Circle-01 (Companies), Taxes Zone-Gazipur dated 19.08.2018 the assessment of the assessee has been completed for the assessment year 2017-2018 by demanding Tk. 1,429,254.00 including interest Tk. 62,613.00
30-Jun-18	2018-2019	Income tax return has submitted.
30-Jun-19	2019-2020	Income tax return has yet to be submitted.

- (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 has following operating lease commitment for its rented corporate office at Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000.

Address	Area (Sft)	Rent/Sft.	Period	Rent p/m (Tk.)
Nirman Samad Trade Center (8 th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000	1,200	@ Tk. 30.00	Sep 1, 2018 to Aug 31, 2023	36,000/-

Loans:

Sl.	Name of Bank	Sanction Amount	Purpose of Loan	Sanction Date	Expiry Date	Installment-Qtr.	Outstanding at 30 June, 2019	Mortgage/Lien
1	NRB Commercial Bank Limited	27.40 Crore	L/C, LTR, CC (H), Hire Purchase	June 26, 2016	-	-	73,512,382	62.50 decimals land along with building and machineries of BAIL
		10.30 Crore	Term Loan		May 25, 2022	1,714,937	16,966,909	

NB: Apart from the above, the Company did not enter into any financial commitment since its commencement of commercial operation.

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

The Company considers its human resources as the most valuable assets and the profitability of company largely depends on the efficient & effective productivity of human resources. The Company provides facilities and incentives to motivate employees for its continued profitability and prosperity.

The following benefits and related scheme are applicable for company's permanent payroll employees:

a) Short Term Employee Benefits:

Short-term employee benefits include wages, salaries, festival bonuses, production incentive etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

b) Contribution to Workers' Profit Participation and Welfare Funds:

This represents 5% of net profit before tax after charging the amount of WPPF, contributed by the company as per provisions of the Bangladesh Labor Act, 2006 (amended-2013).

c) Group Insurance:

The Company has a group insurance policy for its permanent employees with NRB Global Life Insurance Company Limited.

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

The following amount to be paid to the Issue Managers, Underwriters and other costs are as follows:

Sl. No.	Particulars	Basis	Amount in BDT (approx.)	
A.	MANAGERS TO THE ISSUE FEES			3,450,000
1	Managers to the Issue fee [BMSLIL-Tk. 7.50 Lacs, CAPMAL-Tk. 15.00 Lacs & EBLIL-Tk. 7.50 Lacs]	Maximum 2% (two percent) of the public offer amount	3,000,000	
2	VAT against Issue Management Fees	15% of issue management fees	450,000	
B.	FEES RELATED TO LISTING WITH THE STOCK EXCHANGES			3,500,000
3	Draft prospectus scrutiny fee for DSE & CSE	Fixed	100,000	
4	DSE and CSE Annual Fee	@ 0.05% on Tk. 100 Crore of paid-up capital and 0.02% on the rest amount of paid-up capital; (minimum Tk. 50 thousand and Maximum Tk. 6 lacs for each exchanges	700,000	
5	Fees related to Listing with the stock exchanges	@ 0.25% on Tk. 10 Crore and 0.15% on the rest amount of paid up capital range; (minimum 50 thousand and maximum Tk. 1 crore for each exchanges)	2,300,000	

6	Data Transmission Fee for DSE & CSE	Fixed	400,000	
C.	BSEC FEES			1,250,000
7	Application fee	Fixed	50,000	
8	Consent fee	fee @ 0.40% on entire offer	1,200,000	
D.	IPO RELATED FEES			803,750
9	Underwriting Commission (0.50%)	Commission @ 0.50% on Underwritten Amount	525,000	
10	VAT against Underwriting Commission	15% of Underwriting Commission	78,750	
11	Auditors Certification fees	At Actual	200,000	
E.	CDBL FEES AND EXPENSES			713,500
12	Security Deposit	At Actual	500,000	
13	Documentation fee	At Actual	2,500	
14	Annual fee	At Actual	100,000	
15	Connection Fee (TK. 500 per month* 12)	At Actual	6,000	
16	Initial Public Offering fee	@.015% of issue size+.015% of Pre-IPO paid up capital	105,000	
F.	PRINTING AND POST PUBLIC OFFER EXPENSES			8,482,750
17	Publication of prospectus	Estimated (to be paid at actual)	650,000	
18	Abridge Version of Prospectus and Notice in 4 daily news paper	Estimated (to be paid at actual)	600,000	
19	Notice for prospectus, Lottery, Refund etc. in 4 daily news paper	Estimated (to be paid at actual)	250,000	
20	Lottery related expenses including BUET fee	Estimated (to be paid at actual)	800,000	
21	Data Processing and Share Software Charge	Estimated (to be paid at actual)	5,890,000	
22	Stationary & Other Expenses	Estimated (to be paid at actual)	292,750	
Grand Total				18,200,000

N.B.: Actual costs will vary if above mentioned estimates differ 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;**

Bonito Accessories Industries Limited has not made any revaluation of its asset.

- (o) **Where the issuer is a holding or subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary or 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 neither any subsidiary nor it operates under any holding company. Hence, no transaction has taken place.

- (p) **Financial Information of Group Companies and Companies under common ownership by more than 50%: 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:**

BAIL has no group companies and companies under common ownership by more than 50%.

- (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;**

Not applicable.

- (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;**

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

We certify that the Company has not issued any shares otherwise than for cash and the books of accounts of the Company have been verified and found in order.

Place: Dhaka

Date: 12th September 2018

Sd/-

ARTISAN

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;**

Business Strategies:

A business strategy sets out to achieve the desired goals. Business strategy is defined as long-term business planning. The Company strategies are as follows.

1. **Sales Increase:** The Company aims to increase its sales.
2. **Increase Physical Resources:** The Company is in planning to invest in fixed assets in order to expand its existing business.
3. **Economic Scale:** With a view to spreading the fixed cost over more units, the Company is trying to increase economic of scale.
4. **Lower price:** In order to get more market share, the Company is trying to be competitive price to deal with its rivals.
5. **Product Differentiating:** By differentiating in the product line, the Company will be able to make higher price for its specialized product. Hence, product differentiation is on the mind as well.

Future plans

In persuasion of aforesaid Strategies BAIL and its experienced team have been working insistently keeping in consideration future as well. BAIL has a planned for acquisition of Machineries & Equipments, Construction and Other Civil Works by using IPO proceeds.

- (u) **Discussion on the results of operations:**

- 1) **A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure;**

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Assets:					
Non-Current Assets	490,788,207	486,885,571	371,534,514	158,962,272	130,116,611
Current Assets	212,064,074	211,090,200	102,281,097	60,468,325	43,860,408
Shareholders' Equity & Liabilities					
Shareholder's Equity	550,152,793	499,789,691	156,423,611	35,765,867	11,157,269
Non-Current Liabilities	42,950,983	47,824,321	192,696,098	116,722,606	114,786,076
Current Liabilities	109,748,506	150,361,759	124,695,902	66,942,124	48,033,675
Results from Operation					
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Gross Profit	104,186,161	90,893,851	67,589,005	52,922,676	5,030,267
Profit before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994

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

Major items of income:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Other Income gain/(loss)	116,368	1,418,945	434,211	(12,457)	(1,042)

Major items of Expenditure:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Cost of Goods Sold	351,971,122	312,357,266	233,924,419	185,135,944	12,575,400
Operating Expenses	17,828,942	16,899,163	16,502,752	13,143,100	1,873,058
Financial Expenses	20,603,625	19,795,362	14,255,336	9,647,695	2,854,356

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

The income and sales on account of major products or services are as follows:

Sl. No.	Name of Products	For the year ended Jun 30, 2019	
		Revenue (Tk.)	Percentage
1	Button	49,356,218	10.82%
2	Hanger	46,163,117	10.12%
3	Elastic	46,710,506	10.24%
4	Poly	77,637,970	32.50%
5	Paper band	49,857,991	10.93%

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 Company's other income is not more than 10% of the total income.

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 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:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
RESULTS FROM OPERATION				Restated	
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Cost of Goods Sold	(351,971,122)	(312,357,266)	(233,924,419)	(185,135,944)	(12,575,400)
Gross Profit	104,186,161	90,893,851	67,589,005	52,922,676	5,030,267
Operating Expenses	(17,828,942)	(16,899,163)	(16,502,752)	(13,143,100)	(1,873,058)
Profit from Operation	86,357,219	73,994,687	51,086,253	39,779,576	3,157,209
Less: Financial Expenses	20,603,625	19,795,362	14,255,336	9,647,695	2,854,356
Add: Other Income gain/(loss)	116,368	1,418,945	434,211	(12,457)	(1,042)
Profit before Contribution to WPPF	65,869,962	55,618,270	37,265,128	30,119,424	301,811
Less: Contribution to WPPF	(3,136,665)	(2,648,489)	-	-	-
Profit before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Income Tax Expense	(12,370,195)	(9,613,701)	(6,597,384)	(5,273,079)	(52,817)
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994

Analysis of reasons for the changes in significant items of income and expenditure:

In the last few years, production capacity has been increased by installation of new machinery. As a result, significant revenue has been increased in the year 2019.

- 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.**

There is no 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.

- 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;**

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

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

- i. Political unrest;
- ii. 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. It is expected that labor and material price will go up in future because of inflation and other factors. 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.

- 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;**

There is no material increase in sales volume or revenue due to increased sales volume, introduction of new products or services or increased sales prices.

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

Considering the business nature of BAIL, the Company is assumed to operate in Engineering & Miscellaneous sector.

Year	Industry Segment- Engineering & Miscellaneous Sector (Amount in million Tk.)
From 01-Jul-18 to 30-Jun-19	5,008.83

Note: The turnover mentioned above are consist of the turnover of 4 listed similar companies namely Bonito Accessories Industries Limited, KDS Accessories Limited, Olympic Accessories Limited and SK Trims & Industries Limited for the year ended 30 June, 2019.

(Source: DSE Review)

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.**

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

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

Rescheduling of borrowings with banks:

The Company has restructured its borrowings single time with NRB Commercial Bank Limited, Naya Bazar Branch.

conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. during the history of operation of the company

There is no history of conversion of loan into equity, lock out and strikes.

(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 or 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 or 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.

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

Technology:

The technology and process to produce the products are as follows:

Product	Technology
Button	Auto
Elastic	Plain –Auto Jaccard -Auto
Hanger	Auto machine with 8 head
Sewing Thread	General High-Speed Winding Machine/ Auto measuring
Poly Bag	Auto
PVC Bag,	Auto
Photo Card	Full auto printing
Back Board / Paper Band	Full-auto
Bar Code/ Hang tag	Full-auto
Tissue Paper	Auto
Gum Tape	Auto
Label	Auto

Market

Bonito Accessories Industries Limited is a 100% deemed export oriented garments industry. Market demand says, market has been growing up and the Company has good opportunity to maximize market share.

More than 400,000 (four lac) people work in this sector. This sector has immense contribution to our economy in terms of employment and foreign exchange earnings. In the financial year 2016-17, this sector generates USD 6.70 billion. If the sector gets policy support and co-operation from government, the earning of this sector is likely to increase up to US\$ 12 billion by the end of 2018, and to US\$ 18 billion by the end of the year 2025. Total investment of this sector is about US\$ 30 billion & value addition is near about 40 percent.

Hence, the managements are capable enough to deal with enhancing the capacity of the overall phenomenon of the business capacity.

Managerial competence

The management team of the Company is highly professional with having expertise in different field. The management team is led by Mr. Md. Golam Zilani, Managing Director, who has over 20 years of experience in the field. There are number of Professional Accountants and Professional Compliance persons have been working for the betterment of the Company. The Company has 143 employees includes officers, staff and workers, which are full time employees.

Capacity built-up

The company is at the growing up stage of the business. Hence, capacity is increasing to grasp the more market share as there is huge opportunity in the market. In the financial year 2017, the company invested huge amount in plant and machineries. In the financial year 2018, there is also investment for fixed assets.

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

The management of the Company has introduced Deferred Tax in the year 2016 and Workers' Profit Participation and Welfare Funds (WPPF) in the year 2018.

(bb) **Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months;**

A statement by the directors:

In our opinion, there have no such circumstances arisen since the date of the last financial statements as disclosed in the prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Bonito Accessories Industries Limited or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Sd/-
Nahid Sultana
Chairman

Sd/-
Md. Golam Zilani
Managing Director

Sd/-
Md. Golam Sorowar
Director

Sd/-
Rahman Abu Jafar
(Nominee Director for Bay Poly and Packaging Ltd.)
Director

Sd/-
Mohammad Ashraf Uddin Bhuiyan
Independent Director

- (cc) If any quarter of the financial year of the issuer ends after the period 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 for the period ended July 01, 2019 to December 31, 2019 are as follows:

Bonito Accessories Industries Ltd.

B.K Bari, Rajendrapur,

Gazipur.

Statement of Financial Position (Un-Audited)

As at 31 December 2019

Particulars	Amount in Taka	
	31 Dec 2019	30 June 2019
Assets		
Non-Current Assets	466,903,218	490,788,207
Property, Plant and Equipment	425,262,341	440,747,330
Capital Work-in-Progress	41,640,877	41,640,877
Investment in FDR	-	8,400,000
Current Assets	234,198,588	212,064,074
Inventories	95,709,738	83,094,851
Trade and Other Receivables	113,492,596	103,044,053
Advance, Deposits and Prepayments	22,959,319	17,717,649
Cash and Cash Equivalents	2,036,936	8,207,521
Total Assets	701,101,806	702,852,282
Shareholders' Equity and Liabilities		
Shareholders' Equity	574,344,679	550,152,793
Share Capital	400,000,000	400,000,000
Retained Earnings	174,344,679	150,152,793
Non-Current Liabilities	39,694,419	42,950,983
Deferred Tax	22,473,910	20,361,574
Long Term Loan	17,220,509	22,589,409
Current Liabilities	87,062,707	109,748,506
Short Term Loan	65,517,799	73,512,382
Creditors & Accruals	15,369,006	13,891,782
Payable for Construction and Others	297,802	830,913
Liabilities for WPPF	4,609,610	5,780,154
Current portion-Long Term Loan	1,268,490	15,733,276
Total Shareholders' Equity and Liabilities	701,101,806	702,852,282
Net Asset Value (NAV) per Share	14.36	13.75

Sd/-

Chief Financial Officer

Sd/-

Managing Director

Bonito Accessories Industries Ltd.

B.K Bari, Rajendrapur,
Gazipur.

Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)
For the Period from 01 July 2019 to 31 December 2019

Particulars	Amount in Taka			
	01 July 2019 to 31 December 2019	01 July 2018 to 31 December 2018	01 October 2019 to 31 December 2019	01 October 2018 to 31 December 2018
Revenue	223,453,696	196,264,742	119,986,446	93,286,378
Cost of Goods Sold	176,359,940	153,650,018	94,083,438	73,474,648
Gross Profit	47,093,756	42,614,724	25,903,008	19,811,730
Less: Operating Expenses	9,413,473	8,384,282	4,645,497	4,190,525
Administrative Expenses	4,806,575	4,141,320	2,298,845	2,070,660
Selling & Distribution Expenses	4,606,898	4,242,961	2,346,652	2,119,865
Profit from Operation	37,680,283	34,230,442	21,257,511	15,621,205
Less: Financial Expenses	7,386,792	6,258,742	3,493,901	2,565,837
Add: Other Income	638,365	620,584	382,955	440,572
Profit before Contribution to WPPF	30,931,855	28,592,284	18,146,565	13,495,939
Less: Contribution to WPPF	1,472,945	1,361,537	864,122	642,664
Profit before Tax	29,458,910	27,230,747	17,282,443	12,853,275
Income Tax Expense	5,267,023	4,873,983	3,091,445	2,326,154
Current Tax	3,154,688	3,178,155	2,000,202	1,140,521
Deferred Tax	2,112,335	1,695,828	1,091,243	1,185,903
Profit after Tax	24,191,887	22,356,764	14,190,998	10,527,121
Total Comprehensive Income	24,191,887	22,356,764	14,190,998	10,527,121
Earnings per Share (EPS)	0.60	0.56	0.35	0.26

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Bonito Accessories Industries Ltd.

B.K Bari, Rajendrapur,
Gazipur.

Statement of Changes in Equity (Un-Audited)
For the Period from 01 July 2019 to 31 December 2019

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total Equity
Balance as on July 01, 2019	400,000,000	150,152,793	550,152,793
Total Comprehensive Income	-	24,191,887	24,191,887
Balance as on December 31, 2019	400,000,000	174,344,679	574,344,679

Statement of Changes in Equity (Un-Audited)
For the Period from 01 July 2018 to 31 December 2018

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total Equity
Balance as on July 01, 2018	400,000,000	99,789,691	499,789,691
Total Comprehensive Income	-	22,356,764	22,356,764
Balance as on December 31, 2018	400,000,000	122,146,455	522,146,455

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Bonito Accessories Industries Ltd.

B.K Bari, Rajendrapur,
Gazipur.

Statement of Cash Flows (Un-Audited)
For the Period from 01 July 2019 to 31 December 2019

Particulars	Amount in Taka	
	01 July 2019 to 31 December 2019	01 July 2018 to 31 December 2018
A. Cash flows from operating activities:		
Received from customers and others	213,643,517	180,235,389
Paid to suppliers, employees and others	(186,904,888)	(144,471,025)
Cash generated from operation	26,738,629	35,764,365
Income tax paid	(1,536,990)	(1,078,635)
Net cash generated from operating activities	25,201,639	34,685,729
B. Cash flows from investing activities:		
Paid for acquisition of property, plant and equipment	(2,060,875)	-
Paid for capital work in progress	(533,111)	(33,916,600)
Investment-FDR	8,400,000	
Net cash generated from investing activities	5,806,014	(33,916,600)
C. Cash flows from financing activities:		
Paid financial expenses	(9,349,971)	(8,234,447)
Long term loan received/(paid)	(19,833,685)	(11,316,401)
Short term loan received/(paid)	(7,994,583)	(18,761,347)
Net cash used in financing activities	(37,178,239)	(38,312,194)
D. Increase/ Decrease in cash and cash equivalents (A+B+C)	(6,170,585)	(37,543,065)
E. Cash and cash equivalents at beginning of the period	8,207,521	38,929,669
F. Cash and cash equivalents at end of the period (D+E)	2,036,936	1,386,604
Net operating cash flows per share (NOCFPS)	0.63	0.87

Sd/-
Chief Financial Officer

Sd/-
Managing Director

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

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

CHAPTER (VII): MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

(a) Overview of business and strategies:

Overview of business:

Bonito Accessories Industries Limited was incorporated as a Private Limited Company on July 26, 2010. The Company changed its name from Bonito Button Industries Limited to Bonito Accessories Industries Limited on December 13, 2017 and subsequently converted into a Public Limited Company on June 25, 2018 under Companies Act 1994 with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh under the Companies Act, 1994. The Certificate of Incorporation number is C-86022/10. The Company started its commercial operation on March 01, 2013. There is no subsidiary company of BAIL.

Bonito Accessories Industries Limited (BAIL) is 100% deemed export oriented garments accessories manufacturer and exporter. The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly Bag, PVC Bag, Gum Tape, Sewing Thread, Hang Tag, Bar Code, Back Board, Paper Board, Photo Card, Label etc.

Strategies:

A business strategy sets out to achieve the desired goals. Business strategy is defined as long-term business planning. The Company strategies are as follows.

1. **Sales Increase:** The Company aims to increase its sales.
2. **Increase Physical Resources:** The Company is in planning to invest in fixed assets in order to expand its existing business.
3. **Economic Scale:** With a view to spreading the fixed cost over more units, the Company is trying to increase economic of scale.
4. **Lower price:** In order to get more market share, the Company is trying to be competitive price to deal with its rivals.
5. **Product Differentiating:** By differentiating in the product line, the Company will be able to make higher price for its specialized product. Hence, product differentiation is on the mind as well.

(b) SWOT ANALYSIS:

Strengths:

1. **Strong Management:** The Company has good management to run efficiently.
2. **Product line variety:** The Company has variety products line. The Company sells different line of product
3. **Modern Machineries:** The Company has been using modern machineries that smooth its operation.
4. **Technology:** The Company has latest tools and technologies to support production.

Weaknesses:

1. **Low Financial Position:** The Company needs more finance to be competitive over its rivals.
2. **Inefficient Workforce:** Our workforces are not skilled enough.

Opportunity:

1. **High Demand:** The product demand is high and vibrant.
2. **Suppliers Availability:** There are many suppliers helping to get bargaining power over supplier to purchase raw material cheaply.
3. **Easy Bank Loan:** For working capital, there is an easy bank loan facility for the Company.

Threat:

1. **Intense Competition:** There is high rivalry among the competitors to get the market share.
2. **Shortage of Power:** In our country, there is Power shortage which also affects production.

(c) Analysis of the financial statements of last five years with reason(s) of fluctuating revenue or sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before and after tax, EPS etc.

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Other Income gain/(loss)	116,368	1,418,945	434,211	(12,457)	(1,042)
Total Income	456,273,651	404,670,061	301,947,635	238,046,163	17,604,625
Cost of Materials	351,971,122	312,357,266	233,924,419	185,135,944	12,575,400
Financial Expenses	20,603,625	19,795,362	14,255,336	9,647,695	2,854,356
Depreciation Expense	30,869,588	28,800,988	13,621,245	8,866,741	1,613,869
Amortization Expense	-	-	-	-	-
Others Expense	17,828,942	16,899,163	16,502,752	13,143,100	1,873,058
Changes of Inventories	11,390,651	-	-	-	7,823,117
Profit Before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Profit After Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994
EPS	1.26	1.91	1.46	1.18	0.01

Reason of Fluctuation:**Revenue:**

The company has installed new machineries in order to increase production capacity. As a result, production increased as well as turnover increased. Through installation of new different types of machineries, the Company has been able to produce different products as well as to create the market of new products. So, increase of turnover of the company is relevant.

Other Income:

Other income has been generated from interest of FDR.

Total Income:

Since Revenue is increased, so naturally total income has been increased.

Cost of Materials:

The costs of materials to revenue are consistent over the years.

Finance Cost and Bank Charge:

The Company has taken long term loan from bank for importing new machineries and construction of building. The Company availed various short term loan facilities from bank. So, the finance cost and bank charge increased and the trend is relevant to the production and also consistent with the revenue.

Depreciation and Amortization:

The management has increased capacity installing new machineries, build up factory building and other assets. So, depreciation has been charged or increased accordingly.

The Company did not amortize any of its capital expenditure during the last five years.

Other Expenses:

The Company did not incur any other expenses other than regular expenses during the last five years

Changes of inventory:

There has been increasing of installed capacity and sales volume over the year. The demand for products is also increasing. So, the management has to maintain sufficient amount of inventory in order to meet the sales order. Thus, inventory is increasing year to year.

Profit before and after Tax and Earnings per Share

The growth of profit before and after tax is consistent with the growth of the revenue. No unusual changes have been occurred during the last five years on the above matters.

Earnings per Share are properly calculated through using weighted average number of ordinary shares for each year.

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

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

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

- i. Political unrest;
- ii. Natural disaster.

(e) **Trends or expected fluctuations in liquidity:**

There are no trends or expected fluctuations in liquidity.

(f) **Off-balance sheet arrangements those have or likely to have a current or future effect on financial condition:**

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

CHAPTER (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:

SL	Name of Director, Father's Name, Age & Experience		Residential Address	Educational Qualification	Name of the Institutions and Duration for Nominated Director
1	Name: Position: Father's Name: Age: Experience:	Mrs. Nahid Sultana Chairman Late Mofiz Ullah 40 Years 19 Years	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	BA	-
2	Name: Position: Father's Name: Age: Experience:	Md. Golam Zilani Managing Director Late Sayed Ahmed Majumdar 43 Years 23 Years	Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.	Diploma Engineer in Graphics	-
3	Name: Position: Father's Name: Age: Experience:	Md. Golam Sorowar Director Late Sayed Ahmed Majumdar 49 Years 23 Years	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	M.Com (Management)	-

4	Name:	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)			
	Position:	Director	House-30, Azimpur Road, Lalbagh, Dhaka-1205.	BA (Hons) in English	3 Years (From 30-Jun-17 to 29-Jun-20)
	Father's Name:	A.J.M. Nurul Matin			
	Age:	38 Years			
	Experience:	20 Years			
5	Name:	Mohammad Ashraf Uddin Bhuiyan			
	Position:	Independent Director	258, Bangshal Road, Dhaka	LL.M	3 Years (From 01-Aug-18 to 31-Jul-21)
	Father's Name:	Late Mofiz Uddin Ahmed			
	Age:	42 Years			
	Experience:	16 Years			

(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	Mrs. Nahid Sultana	Chairman	26-Jul-10	9th AGM in 2019
2	Md. Golam Zilani	Managing Director	26-Jul-10	10th AGM in 2020
3	Md. Golam Sorowar	Director	26-Jul-10	10th AGM in 2020
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	30-Jun-17	9th AGM in 2019
5	Mohammad Ashraf Uddin Bhuiyan	Independent Director	1-Aug-18	11th AGM in 2021

(c) **Name of Interest and Involvement in other business or organization of directors:**

Sl.	Name of Director	Designation in BAIL	Directorship/Ownership with Other Companies	
			Companies	Position
1	Mrs. Nahid Sultana	Chairman	Not involved in other organization	-
2	Md. Golam Zilani	Managing Director		-
3	Md. Golam Sorowar	Director	Bay Poly & Packaging Ltd. Alfis Ltd.	Director Director
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	Not involved in other organization	-
5	Mohammad Ashraf Uddin Bhuiyan	Independent Director		-

(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 in any manner and not have any directorship in any issuer of 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:**

i. **Family relationship among directors**

Sl.	Name	Designation	Relationship
1	Nahid Sultana	Chairman	Wife of Md. Golam Sorowar and sister-in-law of Md. Golam Zilani.
2	Md. Golam Zilani	Managing Director	Younger brother of Md. Golam Sorowar and brother-in-law of Mrs. Nahid Sultana.
3	Md. Golam Sorowar	Director	Husband of Mrs. Nahid Sultana and elder brother of Md. Golam Zilani.
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	No family relationship
5	Mohammad Ashraf Uddin Bhuiyan	Independent Director	No family relationship

ii. **Family relationship among directors and top five officers of the company:**

There is no family relationship exist between directors and top five management officers except mentioned above.

(f) **Brief description of other businesses of the directors:**

Mrs. Nahid Sultana
Chairman

Not involved in other business.

Md. Golam Zilani
Managing Director

Not involved in other business.

Md. Golam Sorowar
Director

Sl.	Name of Companies	Date of Incorporation	Nature of Business	Legal Status	Equity capital (Total) in Taka
1	Bay Poly & Packaging Ltd.	4-Feb-98	Garments accessories	Private Limited Company	10,000,000
2	Alfis Ltd.	15-Feb-98			100,000,000

Rahman Abu Jafar
(Nominee Director for Bay Poly and Packaging Ltd.)
Director

Not involved in other business.

Mohammad Ashraf Uddin Bhuiyan
Independent Director

Not involved in other business.

