

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

## **PROSPECTUS OF SALVO CHEMICAL INDUSTRY LIMITED**

**PUBLIC ISSUE OF 26,000,000 ORDINARY SHARES OF TK.10.00 EACH AT PAR  
TOTTALLING TK.260,000,000**

**Opening date for subscription: January 16, 2011**

**Closing date for subscription: January 20, 2011**

**For Non-Resident Bangladeshi quota, subscription closes on: January 29, 2011**

### **UNDERWRITERS**

<b>Standard Bank limited</b> Chamber Building (3 <sup>rd</sup> floor), 122-124, Motijheel C/A, Dhaka-1000.
<b>Bangladesh General Insurance Company Ltd.</b> 42, Dilkusha C.A. Dhaka-1000
<b>Trust Bank Ltd.</b> 36, Dilkusha C.A. Dhaka-1000
<b>Swadesh Investment Management Ltd.</b> House#35, Road#1/A, Banani, Dhaka-1213

**The issue shall be placed in "N" category  
Issue date of the Prospectus: 12.12.2010**

### **MANAGER TO THE ISSUE**



Amin Court, 4<sup>th</sup> Floor (Suite # 404),

31 Bir Uttam Shahid Ashfaqus Samad Road, Motijheel C/A, Dhaka-1000

Phone: +8802 9559602, +8802 9567726; Fax: +8802 9558330

Web-site: [www.aaawebbd.com](http://www.aaawebbd.com), e-mail: [info@aaawebbd.com](mailto:info@aaawebbd.com)



## **SALVO CHEMICAL INDUSTRY LIMITED**

Senakalayan Bhaban (9th floor), Suite # 903/B, Dhaka-1000

Tel: 7124767, 9560051 Ext- 256, Fax: 880-2-7161661,

Web: [www.salvochemical.com](http://www.salvochemical.com), E-mail : [salvo@1postbox.com](mailto:salvo@1postbox.com)

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

## AVAILABILITY OF PROSPECTUS

Prospectus of the Company may be available at the following addresses:

Name & Address	Contact Person	Tel. No.
<b>Company</b>		
<b>Salvo Chemical Industry Limited</b> Senakalayan Bhaban(9 <sup>th</sup> floor), Suite # 903/B, 195, Motijheel C/A, Dhaka-1000 Factory: South Dhonua, Sreepur, Gazipur	Mohammad Omar Sharif Company Secretary	7162135 7124767 9560051- 256

### Issue Manager

<b>AAA Consultants &amp; Financial Advisers Ltd.</b> Amin Court, 4 <sup>th</sup> Floor (Suite # 404), 31 Bir Uttam Shahid Ashfaqueus Samad Road, Motijheel C/A, Dhaka-1000	Mr. Khwaja Arif Ahmed Managing Director & CEO	9559602 9567726
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### Underwriters

<b>Trust Bank Ltd.</b> 36 Dilkusha C.A. Dhaka-1000.	Md. Altaf Hossain Senior Executive Officer	9562749
<b>Standard Bank limited</b> Chamber Building (3 <sup>rd</sup> floor), 122-124, Motijheel C/A, Dhaka-1000.	Mufakhkharul Islam EVP & Head of Merchant Banking Wing	9515484
<b>Swadesh Investment Management Ltd.</b> House#35, Road#1/A, Banani, Dhaka-1213.	Mamun Ahmed Managing Director	8158166
<b>Bangladesh General Insurance Company Ltd.</b> 42, Dilkusha C.A. Dhaka-1000	A. K. A. H. Chaudhuri Managing Director	9555073-74

### Stock Exchanges

<b>Dhaka Stock Exchange Limited (DSE)</b> 9/F, Motijheel C.A., Dhaka-1000.	DSE Library	9564601-7 9666944-8
<b>Chittagong Stock Exchange Limited (CSE)</b> CSE Building, 1080, Sk. Mujib Road, Agrabad C.A., Chittagong.	CSE Library	714632-3 720871-3

Prospectus is also available on the web sites ([www.salvochemical.com](http://www.salvochemical.com), [www.secdb.org](http://www.secdb.org), [www.aaawebbd.com](http://www.aaawebbd.com) [www.dsebd.org](http://www.dsebd.org), [www.csebd.com](http://www.csebd.com)) and Public Reference Room of the SEC for reading and study.

### Name and Address of the Auditor

<p><b>S. F. AHMED &amp; CO.</b> <b>Chartered Accountants</b> House#25, Road#13A, Block#D, Banani Dhaka-1213, Bangladesh, Tel: 9894026, 8815102</p>
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**Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus**

<b>AAA</b>	:	AAA Consultants & Financial Advisers Limited
<b>Allotment</b>	:	Letter of allotment for shares
<b>BB</b>	:	Bangladesh Bank
<b>BO A/C</b>	:	Beneficial Owner Account or Depository Account
<b>Certificate</b>	:	Share Certificate
<b>Commission</b>	:	Securities and Exchange Commission
<b>Companies Act</b>	:	Companies Act, 1994 (Act. No. XVIII of 1994)
<b>CSE</b>	:	Chittagong Stock Exchange Limited
<b>DSE</b>	:	Dhaka Stock Exchange Limited
<b>FC Account</b>	:	Foreign Currency Account
<b>FI</b>	:	Financial Institution
<b>GOB</b>	:	The Government of People's Republic of Bangladesh
<b>IPO</b>	:	Initial Public Offering
<b>Issue</b>	:	Public Issue
<b>Issuer</b>	:	Salvo Chemical Industry Limited
<b>NAV</b>	:	Net Asset Value of the Company
<b>NBR</b>	:	National Board of Revenue
<b>NRB</b>	:	Non Resident Bangladeshi
<b>Offering Price</b>	:	Price of the securities of Salvo Chemical Industry Ltd. being offer
<b>Registered Office</b>	:	Head Office of the Company
<b>RJSC</b>	:	Registrar of Joint Stock Companies & Firms
<b>SCIL</b>	:	Salvo Chemical Industry Limited
<b>SC</b>	:	Share Certificate
<b>SEC</b>	:	Securities and Exchange Commission
<b>Securities</b>	:	Shares of Salvo Chemical Industry Limited
<b>Share Market</b>	:	Market of the Securities
<b>Sponsors</b>	:	The sponsor shareholders of Salvo Chemical Industry Limited
<b>STD Account</b>	:	Short Term Deposit Account
<b>Stockholders</b>	:	Shareholders
<b>Subscription</b>	:	Application money
<b>The Company</b>	:	Salvo Chemical Industry Limited

## **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 the SALVO CHEMICAL INDUSTRY Limited has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/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 26,000,000 ordinary shares of Tk.10.00 each at par totaling Tk. 260,000,000 (Twenty six crore) following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 3 (Three) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue 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 SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (Forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within 5 (Five) working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within 2 (Two) working days from the date of said dispatch of the prospectus and the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign

passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within 7 (Seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely: -

**“Declaration about Listing of Shares with the stock exchange (s):**

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

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

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 7 (Seven) days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 (Nine) days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, wherever applicable.
13. The Company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 5 (Five) working days, in respect of the following matters, namely: -
  - (a) Total number of securities for which subscription has been received;
  - (b) Amount received from the subscription; and
  - (c) Amount of commission paid to the bankers to the issue.
15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (Two) CDs and final status of subscription to the Commission within **3 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription

statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 5 (Five) weeks from the date of the subscription closure), if any of the following events occur:
  - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
  - (b) At least 50% of the IPO is not subscribed.
17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the managers to the issue shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5000/-** (Taka five thousand only). If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of the application money may be forfeited by the Commission.**
- 20. The application shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.**
21. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.
22. The company shall issue share allotment letters to all successful applicants within **5 (Five) weeks** from the date of the subscription closing. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition no. 19 above.

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

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

23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriters to take up the underwritten shares within 10 (Ten) days of the closing of subscription on full payment of the share money within 15 (Fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.
25. All issued shares of the issuer except the institutional bidders shares, at the time of according this consent shall be subject to a **lock-in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

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

26. In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with SEC and shall remain till completion of lock in and the name the name and branch of the bank shall be furnished to the Commission jointly by the issuer and issue managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock-in confirmation with SEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to SEC.
27. The company shall apply to the stock exchanges for listing within 7 (Seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
28. The Company shall not declare any benefit other than cash dividend based on financial statement for the period ended December 31, 2009.

#### **PART-B**

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

5. The company shall furnish report to the Commission on utilization of Public Offering proceeds within **15 (Fifteen) days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders Meeting under intimation to SEC and stock exchanges.
8. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.

#### **PART-C**

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

#### **PART-D**

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.  
  
An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.
2. The company along with the issue manager shall ensure due compliance of all the above conditions and the Securities & Exchange Commission (Public Issue) Rules, 2006.

## **General Information**

AAA Consultants & Financial Advisers Limited has prepared this Prospectus from information supplied by Salvo Chemical Industry Ltd. (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both Salvo Chemical Industry Ltd., AAA Consultants & Financial Advisers Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers Limited.

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

A copy of this Prospectus may be obtained from the Head Office of Salvo Chemical Industry Limited, AAA Consultants & Financial Advisers Limited, the underwriters and the Stock Exchanges where the securities will be traded.

**DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS INCLUDING CEO OF  
THE COMPANY "SALVO CHEMICAL INDUSTRY LIMITED" IN RESPECT OF THE  
PROSPECTUS**

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

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

Sd/- ( Md.Salam Obaidul Karim) Chairman	Sd/- (Liton Kumar Roy) Director	Sd/- (Md. Sohail Rahman) Director
Sd/- (Shoyeb Ahmed) Director	Sd/- (Ahmed Harun) Director	Sd/- (Sayeeda Karim) Director
	Sd/- (Khondoker Afia Sultana) Managing Director	

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

We hereby agree that we have been serving as Director(s) of Salvo Chemical Industry Limited and continue to act as a Director(s) of the Company.

Sd/- ( Md.Salam Obaidul Karim) Chairman	Sd/- (Liton Kumar Roy) Director	Sd/- (Md. Sohail Rahman) Director
Sd/- (Shoyeb Ahmed) Director	Sd/- (Ahmed Harun) Director	Sd/- (Sayeeda Karim) Director
	Sd/- (Khondoker Afia Sultana) Managing Director	

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

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

**DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL  
CHANGES REGARDING PROSPECTUS OF SALVO CHEMICAL INDUSTRY LTD.**

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

For Issuer Company  
Sd/-  
Managing Director  
Salvo Chemical Industry Ltd.

**DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF SALVO CHEMICAL INDUSTRY LTD.**

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

For Manager to the Issue

Sd/-

Khwaja Arif Ahmed

Managing Director & CEO

AAA Consultants & Financial Advisers Limited

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

**Sub: Public Issue of 26,000,000 Ordinary Shares of Taka 10.00 each at par of Salvo Chemical Industry Ltd.**

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

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

**WE CONFIRM THAT:**

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

For Manager to the Issue

Sd/-

Khwaja Arif Ahmed

Managing Director & CEO

AAA Consultants & Financial Advisers Limited

## **DUE DILIGENCE CERTIFICATE OF THE UNDERWRITERS**

### **Sub: Public Offer of 26,000,000 Ordinary Shares of Taka 10.00 each at par of Salvo Chemical Industry Limited.**

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

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

#### **WE CONFIRM THAT:**

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

For Underwriter(s)  
Sd/-  
Managing Director/CEO

Standard Bank limited  
Bangladesh General Insurance Company Ltd.  
Trust Bank Ltd.  
Swadesh Investment Management Ltd.

## **RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS**

The company is operating in a field involving a great deal of external/internal risk factors and the management of Salvo Chemical Industry Limited perceives the risk factors which are as follows simultaneously:-

### **Interest rate risks**

Interest rate always a concern of the management. If the company has a business transaction with the bank/financial institution always involve with risk of gain or loss. Increase the interest rate over burden the financial charges and squeezes the profit earning of the company.

Company management is well aware of the bank interest and always thrives for procuring long term fund with minimum fixed interest rate. Company is always emphasizing on equity based financing.

### **Exchange Rate Risk**

The company is 100% import oriented organization. Taka may be devalued significantly against dollar and SCIL may suffer due to exchange rate fluctuation in case of import of raw materials.

Appropriate and responsible mechanisms employed by SCIL in the past in case of significant taka devaluation in order to keep the cost minimum and same will be followed in future. However, if the price of US dollar rise so sharply against Taka, this will be a nationwide phenomenon experienced by the whole industry, there will be a market adjustment at the end of product price.

### **Industry Risks**

The company produces and sale sulfuric acid. Major consumers of the products of SCIL are leather industry, soap, detergent, battery industry, glue, rubber, paints, dyes, fertilizers, plastics, water treatment plant, paper mill, iron pickling, still mill, Textiles industry etc. There is a huge demand-supply gap for the product of the Company in the chemical market. The Company earned good name & fame in the chemical market of the country for its quality. As the product is very toxic content, it may bear some industrial risk causing human health effects and aquatic effects including water & environment pollution.

The Company has internal risk mitigate system like using the modern equipped water treatment plant and using of foreign technician for hazard identification, risk analysis and risk management specifying risk acceptance and risk reduction guidelines, process hazards management procedures, including emergency response procedures, structure financial and insurance provisions, and establish communication procedures with affected employees and the public.

### **Market Risk and Price Risk**

The product of SCIL is mainly used in Leather Industry. SCIL covers about 50% market of leather chemical demand and rest 50% covered by Triple Super Phosphate Complex Ltd. (TSPCL) an enterprise of Government owned Bangladesh Chemical Industry Corporation (BCIC). Surplus production of TSPCL and new company may create demand risk for SCIL's product.

However, this situation has not taken place yet. The price of SCIL is heavily influenced by the price strategy of TSPCL. If TSPCL reduces its price or other users directly import at low cost then apparently SCIL reduce its price to compete in the market.

### **Supply Risk**

SCIL is dependent on import for its raw materials. The company imports major raw material i.e Sulphur from Saudi Arabia and UAE. Major suppliers are National Company for Sulfuric Products

(KSA), Swiss Singapore Overseas Enterprises PTE (UAE) and Saudi Aramco (KSA) & lead time to receive materials about 35 to 40 days.

To mitigate this type of risk company's has scope to import raw materials from Germany and India and company always keeps a stock of 700 MT to 800 MT for smooth production.

### **Potential changes in global or national policies**

The global and national policies for production of sulfuric acid are favorable. Though the Government has strict monitoring and follow up the retail use of any type of acid due to abusing inhuman way, there is no restriction on production considering the dire necessity of sulfuric acid as raw materials of various on growing industry in Bangladesh. So, the demand of sulfuric acid will increase day by day with the increase of the relevant industries those who are using sulfuric acid.

### **Technological Related Risk**

Although all the production process is not fully automated, the most modern technology and equipment have been set up for production. The risk of technology may incur either for use of most modern technology or for not using of them. Plant & equipment & container/ absorption tanks may be mechanically inactive or broken down causing hampered the production process and the acid may spread over the floor or other mechanical hazard may rise from technological adoption or non-adoption. However, the Company has been using its capacity substantially without such records of significant hazard and technological risk hampering the production since the inception of the Company.

### **Quality Control risk**

SCIL has no formal agreement with the selling distributors who are finally deal with the Customers. Distributors may adulterate the product of SCIL to gain some undue profit, where SCIL has no control over that risk.

The management of SCIL is very much aware of this issue. The company has been maintaining good relationship with distributors who purchase bulk quantity of the company's product to minimize the quality risk.

### **History of non operation**

There is no chance for the Company to become non-operative.

*SCIL is a Public Limited Company that have an independent body. It is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. Besides, the Company's financial strength is satisfactory. It has very experienced Directors and Management team to make the Company more efficient and stronger as aviation service provider in future.*

### **Operational Risk**

Shortage of power supply & gas, labor shifting jobs, unavailability or price increase of raw materials, natural calamities, political unrest situation may disrupt production of the company and can adversely affect the profitability of company.

*The management personnel both in head office and production premise seem to be competent and experienced to run the operation efficiency. However, better human resources development plan for both officers and workers may increase the efficiency in operation. Recently the company introduces a well-designed performance evaluation system. In order to reduce the operational risk, an internal control policy is yet to adopt through an established internal audit department. Due to its own arrangement of Diesel generated power generators and water supply infrastructures, it reduces the operational risk widely.*

## Use of Proceeds & Implementation Schedule

The proceeds from Initial Public Offering will be utilized to finance the expansion of the project and loan repayment. The details are as under:

Particulars	Amount (Tk. in crore)	Projected starting Time
<b>A. Loan Repayment:</b>		
Standard Chartered Bank	0.52	15 Days after receiving IPO Fund
National Credit and Commerce Bank Ltd.	2.20	15 Days after receiving IPO Fund
<b>B. Business Expansion</b>		
Land	2.05	6 months after receiving IPO fund
Land Development	0.66	
Plant & Machinery with civil construction and other for expansion of the plant	14.30	18 months after receiving IPO Fund
Construction of new shade/ store room for Raw Materials	0.56	6 months after receiving IPO fund
New Shade for Expansion of Project	0.85	6 month after receiving IPO fund
Working capital	4.86	12 months after receiving IPO fund
<b>Total</b>	<b>26.00</b>	

N.B. There is no contract covering any of the activities of the issuer Company for which the proceeds of sale of securities is to be used. However, the abovementioned loan repayment will be adjusted with the actual balance and the remaining proceed will be adjusted with the working capital.

Sd/-  
Alauddin Mina  
General Manager Accounts

Sd/-  
Khondoker Afia Sultana  
Managing Director

## DESCRIPTION OF BUSINESS

### Company Background:

Salvo Chemical Industry Limited is a public limited Company, incorporated in Bangladesh on January 29, 2002 as a Private Limited Company under the Companies Act 1994. Subsequently the company was converted into Public Limited Company on 04-08-2008 under the companies Act 1994 with a view to producing and supply Chemical for local consumption. The project is located at Mouja:South Dhanua, P.S. Sreepur, Dist. Gazipur. The company has started its commercial operation on 25<sup>th</sup> April, 2003. Authorized and paid-up capital structure of the company is as follows:

Particulars	No. of Shares	Face Value	Amount in Taka
Authorized Capital	50,000,000	Tk.10.00	50,00,00,000.00
Paid-Up Capital (31-12-09)	14,100,010	Tk.10.00	141,000,100.00

The project of the company is equipped with balanced modern machineries imported from India, Germany, with a view to producing product of international standard. This happens to be the project of state of art, which has earned high reputation in Chemical sector.

### (1)Principal Products:

The company has been established with a view to producing and supply of different chemicals for local consumption. Some of the chemicals are:

- a) Sulphuric Acid ;
- b) Alum & Zinc Sulphate;
- c) Basic Chrome Sulphate (BCP);
- d) Sulphonic Acid (LABSA)
- e) Battery Grade Water etc.

At present the company is producing Sulphuric Acid & Battery Grade Water only.

### Market of the Products:

Major consumers of the products of SCIL are Leather industry, water treatment plant, Paper industry, Fertilizer industry Iron pickling, still mill, Textiles industry etc.

### (2) Product or service that accounts for more than 10% of the company's total revenues:

The Company mainly produces sulfuric Acid but at the time of production there is produced a little Battery Grade Water as by-product. The following table illustrates the total turnover and respective contribution of the products in total revenue.

Product	2009		2008	
	Turnover	Contribution	Turnover	Contribution
sulfuric Acid	72,791,288	99.84%	126,570,268	99.94%
Battery Grade water	116,434	0.16%	75,197	0.06%
<b>Total</b>	<b>72,907,722</b>	<b>100.00</b>	<b>126,645,465</b>	<b>100.00</b>

### (3) Associates, Subsidiary/ Related Holding Company:

The company does not have any associate, subsidiary/related holding company.

### (4) Distribution of Products/Services

The Company supplies its products from its own factory premises at customers' own risk against Delivery order.

**(5) Competitive Conditions in the Business:**

There is a huge demand-supply gap for the product of the Company in the chemical market. The Company earned good name & fame in the chemical market of the country for its quality. The following companies can be considered as competitors of the Company:

1. Crescent Chemical Ltd.
2. Goodwill Basic Chemical

**(6) Sources and Availability of Raw Materials and the Name of the Principal Suppliers:**

Main raw material of the Company is sulfur, which is fully procured from abroad. The names of main suppliers are below:

Sl. No.	Name of Supplier	Address
1.	National Company for Sulfur Products	P O Box# 2951 Riyadh 11461, KSA
2.	Swiss Singapore Overseas Enterprises PTE Ltd.	P O Box# 61149 Jebel Ali, Dubai, UAE
3.	Saudi Aramco	P.O Box# 4066 Riyadh. KSA

**(7) Sources of and requirement for power & water:**

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

**Power**

Power requirement for the project is 4,00 KW that are smoothly met up from Rural Electrification Board(REB) and own oil generator.

**Water**

The project requires 20,000-liter water per day that is met up from own deep tube-well.

**(8) Names of Customers providing 10% or more revenues:**

Sl. No.	Name of Customer	Address
1.	Shahjahan Chemical Industries	101, S.C.C. Road Armanitola, Dhaka
2.	Mita Chemical & Scientific Store	20, Shempur, Kadamtoly, Dhaka
3.	Venish Chemical Industries	5, Goal Nagar Road,Dhaka.
4.	Jhorna Chemical Supply co,	2/2,Rajar Dauri,Dhaka
5.	H.K.Enterprise	80,S.S.C Road,Armanitola,Dhaka
6.	Asad Trading	130,Kohinoor Tannery Market.Hazari Bag, Dhaka
7.	Friends Chemical	19/A,S.S.C Road,Armanitola,Dhaka.
8.	Hasan Chemical & Pharmaceutical	100. S.C.C Road, Armanitola, Dhaka.
9.	N.P Chemical	85, Ohiullah Road, Armanitola,Dhaka.

**(9) Description of Contract with Principal Suppliers/Customers:**

The Company has not entered into any contract with any customer or supplier.

**(10) Material Patents, Trademark, Licenses or Royalty Agreements:**

The company has trademark license.