(g) **Short bio-data of each director:**

Nahid Sultana, *Chairman*

Mrs. Nahid Sultana was born in 02 october, 1978 in an illustrious family of Chittagong. Her father is Late Mofiz Ullah, mother is Sultana Pori Akther and husband name is Md. Golam Sorowar. Her residence address is 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000.

Mrs. Nahid Sultana obtained his B. A (Pass) from National University. She has 19 years experience of garments accessories business.

Mrs. Nahid Sultana is the chairman of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Md. Golam Zilani, Managing Director

Md. Golam Zilani was born in 01 June, 1976 in an illustrious family of Feni. His father is Late Sayed Ahmed Mojumdar, mother is Sofura Akter and spouse is Sanjida Yasmin. His residence address is Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.

Md. Golam Zilani obtained his Diploma Engineer in Graphics, Dhaka. He has 23 years experience of garments accessories business.

Md. Golam Zilani is the Managing Director of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Md. Golam Sorowar, Director

Md. Golam Sorowar was born in 01 January, 1970 in an illustrious family of Feni. His father is Late Sayed Ahmed Mojumdar, mother is Sofura Akter and spouse is Nahid Sultana. His residence address: 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000.

Md. Golam Sorowar obtained his M.Com from Dhaka University, Dhaka. He has 23 years experience of garments accessories business.

Md. Golam Sorowar is the Director of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector. He is also Director of Bay Poly & Packaging Ltd. and Alfis Ltd.

Rahman Abu Jafar, Director

(Nominee Director for Bay Poly and Packaging Ltd.)

Rahman Abu Jafar was born in 16 November, 1980 in an illustrious family of Mymensing. His father is A.J.M. Nurul Matin, mother is Hasina Akter and spouse is Humayra Jenny. His residence address is 57 Central Road, Mansur Palace, Apt-A/5, Dhanmondi, Dhaka.

Rahman Abu Jafar obtained his BA (Hons) English, Jagannath University, Dhaka. He has 19 years experience of garments accessories business.

Rahman Abu Jafar is the Nominee Director of Bonito Accessories Industries Ltd., 100% deemed export oriented ready-made garments back-ward linkage industry of RMG sector.

Mohammad Ashraf Uddin Bhuiyan, Independent Director

Mohammad Ashraf Uddin Bhuiyan was born in 08 June, 1977 in an illustrious family of Dhaka. His father is Late Mofiz Uddin Ahmed, mother is Gulnehar Begum. His residence address is 258, Bangshal Road, Dhaka.

Mohammad Ashraf Uddin Bhuiyan obtained his LL.M University of East London UK. He is Advocate of Supreme Court of Bangladesh.

(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 Chief Executive Officer, Managing Director, Chief Financial Officer, Company Secretary, 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:**

Name & Designation	Educational Qualification	Age (Years)	Date of Joining	Overall experience (Years)	Previous Employment	Salary paid for the financial year ended 30.06.19
Md. Golam Zilani Managing Director	Diploma engineer in Graphics	43	26.07.2010	23	Bay Poly & Packaging Ltd.	600,000
Rabiul Hossain Chief Financial Officer	MBA (Finance & Banking)	30	05.01.2017	6	Navana Poly Packaging Ltd.	384,000
Berlin Kumer Barua Company Secretary	M.Com (Accounting)	43	15.09.2016	15	Navana Group, Hira Group, Fabian Group	624,000
Mohammad Saiful Islam Manager, Commercial	B.Com	41	01.01.2011	18	Etasia Bd. Ltd.	576,000
Md. Hasan Sarwar Manager (Sales & Marketing)	MSS	41	20.10.2012	13	Nasir group, Evens group, Palmol group	624,000
Md. Zakir Hossain Co-Ordinator, Factory	MSS	42	01.01.2011	19	Embroydary Design Ltd.	528,000
Md. Shahadat Hossain Production Manager	BA	41	01.04.2015	20	Kaza button, Bst button, Imam button	618,000
Abu Sayed Factory Manager	MA	40	01.07.2018	12	R.K Garment accessories Ltd.	486,000

The Company has no permanent advisor and consultant.

- (j) **Changes in the key management persons during the last three years:**

The following changes have been made in the senior key management personnel during the last three years:

Name of the employee	Position/Designation	Date of Joining	Remarks
Berlin Kumer Barua	Company Secretary	September 15, 2016	Newly appointed
Rabiul Hossain	Chief Financial Officer	January 05, 2017	Newly appointed
Abu Sayed	Factory Manager	July 01, 2018	Newly appointed
Mohammad Ashraf Uddin Bhuiyan	Independent Director	August 01, 2018	Newly appointed

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

Name, Father's Name, Age & Personal Address		Educational Qualification	Experience	Position/Post		Holding in other Venture
			(Years)	Past	Present	
Name: Father's Name: Age: Personal Address:	Md. Golam Sorowar Late Sayed Ahmed Majumdar 49 Years 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	M.Com (Management)	23 Years	Sponsor & Chairman	Director	Bay Poly & Packaging Ltd. Alfis Ltd.
Name: Father's Name: Age: Personal Address:	Chowdhury Ahmed Nowshad Aziz Aziz Ahmed Chowdhury 46 Years Awal Center (16th Floor), 34 Kemal Ataturk Avenue, Banani, Dhaka	B.Com	21 Years	Sponsor & Managing Director	Sponsor	Not involved in other organization
Name: Father's Name: Age: Personal Address:	Mrs. Nahid Sultana Late Mofiz Ullah 40 Years 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	BA	19 Years	Sponsor & Director	Chairman	Not involved in other organization
Name: Father's Name: Age: Personal Address:	Md. Golam Moula Majumder Late Sayed Ahmed Majumdar 52 Years 21 Armanian Street, Babu Bazar, Dhaka	BA	24 Years	Sponsor & Director	Sponsor	Hi-Tec Industries Ltd.
Name: Father's Name: Age: Personal Address:	Mohi Uddin Ahmed Late Siddique Ahmed 46 Years House no-41, Road No-12, Sector-14, Uttara, Dhaka	M.Com	20 Years	Sponsor & Director	Sponsor	Not involved in other organization

Name: Father's Name: Age: Personal Address:	Chowdhury Ahmed Riyadh Aziz Aziz Ahmed Chowdhury 39 Years 144, Bhai-Bon Niketon, Station Road, Feni	B.Com	10 Years	Sponsor & Director	Sponsor	Not involved in other organization
Name: Father's Name: Age: Personal Address:	Md. Golam Zilani Late Sayed Ahmed Majumdar 43 Years Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.	Diploma Engineer in Graphics	23 Years	Sponsor & Director	Managing Director	Not involved in other organization

- (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.**

No other Director except the followings:

Name	Acquisition of Control	Date of Acquisition	Terms of Acquisition	Consideration paid for such Acquisition
Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	30-Jun-17	30-Jun-17	N/A	Cash
Mohammad Ashraf Uddin Bhuiyan	1-Aug-18	-	-	Appoint as an Independent Director

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

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

- (n) **Interest of the key management persons:**

Interest of the key management persons is given below:

Name	Designation	Date of Joining	Salary paid for the financial year ended 30.06.19
Md. Golam Zilani	Managing Director	26.07.2010	600,000
Rabiul Hossain	Chief Financial Officer	05.01.2017	384,000
Berlin Kumer Barua	Company Secretary	15.09.2016	624,000
Mohammad Saiful Islam	Manager, Commercial	01.01.2011	576,000
Md. Hasan Sarwar	Manager (Sales & Marketing)	20.10.2012	624,000
Md. Zakir Hossain	Co-Ordinator, Factory	01.01.2011	528,000
Md. Shahadat Hossain	Production Manager	01.04.2015	618,000

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

Only Md. Golam Zilani, Managing Director receives monthly remuneration. Besides this all Directors received board meeting fee.

- (p) **Number of shares held and percentage of shareholding (pre-issue):**

Sl.	Name of Director	Position	Number of Shares Held	% Pre-IPO
1	Mrs. Nahid Sultana	Chairman	7,703,900	19.26%
2	Md. Golam Zilani	Managing Director	1,950,000	4.88%
3	Md. Golam Sorowar	Director	3,900,000	9.75%
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	7,946,100	19.87%
5	Mohammad Ashraf Uddin Bhuiyan	Independent Director	-	0.00%
Total			21,500,000	53.75%

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

Sl.	Name of the Directors	Date of Joining	Date of retirement	Present Status
1	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	30-Jun-17	9th AGM in 2019	Director
2	Mohammad Ashraf Uddin Bhuiyan	1-Aug-18	11th AGM in 2021	Independent Director
3	Chowdhury Ahmed Nowshad Aziz	26-Jul-10	15-Jul-16	Sponsor
4	Mohi Uddin Ahmed	26-Jul-10	15-Jul-16	Sponsor
5	Sayedur Rahman	15-Jul-16	30-Jun-17	Shareholder

(r) **Director's engagement with similar business:**

Following Director is involved with similar business

Sl.	Name of Director	Designation in BAIL	Directorship/Ownership with Other Companies	
			Companies	Position
1	Md. Golam Sorowar	Director	Bay Poly & Packaging Ltd.	Director
			Alfis Ltd.	Director

CHAPTER (IX): CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) TO WHOM IT MAY CONCERN

This is to certify that the Financial Statements of Bonito Accessories Industries Limited furnished for our audit does not have any transaction during the last five years, or any proposed transaction, between the issuer and any of the following persons:

- (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;

Except the transactions described in the following table:

Name	Nature of Transaction	Amount in (BDT)									
		30-Jun-19		30-Jun-18		30-Jun-17		30-Jun-16		30-Jun-15	
		Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued
Mrs. Nahid Sultana	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	-	-	-	-	-	-
Mr. Golam Zilani	Remuneration	600,000	50,000	600,000	50,000	300,000	50,000	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	3,000	-	-	-	-	-
Mr. Md. Golam Sorowar	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	-	-	-	-	-	-
Mr. Rahman Abu Jafar	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,000	-	3,500	-	-	-	-	-	-	-
Mohammad Ashraf Uddin Bhuiyan	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	3,500	-	-	-	-	-	-	-	-	-
Mr. Sayedur Rahman	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	-	-	-	-	3,000	-	-	-	-	-

Place: Dhaka;
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

- (b) **Any 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 or 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 or 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 CHAPTER (IX) (a).

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

No loan was taken or given from or to Directors or any person connected with the Directors of Bonito Accessories Industries Limited.

CHAPTER (X): EXECUTIVE COMPENSATION

- (a) The total amount of remuneration or salary or 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	Designation	Remuneration/salaries (Tk.)
			For the year ended 30.06.2019
1	Berlin Kumer Barua	Company Secretary	624,000
2	Md. Hasan Sarwar	Manager (Sales & Marketing)	624,000
3	Md. Shahadat Hossain	Production Manager	618,000
4	Md. Golam Zilani	Managing Director	600,000
5	Mohammad Saiful Islam	Manager, Commercial	576,000
Total			3,042,000

- (b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year:

Sl.	Name	Amount (in Taka)
		For the year ended 30.06.2019
1	Director's Remuneration	-
2	Managing Director's Remuneration	600,000.00
3	Board Meeting Fee	24,150
4	Salary and Allowances	21,457,122
Total		22,081,272

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

Only Md. Golam Zilani, Managing Director is receiving remuneration for their services rendered to the Company. The above-mentioned remuneration was approved in the Annual General Meeting (AGM) dated December 22, 2016.

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

The board meeting attendance fees received by all the directors including the managing director which was approved in the Annual General Meeting (AGM) dated December 22, 2016.

- (e) Any contract with any director or officer providing for the payment of future compensation:

There is no 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 or facility provided to the above persons during the last accounting year:

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

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

Bonito Accessories Industries Limited did not grant any options to its directors, officers and/or any other employees for the purpose of issuing shares.

CHAPTER (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;

Benefits from the Company during last five years:

The Directors and subscribers to the memorandum of association have not received any benefits except remuneration (received only Md. Golam Zilani, Managing Director) and board meeting fees directly or indirectly and share money deposited during the last five years.

(b) If any assets were acquired or to be acquired within next two financial years from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five years prior to transfer those to the issuer, the acquisition cost thereof paid by them.

Directors and Subscribers' Assets to the Company:

Directors and subscribers to the memorandum have not transferred any asset to the Company. Besides, the issuer Company has not received any assets or other considerations from its Directors and subscribers to the memorandum except fund against allotment of shares.

CHAPTER (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:

Sl.	Name of the Shareholders	Position	Address	BO IDs	Number of Shares Held	Pre IPO %
1	Md. Golam Zilani	Managing Director	Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka.	1204490066029326	1,950,000	4.88%
2	Mrs. Nahid Sultana	Chairman	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	1204490066051281	7,703,900	19.26%
3	Md. Golam Sorowar	Director	3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000	1204490066029813	3,900,000	9.75%
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	House-30, Azimpur Road, Lalbagh, Dhaka-1205.	1204490066527285	7,946,100	19.87%
5	Md. Golam Kibria	Shareholder	45, Bijoy nagar, Saiham Sky View Tower, 5th floor, Dhaka-1000.	1201950066041530	3,930,000	9.83%
6	Mr. Rifat Bin Kibria	Shareholder	Bijoy nagar, Saiham Sky View Tower, 5th floor, Dhaka-1000.	1201950066040876	3,880,000	9.70%
7	Riverside Apparels Ltd.	Shareholder	ATM Complex, South Burschar, Dhop Pol, Kaptai Road, P.O.- Nur Ali Bari, Chittagong	1204490058180079	3,780,000	9.45%
8	GM Ribbon Industries Ltd.	Shareholder	63/7, Water works Road, Chawalk Bazar, Dhaka.	1201950066531333	2,150,000	5.38%
9	Mrs. Farida Akhter	Shareholder	Concord Samad Court Flat # 6/C, House # 25, Road # 7, Dhanmondi R/A, Dhaka-1205.	1201950066041862	900,000	2.25%
10	Md. Habibur Rahman Sikder	Shareholder	PBL Tower (13th Floor), 17 New Gulshan North C/A, Dhaka-1212	1605550057755195	730,000	1.83%
11	Farmers Hopes Limited	Shareholder	167, Fakirkhali Road, Barith, Badda, Dhaka-1212.	1202550062677311	508,000	1.27%
12	Md. Kabiruddin Ahmed	Shareholder	P.O: Majigacha, Kachua, Chandpur.	1204730058970110	500,000	1.25%
13	Asif Iqbal Chowdhury	Shareholder	31, Topkhana Road, Dhaka.	1605550059758671	480,000	1.20%
14	Shakil Mahmud	Shareholder	25/1, Kabi Jasimuddin Road, North Kamalapur, Dhaka-1217	1605550062101886	429,200	1.07%

15	Md. Tajul Islam	Shareholder	House: Tajul Islamer Bari, Hazinagar, Sharulia, Demra, Dhaka.	1203040064933657	332,800	0.83%
16	Lt. Gen. Md. Shamsul Haque	Shareholder	House #906, Road # 12, Avenue # 02, DOHS, Mirpur	1201690000776633	250,000	0.63%
17	Nusrath Jahan Moutuse	Shareholder	Vill+Post: Kemtoli, PS: Barura, Dist: Comilla.	1201480066435777	200,000	0.50%
18	Md. Mosleh Uddin	Shareholder	Ashroy, 223/5/B New Elephant Road, Dhaka.	1204480064229437	130,000	0.33%
19	Md. Saydur Rahman	Shareholder	Vill: Patira, P.S: Khilkhet, Dhaka	1204490066030322	100,000	0.25%
20	Shah Nawaz	Shareholder	House-92, Vill-Gudam Quarter, Road-Mirza Bari, PS+ Po: Feni, Dist. Feni	1201950066042064	100,000	0.25%
21	Mesbah Uddin	Shareholder	House no. Ka-86/1, A5E, Road, Koratoli, Jowar Sahara, Khilkhat, Dhaka-1229.	1201950066041961	100,000	0.25%
Total					40,000,000	100.00%

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	No. of Share	%	Position held in Other Organization	
			Pre-IPO	Other Organization	Position
1	Name: Mrs. Nahid Sultana <i>Chairman</i> Address: 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000 Age: 40 Years Experience: 19 Years BO ID No.: 1204490066051281 TIN No.: 133914804754	7,703,900	19.26%	Not involved in other organization	-
2	Name: Md. Golam Zilani <i>Managing Director</i> Address: Flat-6A, House-11, Garib E Nawaz Avenue, Sector-13, Uttara, Dhaka. Age: 43 Years Experience: 23 Years BO ID No.: 1204490066029326 TIN No.: 135317960724	1,950,000	4.88%	Not involved in other organization	-
3	Name: Md. Golam Sorowar <i>Director</i> Address: 3 Segunbagicha, Akhter Imams Pruyo Prangon, Level 7, Dhaka-1000 Age: 49 Years Experience: 23 Years BO ID No.: 1204490066029813 TIN No.: 161014622530	3,900,000	9.75%	Bay Poly & Packaging Ltd. Alfis Ltd.	Director Director

4	Name: Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.) <i>Director</i> Address: House-30, Azimpur Road, Lalbagh, Dhaka-1205. Age: 38 Years Experience: 20 Years BO ID No.: 1204490066527285 TIN No.: 866488237365	7,946,100	19.87%	Not involved in other organization	-
5	Name: Mohammad Ashraf Uddin Bhuiyan <i>Independent Director</i> Address: 258, Bangshal Road, Dhaka Age: 42 Years Experience: 16 Years BO ID No.: - TIN No.: -	-	0.00%	Not involved in other organization	-

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

Bonito Accessories Industries Limited allotted its shares in cash. The average cost of acquisition of equity by the directors is Tk. 10.00 each. Necessary particulars of shareholdings, allotment date and consideration are given below:

Date	Allotment/ Transfer	Mrs. Nahid Sultana	Md. Golam Zilani	Md. Golam Sorowar	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Mohammad Ashraf Uddin Bhuiyan	Consideration	Face value of Share (Tk.)
		Chairman	Managing Director	Director	Director	Independent Director		
26-Jul-10	Allotment	150,000	100,000	200,000	-	-	Cash	10.00
22-Dec-15	Transfer	(150,000)	500,000	(200,000)	-	-	Cash	10.00
15-Jul-16	Transfer	-	300,000	-	-	-	Cash	10.00
30-Jun-17	Allotment	5,617,100	10,000	3,000,000	10,000	-	Cash	10.00
24-Jun-18	Allotment	2,086,800	1,040,000	900,000	7,936,100	-	Cash	10.00
Total		7,703,900	1,950,000	3,900,000	7,946,100	-		

Place: Dhaka
Dated: 12th September 2018

Sd/-
ARTISAN
Chartered Accountants

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

Mrs. Nahid Sultana

Chairman

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
26-Jul-10	Cash	Ordinary Share	150,000	10.00	10.00	150,000	19.26%	11.01%	Own Source
22-Dec-15	Cash		(150,000)	10.00	10.00	-			
30-Jun-17	Cash		5,617,100	10.00	10.00	5,617,100			
24-Jun-18	Cash		2,086,800	10.00	10.00	7,703,900			

Md. Golam Zilani

Managing Director

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
26-Jul-10	Cash	Ordinary Share	100,000	10.00	10.00	100,000	4.88%	2.79%	Own Source
22-Dec-15	Cash		500,000	10.00	10.00	600,000			
15-Jul-16	Cash		300,000	10.00	10.00	900,000			
30-Jun-17	Cash		10,000	10.00	10.00	910,000			
24-Jun-18	Cash		1,040,000	10.00	10.00	1,950,000			

Md. Golam Sorowar

Director

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
26-Jul-10	Cash	Ordinary Share	200,000	10.00	10.00	200,000	9.75%	5.57%	Own Source
22-Dec-15	Cash		(200,000)	10.00	10.00	-			
30-Jun-17	Cash		3,000,000	10.00	10.00	3,000,000			
24-Jun-18	Cash		900,000	10.00	10.00	3,900,000			

Rahman Abu Jafar
(Nominee Director for Bay Poly and Packaging Ltd.)
 Director

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
30-Jun-17	Cash	Ordinary Share	10,000	10.00	10.00	10,000	19.87%	11.35%	Own Source
24-Jun-18	Cash		7,936,100	10.00	10.00	7,946,100			

Mohammad Ashraf Uddin Bhuiyan
 Independent Director

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
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Chowdhury Ahmed Nowshad Aziz
 Sponsor

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
26-Jul-10	Cash	Ordinary Share	150,000	10.00	10.00	150,000	0.00%	0.00%	Own Source
22-Dec-15	Cash		100,000	10.00	10.00	250,000			
15-Jul-16	Cash		(250,000)	10.00	10.00	-			

Md. Golam Moula Majumder
 Sponsor

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
26-Jul-10	Cash	Ordinary Share	150,000	10.00	10.00	150,000	0.00%	0.00%	Own Source
22-Dec-15	Cash		(150,000)	10.00	10.00	-			

Mohi Uddin Ahmed*Sponsor*

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
26-Jul-10	Cash	Ordinary Share	150,000	10.00	10.00	150,000	0.00%	0.00%	Own Source
15-Jul-16	Cash		(150,000)	10.00	10.00	-			

Chowdhury Ahmed Riyadh Aziz*Sponsor*

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
26-Jul-10	Cash	Ordinary Share	100,000	10.00	10.00	100,000	0.00%	0.00%	Own Source
22-Dec-15	Cash		(100,000)	10.00	10.00	-			

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:

Sl.	Date of transfer	Transferor				Transferee			
		Name	Balance before transfer (share)	Transfer (share)	Balance after transfer (share)	Name	Balance before transfer (share)	Transfer (share)	Balance after transfer (share)
1	10-Jan-19	Md. Golam Kibria	3,950,000	(20,000)	3,930,000	Mr. Rifat Bin Kibria	3,900,000	230,000	4,130,000
		GM Ribbon Industries Ltd.	2,170,000	(20,000)	2,150,000				
		Farmers Hopes Limited	568,000	(60,000)	508,000				
		Shakil Mahmud	459,200	(30,000)	429,200				
		Md. Tajul Islam	392,800	(60,000)	332,800				
		Asif Iqbal Chowdhury	500,000	(20,000)	480,000				
		Md. Habibur Rahman Sikder	750,000	(20,000)	730,000				
2	30-Jan-19	Mr. Rifat Bin Kibria	4,130,000	(250,000)	3,880,000	Lt. Gen. Md. Shamsul Haque	-	250,000	250,000

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

Sd/-

Md. Golam Zilani

Managing Director

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

Report to the Shareholders of Bonito Accessories Industries Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Bonito Accessories Industries Ltd.** for the year ended on June 30, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws ; and
- (d) The governance of the company is satisfactory.

For Chowdhury Consultation & Co.
Cost & Management Accountant

Place -Dhaka.
Date- November 25, 2019

Sd/-
Asad Chowdhury FCMA
Principal

Bonito Accessories Industries Ltd.
Status of Compliance with the Corporate Governance Guideline (CGC)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1	Board of Directors			
1(1)	Size of the Board of Directors			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	√		
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		The boards of Directors are comprised of 5 (five) Directors including 1 (one) Independent Director.
1(2)(b)	<i>For the purpose of this clause 'independent director' means a director-</i>			
1(2)(b)(i)	Who either 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)(b)(ii)	who is no a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		

1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is 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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		Independent directors has been appointed on 01.08.2018 by the board of directors and to be placed before the shareholders for approval in the next AGM.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1(3)(b)	Independent Director shall have following qualifications			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	-

1(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	-	-	-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	-	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-	-	-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√	-	-
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission;			No such issue arose
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		

1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		
1(4)(e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders:			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	√		No such issue arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		No such matter to explain
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;	√		No such issue arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	√		No such matter to explain

1 (5) (x)	A statement of remuneration paid to the 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) or International Financial Reporting Standards (IFRS), 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)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1 (5) (xvii)	There is no significant doubt 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 there of shall be disclosed;	√		
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		No such matter to explain
1 (5) (xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		Business Growth & Re-investment
1 (5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1 (5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		

1 (5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1 (5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1 (5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1 (5)(xxiii)(c)	Executives; and	√		
1 (5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1 (5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1 (5)(xxiv)(a)	a brief resume of the director	√		
1 (5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	√		
1 (5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1 (5)(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		
1 (5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1 (5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1 (5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1 (5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1 (5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		

1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors:			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the	-	-	N/A

	composition of the Board of the subsidiary company;			
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	N/A
2(c)	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
2(d)	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
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the	√		

	meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.			
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or 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:	√		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	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;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee:- For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board 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;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		

5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No such issue arose
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such Incidence arose
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√		

5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee: The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		

5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:			No such Incidence arose
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(iii)(a)	report on conflicts of interests;			No such Incidence arose
5(6)(a)(iii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incidence arose
5(6)(a)(iii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such Incidence arose
5(6)(a)(iii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such Incidence arose
5(6)(b)	Reporting to the Authorities:			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors:			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		

6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such Incidence arose
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such Incidence arose
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or	√		

	consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such Incidence arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board;	√		
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		

6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual Report.	√		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on	√		

	compliance of corporate governance as required under condition No. 9(1);			
7(1)(ix)	any other service that creates conflict of interest.	√		No such incident arose
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		The company has an official website but not linked with the stock exchange(s). When listing on the stock exchanges, website will be linked.
8(2)	The company shall keep the website functional from the date of listing.			
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).			
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

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.

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines adopted by Bangladesh Securities and Exchange Commission (BSEC), the Board appointed Audit Committee and remuneration committee comprises of the following:

Audit Committee Members Name

Sl. No.	Name & Position
1	Mohammad Ashraf Uddin Bhuiyan (Independent Director), Chairman of the committee;
2	Md. Golam Sorowar, Director
3	Rahman Abu Jafar, Director (Nominee Director for Bay Poly and Packaging Ltd.)

** The Company Secretary shall act as the secretary of the Committee.*

Nomination and Remuneration Committee Members Name

Sl. No.	Name & Position
1	Mohammad Ashraf Uddin Bhuiyan (Independent Director), Chairman of the committee;
2	Mrs. Nahid Sultana, Chairman;
3	Md. Golam Zilani, Managing Director

** The Company Secretary shall act as the secretary of the Committee.*

The terms of reference of the audit 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 Plan" 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.

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

- To assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company
- Determining the remuneration packages
- Review the Annual Confidential Report (ACR) of senior management of the company
- Review and oversee the Company's overall human resources strategy.

CHAPTER (XV): VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGERS

The valuation report of securities offered is prepared and justified by the issue managers (BMSL Investment Limited, CAPM Advisory Limited & EBL Investments Limited) on the basis of the financial and all other information pertinent to the Issue.

Qualitative and Quantitative factors for Valuation:

Qualitative Justification:

1. The Company has good management to run efficiently.
2. The Company has variety products line. The Company sells different line of product
3. The Company has been using modern machineries that smooth its operation.
4. The Company has latest tools and technologies to support production.