**(11) Employees' position as on 31.12.2009:**

<b>Particular</b>	<b>Officer &amp; Staff</b>	<b>Worker</b>	<b>Total</b>
Head Office	17	-	17
Factory	20	34	54
<b>Total</b>	<b>37</b>	<b>34</b>	<b>71</b>

All employees are full-time employees and receive more than Tk.4000 per month except 3 employees (2 in head office & 1 in factory)

**(12) Production Capacity and Current Utilization:**

<b>Particulars</b>	<b>Production (M/T)</b>	<b>Percentage (%)</b>
Installed Capacity	9,000	100.00
Capacity utilization throughout the year 2009	6,490	72.11

## DESCRIPTION OF PROPERTY

The Company has set up its plant at Mouza-Dhanua, P.S. Sreepur, Dist: Gazipur to run the operations and the corporate office is situated at 195, Senakalyan Bhaban, Suit#903/B, Dhaka – 1000. The Company possesses the following fixed assets at written down value:

*(As per Audited Accounts amount in Tk.)*

Particulars	31.12.2009 (W.D.V)	31.12.2008 (W.D.V)	31.12.2007 (W.D.V)
1. Land & Development	33,458,654	9,953,080	9,953,080
2. Factory Building & Construction	15,024,791	15,054,226	13,018,200
3. Plant & Machinery:	-	-	
a) Plant & Machinery-purchased	60,211,130	58,164,504	57,672,937
b) Plant & Machinery-lease	6,354,734	7,060,815	-
4. Electric Installation	2,103,206	2,336,896	2,564,551
5. Office Equipments	717,929	733,384	491,670
6. Furniture & Fixture	774,185	839,706	407,609
<b>Total Assets</b>	<b>118,644,629</b>	<b>94,142,611</b>	<b>84,108,047</b>

1. Entire above mentioned properties are owned by the Company except some plant and Machineries amounting Tk. 8,635,499 which are taken on financial lease basis.
2. All Properties of the Company are mortgaged to the lending Institutions namely National Credit & Commerce Bank Ltd. All the machines are purchased in brand new condition. The economic life of machines is 20 years from April, 2003.
3. The date of expiration and name of leaser are given under caption '**Financial Lease during last five years**' part of this prospectus.
4. The Company owns 101.50 decimals of land located as under:

Mouza	P.S.	District	Date of Registration	Area of land (Decimals)
Mawna	Sreepur	Gazipur	30.10.2010	28.00
Mawna	Sreepur	Gazipur	31.08.2006	17.50
Mawna	Sreepur	Gazipur	22.11.2009	56.00
<b>Total</b>				<b>101.50</b>

## PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

### (1) Internal and External Sources of Cash

(As per Audited Accounts in BDT)

<b>Internal sources of Cash:</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Share Capital	141,000,100	80,400,000	80,400,000
Reserve & Surplus	11,927,419	16,373,390	11,290,269
<b>Sub-total</b>	<b>152,927,518</b>	<b>96,773,390</b>	<b>91,690,269</b>
<b>External Sources of Cash:</b>			
Loan Liabilities	25,664,391	26,965,833	1,815,482
Lease liabilities	5,756,999	9,918,327	7,366,033
<b>Sub-total</b>	<b>31,421,390</b>	<b>36,884,160</b>	<b>9,181,515</b>
<b>Grand Total</b>	<b>184,348,909</b>	<b>133,657,550</b>	<b>100,871,784</b>

### (2) Material Commitment for Capital Expenditure:

The Company has Material Commitment for Capital Expenditure from the proceeds from Initial Public Offering that will be utilized to finance the expansion of the project and loan repayment. Detail information is available under the head Use of Proceeds & Implementation Schedule page no.8 of the prospectus.

### (3) Causes for Material Changes in Income, Expenses & Net-Income:

The company's operating Income and other income as well as operating expenses and net income have continued to change or increase due to business promotion efforts of the directors and management staff.

### Operating Income

A comparative income position of the Company is as follows:

(As per Audited Accounts Amount in BDT)

<b>Description</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Sales (Net of VAT)	63,398,016	110,126,475	49,463,939
Less: Cost of goods Sold	38,754,415	95,472,020	38,788,466
<b>Gross Profit</b>	<b>24,643,601</b>	<b>14,654,455</b>	<b>10,675,473</b>

### Operating Expenses

A comparative operating expenses position of the Company is as follows:

(As per audited accounts amount in BDT)

<b>Description</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
<b>Administrative Expenses</b>	<b>5,950,579</b>	<b>6,464,281</b>	<b>2,688,044</b>
<b>Selling &amp; Distribution Expenses:</b>			
Salary & Allowance	628,543	582,238	380538
Bonus	18,500	50,171	33483
Printing & Stationery	21,975	10,601	-
Traveling & Conveyance	23,849	33,266	10950
Entertainment	35,607	74,364	13623
Advertisement	5,000	4,800	8,000
Repair & Maintenance	-	-	8415
<b>Sub-total</b>	<b>733,474</b>	<b>755,440</b>	<b>455,009</b>
<b>Grand Total</b>	<b>6,684,053</b>	<b>7,219,721</b>	<b>3,143,053</b>

**(4) Seasonal Aspects:**

Normally, there is no seasonal aspect in the business of chemical industry of the country. The demand of the products sustain in the market all over the year.

**(5) Known Trends, Events or Uncertainties**

There are no known trends in customer preferences that may affect company's operations. However, political unrest, hartal, and power crisis are the known events that may affect the company's business.

**(6) Change in the Assets of the Company used to pay off any Liabilities**

No asset of the Company has been used to pay off the liabilities.

**(7) Loans taken from or given to its holding/parent company or subsidiary company:**

The Company has no subsidiary or associate concern. Therefore, taking loan from or given to such concerns does not arise.

**(8) Future Material Contractual Liabilities**

The company does not have any plan within next one year to contract any new liabilities except those that are required by way of contract in the ordinary business operations.

**(9) Future capital expenditure**

Capital expenditure planned to be incurred by the Company during the period, 2010 for expansion of the project is as under:

Particulars	Amount (Tk. in crore)	Projected starting Time
<b>A. Loan Repayment:</b>		
Standard Chartered Bank	0.52	15 Days after receiving IPO Fund
National Credit and Commerce Bank Ltd.	2.20	15 Days after receiving IPO Fund
<b>B. Business Expansion</b>		
Land	2.05	6 months after receiving IPO fund
Land Development	0.66	
Plant & Machinery with civil construction and others for expansion of the plant	14.30	18 months after receiving IPO Fund
Construction of new shade/ store room for Raw Materials	0.56	6 months after receiving IPO fund
New Shade for Expansion of Project	0.85	6 month after receiving IPO fund
Working capital	4.86	12 months after receiving IPO fund
<b>Total</b>	<b>26.00</b>	

**(10) VAT, Income Tax, Customs Duty or other Tax Liability**

**I. VAT:** The Company has VAT registration no. **5141016465** and it pays VAT in time and submits return accordingly. The Company has no VAT liability as on 31 December 2009.

**II. Income Tax:** Year wise income tax status of the company is as under:

Accounting Year	Assessment Year	Status
2005-2006	2006-2007	As per certificate given by DCT of Company circle-04, Zone-02 dated 30.12.2007 assessment completed under section 82 BB of Income Tax Ordinance 1984
2006-2007	2007-2008	As per certificate given by DCT of Company circle-04, Zone-02 dated 24.03.2008 assessment completed under section 82 BB of Income Tax Ordinance 1984
2007-2008	2008-2009	As per certificate given by DCT of Company circle-04, Zone-02 dated 30.11.2008 assessment completed under section 82 BB of Income Tax Ordinance 1984
2008-2009	2009-2010	As per certificate given by DCT of Company circle-04, Zone-02 dated 07.01.2010 assessment completed under section 82 BB of Income Tax Ordinance 1984

**III. Custom duty:** The Company imports only raw sulfur under H. S. Code Number#2503.00 00 which is duty free. Specification is mentioned in Section-V, Mineral Products, Chapter-25 of the Bangladesh Customs Tariff. Nevertheless, there was no export-proceed till 31 December 2009 and the management has no offer or target to export in future. Beside this, product of the Company i.e. Sulfuric Acid and Battery Grade Water are essential commodities. Therefore, custom duty or even supplementary duty is not applicable to the Company.

**11) Operating Lease**

The company has no operating lease.

**(12) Financial Lease commitment**

The company has obtained following lease facilities last five years.

<b>Name of NBFI</b>	<b>Sanction Date</b>	<b>Total Amount</b>	<b>Down Payment</b>	<b>Monthly Installment</b>	<b>Lease period</b>	<b>Outstanding balance as on 31.12.2009</b>
Premier Leasing & Finance Ltd.	11.10.2006	10,600,000	270,690	270,690	5 years	0.86 crore

**(13) Personnel Related Scheme:**

The Company considers its human resources as the most valuable asset of the Company and has been continuing to train, equip, and groom fresh recruits for building a strong foundation. In order to enhance and advance the professional ability and knowledge of the employees, regular training programs are organized at different professional institutions. Besides, SCIL has a well-designed compensation plan for attracting highly skilled professional staff with high degree of integrity. Employee performance is regularly evaluated and a good number of them have been promoted for their good contribution to the Company. The company has introduced schemes of festival bonus. Workers profit participation fund is yet to create. But management is committed to create this fund in the next accounting period.

#### (14) Break Down of Expenses for IPO:

Detail of estimated Public Issue expenses are shown below:

Particulars	Basis of Calculation	Amount in Tk.
Manager to the Issue fee	Lump-sum	2,000,000.00
<b>SEC fee:</b>		
Application Fee to Securities & Exchange Commission		10,000.00
Consent Fee to Securities & Exchange Commission	@ 0.15% on the IPO amount	390,000.00
<b>Fees related to listing with the stock exchanges:</b>		
Application fee to DSE		5,000.00
Annual Fee for DSE & CSE	@Tk.75,000	150,000.00
Listing fee to DSE & CSE	@ 0.25% on Tk. 100 million and @ 0.15% on the rest of paid-up capital	1,403,000.00
<b>CDBL fees and expenses:</b>		
Security Fee		300,000.00
Documentation fee		2,500.00
Initial public offering fee	@0.025% on total IPO	65,000.00
Annual Fee		75,000.00
Connection Fee		6,000.00
<b>Commissions &amp; Expenses:</b>		
Bankers to the Issue Commission	@ 0.10% on collected amount (Estimated; to be paid at actual)	1,000,000.00
Underwriting Commission	@ 0.50% on 50% of IPO amount	650,000.00
<b>Expenses related to printing &amp; publication:</b>		
Printing of Prospectus		200,000.00
Advertisement of abridged version of prospectus and notices etc		200,000.00
Printing of forms		100,000.00
Arrangement of Lottery	Estimated; to be paid at actual	300,000.00
Distribution of allotment letters and refund warrants		100,000.00
Post Issue Expenses	Estimated or actual	400,000.00
<b>Total</b>		<b>7,356,500.00</b>

#### (15) Revaluation of Company's Assets & Summary Thereof

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

#### (16) Transaction between Holding Company and the subsidiary

As the company has no subsidiary/holding Company, there is no transaction has taken place between subsidiary and holding Company.

**AUDITORS' CERTIFICATE REGARDING ANY ALLOTMENT OF SHARES TO PROMOTERS OR SPONSOR SHAREHOLDERS FOR ANY CONSIDERATION OTHER THAN IN CASH**

This is to certify that the capital structure of Salvo Chemical Industry Limited. Senakalayan Bhaban (9th floor), Suite no. 903/B, 195- Motijheel C/A, Dhaka-1000, Bangladesh as of 31 December, 2009 is as follows:

<b>Description</b>	<b>Numbers of Shares (Converted by Tk.10 each)</b>	<b>Amount in (Tk.)</b>
Subscribers to the Memorandum & Articles of Association at the time of Incorporation	100,000	1,000,000
Ordinary Shares Issued on 16.05.2004	150,000	1,500,000
Ordinary Shares Issued on 6.06.2005	3,750,000	37,500,000
Ordinary Shares Issued on 26.06.2005	4,000,000	40,000,000
Ordinary Shares Issued on 20.05.2006	40,000	400,000
Ordinary Shares Issued on 06.04.2009	10,000	100,000
Ordinary Shares Issued on 26.12.2009	5,000,000	50,000,000
Ordinary Shares Issued on 26.12.2009	1,050,010	10,500,100
<b>Total</b>	<b>14,100,010</b>	<b>141,000,100</b>

This is to also certify that Salvo Chemical Industry Limited has not allotted any share for consideration other than cash to any shareholder including the promoters or sponsor shareholders up to 31 December 2009.