Quantitative Justification:

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

Particulars	Amount (in Tk.)
Method 1: Net Asset Value (NAV) per share/Equity based valuation	13.75
Method 2: Historical Earnings based valuation	12.46
Method 3: Average market price of similar stock based valuation	32.41

Method 1: Share price on Net Asset Value (NAV)/Equity based valuation

Sl. No.	Particulars	Amount (in Tk.)
a)	Share Capital	400,000,000
b)	Retained Earnings	150,152,793
Total Shareholders' Equity (A)		550,152,793
Number of Share Outstanding as on June 30, 2019 (B)		40,000,000
Net Asset Value per share (without revaluation reserve) as per Audit Report as on June 30, 2019 (A/B)		13.75

Method 2: Historical Earnings based value per share

Earnings based Value per share based on Overall Market P/E

Year	No. of Share	Profit after Tax	Weight (%)	Weighted Average Net Profit after Tax
30-Jun-15	1,000,000	248,994	0.0109	2,706
30-Jun-16	1,000,000	24,846,345	0.0109	270,072
30-Jun-17	9,999,000	30,667,744	0.1087	3,333,153
30-Jun-18	40,000,000	43,356,080	0.4348	18,850,675
30-Jun-19	40,000,000	50,363,102	0.4348	21,897,239
Total	91,999,000	149,482,264	1.0000	44,353,845
Weighted Average Profit after Tax				44,353,845
No. of shares outstanding before IPO				40,000,000
Diluted EPS based on weighted Average of Net Profit after Tax				1.11
Engineering Sector P/E (Considering Lesser P/E of 12.22, 11.23 & 21.34 is 11.23)				11.23
Earnings based Value per share				12.46

Calculation of Average Price Earnings of Market & Miscellaneous Sector:

Particulars	Oct-19	Nov-19	Dec-19	Average
Overall Market P/E	12.61	12.26	11.80	12.22
Engineering Sector P/E	11.35	11.01	11.34	11.23
Miscellaneous Sector P/E	23.39	20.75	19.87	21.34

Considering Lesser P/E of 12.22, 11.23 & 21.34 is 11.23

Source: DSE Monthly Review.

Method 3: Average market price of similar stock based valuation

Month end close price					
Sl.	Date	Olympic Accessories Limited	KDS Accessories Limited	SK Trims & Industries Limited	Imam Button Industries Limited
1	27-Feb-19	12.30	59.20	51.70	18.00
2	31-Mar-19	11.30	53.80	46.80	20.10
3	30-Apr-19	9.20	54.00	46.40	25.90
4	30-May-19	11.20	54.70	51.60	29.50
5	30-Jun-19	10.90	57.70	49.10	27.00
6	31-Jul-19	9.20	55.50	47.60	23.90
7	29-Aug-19	9.20	56.80	44.80	20.90
8	30-Sep-19	8.10	49.20	42.10	20.80
9	31-Oct-19	6.60	40.80	44.60	19.50
10	28-Nov-19	7.00	41.70	45.40	19.20
11	30-Dec-19	6.30	39.10	47.00	26.90
12	30-Jan-20	6.00	42.10	50.60	24.50
Average Price		8.94	50.38	47.31	23.02
Average Price of these 4 (Four) Stocks					32.41

Source: DSE Monthly Review.

Average market price of similar stock based valuation (Assumption)

1. The average month end close price of the peer Company from February 2019 to January 2020 is considered.

Rationale for choosing these 4 (Four) Companies:

There are thirty-nine engineering companies and thirteen miscellaneous companies listed in the capital market. Among the thirty-nine and thirteen companies BAIL has taken 4 (Four) companies because BAIL's nature matches to these 4 (Four) companies.

The management of the Company in consultation with the Issue Managers has set the issue price at Tk. 10.00 each at par value.

Sd/-

Md. Riyad Matin
Managing Director
BMSL Investment Limited

Sd/-

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Sd/-

Tahid Ahmed Chowdhury, FCCA
Managing Director
EBL Investments Limited

CHAPTER (XVI): DEBT SECURITIES

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

CHAPTER (XVII): PARTIES INVOLVED AND THEIR RESPONSIBILITIES

Parties involve with BAIL		Responsibilities
(a) Issue Manager(s)	(1) BMSL Investment Limited; (2) CAMP Advisory Limited & (3) EBL Investments Limited.	The Issue Managers will act as the managers to the issue for the public issue as described in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.
(b) Underwriters	(1) AFC Capital Limited; (2) BMSL Investment Limited & (3) CAPM Advisory 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.
(c) Statutory Auditors	ARTISAN 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).
(d) Cost Auditor	No	N/A
(e) Valuer	No	N/A
(f) Credit Rating Company	No	N/A

CHAPTER (XVIII): MATERIAL CONTRACTS

(a) Major agreements entered into by the Issuer:

The following are material agreements have been entered into by the Company:

1. Underwriting Agreements between the Company and the Underwriters;
 - i. AFC Capital Limited;
 - ii. BMSL Investment Limited &
 - iii. CAPM Advisory Limited.
2. Issue Management Agreement between the Company and;
 - i. BMSL Investment Limited;
 - ii. CAPM Advisory Limited &
 - iii. EBL Investments Limited.

(b) Material parts of the agreements:

Underwriting agreements with:

- i. AFC Capital Limited;
- ii. BMSL Investment Limited &
- iii. CAPM Advisory Limited.

Material parts of the agreements	
Signing Date:	With AFC Capital Limited, BMSL Investment Limited and CAPM Advisory Limited: October 04, 2018
Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement.
Principal Terms and Condition:	<ol style="list-style-type: none">(i) The IPO shall stand cancelled if at least collectively 65% of the IPO is not subscribed.(ii) In case of under subscription collectively by up to 35% of the IPO the un-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 0.40% on the amount underwritten.(v) The Issuer shall within 10 (Ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Bangladesh Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares within 15 (Fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.

	<p>(vi) 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.</p> <p>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.</p>
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Issue Management Agreements with:

- i. BMSL Investment Limited;
- ii. CAPM Advisory Limited &
- iii. EBL Investments Limited.

Material parts of the agreements	
Signing Date:	With BMSL Investment Limited, CAMP Advisory Limited & EBL Investments Limited: September 02, 2017
Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement
Principal Terms and Condition:	<p>(i) According to Article 2.2; the scope of the services to be rendered by the ISSUE MANAGER to the ISSUER under this agreement shall cover Regulatory Compliance, Underwriting Co-operation and after consent tasks.</p> <p>(ii) According to Article 2.3; The ISSUE MANAGER takes the responsibility to 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 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.</p> <p>(iii) According to Article 3.1; without prejudice ISSUER hereby declares that it agrees to comply with all statutory formalities under Companies Act, Guidelines issued by Bangladesh Securities and Exchange Commission and other relevant status to enable it to make the issue.</p> <p>(iv) According to Article 6.1; The ISSUE MANAGER hereby undertake to keep in strict compliance all information (whether written or oral) proprietary documents and data secured in connection with or as a result of this Agreement (Confidential Information) and shall limit the availability of such information to employees, who have a need to see and use it for the express and limited purpose stated in this Agreement.</p> <p>(v) According to Article 8.1; The Issuer and ISSUE MANAGER shall ensure compliance of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, The Listing Regulations of Stock Exchanges, The Companies Act, 1994, the Securities and Exchange (Amendment) Act, 2012 and other relevant rules, regulations, practices, directives, guidelines etc.</p>

(c) Fees payable to different parties

Commission for underwriters:

Sl.	Name of the Parties	Role	Underwritten Amount	Underwriting Commission	Fees Payable
1	AFC Capital Limited	Underwriter	35,000,000	175,000	0.50% on 35% of the Total IPO amount (i.e. Tk. 525,000.00)
2	BMSL Investment Limited		35,000,000	175,000	
3	CAPM Advisory Limited		35,000,000	175,000	
Total			105,000,000	525,000	

Fees for Issue Managers:

Sl.	Name of the Parties	Role	Issue Management Fee	Fees Payable
1	BMSL Investment Limited	Issue Manager	750,000	1.00% of the public offer amount
2	CAPM Advisory Limited		1,500,000	
3	EBL Investments Limited		750,000	
Total			3,000,000	

CHAPTER (XIX): LITIGATIONS, FINE OR PENALTY

(a) **The following litigations including 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 or duties)
- (vi) Litigation involving any other Laws

(b) **Cases including outstanding litigations filed by the Company or any of its directors:**

There is no case including outstanding cases 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.

CHAPTER (XX): RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

(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 Bonito Accessories Industries Limited (BAIL) is involved in manufacturing 100% deemed export oriented garments accessories, there is no such credit risk. Regarding credit sales, company tries to ensure credit policy so that operating cycle can be efficient comparing to other competitors.

- 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. Bonito Accessories Industries Limited (BAIL) 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: Bonito Accessories Industries Limited (BAIL) has no subsidiary, associate and joint venture.

- 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: The Management is always keen to find out new buyers which boost up the sales. The company generates revenues from selling 100% export oriented garment accessories to different buyers. Hence, the company is not dependent on any particular or limited number of customers to operate the 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, having many suppliers help to bargain with suppliers over price. In addition, having many suppliers helps to maintain doing business efficiently. As we hold the views, we are not dependent on a single or few suppliers. We have many suppliers from different countries that we have also mentioned in the prospectus.

- 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: We do not have any sister concerns and associate or subsidiary.

- 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. We do not have any negative earning and negative cash flow from operation in last five years except negative cash flow from operating activities in the year 2014.

- h) **Loss making associate/subsidiary/group companies of the issuer:** When associate/subsidiary/group companies of the issuer are loss making, it affects the issuer and there is negative impact on cash flow of issuer and Balance Sheet as well.

Management Perception: We do not have any associate, subsidiary or group of companies.

- i) **Financial weakness and poor performance of the issuer or any of its subsidiary or associates:** Financial weakness and poor performance of the issuer have negative impact on the company. As a result, it will be tough to pay loan interest, debt service and dividend. Future growth will be hampered.

Management Perception: Sales is one of the key indicators of success of a business if there is good margin of profit. Bonito Accessories Industries Limited (BAIL) has been generating sales growth efficiently.

- j) **Decline in value of any investment:** If investment value decline, it will reduce the profit and assets as well.

Management Perception: Bonito Accessories Industries Limited (BAIL) does not have any investment other than FDR.

- 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: The machineries that are used for Bonito Accessories Industries Limited (BAIL) are new 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 loans 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 as 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 no potential conflict of Interest as we do not have any venture which is in the same line of activity.*

- 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.*

- 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 jeopardy.

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: *Different kind of strikes are not new in Bangladesh for long time and our business industries are used to dealing with this phenomenon. In relation to wages, we provide competitive wages among the competitors of us.*

- q) **Seasonality of the business of the issuer:** It is the risk involving that company is not doing business round the year.

Management Perception: *Bonito Accessories Industries Limited (BAIL). is 100% deemed export oriented manufacturer of garment accessories. The company sells products round the year.*

- 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 does not have any revenue generating contract that may adversely affect the business.

- s) **Excessive dependence on debt financing which may adversely affect the cash flow:** Excessive dependence on debt causes huge interest burden of the company and high risk of insolvency that may result in bankruptcy.

Management Perception: The Company is not dependence on any excessive debt financing and debt financing has been reducing over the years.

- 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 are of bad intention, excessive dependence will also affect the business.

Management Perception: Corporate Governance is well practiced in our company. The Company also has well placed organogram in our company. Hence, any change in the key management can be replaced with other persons.

- 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 both fire insurance and group insurance.

- 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 running 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.

- 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 profit. If company cannot earn good amount of profit from operation, it is unlikely to pay dividend.

Management Perception: The Company has been earning profit and a profitable entity. We are in belief that we will be able to pay dividend from our 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:** If there is any non-operation of the company, it creates negative impression. Apart from this, short operation history indicates company is gathering knowledge and expertise to be competitive in the market.

Management Perception: The Company is in the business for around five years. There was no non-operation history of the company. The company has employed experienced people to run the business under good leadership in the board.

- 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 as we are not engaged in any 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: Bonito Accessories Industries Limited (BAIL) is a profitable entity and business growth will continue in the long run. 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: There are no as such issues arisen 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:** It creates a negative impression on the issuer.

Management Perception: No, 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: The Company's registered office and factory is situated at B.K. Bari, Rajendrapur, Gazipur. Registered and factory office is owned by the Company. Corporate office is at Nirman Samad Trade Center (8th Floor), 63/1, Pioneer Road, Kakrail, Dhaka-1000, which is rented.

- 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: Bonito Accessories Industries Limited (BAIL) has been profitable entity. It has potentiality to grow in future. 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:** When interest rate fluctuates, it causes interest risk. Companies who have debt financing are exposed to this risk highly.

Management Perception: In our country, right now, government is in effort to reduce interest rate in single digit so that business can thrive. As for Bonito Accessories Industries Limited (BAIL), the Company's long-term debt has been reducing over the years. Hence, interest rate risk is under control.

b) **Exchange Rate Risks:** Foreign exchange risk or currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. This risk arises when investment's value changed due to the changes in currency exchange rates.

Management Perception: In the context of Bangladesh Garments and Textiles Industries is the driving force of economy. Bangladesh is the second largest apparel exporter in the world after China. Bangladesh exported garment items worth around \$28 billion in 2017-18 fiscal year. Hence, in order to protect exchange risk, Bangladesh Bank, for over the years, has done tremendous job to keep the exchange rate stable. Moreover, macro-economic variable which is beyond our control and exchange risk is adjusted with price.

c) **Industry Risks:** Industry risk is related with the factors affecting the company such as Raw Material, labor, demand of the product, government policy to the sector, competitor's rivalry.

Management Perception: Bonito Accessories Industries Limited (BAIL) is aware of the above fact. Industry risk is inherent in any kind of business. At the moment industry is favoring for operating business.

d) **Economic and Political risks:** This risk can be described as the likelihood that an investment will be affected by macroeconomic conditions such as government regulation, exchange rates, or political stability. In other words, while financing a project, the risk that the output of the project will not produce adequate revenues for covering operating costs and repaying the debt obligations. In a nutshell, economic risk refers to the risk that a venture will be economically unsustainable due to various reasons.

Management Perception: Bangladesh economy is enjoying 7.5% plus economic growth. As a result, huge development work is underway by the govt. Hence, huge

expensive infrastructure has been under construction that will create employment and per capita income is going up as well. As economy is expanding, so is our business viability and profitability.

Political risks: Bangladesh experienced with political unrest for over the years. Political instability hampers the smooth operation of business.

Management Perception: Nowadays calm and serene atmosphere is prevailing in our country. There is no political chaos as was at the beginning of 2014. Government is industry friendly and trying to its level best to boost up economic activities in the country.

e) **Market and Technology-related Risks;**

Market risks: Bonito Accessories Industries Limited (BAIL) is operating in a free market economy regime. The company might have to face stiff competition from its competitors.

Management perception: Market risk is dealt with efficiently by the experienced management.

Technology-related risks: Technology always plays a vital role for each and every type of business. Innovation of new and cost-effective technology can increase productivity and reduce costs of production. On the other hand, obsolete technology may have a negative impact on the business.

Management perception: Because of nature of the business Bonito Accessories Industries Limited (BAIL) applies the latest technology to deal with its operation. If it does not use latest technology, it will not be able to cope with the competitors.

f) **Potential or existing government regulations:** Potential or existing Govt. regulations may hamper the smooth operation of the industry.

Management perception: The Company is enjoying good atmosphere in operating the business. Government regulations are favorable for the company.

g) **Potential or existing changes in global or national policies:** Policies from government has a positive or negative impact on any company along with existing changes in globally.

Management perception: Nowadays global and national policies do not change without prior notice. For potential changes in policies, local and global leaders consider different issues including industries opinion. We are optimistic that if any policies change unpredictably, we can improvise with new policies without hampering our smooth operation.

h) **Statutory clearances and approvals those are yet to be received by the issuer:** Statutory clearance and approval is imperative for any business to start off. There are many statutory clearances and approvals need from the regulatory authority in order to be monitored, controlled and guided.

Management Perception: Bonito Accessories Industries Limited (BAIL) has been running its business for around five years. The Company has collected all the statutory clearance to operate the business. With regard to environment certificate, the Company has applied for environment clearance certificate and it is under process now.

- i) **Competitive condition of the business:** Bonito Accessories Industries Limited (BAIL) is operating in a free market economy. The company has to face stiff competition from its competitors.

Management Perception: Bonito Accessories Industries Limited (BAIL) has been in the market over the years. The Company is doing well to be competitive with competitors. Hence, there is always check and balance existed among the rival companies.

- j) **Complementary and supplementary products/services which may have an impact on business of the issuer:** Complementary goods or services that are used in conjunction with another goods or services. Usually, the complementary goods have no value when consumed alone, but when combined with another good or service, it adds to the overall value of the offering. A product can be considered a complement when it shares a beneficial relationship with another product offering. Supplementary goods are two goods that are used together. For example, if we have a car, we also need petrol to run the car. Supplementary goods have a negative cross elasticity of demand. For instance, when price of petrol goes up, demand for petrol and cars goes down.

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.

CHAPTER (XXI): DESCRIPTION OF THE ISSUE

(a) **Issue Size:** Tk. 300,000,000.00

(b) **Number of securities to be issued;**

The Company will offer 30,000,000 Ordinary Shares of Tk. 10.00 each totaling Tk. 300,000,000.00 followed by below distribution:

Particular	Number of Shares
30% of IPO i.e. 9,000,000 Ordinary Shares shall be reserved for Eligible Investor (EI) excluding mutual funds and CIS	9,000,000
10% of IPO i.e. 3,000,000 Ordinary Shares shall be reserved for Mutual Funds and CIS	3,000,000
50% of IPO i.e. 15,000,000 Ordinary Shares shall be reserved for General Public (GP) excluding NRB and ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী	15,000,000
10% of IPO i.e. 3,000,000 Ordinary Shares shall be reserved for Non-Resident Bangladeshis (NRB)	3,000,000
Total	30,000,000

(c) **Authorized capital and paid-up capital;**

Particular	Amount in Tk.
Authorized Capital 100,000,000 Ordinary Share of Tk.10.00 each	1,000,000,000.00
Issued, Subscribed and Paid up Capital Before IPO 40,000,000 Ordinary Shares of Taka 10.00 each	400,000,000.00
Initial Public Offering through Fixed Price Method 30,000,000 Ordinary Shares of Taka 10.00 each	300,000,000.00
Post IPO Paid up Capital	700,000,000.00

(d) **Face value, premium and offer price per unit of securities;**

Face value per Share	Tk. 10.00 each
Premium	-
Offer Price per Share	Tk. 10.00 each

(e) **Number of securities to be entitled for each category of applicants;**

Category	Particular	Number of Shares	Issue Price per Share	Amount in Tk.
Eligible Investors (EIs)	30% of IPO i.e. 9,000,000 Ordinary Shares shall be reserved for Eligible Investor (EI) excluding mutual funds and CIS	9,000,000	10.00	90,000,000
	10% of IPO i.e. 3,000,000 Ordinary Shares shall be reserved for Mutual Funds and CIS	3,000,000		30,000,000
General Public (GP)	50% of IPO i.e. 15,000,000 Ordinary Shares shall be reserved for General Public (GP) excluding NRB and ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী	15,000,000		150,000,000
	10% of IPO i.e. 3,000,000 Ordinary Shares shall be reserved for Non-Resident Bangladeshis (NRB)	3,000,000		30,000,000
Total		30,000,000		300,000,000

(f) Holding structure of different classes of securities before and after the issue;

Sl. No.	Category of Shareholders	No. of Ordinary Shares Hold		Percentage of Holding	
		Pre-IPO	Post-IPO	Pre-IPO	Post-IPO
1	Director & Sponsor	21,500,000	21,500,000	53.75%	30.71%
2	Institutional	-	9,000,000	0.00%	12.86%
3	Mutual Funds and CIS	-	3,000,000	0.00%	4.29%
4	Individual	18,500,000	33,500,000	46.25%	47.86%
5	Non Resident Bangladeshis (NRBs)	-	3,000,000	0.00%	4.29%
Total		40,000,000	70,000,000	100.00%	100.00%

(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 acquisition of machinery & equipment, construction of building & other civil works, bank loan pay off and for IPO Expenses.

Sl.	Particulars	Amount in Tk.
1	Acquisition of machinery and equipment	131,281,726
2	Construction of building & other civil works	120,518,274
3	Bank loan (Long Term Loan) pay off [NRB Commercial Bank Limited, Naya Bazar Branch]	30,000,000
4	IPO Expenses	18,200,000
	Total	300,000,000

Feasibility report is not required by us since we will expand the existing project.

CHAPTER (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;

Proceeds from Initial Public Offering (IPO) will be used for acquisition of machinery & equipment, construction of building & other civil works, bank loan pay off and for IPO Expenses.

Use of Proceeds under:

Sl.	Particulars	Amount in Tk.
1	Acquisition of machinery and equipment	131,281,726
2	Construction of building & other civil works	120,518,274
3	Bank loan (Long Term Loan) pay off [NRB Commercial Bank Limited, Naya Bazar Branch]	30,000,000
4	IPO Expenses (Detailed breakdown of IPO expenses in page number 74-75)	18,200,000
	Total	300,000,000

Details of acquisition of machinery and equipment:

Sl.	Name of Supplier	Address	Country of Origin	Machine Model & Description	Qty		Unit Price USD	Total in USD	Exchange Rate	Total Amount BDT
1	Kyang Yhe Trading Co., Ltd.	220F., No. 9, Lane 16, SEC. 2, SZU Chuan Road, Panchiao Dist., New Taipei City, Taiwan, R.O.C.	Taiwan	Computer Jacquard Needle Loom, Global Verson, Model No. EDJsk6/55/384, Above each set include: 1. 8 shedding frames, 2. Rubber Feeding Device, 3. Single weft & single latch & Double roller, 4. 24 position Back Creel (14"x255mm) 5. Standard Accessories	10	Sets	31,000	310,000	83.50	25,885,000
2				High Speed Needle Loom Model No. KYF6/45	3	Sets	8,400	25,200	83.50	2,104,200
3				High Speed Needle Loom Model No. KYF6/55	3	Sets	9,240	27,720	83.50	2,314,620
4				High Speed Needle Loom Model No. KYF10/35	3	Sets	8,690	26,070	83.50	2,176,845
5				High Speed Needle Loom Model No. KYF2/110	3	Sets	7,150	21,450	83.50	1,791,075
6				High Speed Needle Loom Model No. KYF6/45	2	Sets	8,030	16,060	83.50	1,341,010
7				High Speed Needle Loom Model No. KYF10/35	2	Sets	9,130	18,260	83.50	1,524,710
8				High Speed Needle Loom Model No. KYF6/45	2	Sets	9,460	18,920	83.50	1,579,820
9				Yarn Warping Machine Model No. WM300-256	4	Sets	11,550	46,200	83.50	3,857,700
10				Rubber Warping Machine Model No. WMR308-120	4	Sets	26,400	105,600	83.50	8,817,600
11				Textile Machinery- Finishing & Starching Machine Model: MINI-80	4	Sets	19,800	79,200	83.50	6,613,200
12	Win Empire Limited	9E, No. 9, Lane 16, Sec. 2, SZU Chuan Road, Panclua o Dist., New Taipei City	Taiwan	RUBBER COVERING MACHINE	4	Sets	23,100	92,400	83.50	7,715,400
13				BOBBIN WINDER	2	Sets	8,800	17,600	83.50	1,469,600
				Sub Total	46	Sets		804,680	83.50	67,190,780
14	Shiquan Ming Yang Trading Co., Ltd.	Level 1, Building No.3 Pearl Garden,	China	Button press mc 14T Global Verson	8	Sets	9,300	74,400	83.50	6,212,400
15				Die casting machine75T	3	Sets	28,600	85,800	83.50	7,164,300
16				CNC machine 430 Global Verson	1	Set	48,000	48,000	83.50	4,008,000
17				lathe MC 6	2	Sets	18,480	36,960	83.50	3,086,160
18				Milling M/C CL-1 Global Verson	1	Set	22,000	22,000	83.50	1,837,000

19	Puzi, Chengguan Shiquan County, Ankang, Shaanxi, 725200 China	Autoginding machine 618	2	Sets	15,950	31,900	83.50	2,663,650
20		Copper Cutting mc 400 KG	2	Sets	32,900	65,800	83.50	5,494,300
21		EDM machine #300 Global Verson	2	Sets	36,400	72,800	83.50	6,078,800
22		Universal grinding machine U2	2	Sets	2,860	5,720	83.50	477,620
23		Manual press machine	20	Sets	950	19,000	83.50	1,586,500
24		Cap mould	5	Sets	3,300	16,500	83.50	1,377,750
25		Shank mould	10	Sets	6,600	66,000	83.50	5,511,000
26		(3-barrel +2 barrel) shining copper & matt copper	1	Set	17,500	17,500	83.50	1,461,250
27		(3-barrel +2 barrel) shining golden & matt golden	1	Set	17,500	17,500	83.50	1,461,250
28		6-barrel nickle free nickle	1	Set	17,500	17,500	83.50	1,461,250
29		(3-barrel +3 barrel) shining tin & antic pewter	1	Set	20,500	20,500	83.50	1,711,750
30		Sample machine	2	Sets	4,500	9,000	83.50	751,500
31		Polishing machine 500mmx1200mm	4	Sets	1,600	6,400	83.50	534,400
32		Lacquer machine 450mm x 500mm x 400 mm	2	Sets	1,200	2,400	83.50	200,400
33		Drying machine 6-12KW hitter, temperature 0-180	1	Set	3,500	3,500	83.50	292,250
34		Water extraction machine	2	Sets	800	1,600	83.50	133,600
35		Wash basket (plastic quality)	21	Sets	90	1,890	83.50	157,815
36		Vibration machine 60L	2	Sets	1,300	2,600	83.50	217,100
37		10HP cooling machine 15Ton cooling to wer 1et	2	Sets	12,000	24,000	83.50	2,004,000
38		Wash barrel 500mm x 500mm x 6000mm	5	Sets	300	1,500	83.50	125,250
39		Wash barrel (500mmx2) x 500mm x 600mm	7	Sets	600	4,200	83.50	350,700
40		Wash barrel (500mmx3) x 500mm x 6000mm	3	Sets	850	2,550	83.50	212,925
41		Heater 3KW for electric plating machine	10	Sets	70	700	83.50	58,450
		Sub Total	123	Sets		678,220	83.50	56,631,370
		Total	169	Sets		1,482,900	83.50	123,822,150
	Installation & Others expenses		L/C Commission & Other Charges, Insurance, Other customs related charges C & F Commission and Other Charges,					1,730,951
			Installation charges & carrying charge*					5,728,625
			Total Cost of Machinery (A)					131,281,726

***Breakdown of installation charges & carrying charge**

SL. No.	Particulars	Total
01	Local Accessories & Tolls	1,948,625
02	Cable	700,000
03	Civil Work	500,000
04	Carrying Charge	880,000
05	Loading & unloading	200,000
06	Technical Knowhow	1,500,000
Total		5,728,625

Details of construction of building & other civil works:

Architectural Design, Structural design, Mobilization works, Earth work in excavation, Pile Boring, Pile Casting, Pile Cap Casting, Sand filling in Plinth & foundation works for 48,696 sft (8,072 sft typical floor = $(8,072 \times 5 = 40,360 \text{ sft})$ & GF 8,336 sft, total number of Floor 6) and constructed & covered area will be 24,480 sft. (total number of Floor 3).