Dated, Dhaka  
22 April, 2010

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

**(19) DECLARATION REGARDING SUPPRESSION OF MATERIAL INFORMATION**

This is to declare that to the best of our knowledge and belief no information, facts, circumstances, that are disclose-able have been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-  
Khondoker Afia Sultana  
Managing Director

## DIRECTORS & OFFICERS

Name	Designation	Age	Date of Becoming Director for the first time	Expiry of current term
Mr. Salam Obaidul Karim	Chairman	45	06-04-2009	Until retirement
Mrs. Khondoker Afia Sultana	Managing Director	41	29-01-2002	28.01.2012
Mrs. Sayeeda Karim	Director	40	29-10-2002	Until retirement
Mr. Liton Kumar Roy	Director	35	04-08-2008	Until retirement
Mr. Shoyeb Ahmed	Director	45	04-08-2008	Until retirement
Mr. Ahmed Harun	Director	41	04-08-2008	Until retirement
Mr. Md. Sohal Rahman	Director	35	04-08-2008	Until retirement

### Involvement of Directors' with other Organizations:

Sl. No.	Name	Age (Year)	Designation with SCI	Entities where they have Interest	Position
1.	Mrs. Khondoker Afia Sultana	41	Managing Director	Salvo Alkali Chemical Industry Ltd.	Director
2.	Mrs. Sayeeda Karim	40	Director	Salvo Alkali Chemical Industry Ltd.	Director
3.	Mr. Liton Kumar Roy	35	Director	Dipa Chemical	Proprietor
4.	Mr. Shoyeb Ahmed	45	Director	New panama Printers	Proprietor

### Family Relation between Directors and Top Five Executives:

Family relationship between directors and top five executives of the Company is as under:

Name of the Director	Position in the Company	Relationship
Mr. Salam Obaidul Karim	Chairman & CEO	Husband of Mrs. Khondoker Afia Sultana, Managing Director
Mrs. Sayeeda Karim	Director(Admin)	Sister of Chairman & CEO

Except the above there is no family relationship between directors and top five executives of the Company.

## Family Relationship among the Directors:

Name of the Director	Position in the Company	Relationship
Mr. Salam Obaidul Karim	Chairman & CEO	Husband of Managing Director
Mrs. Khondoker Afia Sultana	Managing Director	Wife of Chairman
Mrs. Sayeeda Karim	Director	Sister in law of Managing Director
Mr. Shoyeb Ahmed	Director	Brother in law of Chairman
Mr. Ahmed Harun	Director	Brother in law of Chairman
Mr. Md. Sohal Rahman	Director	Brother in law of Chairman

## SHORT BIO – DATA OF THE DIRECTORS

### Mr. Salam Obaidul Karim – Chairman & CEO

Mr. Salam Obaidul Karim, aged 45 years, the Chairman & CEO of the Company directly involved in operation of the Company. He completed his Masters Degree in Business Administration from Dhaka University. He started his Business as importer of various essential Chemicals from different countries. He obtains diploma in Chemical Engineering from India and incorporated the Company in 2002. Mr. Karim is a Pioneer businessman and industrialist in chemical sector in Bangladesh. He visited many countries of the world in connection with Chemical Business and gained wide experience and knowledge in modern method technology, production and Marketing & Management techniques of Chemical Industries. Having about 20 years experience in chemical business he has been conducting the operation of the company very efficiently since the inception of the Company.

### Mrs. Khondoker Afia Sultana - Managing Director

Mrs. Khondoker Afia Sultana, aged 41, the Managing Director of the company is an MSC from Dhaka University. After completion of her education she has established the industry and by dint of his performance and experience he became the key person of the Company. She has visited India to establish this chemical plant and obtained training on Chemical Engineering.

During the last couple of years she has been operating the Company efficiently being the Managing Director of the Company.

### Mrs. Sayeeda Karim - Director

Mrs. Sayeeda Karim, aged 40, the Director of the company, is a B.A. from Dhaka University. After completion of her education she joined her family business. Mrs. Karim is a dynamic & hard working personnel and as well as bagged knowledge in Modern Methods, Technology, Production and Marketing & management Techniques of Chemical industries by attending several course/seminars and visiting similar industrial concerns. Mrs. Karim gathered experience in trading and manufacturing business through her ten years of business career. She is associated with many social welfare organizations and women development activities.

### Mr. Liton Kumar Roy - Director

Mr. Liton Kumar Roy, aged 35, the Director of the company is an MBA. After completion of his education he joined his family business. Mr. Roy is a dynamic & hard working person. He gathered knowledge in Modern Methods, Technology, Production and Marketing & Management Techniques of Chemical industries being associated with his family business as well as with the operation of SCIL. He has 12 years of experience in marketing of Chemical sector especially in Sulfuric Acid and aluminium sulphate. A young and energetic man of amicable behavior, besides

being a philanthropist, he is engaged in various social activities of the country. He visited India, China, Singapore and many other countries to enrich his knowledge and experience.

**Mr. Shoyeb Ahmed - Director**

Mr. Shoyeb Ahmed, aged 45, the Director of the company is an Arts Graduate from Dhaka University. After completion of his education he has started press & printing business in the name of Panama Printers. He has 20 years of experience in business. He is experienced in operation and marketing of products and play vital role in the Board Meeting for complying with all regulatory issues in respect of operation, market, administration.

**Mr. Ahmed Harun -Director**

Mr. Ahmed Harun, aged 41, the Director of the company is a Computer Graduate. He involved himself in Computer business just after completion of his education. He gathered 05 years of experience in Chemical sector.

**Mr. Md. Sohal Rahman - Director**

Md. Sohal Rahman, aged 35 the Director of the company has completed his graduation from United States of America in Chemical Technology in 2002. His strong leadership and knowledge in chemical business would lead the Company to reach a solid base in future.

**CIB REPORT:**

Neither Salvo Chemical Industry Ltd. nor any of its Sponsors or Directors or shareholders who hold 5% or more shares in paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

**Particulars of top Executives/Officers:**

Sl. No.	Name of the Officers	Position	Educational Qualification	Date of Joining in the Company	Last Job Experience
1.	Mrs. Khandoker Afia Sultana	Managing Director	M.Sc	29.01.2001	8 years
2.	Mr. Liton Kumar Roy	Director(Marketing)	MBA	03.01.2010	13 years
3.	Mrs. Sayeeda Karim	Director (Admin.)	B.A.	29.10.2002	7 years
4.	Md. Alauddin Mina	General Manager (Head of Accounts)	M. Com. (Management)	01.01.2004	19 years
5.	Md. Omar Sharif	Company Secretary	M. Com	25.09.2005	10 years
6.	Mr. Amal Krishna Roy	Senior Executive (Head of Banking)	M.A. (Economics)	19.04.2007	27 years
7.	Mr. Tapan Chandra,	Chief Technical Officer (Head of Factory)	B.Sc Engineer	25.09.2003	28 years

## **INVOLVEMENT OF OFFICERS AND DIRECTORS IN CERTAIN LEGAL PROCEEDINGS**

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

- 1) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filling the prospectus was a director, officer or partner at the time of the bankruptcy;
- 2) Any conviction of director, officer in criminal proceedings or any criminal proceedings pending against him.
- 3) Any order, judgment or decree of any Court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or Banking activities.
- 4) Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any director or officer in any type of business of securities or Banking activities.

## **CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS**

The auditor has certified that no related party transaction was made in accordance with BAS-24. The Company has not entered into any transaction during the last 02 (two) years or any proposed transactions, between the company and any of the following persons:

- (a) Any Director or Executive officer of the issuer.
- (b) Any director or officer.
- (c) Any person owning 5% or more of the outstanding share of the issuer.
- (d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
- (e) any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a Director or in any way connected with a Director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a Director or connected in any way with a Director at any time during the last three years prior to the issuance of the prospectus.
- (f) The company did not take or give any loan from or to any Director or any person connected with any Director nor did any Director or any person connected with any Director.
- (g) There were no facilities whether pecuniary or non-pecuniary enjoyed by the Directors.

### **Directors' Facilities during Prospectus Publication**

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

## EXECUTIVE COMPENSATION

### A. Remuneration/Salary paid to top five salaried Executives in the last accounting year

(Amount in Taka)

Sl. No.	Name	Designation	January,2009 to December,2009
1.	Mrs. Khandoker Afia Sultana	Managing Director	540,000
2.	Mrs. Sayeeda Karim	Director (Admin)	300,000
3.	Mr. Khondoker Aminur Rahman	Director (Marketing)	180,000
4.	Md. Alauddin Mina	General Manager (Head of Accounts)	372,000
5.	Mr. Omar Sharif	Company Secretary	264,000

### B. Aggregate Amount of Remuneration paid to Directors and Officers as per audited Accounts:

SL.	Name	2009	2008
01.	Managing Director's Remuneration	5,40,000	5,20,000
02.	Directors' Remunerations: Sayeda Karim Khondoker Aminur Rahman	3,00,000 <u>1,80,000</u> 4,80,000	3,00,000 <u>1,80,000</u> 4,80,000
03.	Remunerations paid to Executives & Employees	31,15,483	34,24,848

- No Director fee was paid for attending in the Board Meeting by the Company although the Articles of Association provide to pay such fee.
- The Company did not pay any amount to any person who was not an Officer/ Director of the Company during the last fiscal year.
- There is no contract with any Director/Officer for future compensation.

### Pay Increase Intention

Besides normal increment, additional salary increment has also been made.

## OPTION GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The Company has not granted any option to officers, directors and employees. The Company has also no intention to substantially increase the remuneration paid to its officers and directors in the current year except normal increment.

## TRANSACTIONS WITH THE DIRECTORS AND SUBSIDIARIES TO THE MEMORANDUM

### Benefit from the Company

The directors and subscribers to the memorandum have not received any benefit and the Company also has not received anything from its Promoters except fund against allotment of Shares.

### Promoters' Asset to Company

Directors and subscribers to the memorandum have not transferred any asset.

## TANGIBLE ASSETS VALUE PER SHARE

Particulars	31 December 2009
Non-Current Asset & Investments	68,324,120
Current Asset	108,518,901
Land, Property, Plant and Equipment	118,644,629
<b>Total Assets</b>	<b>295,487,650</b>
Current Liabilities	111,512,302
Non Current Liabilities	31,421,390
<b>Total liabilities</b>	<b>142,933,692</b>
<b>Net Assets</b>	<b>152,553,958</b>
Number of Paid-up Shares(Weighted Average)	8,097,041
<b>Net Tangible Assets value per share</b>	<b>18.84</b>
Number of Paid-up Shares(in quantity)	14,100,010
<b>Net Tangible Assets value per unit of share</b>	<b>10.82</b>
Face Value per unit of share	10.00

Dated, Dhaka;  
22 April, 2010

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

From the above calculation it appears that Net Tangible Assets Value per Unit of Share is higher than the offering price.

## OWNERSHIP OF THE COMPANY'S SECURITIES

### Shareholding Position of the Directors:

Name of Durectors	Address	Position	Shareholding	Percentage
Mr. Salam Obaidul Karim	40/1, Joorpol lane, Sutrapur Tipu Sultan Road Dhaka	Chairman & CEO	23,10,000	16.3830
Khondoker Afia Sultana	82, Nawabpur Road, Dhaka	Managing Director	65,69,800	46.5943
Sayeeda karim	House#3 & 4, Lane-13, Block-C, Mirpur-12, Dhaka	Director	1,28,430	0.9109
Liton Kumar Roy	24/1 (1ST Floor), K.M. Das Lane, Tikatula, Dhaka	Director	11,115	0.0788
Shoyeb Ahmed	59, West Malibag, Dhaka	Director	11,115	0.0788
Ahmed Harun	House#69, Road-5, Block -C, Section- 6, Mirpur, Dhaka	Director	11,115	0.0788
Md. Sohail Rahman	House # 32, Road# 6, Block-D, Section-6, Mirpur, Dhaka.	Director	11,115	0.0788
<b>Total</b>			<b>9,100,010</b>	<b>64.54</b>

As per updated Summary of Share Capital (Form-X) detail Shareholding Position of the Company is as under:

SI No.	Name of Shareholders	Address	Position	Shareholdings	Percentage
1	Mr. Salam Obaidul Karim	40/1, Joorpol lane, Sutrapur Tipu Sultan Road Dhaka	Chairman & CEO	2310000	16.3830
2	Khondoker Afia Sultana	82, Nawabpur Road, Dhaka	Managing Director	6569800	46.5943
3	Sayeeda karim	House#3 & 4, Lane-13, Block-C, Mirpur-12, Dhaka	Director	128430	0.9109
4	Liton Kumar Roy	24/1 (1ST Floor),K.M.Das Lane, Tikatula, Dhaka	Director	11115	0.0788
5	Shoyeb Ahmed	59, West Malibag, Dhaka	Director	11115	0.0788
6	Ahmed Harun	House#69, Road-5, Block -C, Section- 6, Mirpur, Dhaka	Director	11115	0.0788
7	Md. Sohail Rahman	House # 32, Road# 6, Block-D, Section-6, Mirpur, Dhaka	Director	11115	0.0788
8	Khondoker Aminur Rahman	82, Nawabpur Road, Dhaka	Share Holder	47320	0.3356
9	Md.Abdur Rahman Khan	UNI Trade, 34 Chand Meah Lane, BLD 4, Khatunganj, Dhaka	Share Holder	250000	1.7730
10	Md. Tofail Ahamed	C/11, Oriental Orchid, 1 New Baily Road, Ramna, Dhaka	Share Holder	250000	1.7730
11	R Y Samsher	Eastern Orchid, Flat # 1/202, 6 Nayaratan, Cirkit House Road, Shantinagar, Dhaka	Share Holder	100000	0.7092

12	Richard D Rozario	14/28, Block-B, Babar Road, Mohammadpur, Dhaka-1207	Share Holder	250000	1.7730
13	Iftekhhar Uddin Ahmed	D/7-9, Arifabad Housing	Share Holder	100,000	0.7092
14	Md. Shariful Islam	Shanewaz Bhabon, Roam #412, 9/E Motijheel C/A, Dhaka	Share Holder	200,000	1.4184
15	Asduzzaman	House # 12, Road # 20, Block # C, Section # 12 Pallabi Mirpur, Dhaka	Share Holder	100,000	0.7092
16	Mazharul Kabir	Vill: Gabtoli North Masdair, P.S.Fatullah,Dist.Narayanganj	Share Holder	50,000	0.3546
17	Sayad Jalal Ahmed	North West, Securities Ltd. 56, Agrabad, Jibon Bima Bhaban, (3 <sup>rd</sup> Floor), Chittagong	Share Holder	100,000	0.7092
18	Investors Portfolio A/C, Standard Bank Ltd.	Merchant Banking Wing Dhaka - 1000	Share Holder	1,400,000	9.9291
19	Abdul Aziz	18/A, Rahamatgang, K.B. Abdus Sattar Road,Chittagong	Share Holder	100,000	0.7092
20	Md. Masudur Rahman	75, Khanpur, North Road, Narayangong	Share Holder	100,000	0.7092
21	S.M Ramjan Ali	75, Khanpur, North Road, Narayangonj	Share Holder	50,000	0.3546
22	Md. Hafizur Rahman Khan	House # 500/A.I, Road-8 Dhanmondi, Dhaka	Share Holder	150,000	1.0638
23	Eshatir Radiat (Eshat)	33/5, Azimpur Road (2 <sup>nd</sup> Floor), Dhaka-1205	Share Holder	100,000	0.7092
24	Md. Abdollah Al Nahid	Flat # 3.B, House # 58, Road # 4, Block-C, Mohanagar Project, Rampura, Dhaka	Share Holder	50,000	0.3546
25	Prime Bank Ltd. (Investors A/C)	Peoples Insurance Bhaban (11 <sup>th</sup> floor), 36, Dilkusha C/A, Dhaka	Share Holder	800,000	5.6738
26	Md. Mustafa	Sheltech Symphony, House#09, Road#33, Gulshan # 1, Dhaka	Share Holder	200,000	1.4184
27	Swadesh Investment Management Ltd. (Investors A/C)	Suite # 1, Level # 11,, Unique Trade Center, 8 Panthapath, Kawran Bazar, Dhaka-1205	Share Holder	400,000	2.8369
28	A.N.M Baki Billah	SAVP Prime Bank Ltd, Bijay Nagar Br. Akram Tower, 15/5, Bijay Nagar, Dhaka	Share Holder	50,000	0.3546
29	Mr. Sarwar Hossain	Rajia Mahal, College Road, Barishal	Share Holder	75,000	0.5319
30	Dr. A.K.M Aminul Hoque	134, Sadar Road, Barishal	Share Holder	100,000	0.7092
31	Shahida Aktar Lina	BGIC Ltd. Barishal	Share Holder	25,000	0.1773
	<b>Total</b>			<b>14,100,010</b>	<b>100%</b>

No officer/executive except the following holds any share of the Company individually or as a group as at 31.12.2010:

Sl. No.	Name of Executive	Designation	Shareholding	Amount	Percentage
1.	Mr. Salam Obaidul Karim	Chairman & CEO	2,310,000	23,100,000	16.3830
2.	Mr. Khondoker Afia Sultana	Managing Director	6,569,800	65,698,000	46.5943
3.	Mrs. Sayeeda karim	Director (Admin)	1,28,430	1,284,300	0.9109
4.	Mr. Khondoker Aminur Rahman	Director (Marketing)	47,320	473,200	0.3356

#### Shareholders Shareholding of 5.00 % or More

Particulars	A/C No.	Name of the Accountholder	No. of Share Subscribed	Percentage
<b>Investors Portfolio A/C, Standard Bank Ltd.</b>	S0008	AKM Nazmul Haider	100,000	0.7092%
	S0014	Md. Emdad Hossain	80,000	0.5674%
	S0021	Walee Mohammad Hafiz	500,000	3.5461%
	S0052	Md. Mazharul Islam	25,000	0.1773%
	S0099	Nani Gopal Kundu	50,000	0.3546%
	S0105	Nur Ahmed	10,000	0.0709%
	S0102	Amir Hossain	75,000	0.5319%
	S0117	Monirul Islam Khan	20,000	0.1418%
	S0120	Wares ul Alm	500,000	3.5461%
	S0121	Tabassum Jhintu	20,000	0.1418%
	S0134	A.K.M. Saiful Islam	20,000	0.1418%
	<b>Total</b>		<b>1,400,000</b>	<b>9.9291%</b>
<b>Investors Portfolio A/C, Prime Bank Ltd.</b>	434	Sharah Khandaker	200,000	1.4184%
	982	Yeasin Khandaker	200,000	1.4184%
	1410	Md. Ismail Khandaker	200,000	1.4184%
	1699	Md. Emran Khandaker	200,000	1.4184%
		<b>Total</b>		<b>800,000</b>

## DETERMINATION OF OFFERING PRICE

### Net Value of Per Ordinary Share

The net value per ordinary share of Salvo Chemical Industry Ltd. has been determined by Management based on the financial statement for the year ended 31 December, 2009. The calculation is as follows:

<b>Shareholders Equity</b>	<b>31 December 2009</b>
Share capital	141,000,100
Tax Holiday Reserve	3,996,257
Retained Earnings	7,931,162
<b>Total Shareholders' Equity</b>	<b>152,927,519</b>
No. of shares of taka 10 each (weighted Average Quantity)	8,097,041
<b>Net value per share of taka 10 each (weighted Ave. Method)</b>	<b>18.89</b>
No. of shares of taka 10 each (Numerical Quantity)	14,100,010
<b>Net value per share of taka 10 each (Per Unit of Share Method)</b>	<b>10.85</b>

We hereby certify that above determination presents fairly the net value per ordinary share Tk.10.00 each is limited by Tk.18.89 (in weighted Ave. Method) and Tk.10.85 (Per Unit of Share Method).

Dated: 22 April, 2010

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

From the above calculation it appears that **Net value of per share** is higher than the offering price.

## **MARKET FOR THE SECURITIES BEING OFFERED**

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

### **Dhaka Stock Exchange Limited (DSE)**

9/F, Motijheel C/A, Dhaka-1000

**And**

### **Chittagong Stock Exchange Limited (CSE)**

CSE Building, 1080 Sk. Mujib Road  
Agrabad C/A, Chittagong.

### **"Declaration about Listing of Shares with the Stock Exchange(s):**

None of the stock exchange(s), if for any reason, grants 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 exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

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

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

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

## **DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED**

### **Dividend, Voting, Preemption Right**

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

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

### **Conversion & Liquidation Right**

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

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

### **Dividend Policy**

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

### **OTHER RIGHTS OF STOCK HOLDERS**

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with 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.

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

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

## DEBT SECURITIES

Salvo Chemical Industry Ltd. has not issued any debt securities and has no plan to issue within next six months.

## FINANCIAL STRUCTURE

(Amount in BDT)

<b>Authorized Capital</b>	<b><u>500,000,000</u></b>
<b>Issued &amp; Fully Paid Up capital</b> 14,100,010 ordinary Shares @ Taka 10.00 each  <i>Issued Up to 06.04.2009</i> <i>Issuance of new ordinary shares dated 28.12.2009</i> <i>Issuance of new ordinary shares dated 28.12.2009</i>	80,500,000 10,500,100 50,000,000 <b>141,000,100</b>
<b>IPO (Initial Public Offering)</b>	<b>260,000,000</b>
<b>Total Paid-up Capital after IPO</b>	<b><u>401,000,100</u></b>

## LOCK-IN PROVISION OF SHARE

All issued shares of the issuer at the time of according consent to the public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

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

Sl. No.	Name of Shareholders	Position	Shareholdings	Percentage	Date of Acquisition	Expiry Date
1	Mr. Salam Obaidul Karim	Chairman & CEO	2310000	16.3830	3.12.2009	11.12.2013
2	Khondoker Afia Sultana	Managing Director	6569800	46.5943	3.12.2009	11.12.2013
3	Sayeeda karim	Director	128430	0.9109	3.12.2009	11.12.2013
4	Liton Kumar Roy	Director	11115	0.0788	3.12.2009	11.12.2013
5	Shoyeb Ahmed	Director	11115	0.0788	3.12.2009	11.12.2013
6	Ahmed Harun	Director	11115	0.0788	3.12.2009	11.12.2013
7	Md. Sohail Rahman	Director	11115	0.0788	25.03.2010	11.12.2013
8	Khondoker Aminur Rahman	Share Holder	47320	0.3356	3.12.2009	11.12.2011
9	Md.Abdur Rahman Khan	Share Holder	250000	1.7730	25.03.2010	11.12.2011
10	Md. Tofail Ahamed	Share Holder	250000	1.7730	25.03.2010	11.12.2011
11	R Y Samsher	Share Holder	100000	0.7092	25.03.2010	11.12.2011
12	Richard D Rozario	Share Holder	250000	1.7730	25.03.2010	11.12.2011
13	Iftekhhar Uddin Ahmed	Share Holder	100,000	0.7092	25.03.2010	11.12.2011

14	Md. Shariful Islam	Share Holder	200,000	1.4184	25.03.2010	11.12.2011
15	Asduzzaman	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
16	Mazharul Kabir	Share Holder	50,000	0.3546	25.03.2010	11.12.2011
17	Sayad Jalal Ahmed	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
18	Investors Portfolio A/C, Standard Bank Ltd.	Share Holder	1,400,000	9.9291	25.03.2010	11.12.2011
19	Abdul Aziz	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
20	Md. Masudur Rahman	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
21	S.M Ramjan Ali	Share Holder	50,000	0.3546	25.03.2010	11.12.2011
22	Md. Hafizur Rahman Khan	Share Holder	150,000	1.0638	25.03.2010	11.12.2011
23	Eshatir Radiat (Eshat)	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
24	Md. Abdollah Al Nahid	Share Holder	50,000	0.3546	25.03.2010	11.12.2011
25	Prime Bank Ltd. (Investors A/C)	Share Holder	800,000	5.6738	25.03.2010	11.12.2011
26	Md. Mustafa	Share Holder	200,000	1.4184	25.03.2010	11.12.2011
27	Swadesh Investment Management Ltd. (Investors A/C)	Share Holder	400,000	2.8369	25.03.2010	11.12.2011
28	A.N.M Baki Billah	Share Holder	50,000	0.3546	25.03.2010	11.12.2011
29	Mr. Sarwar Hossain	Share Holder	75,000	0.5319	25.03.2010	11.12.2011
30	Dr. A.K.M Aminul Hoque	Share Holder	100,000	0.7092	25.03.2010	11.12.2011
31	Shahida Aktar Lina	Share Holder	25,000	0.1773	25.03.2010	11.12.2011
	<b>Total</b>		<b>14,100,010</b>	<b>100%</b>		

## Refund of Subscription Money

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

(a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription;  
or

(b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

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

## Subscription By and Refund to Non-Resident Bangladeshi (NRB):

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed Bank cheque marking "Account Payee only".