As per approved layout plan Ground floor will be used as Production, warehouse and loading-unloading purpose, 1st floor and 2nd floor will be used as production and manufacturing purpose. Detail of the construction given are as follows;

Sl.	Name of Work (Civil Work)	Item Name	Unit	Size	Qty.	Unite Rate (Tk.)	Amount (Tk.)
1	Architectural Design (Cost)-	-	Sft.		48,696	-	530,000
	Drawings including elevation and section of building layout plan of column, beam, brick wall, toilet portion, stair case details of doors, windows, parapet and drop walls						
2	Structural Design (Cost)	-	Sft.	-	48,696	-	360,000
3	Mobilization works including making labor shed (Site cleaning is the part of the client)		1		Job		160,000
4	Earth work in excavation of all kinds of soils of foundation trenches including leveling, ramming and preparing the base bailing out water and shoring if necessary, including piling up to required height if necessary, cutting earth up to 12'-0" depth by Mechanically or manually, removing the spoils, etc. to a lead not exceeding 60m.		CFT		97,464	15	1,461,960
5	One layer of brick flat soling in foundation with first class or picked bricks including preparation of bed and filling the interstices with local sand, leveling etc. complete and accepted by the Engineer		SFT		8,336	60	500,160
6	Pile Works: 6,139 RFT pile boaring length; Cum RCC casting 145,000 kgs MS deformed bar Grade-60.	M.S. Rod-500	Kgs	16mm	90,000	72	6,480,000
		WTMT	Kgs	10mm	55,000	72	3,960,000
		Cement	Bag	-	6,300	490	3,087,000
		Sand	Cft	Sylhet sand	8,000	55	440,000
		C. Aggregate	Cft	3/4" Stone	11,200	210	2,352,000
7	Pile Cap: 138 Cum pile Head Braking 149	M.S. Rod	Kgs	20mm	10,000	72	720,000

	Cum RCC casting 25,000 kgs MS deformed bar Grade-60.		Kgs	16mm	15,000	72	1,080,000
		Cement	Bag	-	1,200	490	588,000
		Sand	Cft	Sylhetsand	2,000	55	110,000
		C. Aggregate	Cft	-	4,500	210	945,000
8	Column	M.S. Rod	Kgs	20mm	19,240	72	1,385,280
			Kgs	16mm	20,560	72	1,480,320
			Kgs	10mm	16,600	72	1,195,200
		Sand	Cft	Sylhet sand	2,400	55	132,000
		C. Aggregate	Cft	3/4" Stone	3,800	210	798,000
		Cement	Bag	-	945	490	463,050
9	Grade Beam	MS Rod	Kgs	16mm	57,000	72	4,104,000
			Kgs	10mm	25,750	72	1,854,000
		Cement	Bag	-	6,200	490	3,038,000
		Stone Chips	Cft	-	21,600	210	4,536,000
		Sand	Cft	-	12,600	55	693,000
10	Floor Finishing (RCC)	MS Rod	Kgs	12mm	98,000	72	7,056,000
			Kgs	10mm	44,500	72	3,204,000
		Cement	Bag	-	9,250	490	4,532,500
		Stone Chips	Cft	-	41,000	210	8,610,000
		Sand	Cft	Sylhet Sand	25,700	55	1,413,500
11	Floor NCF (Net Cement Finishing)	-	-		-	-	2,508,000
12	Supplying, fitting and dixin window grill made of 12 mm x 12 mm M.S. solid bar 5.5" c/c with outer frame of 1.5" x 1/4" F/L/ bar as per design approved and accepted by the Engineer		SFT		8100	295	2,389,500
13	Shutter Door		SFT		914	2,000	1,828,571
14	Leveling, dressing and compacting for GF		SFT		8,336	15	125,040
15.1	Wooden shuttering for Footing		SFT		6,350	72	457,200
15.2	Wooden shuttering for column		SFT		13,300	72	957,600
15.3	Wooden shuttering for GB		SFT		8,540	72	614,880
15.4	Wooden shuttering for Floor slab		SFT		9,210	72	663,120

16	Floor Tiles		SFT		16,144	180	2,905,920
17	GF Floor Tiles		SFT		8,336	180	1,500,480
18	Aluminum Works (Door & Window)		SFT		5257	295	1,550,857
19	Paint Works		SFT		49,333	16	789,333
20	Plumbing: PVC & UPVC Pipe MS Pipe and others accessories		-		-	-	3,660,095
21	Painting (Self leveling epoxy)		-		-	-	10,013,053
22	Floor NCF (Net Cement Finishing); Epoxy - 1		SFT		9,600	100	960,000
23	Labour rate for staging, fitting, fixing for all kinds of works any work as and where required up to every 10'-0" height as per instruction of the Engineer-in-charge Up to 2" thick patent stone flooring including compacting, curing etc. all complete.	-		-			7,309,804
24	*Fire Protection:	-	-	-	-	-	3,526,165
	Total Civil Cost						109,028,588
25	Electrical Installation						11,489,686
	Total Amount of Civil works (BDT)						120,518,274

Details of Fire Protection: (Fire protection equipment will be used for our factory building along with all other various units.)

S/N	Description of Items	Qty.	Unit	Unit Price in TK.	Total Amount in Tk.	Brand	Country of Origin	Standard / Approval
1	Auto Diesel Pump (Motor Driven) Supply and installation of electrically driven centrifugal type end suction vertical discharge fire pump shall be complete with controller skid mounting, Coupled motor, safety cover etc., complete. Impeller shall speed shall not be more than 2,900 RPM 440V/3/50Hz. The pump shall have a capacity to handle 500 USGPM of water against a head of 80M.	1	Set	580,000	580,000	LS	Korea	British Standards (BS)
2	Fire Pump (Motor Driven) Supply and installation of electrically driven centrifugal type end suction, vertical discharge fire pump shall be complete with controller skid mounting, Coupled motor, safety cover etc., complete. Impeller shall speed shall not be more than 2,900 RPM 440V/3/50Hz. The pump shall have a capacity to handle 500 USGPM of water against a head of 80M.	1	Set	450,000	450,000	Allen Gwynnes	Malaysia	International Organization for Standardization (ISO)
3	Jockey Pump Supply and installation of multistage jockey pump for Fire Fighting Hydrant system to keep a certain pressure in water distribution system Capacity of the pump shall be 20 GPM against a Head of 100M of water. Pump shall be complete with motor 3KW.	1	Set	215,000	215,000	Allen Gwynnes	Malaysia	ISO
4	Auto Fire Pump Control Panel Supply and installation of Pump starter panel complete in all respect with all accessories and consumables such as Magnetic Contactor Bus-Bar, Indication lamp, Selector switch, On - off push etc., The enclosure shall be made locally with MS sheet, painted with docu paint	1	Set	165,000	165,000	LS	Korea	British Standards (BS)

	over a coat of primer. Space for Jockey pump starter shall be within the enclosure. Provision of auto/manual starting arrangement shall be in the starter panel.							
5	Cable for Pump Connection Supply and installation of Cable for Fire Pump from Pump Starter Panel. Power supply shall be established up to Pump Starter Panel by the Owner/Others. The Cable work shall be complete in all respect.	1	L.S.	90,000	90,000	BRB	Bangladesh	British Standards (BS)
6	Fire Hose Rack 40mm							
	Supply of 40 mm dia Hose complete in all respect with 30- meter-long Hose Nozzle, Coupling, etc. The Nozzle shall be hand control type.	7	Set	18,500	129,500	Unitech	Malaysia	British Standards (BS)
7	Fire Hose Cabinet The cabinet shall be complete with swing type door with glass and shall be made locally with 18 SWG MS sheet & door 16 SWG, painted with docu paint (red color).	7	Set	12,500	87,500	Techno	BD	-
8	Fire Brigade Connection							
	Supply of Fire Brigade connection of 100 mm dia with two connections of 65mm dia each and completed with non- return valve, valve cap, chinpurgung etc.	2	Set	27,500	55,000	Unitech	Malaysia	British Standards (BS)
9	Sprinkler Head Supply and installation of Upright Sprinklers are intended for Fire Protection Systems designed in accordance with the standard installation rules. The Glass Bulb of Sprinkler contains fluid which expands with the temperature allowing the Sprinkler to activate and water to flow. UL Listed & FM Approved Upright Sprinkler.	6	Set	1,150	6,900	Viking	USA	Underwriters Laboratories (UL)
10	Valves & Fittings: Supply and installation of Valves and Fittings	-	-	-	-	-	-	-

	complete in all respect with all accessories such as Flanges, Nut - Bolts, Gaskets etc. Valves shall be Cast Iron body flanged end type; others shall be Brass/Bronze body Screwed end type. UL Listed.							
10.1	O.S &Y Gate Valve							
	a) 150mm dia	2	Nos.	45,000	90,000	Unitech	Malaysia	UL
	b) 100mm dia	1	Nos.	35,000	35,000	Unitech	Malaysia	UL
	c) 50mm dia	2	Nos.	12,000	24,000	Itop	Italy	British Standards (BS)
10.2	Check Valve							
	a) 150mm dia	1	Nos.	38,000	38,000	Unitech	Malaysia	UL
10.3	Flexible Joint							
	a) 150mm dia	2	Nos.	30,000	60,000	Unitech	Malaysia	BS
	b) 50mm dia	2	Nos.	12,000	24,000	Unitech	Malaysia	BS
10.4	Auto Vent Valve							
	20mm dia	1	Nos.	6,500	6,500	Unitech	Malaysia	BS
10.5	Landing Valve							
	a) 65mm dia Landing Valve	6	Nos.	13,500	81,000	CD	Taiwan	UL
	b) 40mm dia Landing Valve	6	Nos.	8,500	51,000	SRI	Malaysia	BS
10.6	Butterfly Valve 80 mm	1	Nos.	27,400	27,400	Unitech	Malaysia	BS
10.7	Ball Valve							
	a) Valve 50mm	1	Nos.	8,500	8,500	Itop	Italy	BS
	b) Valve 40mm	6	Nos.	3,200	19,200	Itop	Italy	BS
	c) Ball Valve 25mm	3	Nos.	1,400	4,200	Itop	Italy	BS
	d) Ball Valve 20mm	3	Nos.	700	2,100	Itop	Italy	BS
	e) Ball Valve 15mm	3	Nos.	600	1,800	Itop	Italy	BS
10.8	Foot Valve							
	a) 150mm dia	1	Nos.	42,000	42,000	Unitech	Malaysia	BS
	b) 50mm dia	1	Nos.	13,500	13,500	Itop	Italy	BS
10.9	Y-Strainer							
	a) 150mm dia	1	Nos.	38,000	38,000	Unitech	Malaysia	BS
	b) 50mm dia	1	Nos.	12,500	12,500	Unitech	Malaysia	BS
10.10	Pressure Switch: Supply, installation and testing of pressure switch	2	Set	12,500	25,000	Danfoss	India	UL

	complete with sensing element, enclosure material, 15mm NPT Pressure connection, direct mounting electrical connection, other material etc.							
10.11	Pressure Gauge: Supply and installation of dial type Pressure Gauges including supply of all materials and consumable. The range shall be 0-250 psi.	3	Set	4,500	13,500	Unitech	Malaysia	BS
10.12	MS Pipe Work							
	Supply and Installation of M.S Pipe of schedule 40(S) suitable to withstand a test pressure 15 kg of water.	-	-	-	-	-	-	-
	a) 150mm dia	40	Rft	1,680	67,200	Seah Steel	Korea	ASTM-53
	b) 100mm dia	190	Rft	1,200	228,000			
	c) 80mm dia	40	Rft	920	36,800			
	d) 50mm dia	60	Rft	380	22,800			
	e) 40mm dia	60	Rft	240	14,400			
	f) 32mm dia	66	Rft	220	14,520			
11	Fire Extinguisher (Per 1500 Sft. 1 Dry Powder)							
	a) 5kg ABC Dry Powder	10	Nos.	1,550	15,500	-	China	-
	b) 10kg CO2 Fire Extinguisher	4	Nos.	2,200	8,800	-	China	-
12	Fittings & Accessories							
	Supply and installation of MS fittings such as Elbows, Tees, Reducer Flange Hanger & Support, Nut-Bolt	1	Lot	80,000	80,000	-	-	-
13	Testing, commissioning of Fire Hydrant System	1	Job	Free	Free	-	-	-
FIRE DETECTION SYSTEM:								
1	Fire Alarm Panel Supply & installation of 16 Zone control panel suitable for medium to large Fire Alarm System c/w required accessories. Power supply shall be 230Vac±10% with battery backup.	1	Set	95,000	95,000	Shield	UK	The Loss Prevention Certification Board (LPCB)
2	Heat Detector: Supply & installation of	6	Nos.	2,800	16,800	Shield	UK	LPCB

	conventional heat detector and base.							
3	Smoke Detector Supply & installation of conventional smoke detector and base.	3	Nos.	4,000	12,000	Shield	UK	LPCB
4	Break Glass (Call Point) Supply and installation of conventional manual call point with required accessories. Origin: Italy	6	Nos.	2,500	15,000	Shield	UK	LPCB
5	Alarm Sounder: Supply of red Horn/Alarm Bell, 24V synchronized, sound output.	6	Nos.	3,200	19,400	-	-	-
6	Cabling & Conduit							
	Supply and Installation of FR cable 1.5RM, PVC Conduit & Fittings.	400	Mtr.	90	36,000	BRB	Bangladesh	BS
7	Testing, commissioning of Fire Alarm System.	1	Job	20,000	20,000	-	-	-
8	Fire Rated Door (30-120 Min) Rim fire exit device aluminum finish, for door width 900 mm (1 pc per door set) Fire door closer non-hold open, regular arm 60-150 kgs (1 pc. per door set) Exit Lock, Satin StainlessSteel Lever Handle (to be used in combination with rim fire exit device) (1 pc per door set) Installation of Fire Door.	6	Nos.	46,000	276,000	Techno	BD	BS
Total Amount in Taka					3,374,320			
VAT 4.5%					151,845			
Grand Total amount in TK.					3,526,165			

- (b) Utilization of the total amount of paid-up capital and share premium, if any, including the sponsors' contribution and capital raised of the issuer at the time of submission of prospectus, in details with indication of use of such funds in the financial statements;

Particulars	Allotment	
	Dates	Amount
Issued, Subscribed and paid up capital	26-Jul-10	10,000,000
	30-Jun-17	89,990,000
	24-Jun-18	300,010,000
Total		400,000,000

This fund has already been deployed by the issuer in the following manner:

Accounting Year	Items	Amount in BDT	Reflected in Cash Flows
30-Jun-11	Acquisition of Property, Plant and Equipment	3,080,000	In the statement of Cash Flows, the figure is included in total amount of fixed assets acquisition under the head of Investing Activities.
	Deferred Revenue Expenditure	152,436	In the statement of Cash Flows, this figure is included as Payment to Suppliers and Employees under the head of Operating Activities.
	Cash and Cash Equivalents	6,767,564	In the statement of Cash Flows, this figure is deposited into the bank and cash in hand.
30-Jun-12	Plant & Machinery and Factory Building	14,900,000	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.
30-Jun-13	Capital Work in Progress	26,285,825	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.
	Suppliers, Employees and others	1,504,175	In the statement of Cash Flows, this figure is included as Payment to Suppliers, Employees and others under the head of Operating Activities.
30-Jun-14	Acquisition of Property, Plant and Equipment	3,637,341	In the statement of Cash Flows, the figure is included in total amount of fixed assets acquisition under the head of Investing Activities.
	Capital Work in Progress	5,230,241	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.
	Suppliers, Employees and others	132,418	In the statement of Cash Flows, this figure is included as Payment to Suppliers, Employees and others under the head of Operating Activities.
30-Jun-15	Capital Work in Progress- Factory building	4,500,000	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.
	Cash and Cash Equivalents	20,000,000	In the statement of Cash Flows, this figure is deposited into the bank.
30-Jun-17	Capital work in progress	137,950,000	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.

30-Jun-18	Acquisition of property, plant and equipment	14,038,341	In the statement of Cash Flows, the figure is included in total amount of fixed assets acquisition under the head of Investing Activities.
	Capital work in progress	129,501,557	In the statement of Cash Flows, the figure is included in total amount of Capital Work in Progress under the head of Investing Activities.
	Long term loan paid	2,320,102	In the statement of Cash Flows, the figure is included in total amount of Long term loan received/(paid) under the Cash flows from financing activities.
	Cash and Cash Equivalents	30,000,000	In the statement of Cash Flows, this figure is deposited into the bank.
Total		400,000,000	

- (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 Company has no objects to investment in such type of ventures by using Use of IPO proceeds.

- (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;**

Sl. No.	Projects	Progress made so Far	Approximate date of Completion of the projects	Projected date of full commercial operation
1	Bank loan (Long Term Loan) pay off	After receiving IPO fund	Within 1 month after receiving IPO fund	-
2	Land Acquisition	No land is required to be acquired	-	-
3	Acquisition and installation of machinery and Equipment	Acquisition and installation of machinery and Equipment will be started after receiving of IPO fund	Within 18 months after receiving IPO fund	Within 3 months of the completion of the project
4	Construction of building and other civil works	Construction of building & other civil works will be started after receiving of IPO fund		

Sd/-
Md. Golam Zilani
Managing Director

Sd/-
Rabiul Hossain
Chief Financial Officer

Sd/-
Mrs. Nahid Sultana
Chairman,

On behalf of Board

- (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 contract yet to be engaged by the Company.

- (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 Company has planned to expand its existing projects by acquisition of acquisition of machinery & equipment, construction of building and other civil works, which have been mentioned in Use of IPO proceeds and projects 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 to the existing projects by using IPO proceeds after receiving the funds, which have been mentioned in Use of IPO proceeds and projects Implementation schedule. The project is not implemented in a phased manner.

- (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 or feasibility report by the relevant professionals not connected with the issuer, issue manager and registrar to the issue with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal or feasibility report.**

Feasibility report is not required by us since we will expand the existing project.

CHAPTER (XXIII): LOCK-IN

(i) Ordinary shares of the issuer, at the time of according consent to the public issue, shall be subject to lock-in, from the first trading day at the exchange in the following manner:

(a) shares held by sponsors, directors and shareholders holding 10% (ten percent) or more, for 03 (three) years;

(b) in case, any existing sponsor or director of the issuer transfers any share to any person, those transferred shares, for 03 (three) years;

(c) shares allotted to any person, before 4 (four) years or more of according consent to the public issue, other than the persons mentioned in clause (a) and (b), for 01 (one) year;

(d) shares held by alternative investment funds, for 01 (one) year;

(e) shares held by any person, other than the shares mentioned in clause (a), (b), (c) and (d) above, for 02 (two) years.

(ii) The following table indicates the Lock-In status of the shareholders of Bonito Accessories Industries Limited:

Sl.	Name of the Shareholders	Position	BO IDs	Number of Shares			Total Number of Shares	Pre IPO %
				Lock-in period				
				3 Yrs.	2 Yrs.	1 Yr.		
1	Md. Golam Zilani	Managing Director	1204490066029326	1,950,000	-	-	1,950,000	4.875%
2	Mrs. Nahid Sultana	Chairman	1204490066051281	7,703,900	-	-	7,703,900	19.260%
3	Md. Golam Sorowar	Director	1204490066029813	3,900,000	-	-	3,900,000	9.750%
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	1204490066527285	7,946,100	-	-	7,946,100	19.865%
5	Md. Golam Kibria	Shareholder	1201950066041530	-	3,930,000	-	3,930,000	9.825%
6	Mr. Rifat Bin Kibria	Shareholder	1201950066040876	-	3,880,000	-	3,880,000	9.700%
7	Riverside Apparels Ltd.	Shareholder	1204490058180079	-	3,780,000	-	3,780,000	9.450%
8	GM Ribbon Industries Ltd.	Shareholder	1201950066531333	-	2,150,000	-	2,150,000	5.375%
9	Mrs. Farida Akhter	Shareholder	1201950066041862	-	900,000	-	900,000	2.250%
10	Md. Habibur Rahman Sikder	Shareholder	1605550057755195	-	730,000	-	730,000	1.825%
11	Farmers Hopes Limited	Shareholder	1202550062677311	-	508,000	-	508,000	1.270%
12	Md. Kabiruddin Ahmed	Shareholder	1204730058970110	-	500,000	-	500,000	1.250%
13	Asif Iqbal Chowdhury	Shareholder	1605550059758671	-	480,000	-	480,000	1.200%

14	Shakil Mahmud	Shareholder	1605550062101886	-	429,200	-	429,200	1.073%
15	Md. Tajul Islam	Shareholder	1203040064933657	-	332,800	-	332,800	0.832%
16	Lt. Gen. Md. Shamsul Haque	Shareholder	1201690000776633	-	250,000	-	250,000	0.625%
17	Nusrath Jahan Moutuse	Shareholder	1201480066435777	-	200,000	-	200,000	0.500%
18	Md. Mosleh Uddin	Shareholder	1204480064229437	-	130,000	-	130,000	0.325%
19	Md. Saydur Rahman	Shareholder	1204490066030322	100,000	-	-	100,000	0.250%
20	Shah Nawaz	Shareholder	1201950066042064	-	100,000	-	100,000	0.250%
21	Mesbah Uddin	Shareholder	1201950066041961	-	100,000	-	100,000	0.250%
				21,600,000	18,400,000	-	40,000,000	100.000%

CHAPTER (XXIV): MARKETS FOR THE SECURITIES BEING OFFERED

Stock Exchanges:

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; and



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 managers, in addition to the issuer Company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 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

CHAPTER (XXV): DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

(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.

CHAPTER (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 কোম্পানি আইন, ১৯৯৪, International financial Reporting and Auditing Standards as adopted in Bangladesh from time to time and any other law as applicable;**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BONITO ACCESSORIES INDUSTRIES LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bonito Accessories Industries LTD.** (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Valuation of Property, Plant and Equipment (PPE)	
The carrying value of the PPE amounted to BDT 440,747,330 as at 30 June 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements. Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of expenditures involves judgment. The useful lives of PPE items are based on management's estimates	Our audit included the following procedures: <ul style="list-style-type: none">We reviewed the opening balances of PPE which was audited by another auditors including assessed the addition during the year under our audit, checked the related accounting treatment and associated deferred tax as recognized by the company.We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent;

<p>regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<ul style="list-style-type: none"> • We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals; • We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate; • We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market price; • We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the classification from capital in progress to ready for use, with the date of the act of completion of the work. • We performed physical asset verification at the year end, observed procedures of asset acquisition, depreciation and disposal and finally assessed the appropriateness and presentation of disclosures as per relevant accounting standards. <p>[See note number 4.00 for details]</p>
<p>Valuation of Inventory</p>	
<p>The Company had inventory of BDT 83,094,851 at 30th June which includes Finished Goods, Raw Materials, and Work in Process etc.</p> <p>Inventory value is measured as follows: Inventories are stated at the lower of cost and net realizable value in accordance with IAS-2 'Inventories'. As result, the management apply judgment in determining the appropriate values for value in use, work-in-progress, values for slow moving or obsolete items and need to apply impairment provision.</p> <p>While excess holding of inventories could impact level of inventories can result in stock outs or irregular supply to the market.</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> • We evaluated the design and implementation of key inventory controls operating across the company's factory and warehouse; • We challenged the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete. • We reviewed the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; • We attended inventory counts and reconciling the count results to the

	<p>inventory listing to test the completeness of data;</p> <ul style="list-style-type: none"> • We compared the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; • We discussed with management about their sales forecasting procedures and ordering of inventories, and inquired about remedial action taken in case of excess or shortage of inventories due to difference in forecast and actual results. <p>[See note number 7.00 for details]</p>
Measurement of Deferred Tax Assets	
<p>The Company reported net deferred tax assets to totaling BDT as at 20,361,574.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the company over the recognition and measurement and the assumptions used in estimating the future taxable income. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. • We involved our tax expertise to assess key assumptions, controls, recognition and measurement of Taxes. • Finally, assessed the appropriateness and presentation of disclosure against IAS 12 Income Tax. <p>[See note number 27.00 for details]</p>
Revenue Recognition	
<p>At year end the Company reported total revenue of BDT 456,157,283</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales.</p> <p>Within a number of the Company's markets, the estimation of discounts, incentives and rebates recognised based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Calculation of discounts, incentives and rebates; • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognised in the correct period;

<p>overstated due to fraud through manipulation of the discounts, incentives and rebates recognised resulting from the pressure of local management may feel to achieve performance targets.</p>	<ul style="list-style-type: none"> • Within a number of the Company's markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing. • Agreeing a sample of claims and rebate accruals to supporting documentation; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosure against relevant accounting standards. <p>[See note number 19.00 for details]</p>
<p>Employee Benefits</p>	
<p>(a) Short-term employee benefits, such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:</p> <ul style="list-style-type: none"> (i) wages, salaries and social security contributions; (ii) paid annual leave and paid sick leave; (iii) profit sharing and bonuses; and (iv) non-monetary benefits (such as medical care, housing, cars and free of subsidised goods or services) for current employees; <p>(b) Other long-term employee benefits, such as following:</p> <ul style="list-style-type: none"> (i) long-term paid absences such as long-service leave or sabbatical leave; (ii) jubilee or other long-service benefits; and (iii) long-term disability benefits; and <p>(c) Termination benefits</p>	<p>The objectives of this standard are to prescribe the accounting and disclosure for employee benefits. The standard requires an entity to recognize;</p> <ul style="list-style-type: none"> (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the entity consumes the economic benefit arising from service provided by (c) an employee in exchange for employee benefits.

Other information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have not come across any other key audit issue for the year under audit, and as such nothing is reportable.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

Dated, 28th October 2019
Place: Dhaka

Sd/-
ARTISAN
Chartered Accountants

Bonito Accessories Industries Ltd.B. K. Bari, Rajendrapur,
Gazipur.**ARTISAN**

CHARTERED ACCOUNTANTS

**Statement of Financial Position
As at 30 June 2019**

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Assets			
Non-Current Assets		490,788,207	486,885,571
Property, Plant and Equipment	4.00	440,747,330	348,371,867
Capital Work in Progress	5.00	41,640,877	130,113,704
Investment in FDR	6.00	8,400,000	8,400,000
Current Assets		212,064,074	211,090,200
Inventories	7.00	83,094,851	76,736,173
Trade and Other Receivables	8.00	103,044,053	82,703,019
Advances, Deposits and Prepayments	9.00	17,717,649	12,721,339
Cash and Cash Equivalents	10.00	8,207,521	38,929,669
Total Assets		702,852,282	697,975,771
Shareholder's Equity and Liabilities			
Shareholder's Equity		550,152,793	499,789,691
Share Capital	11.00	400,000,000	400,000,000
Retained Earnings	12.00	150,152,793	99,789,691
Non-Current Liabilities		42,950,983	47,824,321
Deferred Tax	27.00	20,361,574	12,907,705
Long Term Loan	13.00	22,589,409	34,916,616
Current Liabilities		109,748,506	150,361,759
Short Term Loan	14.00	73,512,382	100,406,672
Accruals	15.00	13,891,782	17,400,979
Payable for Construction	16.00	830,913	3,600,436
Liabilities for WPPF	17.00	5,780,154	2,648,489
Current portion-Long Term Loan	13.00	15,733,276	26,305,182
Total Shareholder's Equity and Liabilities		702,852,282	697,975,771
Net Asset Value (NAV) per Share	18.00	13.75	12.49

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

Sd/-
Chief Financial OfficerSd/-
DirectorSd/-
Managing Director

Signed in terms of annexed report of even date.