2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.

3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

## Allotment

The company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.

## AVAILBLITY OF SECURITIES

a)	10% of the Issue i.e 2,600,000 ordinary shares @Tk.10 each shall be reserved for Non-resident Bangladeshis.	Tk.26,000,000.00
b)	10% of the Issue i.e. 2,600,000 ordinary shares @Tk.10 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 26,000,000.00
c)	The remaining 80% i.e. 20,800,000 Ordinary Shares @Tk.10 each shall be open for subscription by the general public.	Tk. 208,000,000.00
<b>Total</b>		<b>Tk. 260,000,000.00</b>

- (1) 10% of total public offering shall be reserved for non-resident Bangladeshi **(NRB)** and 10% for **mutual funds** and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.
- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

### **APPLICATION FOR SUBSCRIPTION**

01. Application for shares may be made for a minimum lot of 500 (Five hundred) ordinary shares to the value of Tk. 5,000.00 and should be made on the Company's printed Application Forms. Application Forms and the Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/ handwritten/ typed copies of the forms. Application must not be for less than 500 shares. Any application not meeting the criterion will not be considered for allotment purpose.
02. Joint application form for more than two persons will not be accepted. In the case of a joint application each party must sign the application form.
03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and Limited Companies must be accompanied by Memorandum and Articles of Association.
- 04. An applicant can NOT submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
05. Bangladeshi nationals (including non-resident Bangladeshis residing/working abroad) and foreign nationals shall be entitled to apply for shares.
06. Payment for subscription by investor other than Non-Resident Bangladeshi may be made to the said branches/office of the bank mentioned below in cash /cheque/pay order /Bank Draft. The Cheque or Pay order or Bank Draft shall be made payable to the bank to which it is sent and be marked "**SALVO CHEMICAL INDUSTRY Limited**" and shall bear the crossing "**Account Payee only**" and must be drawn on a Bank the same town of the bank to which application form is deposited.
07. All completed Application forms, together with remittance for the full amount payable on Application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
08. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying

out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for. The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web sites of the Company, Issue Manager, DSE, CSE and the SEC.

09. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's **Short Term Deposit Account No. 0028-0325000813** with **NCC Bank Limited, Dilkusha Branch, Dhaka-1000** for the purpose.
10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling shall be deposited to "FC Account(s) opened by the Company for IPO as follows:

Sl. No.	Name of the Accounts	Accounts No.	Bank and Branch
1	FC A/C USD	0128010002	NCC Bank Limited, Dilkusha Branch, Dhaka
2	FC A/C GBP	0228010001	
3	FC A/C EURO	0428010001	

The company shall close these accounts after refund of over subscription, if any.

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

**UNDERWRITERS OBLIGATION**

As per Securities and Exchange Commission's guideline 50% of the **Public Offer of Tk. 260,000,000** ordinary share i.e. 13,000,000 ordinary shares of TK. 10.00 each at par i.e., for TK. 130,000,000 will be Underwritten at a rate of 0.50% (underwriting commission) by the following Underwriters for the IPO of **SALVO CHEMICAL INDUSTRY Ltd.** No additional commission will be paid on the amount of shares required to be subscribed by the underwriters.

Name and Address of the underwriters	No. of Shares Underwritten	Underwriting Amount in BDT
<b>Standard Bank limited</b> Chamber Building (3 <sup>rd</sup> floor), 122-124, Motijheel C/A, Dhaka-1000	3,500,000	35,000,000
<b>Trust Bank Ltd.</b> 36, Dilkusha C.A. Dhaka-1000	3,500,000	35,000,000
<b>Swadesh Investment Management Ltd.</b> House#35, Road#1/A, Banani, Dhaka-1213	3,000,000	30,000,000
<b>Bangladesh General Insurance Company Ltd.</b> 42, Dilkusha C.A. Dhaka-1000	3,000,000	30,000,000
<b>Total</b>	<b>13,000,000</b>	<b>130,000,000</b>

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been en-cashed and the

Company's account credited. In any case within 7 (seven) days after 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 under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission

### MISCELLANEOUS INFORMATION

<b>ISSUE MANAGER</b>	<b>AAA Consultants &amp; Financial Advisers LTD.</b> Amin Court, 4 <sup>th</sup> Floor (Suite # 404), 31 Bir Uttam Shahid Ashfaqus Samad Road, Motijheel C/A, Dhaka-1000
<b>AUDITOR</b>	<b>S. F. Ahmed &amp; Co.</b> Chartered Accountants 15, Dilkusha C.A., (6 <sup>th</sup> Floor), Dhaka-1000 Phone: 7169487, 9569256, 9572217
<b>BANKER</b>	<b>National Credit and Commerce Bank Limited</b>
<b>COMPLIANCE OFFICER OF MANAGER TO THE ISSUE</b>	<b>Md. Khalid Hossain</b> Deputy Manager
<b>COMPANY'S COMPLIANCE OFFICER</b>	<b>Mohammad Omar Sharif</b> Company Secretary

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment / Share Certificates / Refund warrants / Cancelled Stock Investors, etc.

### MATERIAL CONTRACTS

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

- a) Underwriting Agreement between the Company and the Underwriters.
- b) Issue Management Agreement between the Company and the Manager to the Issue, AAA Consultants & Financial Advisers Limited.
- c) Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).  
Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

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

**SALVO CHEMICAL INDUSTRY LIMITED**

**Application Form**

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

**Warning:** Please read the instructions on the back of this form. Incorrectly filled Applications may be rejected

The Managing Director  
**Salvo Chemical Industry Limited**  
 Senakalayan Bhaban (9th floor), Suite # 903/B, Dhaka-1000

**Banker's SI No.**

Dear Sir,

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

- 1 Number of Ordinary Shares .....of Tk. 10.00 each at par
- 2 Amount Tk. (in figure).....Taka (in words).....only deposited vide Cash/Cheque/Draft/Pay Order No.....Date.....on.....Bank.....Branch
- 3 Beneficiary Owner (BO) Account Number   
**{If you do not mention your valid Depository (BO) account number, your application will be treated as invalid.}**
- 4 I/we agree to fully abide by the instructions given herein.
- 5 **Particulars of Applicant(s) :**

**a) Sole/First Applicant:**

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

**b) Second Applicant:**

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

6. I/we hereby declare that I/we have read the Prospectus of **SALVO CHEMICAL INDUSTRY LIMITED** and have willingly subscribed for .....no. of Shares of Tk. 10.00 each at par.

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

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

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

**BANKER'S ACKNOWLEDGMENT**

Certified that this Bank has received Tk (in figure).....(in word).....) only from Mr./Mrs./Ms./ ..... being the Application money for..... Nos. of Ordinary Shares of **SALVO CHEMICAL INDUSTRY LIMITED**.

**Banker's SL. No.**

**Seal & Date**

**Authorized Signature**  
(Name & Designation)

## **INSTRUCTIONS**

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

## Bankers to the Issue

### **Bank Asia**

1. Principal Office Br. Dhaka
2. MCB Dilkusha Br., Dhaka
3. Corporate Br., Dhaka
4. Scotia Br., Dhaka
5. Gulshan Br., Dhaka
6. MCB Banani Br., Dhaka
7. Uttara Br., Dhaka
8. Mitford Br., Dhaka
9. North South Rd. Br., Dhaka
10. Dhanmondi Br., Dhaka
11. Bashundhara Br., Dhaka
12. Sylhet Main Br., Sylhet
13. Sylhet Upashahar Br. Sylhet
14. Agrabad Br., Chittagong
15. Khatun gonj Br., Chittagong
16. MCB Sk. Mujib Road Br., Chittagong
17. Bahadderhat Br., Chittagong
18. Mogbazar Br., Dhaka
19. CDA Avenue Br., Chittagong
20. Station Road Br., Chittagong
21. Rajshahi Br. Rajshahi
22. Khulna Br., Khulna
23. Mohakhali Br., Dhaka
24. Mirpur Br. Dhaka
25. Bogra Br, Bogra
26. Jessore Br. Jessore
27. Anderkilla Br. Chittagong
28. Shantinagar Br. Dhaka

### **National Bank Ltd.**

1. Banani Branch, Dhaka
2. Babubazar Br, Dhaka
3. Bangsal Road Br., Dhaka
4. Dhanmondi Br., Dhaka
5. Dilkusha Br., Dhaka
6. Elephant Road Br. Dhaka
7. Foreign Ex. Br., Dhaka
8. Gulshan Br. Dhaka
9. Imamgonj Br, Dhaka
10. Islampur Br., Dhaka
11. Jatrabari Br. Dhaka
12. Kawran Bazar Br. Dhaka
13. Lake Circus Br. Dhaka
14. Malibagh Br. Dhaka
15. Mirpur Br. Dhaka
16. Mohakhali Br. Dhaka

17. Mohammadpur Br. Dhaka
18. Motijheel Br., Dhaka
19. Narayanganj Br. Narayanganj
20. Netaigonj Br., Narayanganj
21. New Eskaton Br., Dhaka
22. North brookHall Br. Dhaka
23. Pragati Sarani Br. Dhaka
24. Rokeya Sarani Br. Dhaka
25. Savar Bazar Br. Savar
26. Uttara Br. Dhaka
27. Z.H. Sikder M.C Br. Dhaka
28. Sunamgonj Br. Sunamgonj

### **Standard Bank Limited**

1. Principal Br., Dhaka
2. Foreign Exchange Br., Dhaka
3. Topkhana Road Br. Dhaka
4. Imamgonj Br., Dhaka
5. Gulshan Br., Dhaka
6. Dhanmondi Br., Dhaka
7. Mirpur Br., Dhaka
8. Uttara Br., Dhaka
9. Gukshan-1 Br., Dhaka
10. Panthapath Br., Dhaka
11. Banani Br., Dhaka
12. Narayanganj Br. Narayanganj
13. Munshikhola Br., Dhaka
14. Pragati Sarani Br., Dhaka
15. Jubilee Road Br., Chittagong
16. Agrabad Br., Chittagong
17. Khatungonj Br., Chittagong
18. CDA Avenue Br., Chittagong
19. EPZ Br., Chittagong
20. Bahaddar Hat Br. Chittagong
21. Sylhet Br., Sylhet
22. Khulna Br., Khulna
23. Rajshahi Br. Rajshahi
24. Jessore Br. Jessore
25. Barisal Br., Barisal

### **Social Islami Bank limited**

1. Principal Br., Dhaka
2. Agrabad Br., Chittagong
3. Khulna Br., Khulna
4. Sylhet Br., Sylhet
5. Gulshan Br., Dhaka
6. Babu Bazar Br., Dhaka
7. Moulvi Bazar Br., Dhaka
8. Begum Rokeya Sarani Br., Dhaka
9. Sonargaon Br., Sonargaon
10. Foreign Exchange Br., Dhaka
11. Dhanmondi Br., Dhaka
12. Jubilee road Br., Chittagong
13. Uttara Br., Dhaka
14. Mirpur Br., Dhaka
15. Banani Br., Dhaka
16. Savar Br., Savar
17. Kaderia Tayebia Madrasha Branch
18. Rasulpur Br.
19. Comilla Br., Comilla
20. Rampuara Br., Dhaka

### **Investment Corporation of Bangladesh (ICB)**

1. Head Office, Dhaka
2. Chittagong Br. Chittagong
3. Rajshahi Br., Rajshahi
4. Khulna Br., Khulna
5. Barishal Br., Barishal.
6. Sylhet Br., Sylhet
7. Bogra Br., Bogra
8. Local Office, Dhaka