Dated: 28th October 2019
Place: DhakaSd/-
ARTISAN
CHARTERED ACCOUNTANTS

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Revenue	456,157,283	403,251,116
Cost of Goods Sold	351,971,122	312,357,266
Gross Profit	104,186,161	90,893,851
Less: Operating Expenses	17,828,942	16,899,163
Administrative Expenses	9,078,945	8,323,592
Selling & Distribution Expenses	8,749,996	8,575,571
Profit from Operation	86,357,219	73,994,687
Less: Financial Expenses	20,603,625	19,795,362
Add: Other Income	116,368	1,418,945
Foreign Exchange Gain/(Loss)	(297,509)	954,563
Interest on FDR	413,877	464,383
Profit before Contribution to WPPF	65,869,962	55,618,270
Less: Contribution to WPPF	3,136,665	2,648,489
Profit before Tax	62,733,297	52,969,781
Income Tax Expenses	12,370,195	9,613,701
Current Tax	4,916,327	3,979,154
Deferred Tax	7,453,869	5,634,547
Net Profit after Tax	50,363,102	43,356,080
Total Comprehensive Income	50,363,102	43,356,080
Earnings per Share (EPS)	1.26	1.91

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

Sd/-
Chief Financial Officer

Sd/-
Director

Sd/-
Managing Director

Signed in terms of annexed report of even date.

Dated: 28th October 2019
Place: Dhaka

Sd/-
ARTISAN
CHARTERED ACCOUNTANTS

Bonito Accessories Industries Ltd.
B. K. Bari, Rajendrapur,
Gazipur.

ARTISAN
CHARTERED ACCOUNTANTS

**Statement of Changes in Equity
For the year ended 30 June 2019**

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total Equity
Balance as on July 01, 2018	400,000,000	99,789,691	499,789,691
Total comprehensive income	-	50,363,102	50,363,102
Balance as on June 30, 2019	400,000,000	150,152,793	550,152,793

**Statement of Changes in Equity
For the year ended 30 June 2018**

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total Equity
Balance as on July 01, 2017	99,990,000	56,433,611	156,423,611
Total comprehensive income	-	43,356,080	43,356,080
Add: Issuance of share capital	300,010,000	-	300,010,000
Balance as on June 30, 2018	400,000,000	99,789,691	499,789,691

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

Sd/-
Chief Financial Officer

Sd/-
Director

Sd/-
Managing Director

Signed in terms of annexed report of even date.

Dated: 28th October 2019
Place: Dhaka

Sd/-
ARTISAN
CHARTERED ACCOUNTANTS

Statement of Cash Flows
For the year ended 30 June 2019

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
A. Cash flows from operating activities:		
Received from customers and others	435,925,925	362,335,204
Paid to suppliers	(296,781,303)	(279,071,865)
Paid to employees	(25,956,506)	(24,007,221)
Paid to others	(29,161,012)	(26,669,630)
Cash generated from operations	84,027,104	32,586,488
Income tax paid	(4,415,731)	(2,659,599)
Net cash generated from operating activities	79,611,373	29,926,889
B. Cash flows from investing activities:		
Paid for acquisition of property, plant and equipment	(3,261,020)	(14,038,341)
Paid for capital work in progress	(34,068,728)	(129,501,557)
Net cash used in investing activities	(37,329,748)	(143,539,898)
C. Cash flows from financing activities:		
Paid for financial expenses	(23,217,062)	(15,056,552)
Received from issuance of share capital	-	175,860,000
Long term loan received/(paid)	(22,899,113)	(20,858,285)
Short term loan received/(paid)	(26,894,290)	8,244,668
Net cash generated from financing activities	(73,010,466)	148,189,831
D. Increase/ Decrease in cash and cash equivalents (A+B+C)	(30,728,840)	34,576,822
E. Unrealized Foreign Exchange Gain/(Loss)	6,693	102,443
F. Cash and cash equivalents at beginning of the year	38,929,669	4,250,404
G. Cash and cash equivalents at end of the year (D+E+F)	8,207,521	38,929,669
Net operating cash flows per share (NOCFPS) (Note # 29.00)	1.99	1.32

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

Sd/-
Chief Financial Officer

Sd/-
Director

Sd/-
Managing Director

Signed in terms of annexed report of even date.

Dated: 28th October 2019
Place: Dhaka

Sd/-
ARTISAN
CHARTERED ACCOUNTANTS

**Notes, summary of significant accounting policies and other explanatory information
For the year ended 30 June 2019.**

1.00 The Company and its nature of business:

1.01 Background

Bonito Accessories Industries Ltd. changed from Bonito Button Industries Ltd. (hereinafter referred to as "the company") was incorporated on 26 July 2010 vide registration No.C-86022/10 as a private limited company in Bangladesh under the Companies Act 1994. On 25th June, 2018 the company converted into the states of public limited company. Registered office of the company is situated at B. K. Bari, Rajendrapur, Gazipur. The company went into commercial operation on 1st March, 2013. The company changed its name from "Bonito Button Industries Ltd." to "Bonito Accessories Industries Ltd." on 13.12.2017

1.02 Nature of Business

The principal activities of the company are to carry on the business of manufacturing, processing, printing, cutting, sealing and assembling of all kinds of Button, Elastic, Hanger, Poly, Gum Tape, Sewing Thread, Hang Tag, Twill Tape, Paper Board, Tissue Paper, Photo Card, etc. This company is a 100% export oriented garments accessories manufacturer.

2.00 Basis of preparation of the financial statements:

2.01 Basis of measurement

The financial statements have been prepared on the historical cost basis. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year(s).

2.02 Statements of Compliance

These financial statements have been prepared on going concern basis under the historical cost convention in accordance with the International Accounting Standards (IASs), the International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations in Bangladesh.

2.03 Going Concern

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

2.04 Accrual Basis:

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

2.05 Components of Financial Statements:

- (i) Statement of Financial Position as at 30 June 2019;
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019;
- (iii) Statement of Changes in Equity for the year ended 30 June 2019;
- (iv) Statement of Cash Flows for the year ended 30 June 2019; and

- iv) Notes, summary of significant accounting policies and other explanatory information for the year ended 30 June 2019.

2.06 Reporting Period:

These financial statements cover the year from 01 July 2018 to 30 June 2019.

2.07 Comparative Information:

Comparative information has been disclosed in the respect of previous year for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statement.

2.08 Statement of Cash Flows:

The Statement of Cash Flows is prepared in accordance with IAS 7 Statement of Cash Flows and cash flow from the operating activities have been presented under direct method considering the provision of paragraph 19 of IAS 7 which provides that "Entities are encouraged to report cash flow from operating activities using the direct method".

2.09 Use of estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumptions that influence the application of accounting and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experiences and other factors, including expectations that are believed to be reasonable under the circumstances. Such estimates are prepared on the assumption of going concern and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

2.10 IAS and IFRS Adopted by the Management:

The following IASs and IFRSs are applicable to the financial statements for the year under review:

IASs:

- IAS 1 Presentation of Financial Statements
- IAS 2 Inventories
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 12 Income Taxes
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related Party Disclosures
- IAS 33 Earnings per Share
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

IFRSs:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 9 Financial Instruments
- IFRS 13 Fair Value Measurement
- IFRS 15 Revenue from Contracts with Customers

3.00 Summary of Significant Accounting Policies:**3.01 Property, Plant and Equipment (PPE)-Recognition**

Property, plant and equipment are stated at cost less accumulated depreciation. Items of property, plant and equipment are recognized where it is probable that future economic benefits will flow to the entity and their costs can be measured reliably.

3.02 Property, Plant and Equipment (PPE)-Measurement

The PPE of the Company are initially recorded at cost of acquisition as per IAS 16 Property, Plant and Equipment. Cost comprises of purchase price and any directly attributed cost of bringing the assets to its working condition for its intended use.

3.03 Subsequent Costs:

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial year in which they incurred.

3.04 Depreciation of Property, Plant and Equipment:

The Company uses reducing balance method for charging depreciation except land. Depreciation is charged on addition of the assets when those are available for use as per intention of management and depreciation is to be charged on disposal up to the date of retirement / disposal.

Rates of depreciation are as follows:

Asset Category	30 June 2018	30 June 2017
Land	0%	0%
Land Development	2.50%	2.50%
Factory and office Building	5%	5%
Plant & Machinery	10%	10%
Vehicle	20%	0%
Electronics & Electrical Equipment and Installation	10%	10%
Furniture and Fixture	10%	10%
Office Equipment	10%	10%
Fire Equipment	10%	10%

3.05 Retirement and Disposals:

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is recognized in the Statement of Profit or Loss and Other Comprehensive Income, which is determined with net book value of assets and net sales proceeds.

3.06 Impairment of Assets:

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reason no provision has been made for Impairment of assets as per IAS 36.

3.07 Borrowing Costs:

Interest and other cost incurred by the company in connection with the borrowings of fund are recognized as expenses in the year in which they are incurred unless such borrowing cost related to acquisition/construction of assets in progress that are capitalized as per IAS 23 Borrowing Costs.

3.08 Revenue from Contracts with Customers:

The company recognized revenue as per IFRS 15. IFRS 15 Revenue from Contracts with Customers by applying the following five steps:

- i) Identify the contract with customer
- ii) Identify the performance obligations in the contract,
- iii) Determine the transaction price,
- iv) Allocate the transaction price to the performance obligations in the contract,
- v) Recognize revenue when (or as) a performance obligation is satisfied.

3.09 Valuation of Current Assets: Trade and Other Receivables

These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount has been provided for as bad debt in the current year's account.

Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2 Inventories. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales.

Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory or expenses. Deposits are measured at payment value without any adjustment for time value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss on accrual basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at banks, term deposits, etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

3.10 Contingent Assets and Liabilities:

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 IAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

3.11 Provisions:

The preparation of financial statements in conformity with International Accounting Standard (IAS) 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 IAS 37 provisions were recognized when:

- An entity has a present obligation as a result of past event;

- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - A Reliable estimates can be made of the amount of the obligation.
- We have shown the provisions of the Financial Position 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 date of statement of financial position.

3.12 Employees' Benefit:

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19 Employee Benefits.

The cost of employee benefit is charged as revenue expenditure in the year to which the contributions relate.

The company's employee benefits include the following:

a) Short Term Employee Benefits

Short-term employee benefits include wages, salaries, festival bonuses, production incentive etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

b) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax after charging the amount of WPPF, contributed by the company as per provisions of the Bangladesh Labor Act, 2006 (amended-2013).

Functional and Presentational

3.13 Currency:

The financial statements are prepared in Bangladeshi Taka which is the Company's functional currency.

3.14 Income Tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income

Current Tax

Provision for current tax has been made as per Income Tax Ordinance, 1984

Deferred Tax

The company recognized deferred tax as per IAS 12 Income Taxes. The rate prevailing at the Financial Position date is used for determine the deferred tax.

3.15 Foreign Currency Transaction:

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date.

3.16 Earnings Per Share:

The Company calculates earnings per share in accordance with IAS 33 Earnings per Share which has been shown on the face of statement of profit or loss and other comprehensive income.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders.

Basic earnings per share

This is calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. No diluted earnings per share are required to be calculated for the year as there is no scope for dilution during the year under audit.

3.17 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity as per IAS 39 Financial Instruments: Recognition and Measurement.

Financial Assets:

Financial assets of the company include cash and cash equivalents, equity instrument to another entity, Trade receivables and other receivables. The company initially recognize a financial asset in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognized a financial asset when, and only when; the contractual rights to the cash flows from the financial asset expire or transfer the contractual rights to receive the cash flows of the financial asset.

Financial Liabilities:

The company initially recognize a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial liability from its statement of financial position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.

3.18 Related Party Disclosures:

The Company carried out a number of transactions with related parties in the normal course of business. The information as required by IAS 24 Related Party Disclosures has been disclosed in a separate note to the financial statements.

3.19 Events after the Reporting Period:

In compliance with the requirements of IAS 10 Events after the Reporting Period, events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified: Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period.

Non-adjusting Events- those that are indicative of conditions that arose after the reporting period.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Statement. No event after the reporting period exists and management of the company has prepared the financial statement in accordance.

3.20 Operating Segments:

As required by IFRS 8 Operating Segments, if an entity operates business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available

The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

3.21 Authorization date for issuing Financial Statements:

The financial statements were authorized by the Board of Directors 28.10.2019

3.22 General:

- a) Amounts appearing in these financial statements have been rounded off to the nearest Taka; and
- b) Previous year's figures have been rearranged or reclassified whenever considered necessary to conform with current year's presentation.

		Amount in Taka	
		30 June 2019	30 June 2018
4.00	Property, Plant and Equipment: Tk. 440,747,330		
	A. At Cost		
	Opening balance	403,243,826	239,861,400
	Addition during the year	123,245,051	163,382,426
	Total Assets Value at Cost	526,488,877	403,243,826
	B. Accumulated Depreciation		
	Opening balance	54,871,959	26,070,971
	Current year depreciation	30,869,588	28,800,988
	Total charges	85,741,547	54,871,959
	Written Down Value (A-B)	440,747,330	348,371,867
5.00	Capital Work in Progress: Tk. 41,640,877		
	A. Factory Building		
	Opening balance	71,384,494	59,147,523
	Add: Addition during the year	8,268,657	72,400,492
		79,653,151	131,548,015
	Less: Transferred to Factory Building	61,254,821	60,163,521
	Sub Total	18,398,330	71,384,494
	B. Plant & Machineries		
	Opening balance	58,729,210	90,196,562
	Add: Addition during the year	24,560,370	66,905,330
		83,289,580	157,101,892
	Less: Transferred to Plant and Machineries	60,047,033	98,372,682
	Sub Total	23,242,547	58,729,210
	Total (A+B)	41,640,877	130,113,704
The balance is representing the cost of factory building and plant & machineries. When it will be fully constructed and available for use, it will be transferred to Property, Plant and Equipment as per IAS 16.			
6.00	Investment in FDR: Tk. 8,400,000		
	IDLC Finance Ltd.	8,400,000	8,400,000
		8,400,000	8,400,000

7.00 Inventories: Tk. 83,094,851

Raw Materials	20.01	73,075,842	67,347,822
Work in Process	20.00	4,875,412	3,752,637
Finished Goods	20.00	5,018,145	4,587,352
Store Items	20.02.1	125,452	1,048,362
		83,094,851	76,736,173

8.00 Trade and Other Receivables: Tk. 103,044,053

The amount of receivable is against export bills as on June 30, 2019. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

Bills Receivable as per book		102,543,744	81,637,990
Unrealized gain on - Accounts receivable		(706,700)	271,896
		101,837,043	81,909,886
FDR Interest Receivable	8.01	1,207,009	793,133
		103,044,053	82,703,019

Ageing of Accounts Receivable

More than six months		-	-
Less than six months		101,837,043	81,909,886
		101,837,043	81,909,886

8.01 FDR Interest Receivable

Opening balance		793,133	328,750
Add: Addition during the year		413,877	464,383
		1,207,009	793,133

The classification of receivables as required by the Schedule XI part I, para 4 of the Companies Act, 1994 are given below:

i) Receivables considered good and in respect of which the company is fully secured;	101,837,043	81,909,886
ii) Receivables considered good for which the company holds no security other than the debtor's personal security;	-	-
iii) Receivables considered doubtful or bad;	-	-
iv) Receivable to Directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member;	-	-
v) Receivables due by common companies under the same management;	-	-
vi) The maximum amount due by directors or other officers of the company at any time during the year.	-	-

9.00 Advances, Deposits & Prepayments: Tk. 17,717,649

Advance to Employees		675,421	504,210
Advance group insurance premium		28,849	-
Advance website annual fee		9,205	-
Security Deposit	9.01	1,515,400	1,215,400
Advance Income Tax	9.02	4,410,306	5,858,857
L/C Margin for raw material		11,078,468	5,142,872
		17,717,649	12,721,339

Disclosure as per Schedule XI, Part I, Para 6 of the Companies Act, 1994

Particulars	30.06.2019	30.06.2018
Advances, deposits & prepayments considered good and in respect of which the company is fully secured.	17,042,229	12,217,129
Advances, deposits & prepayments considered good for which the company holds no security.	-	-
Advances, deposits & prepayments considered doubtful or bad.	-	-
Advances, deposits & prepayments due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayments due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
Advances, deposits & prepayments due by companies under the same management.	-	-
The maximum amount due by directors or other officers of the company at any time during the year.	675,421	504,210

9.01 Security Deposit: Tk. 1,515,400

Polly Bidyut Samity (PBS)- Electricity	1,215,400	1,215,400
Security Deposit Against Office Rent	300,000	-
	1,515,400	1,215,400

9.02 Advance Income Tax: Tk. 4,410,306

Opening balance	5,858,857	3,795,497
Add: Tax deduction at source during the year	1,816,781	2,533,525
Add: AIT for Car	30,000	30,000
	7,705,638	6,359,022
Adjustment of tax income year -2012-2013	-	(49,111)
Adjustment of tax income year -2013-2014	-	(345,420)
Adjustment of tax income year -2014-2015	-	(105,634)

Adjustment of tax income year -2015-2016
Adjustment of tax income year -2016-2017

(1,296,908) -
(1,998,424) -

4,410,306 **5,858,857**

10.00 Cash and Cash Equivalent: Tk. 8,207,521

Cash in Hand

985,563 **875,415**

Cash at Bank

7,221,959 **38,054,254**

Mercantile Bank Ltd., CD-5605

188,447 467,967

Mercantile Bank Ltd., CD-47951

4,310 -

NRB Commercial Bank Ltd., FC (USD)-000179

6,778,720 7,413,948

NRB Commercial Bank Ltd., CD-000111

250,481 172,339

Mercantile Bank Ltd. FDR No- 0353574

- 30,000,000

8,207,521 **38,929,669**

11.00 Share Capital

11.01 Authorized Share Capital

100,000,000 ordinary shares of Taka 10/= each.

1,000,000,000 1,000,000,000

11.02 Issued, Subscribed and Paid-up Capital: Tk. 400,000,000

40,000,000 ordinary shares of Tk 10/= each fully paid-up

400,000,000 400,000,000

The shareholding position of the company are as under:

SL. No.	Names	Position	No. of Shares	%	Amount in Tk	
1	Md. Golam Zilani	Managing Director	1,950,000	4.88	19,500,000	19,500,000
2	Mrs. Nahid Sultana	Chairman	7,703,900	19.26	77,039,000	77,039,000
3	Md. Golam Sorowar	Director	3,900,000	9.75	39,000,000	39,000,000
4	Rahman Abu Jafar (Nominee Director for Bay Poly and Packaging Ltd.)	Director	7,946,100	19.87	79,461,000	79,461,000
5	Other Shareholders	Shareholders	18,500,000	46.25	185,000,000	185,000,000
	Total		40,000,000	100.00	400,000,000	400,000,000

12.00 Retained Earnings: Tk. 150,152,793

Opening Balance

99,789,691 56,433,611

Add: Total comprehensive income

50,363,102 43,356,080

150,152,793 **99,789,691**

13.00	Long Term Loan: Tk. 22,589,409			
A.	NRB Commercial Bank Ltd	A.01	28,240,275	44,969,871
	Less: Interest Payable	A.02	1,018,543	1,505,608
	Less: Current Portion		10,254,822	20,033,028
	Sub Total		16,966,909	23,431,235
B.	IDLC Finance Ltd.	B.01	11,281,240	17,930,671
	Less: Interest Payable	B.02	180,287	173,136
	Less: Current Portion		5,478,454	6,272,154
	Sub Total		5,622,499	11,485,381
	Grand Total (A+B)		22,589,409	34,916,616
A.01	NRB Commercial Bank Ltd.-2		7,188,251	20,496,419
	NRB Commercial Bank Ltd.-3		21,052,024	24,473,452
			28,240,275	44,969,871
A.02	Interest payable: Tk. 1,018,543			
	NRB Commercial Bank Ltd.-2		308,113	700,432
	NRB Commercial Bank Ltd.-3		710,430	805,176
			1,018,543	1,505,608
B.01	Interest payable: Tk. 11,281,240			
	IDLC Finance Ltd.-14		5,771,196	9,192,492
	IDLC Finance Ltd.-21		5,510,044	8,738,179
			11,281,240	17,930,671
B.02	Interest payable: Tk. 180,287			
	IDLC Finance Ltd.-14		123,182	88,761
	IDLC Finance Ltd.-21		57,104	84,375
			180,287	173,136
14.00	Short Term Loan: Tk 73,512,382			
	NRB Commercial Bank Ltd-LTR	14.01	26,190,890	52,637,504
	NRBCBL-Inland Documentary Bill Purchase (IDBP)	14.02	7,335,000	7,769,000
	NRB Commercial Bank Ltd., Cash Credit-Hypo	14.03	39,986,492	40,000,168
			73,512,382	100,406,672
14.01	NRB Commercial Bank Ltd-LTR		26,410,746	56,427,532
	Less: Interest Payable		219,856	3,790,028
			26,190,890	52,637,504

14.02	NRBCBL-Inland Documentary Bill Purchase (IDBP)		7,357,606	7,836,250
	Less: Interest Payable		22,606	67,250
			7,335,000	7,769,000
14.03	NRB Commercial Bank Ltd., Cash Credit-Hypo		42,792,115	41,324,499
	Less: Interest Payable		2,805,623	1,324,331
			39,986,492	40,000,168
15.00	Accruals: Tk. 13,891,782			
	Electricity bills payable		175,390	249,115
	Director's Remuneration		50,000	50,000
	Salary & Wages		1,789,296	1,669,126
	Income Tax Payable	15.01	7,532,431	8,480,386
	Interest Payable	15.02	4,246,916	6,860,353
	Audit fee		97,750	92,000
			13,891,782	17,400,979
15.01	Income Tax Payable: Tk. 7,532,431			
	Income Tax Payable -Opening		8,480,386	5,097,471
	Add: Current tax for the year		4,916,327	3,979,154
			13,396,713	9,076,625
	Adjustment of tax income year -2012-2013		-	(82,886)
	Adjustment of tax income year -2013-2014		-	(376,570)
	Adjustment of tax income year -2014-2015		-	(136,783)
	Adjustment of tax income year -2015-2016		(2,436,604)	-
	Adjustment of tax income year -2016-2017		(3,427,678)	-
			7,532,431	8,480,386
15.02	Interest Payable: Tk. 4,246,916			
	Interest on Long Term Loan		1,198,830	1,678,744
	Interest on Short Term Loan		3,048,086	5,181,609
			4,246,916	6,860,353
16.00	Payable for Construction: Tk. 830,913			
	Texture Craft Ltd.		152,600	922,561
	Bhawal Traders		164,472	757,120
	SS Automation		125,472	236,441
	Prithivi Engineers Ltd.		125,471	604,186
	Gazipur Trading		105,745	133,538
	Baishaki Enterprise		157,152	734,590

	Share money deposit		-	212,000
			830,913	3,600,436
17.00	Liabilites for WPPF: Tk. 5,780,154			
	Opening balance		2,648,489	-
	Add: Addition during the year		3,136,665	2,648,489
	Fund transferred to WPPF A/C-113407		(5,000)	-
			5,780,154	2,648,489
18.00	Net Asset Value (NAV) per Share: Tk. 13.75			
	Total Assets		702,852,282	697,975,771
	Less: Total Liability		152,699,489	198,186,080
	a. Net Assets value		550,152,793	499,789,691
	b. No. of Share outstanding		40,000,000	40,000,000
	Net Asset Value per share (a/b)		13.75	12.49
19.00	Revenue: Tk. 456,157,283			
	Sales revenue		456,157,283	403,251,116
20.00	Cost of Goods Sold: Tk. 351,971,122			
	Raw Materials Consumed	20.01	284,158,941	248,968,764
	Manufacturing Overhead	20.02	69,824,470	65,189,546
	Cost of manufacturing		353,983,411	314,158,311
	Work in process- Opening		3,752,637	3,145,121
	Work in process- Closing		(4,875,412)	(3,752,637)
	Cost of goods manufactured		352,860,636	313,550,795
	Sample Expenses		(458,721)	(548,328)
	Finished goods - Opening		4,587,352	3,942,151
	Finished goods - Closing		(5,018,145)	(4,587,352)
			351,971,122	312,357,266
20.01	Raw Materials Consumed: Tk. 284,158,941			
	Opening balance		67,347,822	41,152,092
	Add: Purchased during the year		289,886,961	275,164,494
	Raw materials available for consumption		357,234,783	316,316,586
	Closing balance		(73,075,842)	(67,347,822)
	Raw Materials Consumed		284,158,941	248,968,764

20.02 Manufacturing overhead: Tk. 69,824,470

Salary, Wages and Allowances		14,248,712	13,206,619
Festival Bonus		1,187,513	1,101,753
Overtime		1,058,423	978,364
Production Incentives		975,418	775,424
Truck Fare		1,857,485	1,615,885
Labor Charge		1,454,872	1,272,938
Power & Fuel		4,895,784	4,583,648
Electricity Bill		3,252,408	3,071,908
Medical Expenses		954,182	923,739
Food & Tiffin		1,354,784	1,143,094
Telephone and Mobile Bill		527,542	473,652
Printing Expenses		130,254	127,806
Stationery Expenses		903,453	845,836
Store Items Consumed	20.02.1	1,881,655	1,735,791
Workers' Transportation		2,158,713	2,083,641
Conveyance		1,458,742	1,398,272
Postage & Stamp		458,721	653,722
Miscellaneous Expenses		572,541	562,762
Repairs & Maintenance		858,465	985,744
Depreciation (Annexure-A)		29,634,804	27,648,949
		69,824,470	65,189,546

20.02.1 Store Items Consumed: Tk. 1,881,655

Opening balance		1,048,362	958,741
Add: Purchased during the year		958,745	1,825,412
Store items available for consumption		2,007,107	2,784,153
Closing balance		(125,452)	(1,048,362)
Store Items Consumed		1,881,655	1,735,791

21.00 Administrative Expenses: Tk. 9,078,945

Salaries and Allowances		3,953,697	3,783,274
Festival Bonus		329,590	316,296
Director's Remuneration		600,000	600,000
Board Meeting Fees		24,150	17,825
Repairs and Maintenance		13,657	23,267
Travelling and Conveyance Expenses		282,457	277,463

Corporate Office Rent	360,000	-
Phone, Fax and Mobile Chages	387,547	364,972
Postage & Courier Expenses	195,874	185,809
Bank Charges	325,871	312,082
Printing Expenses	60,578	58,756
Stationery Expenses	302,548	332,520
Fees and Charges	205,240	183,620
Entertainment	555,147	535,632
Electricity Charges	173,000	163,399
Audit Fees	97,750	92,000
Miscellaneous Expenses	195,642	190,811
Office Maintenance	25,364	21,836
Website Annual & Maintenance Fees	6,795	-
Deed Cost of WPF	40,000	-
Group Insurance Annual Premium	17,951	-
Depreciation (Annexure-A)	926,088	864,030
	9,078,945	8,323,592