### **Southeast Bank Limited**

1. Principal Br. Dhaka
2. Corporate Br. Dhaka
3. Imamgonj Br., Dhaka
4. Dhanmondi Br., Dhaka
5. Uttara Br., Dhaka
6. New Elephant Road Br., Dhaka
7. Gulshan Br., Dhaka
8. Kakrail Br., Dhaka

10. Bangsal Road Br., Dhaka
11. New Eskaton Road Br., Dhaka
12. Agargaon Br., Dhaka
13. Pragati Sarani Br., Dhaka
14. Shaymoli Br., Dhaka
15. Aganagar Br., Dhaka
16. Sat Mashjid Road Br., Dhaka
17. Madhabdi Br., (Rural), Narshingdi
18. Ashulia Br. (Rural), Dhaka
19. Narayanganj Br., Narayanganj
20. Joypara Br., Dhaka
21. Savar Br., Savar
22. Mouchak Br., Dhaka
23. Konabari Br., (Rural), Gazipur
24. Tongi Br. Gazipur
25. Bashundhara Br., Dhaka
26. Mohammadpur Br., Dhaka
27. Madambibir Hat Br., Chittagong
28. Comilla Br. Comilla
29. Bandar Bazar Br., Sylhet
30. Moulvibazar Br., Moulvibazar
31. Hetimgonj Br., Sylhet
32. Chouhatta Br. Sylhet
33. Laldighirpaar Br., Sylhet
34. Shahjalal Uposhahar Br., Sylhet
35. Kolaura Br (Rural), Moulavibazar
36. Pathantula Br. Sylhet
37. Agrabad Br. Chittagong
38. Khatungonj Br., Chittagong
39. Jubilee Road Br., Chittagong
40. Halishahar Br., Chittagong
41. Chowmohani Br., Noakhali
42. CDA Avenue Br., Chittagong
43. Cox's Bazar Br., Cox's Bazar
44. Chhagalnaiya Br., Feni
45. Feni Br., Feni
46. Pahartali Br., Chittagong
47. Bashurhat Br. Noakhali
48. Momin Road Br. Chittagong
49. Rangpur Br., Rangpur
50. Bogra Br., Bogra
51. Khulna Br., Khulna
52. Barisal Br., Barisal
53. Rajshahi Br., Rajshahi
54. Naogaon Br. Naogaon

### **NCC Bank Limited**

1. Motijheel Br. Dhaka
2. Dilkusha Br. Dhaka
3. Kawranbazar Br. Dhaka
4. Mirpur Br., Dhaka
5. Dhanmondi Br., Dhaka
6. Mitford Br., Dhaka
7. Nawabpur Br., Dhaka
8. Foreign Exchange Br Dhaka
9. Malibagh Br. Dhaka
10. Uttara Br., Dhaka

11. Mogbazar Br. Dhaka
12. Babubazar Br. Dhaka
13. Bangsal Br., Dhaka
14. Elephant Road Br. Dhaka
15. Pragoti Sarani Br. Dhaka
16. Jatrabari Br. Dhaka
17. Gulshan Br. Dhaka
18. Shymoli Br. Dhaka
19. Banani Br. Dhaka
20. Bijoyagar Br. Dhaka
21. Savar Br., Savar
22. Islampur Br. Dhaka
23. Joydevpur Br. Gazipur
24. Madaripur Br. Madaripur
25. Tangal Br. Tangail
26. Agrabad Br., Chittagong
27. Khatungonj Br. Chittagong
28. O.R. Nizam Road Br., Chittagong
29. Jubilee road Br., Chittagong
30. Cox'sbazar Br., Cox'sbazar
31. CEPZ Br., Chittagong
32. Anderkilla Br., Chittagong
33. Narayanganj Br., Narayanganj
34. Halishahar Br., Chittagong
35. Kadamtali Br., Chittagong
36. Majhirghat Br., Chittagong
37. Feni Br., Feni
38. Laxmipur Br., Laxmipur
39. Chowmuhani Br. Chowmuhani
40. Comilla Br., Comilla
41. Laldighirpar Br., Chittagong
42. Chowhatta Br., Sylhet
43. Moulvibazar Br. Moulvibazar
44. Rangpur Br., Rangpur
45. Rajshahi Br., Rajshahi
46. Bogra Br., Bogra
47. Naogaon Br. Naogaon
48. Khulna Br., Khulna
49. Jessore Br., Jessore

### **Trust Bank Limited**

1. Comilla Br., Comilla
2. Radisson Water Garden Hotel Br. Dhaka
3. Feni Br., Feni
4. Narshingdi Br. Narshingdi
5. Khulna Br., Khulna
6. Beanibazar Br. Sylhet
7. Jalalabad Cant. Br., Sylhet
8. Ashuganj Br., Brahmanbaria
9. Khwaja Younus Ali Medical College & Hospital Br. Sirajganj
10. Tangal Br. Gazipur



## INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring "**Salvo Chemical Industry Limited**" and crossed "**Account Payee only**".
5. An application shall be sent by the applicant directly to the Company by **20.01.2011** so as to reach the Company by **29.01.2011**. Applications sent after **29.01.2011** or received by the Company after **29.01.2011** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US\$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
14. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
15. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-15 (above).
17. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
18. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

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

**Auditors' Report to the Shareholders  
of  
Salvo Chemical Industry Limited**

We have audited the accompanying statement of financial position of **Salvo Chemical Industry Limited** as of 31 December 2009 and the related statement of comprehensive income, statement of changes in equity, statement of cash flows and the relevant explanatory notes thereto for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of all material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant accounting estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the result of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from factory not visited by us;
- (c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka;  
13 April 2010

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

**Salvo Chemical Industry Limited**  
**Statement of Financial Position**  
**As at 31 December 2009**

	Notes	Amount in Taka	
		31-Dec-09	31-Dec-08
<b>SOURCES OF FUND :</b>			
<b>Shareholders' Fund:</b>			
Share Capital	03	141,000,100	80,400,000
Reserve & Surplus	04	11,927,419	16,373,390
		<b>152,927,519</b>	<b>96,773,390</b>
<b>Loan Fund :</b>			
Long Term Loan - Secured	05	25,664,391	26,965,833
Less : Current Maturity		38,496,586	38,065,833
		12,832,195	11,100,000
Lease Payable	06	5,756,999	9,918,327
Less: Current Maturity		8,635,499	9,918,327
		2,878,500	-
		<b>31,421,390</b>	<b>36,884,160</b>
<b>Total:</b>		<b>184,348,909</b>	<b>133,657,550</b>
<b>APPLICATION OF FUND :</b>			
Fixed Assets at cost Less Depreciation	07	<b>118,644,629</b>	<b>94,142,611</b>
Capital Work In-progress	08	<b>68,324,120</b>	<b>74,037,693</b>
<b>Current Assets :</b>			
		<b>108,518,901</b>	<b>30,833,255</b>
Advance, Deposits & Pre-payments	09	4,986,638	5,079,479
Investment in Shares	10	-	1,347,140
Term Deposit Receipts (TDR)	11	4,261,273	1,134,517
Stock of Container	12	28,000	144,399
Inventories	13	15,709,384	11,995,231
Spare Parts	14	4,359,061	3,944,192
Accounts Receivable	15	47,452,190	6,294,667
Cash and Cash Equivalents	16	31,722,356	893,630
<b>Current Liabilities :</b>			
		<b>111,512,302</b>	<b>65,771,075</b>
Short Term Loan	17	57,394,188	31,828,842
Accounts Payable	18	2,576,652	577,765
Advance Deposits	19	28,500,000	19,419,910
Current Maturity- Loan & Lease		15,710,695	11,100,000
Provision for Income Tax	20	6,258,011	1,826,282
Provision for Expenses	21	1,072,756	1,018,276
<b>Net Current Assets:</b>			
		<b>(2,993,401)</b>	<b>(34,937,820)</b>
Preliminary Expenses	22	<b>11,957</b>	<b>13,286</b>
Deferred Expenses	23	<b>361,601</b>	<b>401,780</b>
<b>Net Assets:</b>		<b>184,348,909</b>	<b>133,657,550</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

Sd/-  
**Company Secretary**

Sd/-  
**Director**

Sd/-  
**Managing Director**

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
13 April 2010

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

**Salvo Chemical Industry Limited**  
**Statement of Comprehensive Income**  
**For the period from 01 January 2009 to 31 December 2009**

<b>Particulars</b>	<b>Notes</b>	<b>Amount in taka</b>	
		<b>2009</b>	<b>2008</b>
<b>Operating Income :</b>			
Sales- Net of VAT	24	63,398,016	110,126,475
Less : Cost of goods sold	25	38,754,415	95,472,020
<b>Gross Profit (a)</b>		<b>24,643,601</b>	<b>14,654,455</b>
<b>Operating Expenses :</b>			
Administrative Expenses	26	5,950,579	6,464,281
Selling & Distribution Expenses	27	733,474	755,440
<b>Total Operating Expenses (b)</b>		<b>6,684,053</b>	<b>7,219,721</b>
<b>Total Operating Profit (c)=(a-b)</b>		<b>17,959,548</b>	<b>7,434,734</b>
<b>Non- operating Activities :</b>			
<b>Non-operating Income (d)</b>	28	<b>8,207,556</b>	<b>1,223,636</b>
<b>Non-operating Expenses:</b>			
Financial Charges	29	14,307,654	2,210,963
Written off Expenses	30	41,507	46,118
<b>Total Non-operating Expenses (e)</b>		<b>14,349,161</b>	<b>2,257,081</b>
<b>Profit &amp; Loss Adjustment A/C (f)</b>		<b>-</b>	<b>508,114</b>
<b>Net Profit/(Loss) Before Tax (g)=(c+d-e+f)</b>		<b>11,817,944</b>	<b>6,909,403</b>
Less: Tax Holiday Reserve		-	812,235
Less: Provision for Income Tax		4,431,729	1,826,282
<b>Net Profit/(Loss) After Tax</b>		<b>7,386,215</b>	<b>4,270,886</b>
Profit / (Loss) brought forward		11,045,047	7,223,196
Less: Prior year's adjustment		-	449,035
Less: Stock dividend		10,500,100	-
<b>Retained Earnings to be carried forward</b>		<b>7,931,162</b>	<b>11,045,047</b>
<b>Basic Earning Per Share (EPS):</b>	31	<b>0.91</b>	<b>0.53</b>

The accompanying notes form an integral part of this financial statement and are to be read in

Sd/-  
**Company Secretary**

Sd/-  
**Director**

Sd/-  
**Managing Director**

Signed in terms of our separate report of even date annexed.  
Sd/-

Dated, Dhaka;  
13 April 2010

**S. F. Ahmed & Co.**  
**Chartered Accountants**

**Salvo Chemical Industry Limited**  
**Statement of Changes In Equity**  
**As at 31 December 2009**

Particulars	Amount in Taka				
	Share Capital	Tax Holiday Reserve	Proposed Dividend	Retained Earnings	Total Equity
<b>Balance as on 01 January, 2009</b>	<b>80,400,000</b>	<b>5,328,343</b>	-	<b>11,045,047</b>	<b>96,773,390</b>
New Allotment	50,100,000	-	-	7,386,215	57,486,215
Stock Dividend	10,500,100	-	-	(10,500,100)	-
Proposed Cash Dividend	-	(1,332,086)	1,332,086	-	-
Accounts Payable (Note-18)	-	-	(1,332,086)	-	(1,332,086)
<b>Balance as on 31 December, 2009</b>	<b>141,000,100</b>	<b>3,996,257</b>	-	<b>7,931,162</b>	<b>152,927,519</b>

Sd/-  
**Company Secretary**

Sd/-  
**Director**

Sd/-  
**Managing Director**

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
13 April 2010

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

**Salvo Chemical Industry Limited**  
**Statement of Cash Flows**  
**For the period from 01 January 2009 to 31 December 2009**