22.00 Selling & Distribution Expenses: Tk. 8,749,996

Salaries and Allowances	3,254,713	3,027,327
Festival Bonus	273,250	253,301
Advertisement	242,157	538,629
Electricity Charges	34,600	32,680
Phone, Fax and Mobile Bill	387,542	371,243
Entertainment Expenses	165,423	153,932
Repairs & Maintenance	26,784	24,293
Paper and Periodicals	5,784	7,835
Traveling Expenses	525,247	491,952
Printing Expenses	112,542	108,866
Stationery Expenses	487,542	473,763
Sample Expenses	458,721	548,328
Postage & Courier	87,545	73,473
Transportation & Handling Expenses	2,254,872	2,074,593
Miscellaneous Expenses	124,578	107,346
Depreciation (Annexure-A)	308,696	288,010
	8,749,996	8,575,571

23.00	Financial Expenses: Tk. 20,603,625		
	Interest on Short Term Loan	13,851,218	10,890,969
	Interest on Long Term Loan	6,752,407	8,904,393
		20,603,625	19,795,362
24.00	Foreign Exchange Gain/(Loss): Tk. -297,509		
	Foreign Exchange Gain/(Loss)	(297,509)	954,563
		(297,509)	954,563
25.00	Interest on FDR: Tk. 413,877		
	Interest on FDR	413,877	464,383
		413,877	464,383
26.00	Current Tax: Tk. 4,916,327		
	Current tax during the year	3,648,951	3,883,480
	Short provision for income year-2012-2013	400	33,375
	Short provision for income year-2013-2014	-	31,150
	Short provision for income year-2014-2015	-	31,149
	Short provision for income year-2015-2016	630,899	-
	Short provision for income year-2016-2017	636,077	-
		4,916,327	3,979,154
	Calculation of Current Tax		
	Profit before tax as per account	62,733,297	52,969,781
	Less: Other Income	116,368	1,418,945
	Foreign Exchange Gain/(Loss)	(297,509)	954,563
	Interest on FDR	413,877	464,383
	Add: Accounting depreciation	30,869,588	28,800,988
	Less: Tax Base depreciation	73,463,124	60,998,398
	Taxable profit	20,023,392	19,353,426
	Current Tax Rate	17.50%	17.50%
	Tax on business Income-(A)	3,504,094	3,386,850
	Tax on other income @ 35%-(B)	144,857	496,631
	Current tax during the year (A+B)	3,648,951	3,883,480
27.00	Deferred Tax: Tk. 20,361,574		
	Opening Deferred Tax	12,907,705	7,273,158
	Add: Deferred Tax expenses during the year	7,453,869	5,634,547
		20,361,574	12,907,705

27.01

27.01 Deferred Tax Expenses: Tk. 7,453,869

Net Profit Before Tax Excluding Other Income	62,616,929	51,550,836
IncomeTax Rate @ 17.5%-(A)	10,957,963	9,021,396
Other Income	116,368	1,418,945
Foreign Exchange Gain/(Loss)	(297,509)	954,563
Interest on FDR	413,877	464,383
IncomeTax Rate @ 35.00%-(B)	144,857	496,631
Total (A+B)	11,102,819	9,518,027
Less: Current Tax	3,648,951	3,883,480
Deferred Tax	7,453,869	5,634,547

28.00 Earnings Per Share: Tk. 1.26

a. Net Profit After Tax	50,363,102	43,356,080
b. Weighted average no. of share outstanding	40,000,000	22,751,266
Earnings Per Share (EPS) (a/b)	1.26	1.91

b. Calculation of weighted average no. of share outstanding

Particulars	No. of Share	Weight	Weighted average no. of shares 30 June 2019	Weighted average no. of shares 30 June 2018
Opening No. of Shares	40,000,000	365/365	40,000,000	9,999,000
Issued from Share money deposit	12,415,000	365/365	-	12,415,000
Cash received during the year	17,586,000	7/365	-	337,266
Total			40,000,000	22,751,266

29.00 Net operating cash flows per share (NOCFPS): Tk. 1.99

a) Net Operating Cash Flows		79,611,373	29,926,889
b) Weighted average no. of share outstanding	28.00	40,000,000	22,751,266
Net operating cash flows per share (NOCFPS) (a/b)		1.99	1.32

30.00 Reconciliation of net profit with cash flow from operating activities: Tk. 79,611,373

Net Profit before income tax	62,733,297	52,969,781
Adjustment for:		
Depreciation on Fixed Assets	30,869,588	28,800,988
Contribution to WPPF	3,131,665	2,648,489
Financial Expenses	20,603,625	19,795,362

Unrealized gain on FC bank account	(6,693)	(102,443)
	117,331,483	104,112,177
Increase/Decrease in Current Assets:		
Inventory (Increase)	(6,358,678)	(27,538,068)
Accounts Receivable (Increase)	(20,341,034)	(42,232,414)
Advance Deposit & Prepayment (Increase)	(6,444,862)	(2,295,996)
Increase/Decrease in current Liabilities:		
Accruals (Increase)	(159,805)	540,788
	84,027,104	32,586,488
Income Tax Paid	(4,415,731)	(2,659,599)
Net cash generated from operating activities	79,611,373	29,926,889

31.00 Related Parties Disclosure

The company carried out a number of transactions with related parties. The following are the related parties transactions of the Bonito Accessories Industries Ltd. has been disclosed as required by IAS 24 Related Party Disclosures.

(a) Short term employee benefits:

(i) Remuneration

Name	Designation	Nature of Transaction	Amount in (BDT) 2018-2019
Md. Golam Zilani	Managing Director	Remuneration	600,000
Md. Golam Zilani		Remuneration Payable	50,000

(ii) Board meeting fees for the year ended 30 June 2019

Name	Designation	No. of Meeting Held	No. of Meetings Attended	Amount in (BDT) 2018-2019
Mrs. Nahid Sultana	Chairman	9	9	5,175
Md. Golam Zilani	Managing Director	9	9	5,175
Md. Golam Sorowar	Director	9	9	5,175
Rahman Abu Jafar	Nominee Director	9	8	4,600
Mohammad Ashraf Uddin Bhuiyan	Independent Director	9	7	4,025
Total				24,150

(b) post-employee benefits : Nil

(c) other long term benefits : Nil

(d) termination benefits and : Nil

(e) share-based payment : Nil

32.00 Disclosure as per Schedule XI, Part II, Para 3,4,7 & 8 of the Companies Act, 1994

32.01 Schedule XI, Part II, Note 5 of Para 3:

Total Number of employees are as follows:

Particulars			2019
Number of employees whose salary below Tk. 3,000			-
Number of employees whose salary above Tk. 3,000	Officer & Staff	Factory	15
		Head Office	26
	Worker		107
Total Number of employees			148

32.02 Schedule XI, part-II, Para 3:

(a) Turnover

Particulars	2019
Turnover in BDT.	456,157,283
Turnover in Quantity (M. Ton)	4,078.03

d)(i): Raw Materials Consumed

Particulars	2019
Raw Materials (Value in BDT)	284,158,941
Raw Materials Quantity (Kg)	2,851,683

(d)(ii): Finished Goods

Particulars	2019
Opening Quantity (M. Ton)	54.23
Production Quantity (M. Ton)	4,081.85
Closing Quantity (M. Ton)	58.05

32.03 Disclosure as per Schedule XI part-II, Para 4:

The following payments provided or made during the financial year to the directors, including managing director, the managing agent or managers, if any, by the company the subsidiaries of the company and any other person

SL. No.	Particulars	30.06.2019
a.	Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager.	600,000
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.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
	(iv) Compensation for loss of office	Nil
	(v) Consideration in connection with retirement from office.	Nil

32.04 Disclosure as per requirement of Schedule XI, Part II, Para 7: Capacity Utilization

The production capacity and utilization of its are as follows:

Particulars	2019
	Quantity in M. Ton
Installed Capacity	5,421
Actual Production	4,081.85
Capacity Utilization (%)	75.30

32.05 Disclosure as per requirement of Schedule XI, Part II, Para 8

(a) Value of imports calculated on C.I.F basis by the company during the financial year in respect of raw materials, components and spare parts and capital goods were as follows:

Particulars	Amount in BDT
Import of raw Materials	289,886,961
Components and Spare parts	-
Capitals goods	23,242,547
Total:	313,129,508

(b) The Company did not have any expenditure in foreign currency during the financial year on account of royalty, know-how, professional consultation fees, interest and other matters.

(c) Value of all raw materials, spare parts and components consumed during the financial year and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption:

Particulars	2019				
	Total Consumption	Imported Taka	% of Consumption	Local Taka	% of Consumption
Raw Materials	284,158,941	284,158,941	100%	-	0%
Spare parts	1,881,655	1,048,362	56%	833,293	44%
Total	286,040,596	285,207,303		833,293	

(d) No amount has been remitted during the year in foreign currencies on account of dividends for non-residents shareholders,

(e) Earnings in foreign exchange classified under the following heads, namely:

(i) Export of goods calculated on F.O.B basis (Deemed Export) BDT 456,157,283

(ii) No royalty, know-how, professional and consultation fees were received

(iii) No interest and dividend received

(iv) No other income received

Bonito Accessories Industries Ltd.

B.K Bari, Rajendrapur,
Gazipur.

**Schedule of Property, Plant and Equipment
For the year ended 30 June 2019**

**Annexure-A
(Amount in Taka)**

Particulars	Cost			Rate of Dep (%)	Depreciation			Written Down Value as at 30.06.2019
	Balance as on 01 July 2018	Addition during the year	Balance as on 30 June 2019		Balance as on 01 July 2018	Charge during the year	Balance as on 30 June 2019	
Land	2,750,000	-	2,750,000	0%	-	-	-	2,750,000
Land Development	15,124,510	-	15,124,510	2.50%	470,278	366,356	836,634	14,287,876
Factory and Office Building	116,069,073	61,254,821	177,323,894	5%	12,509,768	6,386,247	18,896,015	158,427,879
Plant & Machinery	251,076,017	60,047,033	311,123,050	10%	39,157,901	22,192,595	61,350,497	249,772,553
Vehicles	3,586,690	-	3,586,690	20%	239,113	669,515	908,628	2,678,062
Electronics & Electrical Equipment and Installation	9,099,781	521,759	9,621,540	10%	1,344,509	779,875	2,124,384	7,497,156
Furniture and Fixture	1,678,211	754,214	2,432,425	10%	406,664	146,010	552,674	1,879,751
Office Equipment	2,340,453	251,476	2,591,929	10%	437,361	200,787	638,148	1,953,781
Fire Fighting Equipment	1,519,091	415,748	1,934,839	10%	306,367	128,202	434,568	1,500,271
Balance as at 30.06.2019	403,243,826	123,245,051	526,488,877		54,871,959	30,869,588	85,741,547	440,747,330
Balance as at 30.06.2018	239,861,400	163,382,426	403,243,826		26,070,971	28,800,988	54,871,959	348,371,867

Allocation of depreciation:

Particulars	Rate (%)	Taka
Manufacturing Expenses	96%	29,634,804
Administrative Expenses	3%	926,088
Selling & Distribution Expenses	1%	308,696
Total	100%	30,869,588

(b) **Information as is required under section 186 of the কোম্পানি আইন, ১৯৯৪ relating to holding company;**

This information is not applicable for BAIL.

(c) **Selected ratios as specified in Annexure-D;**

Auditor's certificate regarding calculation of EPS and Ratios

This is to certify that Bonito Accessories Industries Limited has maintained the following ratios as computed on the basis of the audited financial statements for the year ended June 30, 2019, 2018, 2017, 2016 and 2015.

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
	Ratio				

I. Liquidity Ratios:

(i) Current Ratio	1.93	1.40	0.82	0.90	0.91
(ii) Quick Ratio	1.01	0.81	0.36	0.50	0.47

II. Operating Efficiency Ratios:

(i) Accounts Receivable Turnover Ratio	4.91	6.55	9.34	18.12	2.16
(ii) Inventory Turnover Ratio	4.40	4.96	6.56	9.18	0.85
(iii) Asset Turnover Ratio	0.65	0.69	0.87	1.21	0.11

III. Profitability Ratios:

(i) Gross Margin Ratio	22.84%	22.54%	22.42%	22.23%	28.57%
(ii) Operating Profit Ratio	18.93%	18.35%	16.94%	16.71%	17.93%
(iii) Net Profit Ratio	11.04%	10.75%	10.17%	10.44%	1.41%
(iv) Return on Assets Ratio	7.19%	7.40%	8.85%	12.63%	0.16%
(v) Return on Equity Ratio	9.59%	13.21%	31.91%	105.90%	2.26%
(vi) Earnings Per Share (EPS)	1.26	1.91	1.46	1.18	0.01
(vii) EBITDA Margin	25.70%	25.49%	21.46%	20.43%	27.10%

IV. Solvency Ratios:

(i) Debt to Total Assets Ratio	0.16	0.23	0.37	0.41	0.44
(ii) Debt to Equity Ratio	0.20	0.32	1.11	2.50	6.82
(iii) Times Interest Earned Ratio	4.19	3.74	3.58	4.12	1.11
(iv) Debt Service Coverage Ratio	1.61	2.86	3.71	5.61	0.89

V. Cash Flow Ratios:

(i) Net Operating Cash Flow per Share	1.99	1.32	0.88	1.04	0.46
(ii) Net Operating Cash Flow per Share to EPS Ratio	1.58	0.69	0.60	0.88	38.65

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

Ratio Calculation											
Particulars	Formula	30-Jun-19		30-Jun-18		30-Jun-17		30-Jun-16		30-Jun-15	
		Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio
I. Liquidity Ratios:											
(i) Current Ratio	Current Assets/Current Liabilities	212,064,074	1.93	211,090,200	1.40	102,281,097	0.82	60,468,325	0.90	43,860,408	0.91
		109,748,506		150,361,759		124,695,902		66,942,124		48,033,675	
(ii) Quick Ratio	[Current Assets-Inventories-Advance, Deposit & Prepayments]/Current Liabilities	111,251,574	1.01	121,632,688	0.81	44,721,009	0.36	33,526,886	0.50	22,459,246	0.47
		109,748,506		150,361,759		124,695,902		66,942,124		48,033,675	
II. Operating Efficiency Ratios:											
(i) Accounts Receivable Turnover Ratio	Net Sales/Average Accounts Receivables	456,157,283	4.91	403,251,116	6.55	301,513,424	9.34	238,058,620	18.12	17,605,667	2.16
		92,873,536		61,586,812		32,286,739		13,137,405		8,136,636	
(ii) Inventory Turnover Ratio	Cost of Goods Sold /Average Inventory	351,971,122	4.40	312,357,266	4.96	233,924,419	6.56	185,135,944	9.18	12,575,400	0.85
		79,915,512		62,967,139		35,683,233		20,166,627		14,777,773	
(iii) Asset Turnover Ratio	Net Sales/Average Total Assets	456,157,283	0.65	403,251,116	0.69	301,513,424	0.87	238,058,620	1.21	17,605,667	0.11
		700,414,026		585,895,691		346,623,104		196,703,808		159,672,448	
III. Profitability Ratios:											
(i) Gross Margin Ratio	Gross Profit/Net Sales	104,186,161	22.84%	90,893,851	22.54%	67,589,005	22.42%	52,922,676	22.23%	5,030,267	28.57%
		456,157,283		403,251,116		301,513,424		238,058,620		17,605,667	
(ii) Operating Profit Ratio	Operating Profit/Net Sales	86,357,219	18.93%	73,994,688	18.35%	51,086,253	16.94%	39,779,576	16.71%	3,157,209	17.93%
		456,157,283		403,251,116		301,513,424		238,058,620		17,605,667	
(iii) Net Profit Ratio	Net Profit after Tax/Net Sales	50,363,102	11.04%	43,356,080	10.75%	30,667,744	10.17%	24,846,345	10.44%	248,994	1.41%
		456,157,283		403,251,116		301,513,424		238,058,620		17,605,667	
(iv) Return on Assets Ratio	Net Profit after Tax/Average Total Assets	50,363,102	7.19%	43,356,080	7.40%	30,667,744	8.85%	24,846,345	12.63%	248,994	0.16%
		700,414,026		585,895,691		346,623,104		196,703,808		159,672,448	
(v) Return on Equity Ratio	Net Profit after Tax/Average Total Shareholders Equity	50,363,102	9.59%	43,356,080	13.21%	30,667,744	31.91%	24,846,345	105.90%	248,994	2.26%
		524,971,242		328,106,651		96,094,739		23,461,568		11,032,772	
(vi)Earnings Per Share (EPS)	Net Profit after Tax/Weighted Average Number of Ordinary Shares Outstanding	50,363,102	1.26	43,356,080	1.91	30,667,744	1.46	24,846,345	1.18	248,994	0.01
		40,000,000		22,751,266		21,035,886		21,032,100		21,032,100	
(vii) EBITDA Margin	EBITDA/Net Sales	117,226,807	25.70%	102,795,677	25.49%	64,707,498	21.46%	48,646,317	20.43%	4,771,078	27.10%
		456,157,283		403,251,116		301,513,424		238,058,620		17,605,667	
IV. Solvency Ratios:											
(i) Debt to Total Assets Ratio	Total Debt/Total Assets	111,835,067	0.16	161,628,470	0.23	174,242,087	0.37	89,334,236	0.41	76,131,009	0.44
		702,852,282		697,975,771		473,815,611		219,430,597		173,977,020	
(ii) Debt to Equity Ratio	Total Debt/Total Equity	111,835,067	0.20	161,628,470	0.32	174,242,087	1.11	89,334,236	2.50	76,131,009	6.82
		550,152,793		499,789,691		156,423,611		35,765,867		11,157,269	
(iii) Times Interest Earned Ratio	EBIT/Financial Expenses	86,357,219	4.19	73,994,688	3.74	51,086,253	3.58	39,779,576	4.12	3,157,209	1.11
		20,603,625		19,795,362		14,255,336		9,647,695		2,854,356	
(iv) Debt Service Coverage Ratio	Net Operating Profit / Total Debt Service	117,226,807	1.61	102,795,677	2.86	64,707,498	3.71	48,646,317	5.61	4,771,078	0.89
		73,010,466		35,914,836		17,428,951		8,666,500		5,343,662	
V. Cash Flow Ratios:											
(i) Net Operating Cash Flow per Share	Net Operating Cash Flow/ Number of Ordinary Shares Outstanding	79,611,373	1.99	29,926,889	1.32	18,424,637	0.88	21,834,052	1.04	9,622,562	0.46
		40,000,000		22,751,266		21,035,886		21,032,100		21,032,100	
(ii) Net Operating Cash Flow per Share to EPS Ratio	Net Operating Cash Flow per Share/EPS	1.99	1.58	1.32	0.69	0.88	0.60	1.04	0.88	0.46	38.65
		1.26		1.91		1.46		1.18		0.01	

Comparison ratios with the industry average ratios of the same periods:

BAIL		Industry Average*	Remark/Explanation
Particulars	30-Jun-2019	30-Jun-2019	
	Ratio	Ratio	

I. Liquidity Ratios:

(i) Current Ratio	1.93	2.24	BAIL's Current Ratio is lower than the industry average current ratio because of relatively higher current liabilities over current assets.
(ii) Quick Ratio	1.01	1.67	BAIL's Ratio is lower than the industry average ratio because of relatively higher current liabilities over quick assets.

II. Operating Ratios:

(i) Accounts Receivable Turnover Ratio	4.91	3.95	BAIL's Ratio is satisfactory as collection period is shorter.
(ii) Inventory Turnover Ratio	4.40	5.03	BAIL's Ratio is satisfactory as inventory is sold in shorter time.
(iii) Asset Turnover Ratio	0.65	0.75	BAIL's Ratio is satisfactory with the average industry.

III. Profitability Ratios:

(i) Gross Margin Ratio	22.84%	20.03%	BAIL's Ratio is satisfactory with the industry average ratio.
(ii) Operating Income Ratio	18.93%	14.28%	BAIL's Ratio is satisfactory with the industry average ratio.
(iii) Net Income Ratio	11.04%	11.49%	BAIL's Ratio is satisfactory with the industry average ratio.
(iv) Return on Assets Ratio	7.19%	9.15%	BAIL's Ratio is satisfactory with the industry average ratio.
(v) Return on Equity Ratio	9.59%	14.41%	BAIL's Ratio is satisfactory with the industry average ratio.
(vi) Basic Earnings Per Share (EPS)	1.26	2.36	BAIL's Ratio is satisfactory with the average industry ratio.
(vii) EBITDA Margin	25.70%	17.47%	BAIL's Ratio is satisfactory with the average industry ratio.

IV. Coverage Ratios:

(i) Debt to Total Assets Ratio	0.16	0.21	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than assets.
(ii) Debt to Equity Ratio	0.20	0.38	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than equity.
(iii) Times Interest Earned Ratio	4.19	8.01	BAIL's Ratio is satisfactory as operating profit is sufficient to pay financial expense.
(iv) Debt Service Coverage Ratio	1.61	Not Available	BAIL's Ratio is satisfactory as net operating profit is sufficient to pay both all financial expenses and debts.

V. Cash Flow:

(i) Net Operating Cash Flow per Share	1.99	1.67	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.
(ii) Net Operating Cash Flow per Share/EPS	1.58	0.72	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.

*The Industry average ratio is calculated through using the ratio of 2 listed similar companies namely SK Trims & Industries Limited and KDS Accessories Limited for the year ended June 30, 2019. (Source: Annual Reports)

BAIL		Industry Average*	Remark/Explanation
Particulars	30-Jun-2018	30-Jun-2018	
	Ratio	Ratio	

I. Liquidity Ratios:

(i) Current Ratio	1.40	5.84	BAIL's Current Ratio is lower than the industry average current ratio because of relatively higher current liabilities over current assets.
(ii) Quick Ratio	0.81	3.11	BAIL's Ratio is lower than the industry average ratio because of relatively higher current liabilities over quick assets.

II. Operating Ratios:

(i) Accounts Receivable Turnover Ratio	6.55	14.13	BAIL's Ratio is satisfactory as collection period is shorter.
(ii) Inventory Turnover Ratio	4.96	4.86	BAIL's Ratio is satisfactory as inventory is sold in shorter time.
(iii) Asset Turnover Ratio	0.69	0.60	BAIL's Ratio is satisfactory with the average industry.

III. Profitability Ratios:

(i) Gross Margin Ratio	22.54%	16.34%	BAIL's Ratio is satisfactory with the industry average ratio.
(ii) Operating Income Ratio	18.35%	9.51%	BAIL's Ratio is satisfactory with the industry average ratio.
(iii) Net Income Ratio	10.75%	5.31%	BAIL's Ratio is satisfactory with the industry average ratio.
(iv) Return on Assets Ratio	7.40%	3.55%	BAIL's Ratio is better than the industry average ratio as higher net profit over average total assets.
(v) Return on Equity Ratio	13.21%	4.96%	BAIL's Ratio is better than the industry average ratio as higher net profit over average equity.
(vi) Basic Earnings Per Share (EPS)	1.91	1.17	BAIL's Ratio is satisfactory with the average industry ratio.
(vii) EBITDA Margin	25.49%	15.25%	BAIL's Ratio is satisfactory with the average industry ratio.

IV. Coverage Ratios:

(i) Debt to Total Assets Ratio	0.23	0.11	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than assets.
(ii) Debt to Equity Ratio	0.32	0.24	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than equity.
(iii) Times Interest Earned Ratio	3.74	4.31	BAIL's Ratio is satisfactory as operating profit is sufficient to pay financial expense.
(iv) Debt Service Coverage Ratio	2.86	Not Available	BAIL's Ratio is satisfactory as net operating profit is sufficient to pay both all financial expenses and debts.

V. Cash Flow:

(i) Net Operating Cash Flow per Share	1.32	1.33	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.
(ii) Net Operating Cash Flow per Share/EPS	0.69	0.79	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.

*The Industry average ratio is calculated through using the ratio of 4 listed similar companies namely SK Trims & Industries Limited, Olympic Accessories Ltd., Imam Button Industries Limited and KDS Accessories Limited for the year ended June 30, 2018. (Source: Annual Reports)

BAIL		Industry Average*	Remark/Explanation
Particulars	30-Jun-2017	30-Jun-2017	
	Ratio	Ratio	

I. Liquidity Ratios:

(i) Current Ratio	0.82	7.62	BAIL's Current Ratio is lower than the industry average current ratio because of relatively higher current liabilities over current assets.
(ii) Quick Ratio	0.36	4.08	BAIL's Ratio is lower than the industry average ratio because of relatively higher current liabilities over quick assets.

II. Operating Ratios:

(i) Accounts Receivable Turnover Ratio	9.34	8.40	BAIL's Ratio is satisfactory as collection period is shorter.
(ii) Inventory Turnover Ratio	6.56	5.06	BAIL's Ratio is satisfactory as inventory is sold in shorter time.
(iii) Asset Turnover Ratio	0.87	0.71	BAIL's Ratio is satisfactory with the industry average ratio.

III. Profitability Ratios:

(i) Gross Margin Ratio	22.42%	17.76%	BAIL's Ratio is satisfactory with the industry average ratio.
(ii) Operating Income Ratio	16.94%	10.64%	BAIL's Ratio is satisfactory with the industry average ratio.
(iii) Net Income Ratio	10.17%	6.54%	BAIL's Ratio is satisfactory with the industry average ratio.
(iv) Return on Assets Ratio	8.85%	5.34%	BAIL's Ratio is satisfactory with the industry average ratio.
(v) Return on Equity Ratio	31.91%	7.49%	BAIL's Ratio is better than the industry average ratio as higher net profit over average equity.
(vi) Basic Earnings Per Share (EPS)	1.46	1.94	BAIL's Ratio is satisfactory with the industry average ratio.
(vii) EBITDA Margin	21.46%	13.58%	BAIL's Ratio is satisfactory with the industry average ratio.

IV. Coverage Ratios:

(i) Debt to Total Assets Ratio	0.37	0.11	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than assets.
(ii) Debt to Equity Ratio	1.11	0.22	BAIL's Ratio is higher with the industry average ratio as debt burden is higher than equity.
(iii) Times Interest Earned Ratio	3.58	7.34	BAIL's Ratio is satisfactory as operating profit is sufficient to pay financial expense.
(iv) Debt Service Coverage Ratio	3.71	Not Available	BAIL's Ratio is satisfactory as net operating profit is sufficient to pay both all financial expenses and debts.

V. Cash Flow:

(i) Net Operating Cash Flow per Share	0.88	2.75	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.
(ii) Net Operating Cash Flow per Share/EPS	0.60	(0.46)	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.

*The Industry average ratio is calculated through using the ratio of 4 listed similar companies namely SK Trims & Industries Limited, Olympic Accessories Ltd., Imam Button Industries Limited and KDS Accessories Limited for the year ended June 30, 2017. (Source: Annual Reports)

BAIL		Industry Average*	Remark/Explanation
Particulars	30-Jun-2016	30-Jun-2016	
	Ratio	Ratio	

I. Liquidity Ratios:

(i) Current Ratio	0.90	5.93	BAIL's Current Ratio is lower than the industry average current ratio because of relatively higher current liabilities over current assets.
(ii) Quick Ratio	0.50	3.28	BAIL's Ratio is lower than the industry average ratio because of relatively higher current liabilities over quick assets.

II. Operating Ratios:

(i) Accounts Receivable Turnover Ratio	18.12	6.14	BAIL's Ratio is satisfactory as collection period is shorter.
(ii) Inventory Turnover Ratio	9.18	5.05	BAIL's Ratio is satisfactory as inventory is sold in shorter time.
(iii) Asset Turnover Ratio	1.21	0.91	BAIL's Ratio is satisfactory with the industry average ratio.

III. Profitability Ratios:

(i) Gross Margin Ratio	22.23%	15.69%	BAIL's Ratio is satisfactory with the industry average ratio.
(ii) Operating Income Ratio	16.71%	8.05%	BAIL's Ratio is satisfactory with the industry average ratio.
(iii) Net Income Ratio	10.44%	3.27%	BAIL's Ratio is satisfactory with the industry average ratio.
(iv) Return on Assets Ratio	12.63%	6.36%	BAIL's Ratio is satisfactory with the industry average ratio.
(v) Return on Equity Ratio	105.90%	27.66%	BAIL's Ratio is better than the industry average ratio as higher net profit over average equity.
(vi) Basic Earnings Per Share (EPS)	1.18	2.14	BAIL's Ratio is satisfactory with the industry average ratio.
(vii) EBITDA Margin	20.43%	10.81%	BAIL's Ratio is satisfactory with the industry average ratio.

IV. Coverage Ratios:

(i) Debt to Total Assets Ratio	0.41	0.17	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than assets.
(ii) Debt to Equity Ratio	2.50	0.54	BAIL's Ratio is higher with the industry average ratio as debt burden is higher than equity.
(iii) Times Interest Earned Ratio	4.12	5.52	BAIL's Ratio is satisfactory as operating profit is sufficient to pay financial expense.
(iv) Debt Service Coverage Ratio	5.61	Not Available	BAIL's Ratio is satisfactory as net operating profit is sufficient to pay both all financial expenses and debts.

V. Cash Flow:

(i) Net Operating Cash Flow per Share	1.04	2.05	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.
(ii) Net Operating Cash Flow per Share/EPS	0.88	0.55	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.

*The Industry average ratio is calculated through using the ratio of 4 listed similar companies namely SK Trims & Industries Limited, Olympic Accessories Ltd., Imam Button Industries Limited and KDS Accessories Limited for the year ended June 30, 2016. (Source: Annual Reports)

BAIL		Industry Average*	Remark/ Explanation
Particulars	30-Jun-2015	30-Jun-2015	
	Ratio	Ratio	

I. Liquidity Ratios:

(i) Current Ratio	0.91	2.04	BAIL's Current Ratio is lower than the industry average current ratio because of relatively higher current liabilities over current assets.
(ii) Quick Ratio	0.47	1.21	BAIL's Ratio is lower than the industry average ratio because of relatively higher current liabilities over quick assets.

II. Operating Ratios:

(i) Accounts Receivable Turnover Ratio	2.16	4.70	BAIL's Ratio is satisfactory as collection period is shorter.
(ii) Inventory Turnover Ratio	0.85	3.62	BAIL's Ratio is satisfactory as inventory is sold in shorter time.
(iii) Asset Turnover Ratio	0.11	0.70	BAIL's Ratio is satisfactory with the industry average ratio.

III. Profitability Ratios:

(i) Gross Margin Ratio	28.57%	12.04%	BAIL's Ratio is satisfactory with the industry average ratio.
(ii) Operating Income Ratio	17.93%	2.86%	BAIL's Ratio is satisfactory with the industry average ratio.
(iii) Net Income Ratio	1.41%	-1.78%	BAIL's Ratio is satisfactory with the industry average ratio.
(iv) Return on Assets Ratio	0.16%	3.87%	BAIL's Ratio is lower than the industry average ratio because of relatively lower net profit.
(v) Return on Equity Ratio	2.26%	18.19%	BAIL's Ratio is lower than the industry average ratio because of relatively lower net profit.
(vi) Basic Earnings Per Share (EPS)	0.01	1.28	BAIL's Ratio is lower than the industry average ratio because of relatively lower net profit.
(vii) EBITDA Margin	27.10%	5.92%	BAIL's Ratio is satisfactory with the industry average ratio.

IV. Coverage Ratios:

(i) Debt to Total Assets Ratio	0.44	0.17	BAIL's Ratio is satisfactory with the industry average ratio as debt burden is lower than assets.
(ii) Debt to Equity Ratio	6.82	1.24	BAIL's Ratio is higher with the industry average ratio as debt burden is higher than equity.
(iii) Times Interest Earned Ratio	1.11	2.60	BAIL's Ratio is satisfactory as operating profit is sufficient to pay financial expense.
(iv) Debt Service Coverage Ratio	0.89	Not Available	BAIL's Ratio is lower as net operating profit is lower than the financial expenses and debts.

V. Cash Flow:

(i) Net Operating Cash Flow per Share	0.46	1.24	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.
(ii) Net Operating Cash Flow per Share/EPS	38.65	0.56	BAIL's Ratio is satisfactory as Net Operating Cash Flow is positive.

*The Industry average ratio is calculated through using the ratio of 4 listed similar companies namely SK Trims & Industries Limited, Olympic Accessories Ltd., Imam Button Industries Limited and KDS Accessories Limited for the year ended June 30, 2015. (Source: Annual Reports)

- (d) **Auditors report under Section 135(1), Paragraph 24(1) of Part II of Schedule III of the কোম্পানি আইন, ১৯৯৪. The report shall include comparative income statements and balance sheet and aforementioned ratios for immediate preceding five accounting years of the issuer. If the issuer has been in commercial operation for less than five years, the above mentioned inclusion and submission will have to be made for the period since commercial operation;**

Auditors' report Under Section-135 (1) and Para-24(1) of Part-II of Schedule-III of the Companies Act 1994

We have examined the financial statements of Bonito Accessories Industries Limited. Financial statements for the year ended June 30, 2019, 2018 and 2017 was audited by us and for the year ended June 30, 2016 and 2015 were audited by Mohammad Ata Karim & Co. In pursuance of Section-135 (1) and Para-24 (1) of Part-II of Schedule-III of the Companies Act 1994, our report is as under:

A) Statements of Assets and Liabilities of the Company are as under:

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	Amount in Taka
					30-Jun-15
				Restated	
ASSETS:					
Non-Current Assets	490,788,207	486,885,571	371,534,514	158,962,272	130,116,611
Property, Plant & Equipment	440,747,330	348,371,867	213,790,429	152,434,395	47,724,277
Capital Work in Progress	41,640,877	130,113,704	149,344,085	6,497,877	82,257,334
Investment in FDR	8,400,000	8,400,000	8,400,000	-	-
Deferred Revenue Expenditure	-	-	-	30,000	60,000
Preliminary Expenses	-	-	-	-	75,000
Current Assets	212,064,074	211,090,200	102,281,097	60,468,325	43,860,408
Inventories	83,094,851	76,736,173	49,198,105	22,168,360	18,164,894
Trade and Other Receivables	103,044,053	82,703,019	40,470,605	24,102,873	2,171,936
Advance, Deposits and Prepayments	17,717,649	12,721,339	8,361,983	4,773,079	3,236,268
Cash and Cash Equivalents	8,207,521	38,929,669	4,250,404	9,424,013	20,287,310
Total Assets	702,852,282	697,975,771	473,815,611	219,430,597	173,977,020
Shareholder's Equity and Liabilities					
Shareholder's Equity	550,152,793	499,789,691	156,423,611	35,765,867	11,157,269
Share Capital	400,000,000	400,000,000	99,990,000	10,000,000	10,000,000
Retained Earnings	150,152,793	99,789,691	56,433,611	25,765,867	1,157,269
Non-Current Liabilities	42,950,983	47,824,321	192,696,098	116,722,606	114,786,076
Deferred Tax	20,361,574	12,907,705	7,273,158	3,467,375	-
Long Term Loan	22,589,409	34,916,616	61,272,940	37,065,231	38,596,076
Share Money Deposit	-	-	124,150,000	76,190,000	76,190,000

Current Liabilities	109,748,506	150,361,759	124,695,902	66,942,124	48,033,675
Short Term Loan	73,512,382	100,406,672	92,162,005	47,947,473	33,263,624
Creditors & Accruals	13,891,782	17,400,979	8,950,466	9,123,671	4,051,997
Payable for Construction and other	830,913	3,600,436	2,776,289	5,549,448	6,446,745
Liabilities for WPPF	5,780,154	2,648,489	-	-	-
Current portion-Long Term Loan	15,733,276	26,305,182	20,807,143	4,321,532	4,271,309
Total Shareholder's Equity and Liabilities	702,852,282	697,975,771	473,815,611	219,430,597	173,977,020
Net Asset Value (NAV) per Share	13.75	12.49	15.64	35.77	11.16

B) The statements of operating results of the Company are as follow:

Particulars	Amount in Taka				
	1-Jul-2018 to 30-Jun-2019	1-Jul-2017 to 30-Jun-2018	1-Jul-2016 to 30-Jun-2017	1-Jul-2015 to 30-Jun-2016	1-Jul-2014 to 30-Jun-2015
	Restated				
Revenue	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Cost of Goods Sold	351,971,122	312,357,266	233,924,419	185,135,944	12,575,400
Gross Profit	104,186,161	90,893,851	67,589,005	52,922,676	5,030,267
Operating Expenses	17,828,942	16,899,163	16,502,752	13,143,100	1,873,058
Administrative Expenses	9,078,945	8,323,592	7,823,946	5,920,616	1,484,046
Selling & Distribution Expenses	8,749,996	8,575,571	8,678,806	7,222,484	389,012
Profit from Operation	86,357,219	73,994,687	51,086,253	39,779,576	3,157,209
Less: Financial Expenses	20,603,625	19,795,362	14,255,336	9,647,695	2,854,356
Add: Other Income gain/(loss)	116,368	1,418,945	434,211	(12,457)	(1,042)
Profit before Contribution to WPPF	65,869,962	55,618,270	37,265,128	30,119,424	301,811
Less: Contribution to WPPF	3,136,665	2,648,489	-	-	-
Profit before Tax	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Income Tax Expense	12,370,195	9,613,701	6,597,384	5,273,079	52,817
Current Tax	4,916,327	3,979,154	2,791,601	1,805,704	52,817
Deferred Tax	7,453,869	5,634,547	3,805,783	3,467,375	-
Profit after Tax	50,363,102	43,356,080	30,667,744	24,846,345	248,994
Earnings Per Share (EPS)	1.26	1.91	1.46	1.18	0.01
Adjusted Earnings Per Share (EPS)	1.26	1.08	0.77	0.62	0.01
Adjusted Earnings per Share (EPS) for all the years is calculated considering the total number of share i.e 40,000,000.00					

C) **Dividend declared:**

Particulars	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Cash Dividend	Nil	Nil	Nil	Nil	Nil
Stock Dividend (Bonus Share)	Nil	Nil	Nil	Nil	Nil

- D) Bonito Accessories Industries Limited was incorporated in Bangladesh as a Private Limited Company with the issuance of Certificate of incorporation bearing Reg. No. C-86022/10 dated on July 26, 2010 & by the Registrar of Joint Stock Companies & Firms. BAIL converted into public Limited Company on June 25, 2018.
- E) The Company started its commercial operation in March 01, 2013.
- F) The Company has no subsidiary as on the balance sheet date.
- G) No proceeds or part of the proceeds of the issue of shares would be applied directly by the company in the purchase of any business.
- H) The Company did not prepare any statement of accounts for the period subsequent to June 30, 2019.

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(e) Financial spread sheet analysis for the latest audited financial statements;

Bonito Accessories Industries Limited
Statement of Financial Position
As at June 30, 2019

Particulars	Amount	Percentage on Total Asset	Grand Total
ASSETS			
Non Current Assets	490,788,207		69.83%
Property, Plant and Equipment	440,747,330	62.71%	
Land	2,750,000	0.39%	
Land Development	14,287,876	2.03%	
Factory and office Building	158,427,879	22.54%	
Plant & Machinery	249,772,553	35.54%	
Car	2,678,062	0.38%	
Electronics & Electrical Equipment and Installation	7,497,156	1.07%	
Furniture and Fixture	1,879,751	0.27%	
Office Equipment	1,953,781	0.28%	
Fire Equipment	1,500,271	0.21%	
Capital Work in Progress	41,640,877	5.92%	
Investment in FDR	8,400,000	1.20%	
Current Assets	212,064,074		30.17%
Inventories	83,094,851	11.82%	
Raw Materials	73,075,842	10.40%	
Work in Process	4,875,412	0.69%	
Finished Goods	5,018,145	0.71%	
Store Items	125,452	0.02%	
Trade and Other Receivables	103,044,053	14.66%	
Bills Receivable as per book	102,543,744	14.59%	
Unrealized loss on - bill receivable	(706,700)	-0.10%	
FDR Interest Receivable	1,207,009	0.17%	
Advances, Deposits and Pre-payments	17,717,649	2.52%	
Advance to Employees	675,421	0.10%	
Advance group insurance premium	28,849	0.00%	
Advance website annual fee	9,205	0.00%	
Security Deposit	1,515,400	0.22%	
Advance Income Tax	4,410,306	0.63%	
L/C Margin for raw material	11,078,468	1.58%	
Cash and Cash Equivalents	8,207,521	1.17%	
Total Assets	702,852,282		100.00%
Shareholder's Equity and Liabilities			
Shareholder's Equity	550,152,793		78.27%
Share Capital	400,000,000	56.91%	
Retained Earnings	150,152,793	21.36%	
Non-Current Liabilities	42,950,983		6.11%
Deferred Tax Liabilities	20,361,574	2.90%	
Long Term Loan	22,589,409	3.21%	
Current Liabilities	109,748,506		15.61%
Short Term Borrowings	73,512,382	10.46%	
Accruals	13,891,782	1.98%	
Electricity bills payable	175,390	0.02%	
Director's Remuneration	50,000	0.01%	
Salary & Wages	1,789,296	0.25%	

Income Tax Payable	7,532,431	1.07%	
Interest Payable	4,246,916	0.60%	
Audit fee	97,750	0.01%	
Payable for Construction	830,913	0.12%	
Liabilities for WPPF	5,780,154	0.82%	
Current portion-Long Term Loan	15,733,276	2.24%	
Total Shareholders Equity and Liabilities	702,852,282		100%

Bonito Accessories Industries Limited
Statement of Profit and Loss and other Comprehensive Income
For the year ended June 30, 2019

Particulars	Year ended June 30, 2019	Percentage on Total Turnover	Grand Percentage
Turnover	456,157,283		100%
Revenue	456,157,283		
Less: Cost of Goods Sold	351,971,122		77.16%
Raw Materials Consumed	284,158,941	62.29%	
Manufacturing Overhead	69,824,470	15.31%	
Cost of Manufacture	353,983,411		
Work in Process-Opening	3,752,637		
Work in Process-Closing	(4,875,412)		
Cost of production	352,860,636	77.36%	
Sample Expenses	(458,721)		
Finished goods - Opening	4,587,352		
Finished goods - Closing	(5,018,145)		
Cost of Goods Sold	351,971,122	77.16%	
Gross Profit	104,186,161		22.84%
Less: Operating Expenses	17,828,942		3.91%
Administrative Expenses	9,078,945	1.99%	
Selling & Distribution Expenses	8,749,996	1.92%	
Profit from Operation	86,357,219		18.93%
Less: Financial Expenses	20,603,625		4.52%
Add: Other Income gain/(loss)	116,368	0.03%	
Profit before Contribution to WPPF	65,869,962		14.44%
Less: Contribution to WPPF	3,136,665	0.69%	
Profit before Income Tax	62,733,297		13.75%
Less: Income Tax Expenses	12,370,195		2.71%
Current Tax	4,916,327	1.08%	
Derrered Tax	7,453,869	1.63%	
Net Profit After Tax	50,363,101		11.04%
Add: Other Comprehensive Income/(Loss)	-		
Unrealized Gain on Trade Receivable Marked to Market	-	0.00%	
Total Comprehensive Income for the year	50,363,101		11.04%

- (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 financial statement for the year ended June 30, 2019

Particulars	Amount in Taka
Profit after Tax	50,363,102
Total existing number of Share	40,000,000
Weighted average number of Share	40,000,000
Earnings per Share (EPS)-Fully Diluted Basis	1.26
Earnings per Share (EPS)-Weighted average no. of Share basis	1.26

- (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;**

As per audited financial statement for the year ended June 30, 2019

Particulars	Amount in Taka
Profit before Contribution to WPPF	65,869,962
Less: Contribution to WPPF	3,136,665
Less: Other Income gain/(loss)	116,368
Net Profit before Tax except Other Non-Operating Income	62,616,929
Less: Income Tax Expense	12,370,195
Profit after Tax	50,246,734
No. of shares	40,000,000
Earnings per Share (EPS)	1.26

- (h) **Quarterly or half-yearly EPS should not be annualized while calculating the EPS;**

This information is not applicable for BAIL.

- (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.**

The Company has not revalued any of its assets.

As per audited financial statement for the year ended June 30, 2019

Particulars	Amount in Taka
Share Capital	400,000,000
Retained Earnings	150,152,793
Total Shareholders' Equity (without revaluation reserve)	550,152,793
Total Number of Ordinary Share	40,000,000
Net Assets Value (NAV) (without revaluation reserve) at BDT 10.00 per share	13.75

- (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.**

If require, BAIL will bear the cost of audit.

(k) Following statements for the last five years or any shorter period of commercial operation certified by the auditors:-

(a) Statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid or accrued;

Certification on statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid or accrued of Bonito Accessories Industries Ltd.

After due verification, we certify that the long term and short term borrowings including borrowing from related party or connected persons (showing rate of interest and interest paid or accrued) of Bonito Accessories Industries Ltd. for the period from 1st July, 2014 to 30th June, 2019 were as follows:

For the year ended 30 June, 2019 (Financial year: 2018-2019)

Name of Party	Nature of Relationship	Nature of Borrowing	Balance at 30 June, 2019 (BDT)	Interest Rate	Interest Paid, (BDT)	Interest Accrued, (BDT)
NRB Commercial Bank Ltd.	Lender	Long Term	27,221,731	11.00%	5,308,557	1,018,543
IDLC Finance Ltd.	Lender	Long Term	11,100,953	13.00%	1,923,763	180,287
Sub-Total			38,322,685		7,232,321	1,198,830
NRB Commercial Bank Ltd.	Lender	Short Term	73,512,382	11.00%	15,984,741	3,048,086
Sub-Total			73,512,382		15,984,741	3,048,086
Grand Total			111,835,067		23,217,062	4,246,916

For the year ended 30 June, 2018 (Financial year: 2017-2018)

Name of Party	Nature of Relationship	Nature of Borrowing	Balance at 30 June, 2018 (BDT)	Interest Rate	Interest Paid, (BDT)	Interest Accrued, (BDT)
NRB Commercial Bank Ltd.	Lender	Long Term	43,464,263	11.00%	6,553,198	1,505,608
IDLC Finance Ltd.	Lender	Long Term	17,757,535	13.00%	2,793,994	173,136
Sub-Total			61,221,798		9,347,192	1,678,744
NRB Commercial Bank Ltd.	Lender	Short Term	100,406,672	11.00%	5,709,360	5,181,609
Sub-Total			100,406,672		5,709,360	5,181,609
Grand Total			161,628,470		15,056,552	6,860,353

For the year ended 30 June, 2017 (Financial year: 2016-2017)

Name of Party	Nature of Relationship	Nature of Borrowing	Balance at 30 June, 2017 (BDT)	Interest Rate	Interest Paid, (BDT)	Interest Accrued, (BDT)
NRB Commercial Bank Ltd.	Lender	Long Term	58,102,381	12.00%	6,506,984	1,896,418
IDLC Finance Ltd.	Lender	Long Term	23,977,702	13.00%	2,443,222	225,124
Sub-Total			82,080,083		8,950,206	2,121,542
NRB Commercial Bank Ltd.	Lender	Short Term	92,162,005	12.00%	8,478,745	-
Sub-Total			92,162,005		8,478,745	-
Grand Total			174,242,087		17,428,951	2,121,542

For the year ended 30 June, 2016 (Financial year: 2015-2016)

Name of Party	Nature of Relationship	Nature of Borrowing	Balance at 30 June, 2016 (BDT)	Interest Rate	Interest Paid, (BDT)	Interest Accrued, (BDT)
Social Islami Bank Ltd.	Lender	Long Term	41,386,763	14.00%	5,425,333	756,458
Sub-Total			41,386,763		5,425,333	756,458
Social Islami Bank Ltd.	Lender	Short Term	47,947,473	14.00%	1,760,545	4,538,700
Sub-Total			47,947,473		1,760,545	4,538,700
Grand Total			89,334,236		7,185,878	5,295,158

For the year ended 30 June, 2015 (Financial year: 2014-2015)

Name of Party	Nature of Relationship	Nature of Borrowing	Balance at 30 June, 2015 (BDT)	Interest Rate	Interest Paid, (BDT)	Interest Accrued, (BDT)
Social Islami Bank Ltd.	Lender	Long Term	42,867,385	14.00%	3,013,857	33,341
Sub-Total			42,867,385		3,013,857	33,341
Social Islami Bank Ltd.	Lender	Short Term	33,263,624	14.00%	21,015	2,800,000
Sub-Total			33,263,624		21,015	2,800,000
Grand Total			76,131,009		3,034,872	2,833,341

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

- (b) Statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, re-payment schedule and status;

Certification on statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, re-payment schedule and status of Bonito Accessories Industries Ltd.

After due verification, we certify that the principal terms of secured loans as per loan agreement and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, re-payment schedule and status of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particulars	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Names of Lenders	NRBC Bank Limited	NRBC Bank Limited	NRBC Bank Limited	NIL	NIL
Purpose	To take over liability with SIBL, Dhanmondi branch. and to purchase Capital Machinery & Building Construction				
Sanctioned (Amount In BDT)	600 Lakh	600 Lakh	600 Lakh	NIL	NIL
Rate of Interest	11.00%	11.00%	12.00%		
Primary Security/Collateral or Other Security	62.50 decimal lands with Factory Building & Shed owed by Bonito Accessories Industries Ltd. at Mouza: Bishuyia Kuribari, Gazipur Sadar, Gazipur, 30.50 decimal lands owned by Mr. Golam Sarawar Mojumder & Ms. Nahid Farhana Mostafa at Feni Municipality.				
Re-payment Schedule	66 Monthly equal Installment	66 Monthly equal Installment	66 Monthly equal Installment		
Status (Outstanding Balance in BDT)	27,221,731	43,464,263	58,102,381	NIL	NIL

Particulars	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Names of Lenders	IDLC Finance Limited	IDLC Finance Limited	IDLC Finance Limited		
Purpose	Term Loan				
Sanctioned (Amount In BDT)	280 Lakh	280 Lakh	280 Lakh	NIL	NIL
Rate of Interest	13.00%	13.00%	13.00%		
Primary Security/Collateral or Other Security	1) Personal Guarantee from Mr. Md. Golam Zilani (Managing Director), Mr. Md. Golam Sorowar (Director), Mr. Chowdhuray Ahmed Nowshad Aziz (3rd Party), Mrs. Nahid Sultana (Director), Mr. Md. Golam Moula Majumder (3rd Party) and Mr. Golam Kibria (3rd Party). 2) Corporate Guarantee of Bay Poly & Packaging Ltd.				

Re-payment Schedule	48 Monthly Installment	48 Monthly Installment	48 Monthly Installment		
Status (Outstanding Balance In BDT)	11,100,953	17,757,535	23,977,702	NIL	NIL

Particulars	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Names of Lenders	NRBC Bank Limited	NRBC Bank Limited	NRBC Bank Limited		
Purpose	For Working Capital Finance & Importing Raw Materials, etc.				
Sanctioned (Amount In BDT)	2400 Lakh	1700 Lakh	1700 Lakh		
Rate of Interest	13%	11.00%	12.00%		
Primary Security/Collateral or Other Security	Shipping documents, Hypothecation of imported & procured goods, Raw Material, WIP and Finished Goods				
Re-payment Schedule	Within 1 year	Within 1 year	Within 1 year		
Status (Outstanding Balance In BDT)	73,512,382	100,406,672	92,162,005		

Particulars	At 30 June 16	At 30 June 15	At 30 June 14	At 30 June 13	At 30 June 12
Names of Lenders	Social Islami Bank Ltd.	Social Islami Bank Ltd.			
Purpose	To take over the term liability with Agrani Bank Ltd., Principal branch Motijheel, Dhaka.				
Sanctioned (Amount In BDT)	465 Lakh	465 Lakh			
Rate of Interest	14.00%	14.00%			
Primary Security/Collateral or Other Security	1) 62.50 decimal lands with Factory Building owed by Bonito Accessories Industries Ltd. at Mouza: Bishuyia Kuribari, Gazipur Sadar, Gazipur, 2) 14 decimal land district: Feni, owned by Mr. Golam Sarawar Mojumder (3rd Party) 3) 20.50 decimal land at Feni owned by Ms. Nahid Farhana Mostafa (3rd Party).				
Re-payment Schedule	48 Equal Monthly Installment	48 Equal Monthly Installment			
Status (Outstanding Balance In BDT)	41,386,763	42,867,385			

Particulars	At 30 June 16	At 30 June 15	At 30 June 14	At 30 June 13	At 30 June 12
Names of Lenders	Social Islami Bank Ltd.	Social Islami Bank Ltd.			
Purpose	For Working Capital Finance & Importing Raw Materials, etc.				
Sanctioned (Amount In BDT)	500 Lakh	500 Lakh			
Rate of Interest	14.00%	14.00%			
Primary Security/Collateral or Other Security	1) 62.50 decimal lands with Factory, Building owed by Bonito Accessories Industries Ltd. at Mouza: Bishuyia Kuribari, Gazipur Sadar, Gazipur, 2) 14 decimal land district: Feni, owned by Mr. Golam Sarawar Mojumder (3rd Party) 3) 20.50 decimal land at Feni owned by Ms. Nahid Farhana Mostafa (3rd Party). 4. Personal guarantee of all Directors and their spouses. LC documents, Hypothecation of stock in trade.				
Re-payment Schedule	1 year on revolving basis	1 year on revolving basis			
Status (Outstanding Balance In BDT)	47,947,473	33,263,624			

Particulars	At 30 June 14	Particulars	At 30 June 14
Names of Lenders	Agrani Bank Ltd.	Names of Lenders	Mercantile Bank Ltd.
Purpose	To import machinery	Purpose	For Working Capital Finance
Sanctioned (Amount In BDT)	466 Lakh	Sanctioned Amount (Taka in lakh)	Case to case
Rate of Interest	14%	Rate of Interest	13%
Primary Security/Collateral or Other Security	62.50 decimal lands with Factory, Building owed by Bonito Accessories Industries Ltd. at Mouza: Bishuyia Kuribari, Gazipur Sadar, Gazipur.	Primary Security/Collateral or Other Security	LC Documents
Re-payment Schedule	16 quarter Installment	Re-payment Schedule	Within 1 year
Status (Outstanding Balance In BDT)	45,176,174	Status (Outstanding Balance In BDT)	22,496,436

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(c) Statement of unsecured loans with terms and conditions;

Certification on statement of unsecured loans with terms and conditions of Bonito Accessories Industries Ltd.

This is to certify that Bonito Accessories Industries Ltd. did not take any unsecured loan from 1st July, 2014 to 30th June, 2019.

Place: Dhaka

Date: 06th November 2019

Sd/-

ARTISAN

Chartered Accountants

(d) Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store and spares parts, inventory of trading goods etc.;

Certification on statement of inventories showing amount of raw materials, packing material, stock-in process and finished goods, consumable items, store and spare parts, inventory of trading goods, etc. of Bonito Accessories Industries Ltd.

After due verification, we certify that the statement of inventories showing amount of raw materials, packing materials, stock-in process and finished goods, consumable items, store and spare parts, inventory of trading goods, etc. of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particular	Amount in Taka				
	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Raw Materials	73,075,842	67,347,822	41,152,092	14,570,236	11,398,389
Packing Materials	-	-	-	-	-
Work-In-Process	4,875,412	3,752,637	3,145,121	2,938,638	2,719,338
Finished Goods	5,018,145	4,587,352	3,942,151	3,793,739	3,544,147
Consumable items	-	-	-	-	-
Store and Spares parts	125,452	1,048,362	958,741	865,747	503,020
Inventory of trading goods	N/A	N/A	N/A	N/A	N/A
Total	83,094,851	76,736,173	49,198,105	22,168,360	18,164,894

Place: Dhaka

Date: 06th November 2019

Sd/-

ARTISAN

Chartered Accountants

(e) Statement of trade receivables showing receivable from related party and connected persons;

Certification on statement of trade receivables showing receivable from related party and connected persons of Bonito Accessories Industries Ltd.

After due verification, we certify that the statement of trade receivables showing receivable from related party and connected persons of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particulars	Amount in Taka				
	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
General	101,837,043	81,909,886	40,141,855	24,102,873	2,171,936
From related party	-	-	-	-	-
From connected persons	-	-	-	-	-
Total	101,837,043	81,909,886	40,141,855	24,102,873	2,171,936

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(f) Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized or accrued;

Certification on statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized or accrued of Bonito Accessories Industries Ltd.

This is to certify that Bonito Accessories Industries Ltd. did not give any loan to any related party or connected persons from 1st July, 2014 to 30th June, 2019.

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(g) Statement of other income showing interest income, dividend income, discount received, other non operating income;

Certification on statement of other income showing interest income, dividend income, discount received, other non operating income of Bonito Accessories Industries Ltd.

After due verification, we certify that the statement of other income showing interest income, dividend income, discount received and other non-operating income of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particular	Amount in Taka				
	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Interest Income	413,877	464,383	328,750	-	-
Dividend Income		-	-	-	-
Discount Received		-	-	-	-
Other Non-Operating Income	(297,509)	954,562	105,461	(12,457)	(1,042)
Total	116,368	1,418,945	434,211	(12,457)	(1,042)

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(h) Statement of turnover showing separately in cash and through banking channel;

Certification on statement of turnover showing separately in cash and through banking channel of Bonito Accessories Industries Ltd.

After due verification, we certify that the turnover showing separately in cash and through banking channel of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particular	Amount in Taka				
	2018-19	2017-18	2016-17	2015-16	2014-15
In Cash	-	-	-	-	-
Through Banking Channel	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667
Total Turnover	456,157,283	403,251,116	301,513,424	238,058,620	17,605,667

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(i) Statement of related party transaction;

Certification on statement of related party transactions of Bonito Accessories Industries Ltd.

After due verification, we certify that the statement of related party transactions of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th July, 2019 were as follows:

Name	Nature of Transaction	Amount in BDT									
		30-Jun-19		30-Jun-18		30-Jun-17		30-Jun-16		30-Jun-15	
		Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued	Total Amount	Accrued
Mrs. Nahid Sultana	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	-	-	-	-	-	-
Mr. Golam Zilani	Remuneration	600,000	50,000	600,000	50,000	300,000	50,000	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	3,000	-	-	-	-	-
Mr. Md. Golam Sorowar	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,500	-	4,000	-	-	-	-	-	-	-
Mr. Rahman Abu Jafar	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	4,000	-	3,500	-	-	-	-	-	-	-
Mohammad Ashraf Uddin Bhuiyan	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	3,500	-	-	-	-	-	-	-	-	-
Mr. Sayedur Rahman	Remuneration	-	-	-	-	-	-	-	-	-	-
	Board Meeting Fee	-	-	-	-	3,000	-	-	-	-	-

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(j) Reconciliation of business income shown in tax return with net income shown in audited financial statements;

Certification regarding reconciliation of business income shown in tax return with net income shown in audited financial statements of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019.

After due verification, we certify that the reconciliation of business income shown in tax return with net income before tax shown in audited financial statements of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June 2019 were as follows:

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Net income before tax as per Audited Financial Statements	62,733,297	52,969,781	37,265,128	30,119,424	301,811
Add: Accounting Depreciation	Not Submitted	-	-	-	1,613,869
Less: Tax Depreciation		-	-	-	1,613,869
Less: Income Exemption 50% as per Para 28, Part A of Schedule VI of Income Tax Ordinance 1984		26,484,891	18,632,564	15,059,712	-
Income shown in Tax Return		26,484,891	18,632,564	15,059,712	301,811

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(k) Confirmation that all receipts and payments of the issuer above Tk.5,00,000/- (five lac) were made through banking channel;

Certification on confirmation that all receipts and payments of Bonito Accessories Industries Ltd. above Tk. 500,000/- (Five Lakh) were made through Banking Channel.

This is to certify that all receipts and payments of Bonito Accessories Industries Ltd. above Tk. 500,000 (Five Lakh) were made through banking channel from 1st July, 2014 to 30th June, 2019.

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(l) Confirmation that Bank Statements of the issuer are in conformity with its books of accounts;

Certification on confirmation that Bank Statements of Bonito Accessories Industries Ltd. are in conformity with its books of accounts

This is to certify that the bank statements of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 are in conformity with its books of accounts.

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

(m) Statement of payment status of TAX, VAT and other taxes or duties;

Certification on statement of payment status of TAX, VAT and other taxes/duties of Bonito Accessories Industries Ltd.

After due verification, we certify that the status of Tax, VAT and other taxes/duties payments of Bonito Accessories Industries Ltd. from 1st July, 2014 to 30th June, 2019 were as follows:

Particular	Amount in BDT				
	At 30 June 19	At 30 June 18	At 30 June 17	At 30 June 16	At 30 June 15
Tax	4,415,731	2,659,599	1,998,424	1,296,908	105,634
VAT*	Exempted	Exempted	Exempted	Exempted	Exempted
Others Taxes/ Duties	-	-	-	-	-
Total	4,415,731	2,659,599	1,998,424	1,296,908	105,634

As per Section 3 (2) (a) of Value Added Tax Act, 1991. VAT is exempted.

Place: Dhaka
Date: 06th November 2019

Sd/-
ARTISAN
Chartered Accountants

Auditors' additional disclosure relating to the financial statements

Of

Bonito Accessories Industries Limited

- 1. Audited Financial statement for the year ended June 30, 2018 is done by ARTISAN, Chartered Accountants but the report is signed by Mr. Alamgir instead of the name of the Firm, Clarify the matter along with the related laws.**

The audit report has been completed and signed under my jurisdiction. I have been using this signature in my own name since I started practice in 1981. It is mentionable here that there is no binding to use signature in the name of the audit firm for any report /accounts audited by the firm and this sign is kept in Institute of Chartered Accountants of Bangladesh (ICAB).

- 2. Audited financial statement for the year ended June 30, 2014 to 2016 is performed by MOHAMMAD ATA KARIM & CO. Chartered Accountants were signed in short from instead of the name of the Firm, Clarify the matter along with the related laws.**

The audit report has been signed by a partner of the firm. As there is no guidelines relating to signature by concerned authority, partner used to sign in his own way and style.

- 3. Whether you have obtained balance conformation certificate from accounts receivable.**

Bonito Accessories Industries Ltd. is a 100% deemed export oriented company. Accounts Receivables of BAIL is secured and guaranteed by LC opening bank as per the terms of export LC. So, obtaining balance confirmation certificates from parties for confirmation of accounts receivables is not necessary. The receivable balance has been confirmed by the concerned bank.

- 4. Whether you have physically verified all plants and machineries as disclosed in the financial statements for the year ended June 30, 2018.**

Yes, we have physically verified all plants and machineries as disclosed in the financial statement for the year ended June 30, 2018.

- 5. Whether you have made physically verification of inventories as on June 30, 2018.**

Yes, we have physically verified inventories as disclosed in the financial statement for the year ended June 30, 2018.

- 6. An amount of Tk. 34,83,71,867 is shown as property, plant & equipment. You are required to explain whether you have reconciled and verified the documents or not.**

Yes, we have verified and reconciled the documents and record of fixed assets.

7. Reconciliation of sales for the year ended 30-06-2018 with precede realization certificate from bank during that period.

Reconciliation of sales for the year ended 30-06-2018 is as below:

Particulars	Taka
Sales for the year	403,251,116
Add: Opening Trade Receivable	40,141,855
Less: Closing Accounts Receivable	(81,637,990)
Realized amount during the year	361,754,981

Proceed realization from bank are as below:

Bank Name	Realized amount \$
NRB Commercial Bank Ltd.	4,404,663.11
Total	4,404,663.11
Equivalent BDT	361,754,981

8. Reconciliation of purchase during the year (note:21.01) of raw materials amounting Tk. 27,51,64,494 for the year ended 30-06-2018 with bank certificates

Reconciliation of purchase of raw materials for the year ended 30-06-2018 are as follows:

Cost of Raw Material break down

Particulars	BDT
L/C value of Raw Materials	270,353,786
C & F Cost	4,810,708
Total	275,164,494

9. Detailed calculation regarding foreign currency gain/loss is required.

Calculation of foreign currency gain/ (loss) for the year ended 30 June, 2018 are as below:

Disclosure regarding detailed calculation of 'Foreign Exchange gain or loss – realized for the period 1st July 2017 to 30th June 2018

Foreign Exchange Gain/(Loss)	Amount
Realized gain on export-A	580,223
Unrealized gain on bill receivable-B	271,896
Unrealized gain on FC current account-C	102,443
Total	954,562

A. Realized gain/(loss) on foreign currency: Tk. 580,223

Particulars	Realized in USD	USD Rate	Amount in BDT
Average rate at the time of realized	\$4,404,663.11	82.13	361,754,981
Average rate at the time of export	\$4,404,663.11	82.06	361,174,758
Foreign currency fluctuation gain			580,223

B. Unrealized gain on foreign currency: Tk. 271,896

Particulars	Receivable in USD	BDT as per books of Accounts	BDT as on 30/06/2018 as per closing rate of Tk. 83.70	Gain/(Loss)
Accounts receivables	\$978,612.74	81,637,990	81,909,886	271,896

C. Unrealized gain on FC Current Account: Tk.102,443

Name of A/C.	Bank Statement Date	Bank Statement USD to BDT Conversion Rate	USD	BDT as per Book value (A)	BDT as on 30.06.2018 @83.70 (B)	Gain/(Loss) in Taka (B-A)
NRB Commercial Bank Ltd., FC (USD)-000179	28.06.18	82.55	23,200	1,915,160	1,941,840	26,680
	28.06.18	82.55	22,100	1,824,355	1,849,770	25,415
	28.06.18	82.55	7,600	627,380	636,120	8,740
	28.06.18	82.55	9,500	784,225	795,150	10,925
	26.06.18	82.55	3,200	264,160	267,840	3,680
	21.06.18	82.55	11,400	941,070	954,180	13,110
	11.06.18	82.50	11,578	955,155	969,048	13,893
Total			88,578	7,311,505	7,413,948	102,443

10. Investment in FDR is shown Tk.84,00,000 in note 6. Again it appears that Mercantile Bank Ltd. FDR amounting Tk.3,00,00,000 is shown under the head "Cash and Cash Equivalents" Explain.

Investment in FDR includes fixed deposits held with different bank. FDR is fixed by different maturity date availing interest and have terms and conditions with financial institutions as per contract.

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction. FDR 3,00,00,000 maturity is only 3 months that why it is treated as cash and Cash Equivalents. FDR Tk. 84,00,000 will be matured in the year 2020. This is why this FDR has been presented under Investment in FDR.

11. In note 8.01 Tk.7,93,133 is shown as FDR interest receivable which is not understandable, explain.

Note 8.01 TK. 793,133 as FDR interest receivable which comprise as below:

FDR Interest Receivable

Opening balance	328,750
Add: Addition during the year	464,383
	793,133

Opening Date	List of FDR	Principal Amount of FDR-A	Accumulate Balance of interest-B	Total Amount (A+B)	Interest Rate	Interest in one year	Days of used	Interest
06.11.16	IDLC -01	3,900,000	126,082	4,026,082	5%	201,304	1 year	201,304
04.08.16	IDLC -02	4,500,000	202,668	4,702,668	5%	235,133	1 year	235,133
27.06.18	MBL	30,000,000	-	30,000,000	8.50%	2,550,000	4 days	27,945
								464,383

12. In note 1.02 you have mentioned that the company is manufacturing 13 items and lastly used the term etc. Specify items those are producing by the company under the head etc.

In notes 1.02 we have mentioned etc. for various items. The items are size tag, tissue paper, neck board, pin/clip, hook & loop, buckle and plastic collar insert.

13. Break-up of revenue generated from 13 items of product as mentioned in note 1.02

Sl. No.	Product name	Sales
1	Button	43,129,475
2	Hanger	40,408,154
3	Elastic	41,759,364
4	Poly	68,820,571
5	PVC Bag	58,844,134
6	Swing Thread	9,841,783
7	Label	1,518,694
8	Photo Card	41,267,854
9	Hang Tag	8,065,021
10	Bar code	12,097,532
11	Paper band	45,999,123
12	Back Board	20,168,682
13	Gum Tape	11,330,729
Total		403,251,116

14. Break-Up of paid to others us shown in the Cash Flows Statement.

Break-Up of paid to others as under:

Cash paid to Employees

Admin:

Salaries and allowances
Festival Bonuses
Director's Remuneration
Board Meeting Fee

(3,783,274)
(316,296)
(600,000)
(17,825)

(4,717,395)

Selling:

Salaries and allowances
Festival Bonuses

(3,027,327)
(253,301)

(3,280,628)

Factory Wages:

Salary, Wages and allowances
Festival Bonus
Overtime
Production Incentives

(13,206,619)
(1,101,753)
(978,364)
(775,424)

(16,062,160)

Advance-opening-Advance to Employees

290,173

Advance-Closing-Advance to Employees

(504,210)

Accrued Ex.-opening:

Director's Remuneration
Salary & Wages

(50,000)
(1,402,127)

(1,452,127)

Accrued Ex.-Closing:

Director's Remuneration
Salary & Wages

50,000
1,669,126

1,719,126

(24,007,221)

15. Whether you have physically verified cash in hand and cash at Bank (Note 10.00)

Yes, we have physically verified cash in hand and cash at bank presented in note no. 10

Place: Dhaka

Date: February 13, 2019

Sd/-

A F M Alamgir

Chief Executive Partner

ARTISAN

Chartered Accountants

CHAPTER (XXVII): CREDIT RATING REPORT

As per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, credit ratings report is not applicable for Bonito Accessories Industries Ltd as they offer to the public under fixed price method.

CHAPTER (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.
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.

All eligible Stock Brokers and Merchant Bankers shall receive the IPO Subscription.

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. 1021350267427** with **Eastern Bank Limited, Motijheel Branch, Dhaka-1000, 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 purpose are as follows:

SL	Name of the A/C	Account No.	Type of A/C	Currency	Bank & Branch
1	Bonito Accessories Industries Limited	1023050266150	FC A/C	USD	Eastern Bank Limited, Motijheel Branch, Dhaka-1000
2		1023070266172		EURO	
3		1023060266161		GBP	

APPLICATION FORM

পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন।

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

BONITO ACCESSORIES INDUSTRIES LIMITED

APPLICATION FOR PUBLIC ISSUE

Date:

Name of applicant	:																
Client Code	:																
BO ID No.	:																
Category of applicant	:																
Name of the Company/Fund	:																
Number of Shares/Units	: Shares of Tk. each															
Total amount in Tk.	:																
Amount in word	:																
Mode of payment	:																
Cheque/Draft information	:																

Signature of
Applicants

Signature of
Authorized Officer

CHAPTER (XXIX): OTHERS

DECLARATION REGARDING COST AUDIT

This is to inform you that Ministry of Commerce in its Gazette dated 12th January, 2003 ordered 5 companies from power sector and 6 companies from jute sector would be under Cost Audit Compliance. Later on, 3rd December 2009 Ministry of Commerce issued Gazette by which 42 companies from Garments and Textiles sector, 12 companies from Pharmaceutical sector and all the companies involved in manufacturing of Chemical Fertilizer would be under Cost Audit Compliance.

Since Bonito Accessories Industries Limited is not bracketed in above mentioned companies, Cost Audit by Cost and Management Accountants is not applicable for "Bonito Accessories Industries Limited".

Sd/-
Md. Golam Zilani
Managing Director
Bonito Accessories Industries Limited

Sd/-
Rabiul Hossain
Chief Financial Officer
Bonito Accessories Industries Limited

Sd/-
Md. Riyad Matin
Managing Director
BMSL Investment Limited

Sd/-
Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Sd/-
Tahid Ahmed Chowdhury, FCCA
Managing Director
EBL Investments Limited

Date: October 04, 2018

MANAGEMENT DISCLOSURE

- 1. It is observed that the company has re-stated the accounts for year ended June 30, 2016. Explain the reasons with impact thereon.**

Previously, deferred tax was not recognized in the accounts, from the year 2017 company recognized deferred tax liability in the accounts as per BAS 12 Income Taxes. The necessary adjustment has been given with appropriate head of accounts. Current tax was understated previously, now it is restated to correct amount and necessary adjustment have been given with appropriate head of accounts.

Tax provision has been split into current tax and deferred tax. There is no impact on EPS, NAV and other ratios remain same, due to restatement for deferred tax.

- 2. In the feasibility report it has been observed that the capacity increase to 12.06% whereas revenue increase to 22% in 2020. Again, operating expenses increases to 111.52% in 2020 but it shows negative (-27.37%) in 2021. Explain.**

The capacity of the company will be increased by 12.60% in the year 2020 from the previous year as new machineries will be acquired. It is assumed that the acquired machineries in 2019 will be partly utilized in 2019 and will be fully utilized subsequently in 2020. Capacity utilization of existing machineries will be assumed to increase in 2020 to 70-75% from 68-72%. Moreover, there is always a tendency to increase normal growth rate of sales of 5% to 10% in every year. These all will lead to higher sales increase than comparative increase of capacity.

Operating expense in 2020 will be increased by 115.52% from previous year because of IPO expense of 18,200,000 at that year. In 2021, there will be no IPO expense. So, the operating expense in 2021 will be lower than the operating expense in 2020. Thus, there will be a negative change in 2021 from 2020.

- 3. Explain the reason for increase of accounts receivables from 2017 to 2018.**

In 2017 sale is Tk. 301,513,424 and 2018 sale is Tk. 403,251,116. It shows that sale increase 33.74% by last year 2017. Bonito Accessories Industries is 100% deemed export oriented company and its Trade Receivables defined by L/C wise. So, amount of Trade receivables is supported by L/C, which maturity duration minimum 90 days/ 3 months.

- 4. Justification for construction of a separate building where as the existing building can further be extended by two floors.**

Our existing building per floor space is 1,906 sft. and it can be extended by two floor but our new proposed building per floor space is 8,072 sft. and it would be six stored building. For that why it a better plan to execute new proposed building.

- 5. It appears from the project financial position of the feasibility report that capital will increase by IPO amount in 30 June, 2020. But all loan repaid before 30 June, 2020 although Tk.3.00 crore has been kept to be used from IPO proceeds.**

It is assumed that long term loan of Tk. 3 crore will be repaid from the IPO proceeds in 2020. Thus, the projected financial position shows tk. 3 crore in the current portion of long term loan in 2019 which will be repaid in the next year.

6. **In the year 2020 the capacity utilization is shown 12.06% whereas it is 23.39% in 2019 and 37.82% in 2021 explain.**

Our Capital Work in Progress of tk. 58,729,210 in 2018 will be expected to transfer to asset schedule in 2019 which will increase capacity of capital machineries by 23.39%. Machineries of tk. 37,352,632 will be installed from IPO proceeds in 2020 which will increase capacity of capital machineries by 12.06%. The rest machineries from IPO proceeds amounting tk. 131,281,726 will be installed in 2021 which will increase capacity of capital machineries by 37.82%.

7. **It appears that revenue, NPAT is increased significantly over the years, explain.**

We have installed new machineries over the years in order to increase production capacity to meet the market demand. Through installation of different types of machineries, we have been able to produce different products as well as to create the market for new products. So, revenue is increasing gradually over the years. Then the growth of net profit before and after tax is consistent with the growth of the revenue.

8. **It appears that current ratio of last 5 years of the issuer company is significantly lower than the industry average, explain.**

We have taken three similar companies namely SK Trims & Industries Limited, Olympic Accessories Limited and KDS Accessories Limited which are listed in the Stock Exchanges. Industry average current ratio is higher because of the higher current ratio of Olympic Accessories Limited in almost every year. For example, average current ratio of 10.01 in 2017 is calculated from the ratio of 2.85 of SK Trims & Industries Limited, 25.98 of Olympic Accessories Limited and 1.19 of KDS Accessories Limited. Higher ratio of Olympic Accessories Limited is because of relatively higher current assets than the current liabilities. However, we have seen that if we include Imam Button Industries Limited instead of Olympic Accessories Limited for the calculation of industry average then the average current ratio in 2017 will be 1.50, which is closer to our current ratio. Our current ratio indicates that we are managing our resources efficiently.

9. **It appears that current utilization is 69.68% of the installed capacity. Justify further purchased of machineries amounting to Tk.13.12 crores.**

We have been trying to increase our production capacity. We need new machineries in order to produce different types of new products like meal button. We can be competitive in the market to get more market shares with different new product mixes. Thus, IPO proceeds will be used to acquire new types of machineries to increase the new product mixes. Moreover, current utilization is near to optimum level of utilization as there are different products in our product line.

10. **It appears from page 205 of the prospectus that liquidity ratios, operating ratios, return on equity ratios, coverage ratio and cash flow ratios significantly differ from the industry ratios, Explain.**

Liquidity ratios: Industry average current and quick ratios in 2017 differ significantly from the ratios of the company because of relatively higher current assets than the current liabilities of Olympic Accessories Limited. If we include Imam Button Industries Limited and exclude Olympic Accessories Limited liquidity ratio will be closer to industry ratio.

Operating ratios: Average accounts receivable turnover and inventory turnover ratios of the industry in 2017 differ significantly from the ratios of the company. The company has higher accounts receivable turnover ratio because of relatively lower credit sales. The company has higher inventory turnover ratio because of relatively lower inventories.

Management is trying to manage credit sales and collection of receivables. We have managed our inventory efficiently and inventory turnover ratio is better than the industry's average ratio.

Return on equity ratio: The difference of the ratio between the company and industry arises because the company has earned higher net profit against the average shareholders' equity.

Coverage ratio: Debt to total asset ratio of the company is higher than the industry ratio and it indicates combination of debt and equity has been employed to acquire assets of the company. Debt to equity ratio of the company is higher than the industry ratio and it indicates combination of debt and equity has been employed. Times interest earned ratio of the company is lower than that of the industry because we have employed debt to acquire assets of the company. Though it is lower than the industry but we have sufficient earnings to pay of the financial charges. Debt to service coverage ratio of the industry is not calculated because of unavailability of interest and principal payment of long term loan of the comparative companies.

Cash flow ratio: We are very beginning of our operation and we had to invest more in working capital, hence our net operating cash flows become lower than the industry in different years. Due to lower of net operating cash flows, cash flow ratio is not closer to industry ratio. We are trying to optimize the working capital management and net profit after tax, so our cash flow ratio will be better than the industry ratio.

11. You have not provided industry Debt Service Coverage Ratio.

Debt service coverage ratio is calculated through dividing net operating profit by total debt service. On the other hand, total debt service is the total of interest and principal payment of long term loan. However, interest and principal payment of long term loan of the comparative companies can't be directly found from their disclosed annual report or financial statements. Thus, the information is unavailable.

12. Impact on EPS & NAV if WPPF had been charged on previous financial years from 2013 to 2017.

If WPPF had been charged on previous financial years from 2013 to 2017 the following changed in EPS & NAV are stated below:

Earnings per Share (EPS) after charging WPPF

For the financial years				Amount in Tk.
30-Jun-2017	30-Jun-2016	30-Jun-2015	30-Jun-2014	30-Jun-2013
2.92	2.75	0.04	0.14	0.02

Net Asset Value per Share (NAV) after charging WPPF

For the financial years				Amount in Tk.
30-Jun-2017	30-Jun-2016	30-Jun-2015	30-Jun-2014	30-Jun-2013
15.37	34.53	10.86	10.87	10.10

13. Regarding Workers Profit Participation Fund (WPPF) disbursement;

We already have transferred the fund from company's bank account to WPPF bank accounts Tk. 2,648,489 for the year ended 30.06.2018 and it has been disbursed as per Bangladesh labour Act-2006 (amendment 2013).

14. Regarding Calculation of Weighted Average Number of Shares and Earnings per share.

Calculation of weighted average number of shares: 10 Tk. per Share

Particulars	No. of Share	Weight	1-Jul-17	1-Jul-16	1-Jul-15	1-Jul-14	1-Jul-13
			to	to	to	to	to
			30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Opening number of Share		365/365	9,999,000	1,000,000	1,000,000	1,000,000	1,000,000
Issuance from Share Money Deposit-1st Allotment	7,617,100	365/365	-	7,617,100	-	-	-
Issuance Cash received during the year-1st Allotment	1,381,900	Various		186,280	-	-	-
Issuance from Share Money Deposit-2nd Allotment	12,410,100	365/365	12,410,100	-	-	-	-
Issuance Cash received during the year-2nd Allotment	17,590,900	Various	6,614,199	-	-	-	-
Opening Share Money Deposit		365/365	-	1,900	7,619,000	5,169,000	4,269,000
Addition during the year Share Money Deposit	900,000	Various	-	-	-	-	90,000
Addition during the year Share Money Deposit	2,450,000	Various	-	-	-	345,753	-
Addition during the year Share Money Deposit	12,413,100	Various	-	1,198,498	-	-	-
Total weighted average number of shares			29,023,299	10,003,778	8,619,000	6,514,753	5,359,000

Calculation of Earnings per Share

Particulars	1-Jul-17	1-Jul-16	1-Jul-15	1-Jul-14	1-Jul-13
	to	to	to	to	to
	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Net Profit after Tax	43,356,080	30,667,744	24,846,345	248,994	801,868
Weighted Average Number of Shares	29,023,299	10,003,778	8,619,000	6,514,753	5,359,000
Earnings Per Share (EPS)	1.49	3.07	2.88	0.04	0.15

Sd/-

Md. Golam Zilani

Managing Director

Bonito Accessories Industries Limited