	Amount in taka	
	2009	2008
<b>A. <u>Cash from Operating Activities:</u></b>		
Cash received from Customer	63,398,016	126,645,465
Cash received from other than Operating Income	8,207,556	1,223,636
Cash Paid to Suppliers, Expenses & Others	(81,874,977)	(104,066,379)
Finance Charges	(14,307,654)	(2,210,963)
Lease Payable	(1,282,828)	(681,673)
<b>Net Cash used by Operating Activities (Total of "A"):</b>	<b><u>(25,859,886)</u></b>	<b><u>20,910,086</u></b>
<b>B. <u>Cash from Investing Activities:</u></b>		
Fixed Assets	(26,707,961)	(10,663,243)
Investment in Shares	1,347,140	(1,347,140)
Term Deposit Receipts (TDR)	(3,126,756)	(26,766)
Capital Work In-progress	-	(66,421,057)
Advance Deposits	9,080,090	-
<b>Net Cash used by Investing Activities (Total of "B"):</b>	<b><u>(19,407,487)</u></b>	<b><u>(78,458,206)</u></b>
<b>C. <u>Cash from Financing Activities (Increase/ Decrease):</u></b>		
Share Capital	50,100,000	-
Long Term Loan- Secured	430,753	33,724,078
Short Term Loan	25,565,346	22,936,046
<b>Net Cash used by Financing Activities (Total of "C"):</b>	<b><u>76,096,099</u></b>	<b><u>56,660,124</u></b>
<b>Net Increase/ Decrease in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>30,828,726</b>	<b>(887,996)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>893,630</b>	<b>1,781,626</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b><u>31,722,356</u></b>	<b><u>893,630</u></b>

Sd/-  
**Company Secretary**

Sd/-  
**Director**

Sd/-  
**Managing Director**

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
13 April 2010

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

**Salvo Chemical Industry Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December, 2009**

**01. BACKGROUND AND OBJECTIVES OF THE COMPANY:**

**01.01 Introduction and Legal Status:**

The company was incorporated as a private limited company in Bangladesh in the name & style of **Salvo Chemical Industry Limited** under the Companies Act, 1994, vide Reg. No. "C-44978(1446) 2002" dated 29 January, 2002 with the Registrar of Joint Stock Companies & Firms (RJSCF), Dhaka. Subsequently the Company was converted to a Public Limited Company with registration on 04 August 2008 from the Registrar of Joint Stock Companies & Firms (RJSCF). Corporate office of the company is situated at "Suite No.-903/B, Senakalyan Bhaban (9th) floor, 195-Motijheel C/A, Dhaka-1000" and the factory located at "South Dhonua, Sripur, Gazipur. Consequently the company has acquired the following licenses and legal Approvals:

Sl. No.	Name of License	Registration of license	Date of License	Renewed up to
1.	Trade License (Factory)	263	24/06/2007	2009-2010
2.	Trade License (Head Office)	089967/Ward No.32	16/03/2005	2009-2010
3.	Tax Identification Number	037-201-0760/Co-4	05/03/2002	N/A
4.	Assessment completion	-	-	Upto 2009-2010
5.	VAT Identification Number	5141016465/50401	01/10/2002	N/A
6.	Import Registration Certificate	BA-135303	13/07/2003	2009-2010
7.	DCCI Membership Certificate	11138	27/12/2007	31.12.2010
8.	Board of Investment	L-28010204010-H	01/04/2002	N/A
9.	Environment Clearance Certificate	PARIBESH/DA-B/4701/Re 950	24/07/2004	2009-2010
10.	Fire License	DHAKA/17582/2003	27/04/2003	2009-2010
11.	Production Clearance Certificate from Department of Explosives	9/(40)/1-2/3441	7/5/2003	N/A
12.	Factory License from chief inspector of Factories	11911/Gazipur	31/12/2003	2010
13.	Boiler Certificate	3030	27/10/2003	2010
14.	Tax Holiday Order For Five Years	NBR 19(76)ANU-1/2003	11/06/2003	31.03.2008
15.	Sulphur Stock License For Production of H <sub>2</sub> SO <sub>4</sub>	Gazipur D.C Office No. 134-01/2003	22/08/2003	2010
16.	Trade Mark Registration	App. No. 81276-01	22/07/2003	N/A

**01.02 Nature of Business:**

The company has been established with a view to producing and supply of different chemicals for local consumption. Some of the chemicals are, interalia:

- a) Sulphuric Acid ;
- b) Alum & Zinc Sulphate;
- c) Basic Chrome Sulphate (BCP);
- d) Sulphonic Acid (LABSA)
- e) Battery Grade Water etc.

Moreover, the company is producing Sulphuric Acid & Battery Grade Water only.

## **02. SIGNIFICANT ACCOUNTING POLICIES:**

### **02.01 Accounting Basis:**

The financial statements have been prepared on a going concern basis under historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles (GAAP). The accounting policies have been consistently followed.

### **02.02 Basis of Preparation and Presentation of the Financial Statements:**

The financial statements have been prepared and the disclosure of information thereof have been made in accordance with the requirements of Bangladesh Accounting Standard (BAS) as adopted by Institute of Chartered Accountants of Bangladesh (ICAB) and the companies Act.1994 and other the applicable laws, rules and regulations.

### **02.03 Recognition of Tangible Property, Plant & Equipment:**

#### **Recognition:**

Assets having a useful life for more than a year are generally capitalized. Fixed Assets are stated at cost less accumulated depreciation. Cost of assets represents cost of acquisition plus construction, erection and other relevant expenditure etc.

Lease assets acquired the owners a Finance Lease has been recognized in accordance with Bangladesh Accounting Standard (BAS)-17.

#### **Depreciation:**

No depreciation has been charged on land & land development. Depreciation has been charged on all other fixed assets, acquired either purchase or lease, applying diminishing balance method. All the assets acquired during the year have been depreciated considering month of acquisition. The rates of depreciation are as follows:

<b><u>Category</u></b>	<b><u>Rate</u></b>
Factory Building & Construction	5%
Plant & Machinery	10%
Electric Installation	10%
Office Equipments	10%
Furniture	10%

### **02.04 Inventories:**

In compliance with the requirement of BAS-2 "Inventories", Raw Materials and Stores are valued at the lower of average cost and the net realizable value. The costs of inventories are valued at weighted average price.

### **02.05 Cash and Cash Equivalents:**

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

**02.06 Cash Flow Statement:**

Cash Flow Statement is prepared in accordance with the requirements of BAS- 7 "Cash Flow Statement" under indirect method.

**02.07 Revenue Recognition:**

Revenue from the sale of chemical is recognized when:

- i) Significant risk and rewards of ownership is transferred to the customers,
- ii) The company has no managerial involvement of ownership to the goods,
- iii) The amount of revenue and cost of the transaction can be measured reliably, and
- iv) Invoice and delivery challan are issued to the customers.

**02.08 Provision for expenses:**

While the provision for certain charges and known liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/ demands and/ or actual payments is adjusted in the subsequent year when such liabilities are settled.

**02.09 Taxation:**

Provision for income tax has been made in the accounts @ 37.5% as applicable for a public limited unlisted company and has been treated and accounted for in accordance with IAS 12: Income Taxes.

**02.10 Earning Per Share:**

Basic Earning Per Share (EPS) has been calculated under weighted average method as per BAS-33, Earning Per share.

No diluted EPS is calculated as there is no scope of dilution of shares during the year under audit.

**02.11 Integral Components of the Financial Statements:**

In compliance with the Bangladesh Accounting Standard (BAS)- 1 "Presentation of Financial Statements," the following components are annexed:

- i) Statement of Financial Position as at 31 December, 2009
- ii) Statement of Comprehensive Income for the year ended 31 December,2009
- iii) Statement of Changes In Equity as at 31 December, 2009.
- iv) Statement of Cash Flows for the year ended 31 December, 2009.

Amount in Taka	
31-Dec-09	31-Dec-08
<b>141,000,100</b>	<b>80,400,000</b>

### 03. SHARE CAPITAL :

Authorised Capital :

5,000,000 Ordinary Shares of Tk. 10 each.

**500,000,000**      **500,000,000**

Issued, Subscribed & Paid up Capital :

14100010 Ordinary Shares of Tk. 10 each.

**141,000,100**      **80,400,000**

#### Details of Shareholding Position of Subscribers/ Directors/ Sponsors are consists of the following :

		Ratio		
1. Khondoker Afia Sultana-	6,569,800 Shares @ Tk. 10 each	46.5943	65,698,000	71,500,000
2. Mrs. Sayeeda Karim-	128,430 Shares @ Tk. 10 each	0.9109	1,284,300	5,500,000
3. Mr. Khondoker Aminur Rahman	47,320 Shares @ Tk. 10each	0.3356	473,200	3,000,000
4. Mr. Liton Kumar Roy-	11,115 Shares @ Tk. 10 each	0.0788	111,150	100,000
5. Mr. Md. Sohail Rahman-	11,115 Shares @ Tk. 10 each	0.0788	111,150	100,000
6. Mr. Shoyeb Ahmed-	11,115 Shares @ Tk. 10 each	0.0788	111,150	100,000
7. Mr. Ahmed Harun-	11,115 Shares @ Tk. 10 each	0.0788	111,150	100,000
8. Salam Obaidul Karim	2,310,000 Shares @ Tk. 10 each	16.3830	23,100,000	-
9. Md.Abdur Rahman Khan	250,000 Shares @ Tk 10 each	1.7730	2,500,000	-
10. Md.Tofail Ahamed	250,000 Shares @ Tk 10 each	1.7730	2,500,000	-
11. R Y Shamsheer	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
12. Richard D Rozario	250,000 Shares @ Tk 10 each	1.7730	2,500,000	-
13. Iftekher Uddin Ahmed Md Mahmud	100,000 Shares @Tk 10 each	0.7092	1,000,000	-
14. Md Shariful Islam	200,000 Shares @ Tk 10 each	1.4184	2,000,000	-
15. Asaduzzaman	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
16. Shamsun Nahar Begum	50,000 Shares @ Tk 10 each	0.3546	500,000	-
17. Syed Jalal Ahmed	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
18. Investor' Portfolio A/c Standard Bank Ltd.	1,400,000 shares @Tk 10 each	9.9291	14,000,000	-
19. Abdul Aziz	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
20. Md Masudur Rahman	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
21. S M Ramjan Ali	50,000 Shares @ Tk 10 each	0.3546	500,000	-
22. Md Hafizur Rahman Khan	150,000 Shares @ Tk 10 each	1.0638	1,500,000	-
23. Eshatir Radiat (Eshat)	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
24. Md.Abdullah Al Nahid	50,000 Shares @ Tk 10 each	0.3546	500,000	-
25. Prime Bank Ltd(Investors A/c)	800,000 Shares @ Tk 10 each	5.6738	8,000,000	-
26. M D Mustafa	200,000 Shares @ Tk 10 each	1.4184	2,000,000	-
27. Swadesh Investment Management(Investor's A/c)	400,000 Shares @ Tk 10 each	2.8369	4,000,000	-
28. A N M Baki Billaw	50,000 Shares @ Tk 10 each	0.3546	500,000	-
29. Mr. Sarwar Hossain	75,000 Shares @ Tk 10 each	0.5319	750,000	-
30. Dr. A K M Aminul Haque	100,000 Shares @ Tk 10 each	0.7092	1,000,000	-
31. Shahida Akter Lina	25,000 Share @ Tk 10 each	0.1773	250,000	-
<b>Total:</b>		<b>100</b>	<b>141,000,100</b>	<b>80,400,000</b>

Written consent from the SEC to increase paid up-capital of Tk. 50,000,000 has been obtained. Process to get consent on further enhancement of paid up-capital of Tk. 10,600,100 is going on during the course of audit. Beside those the following shares have been transferred and approved by the Board of Directors in their meeting held on 03.12.2009:

Name of transferor	No. of Shares	Name of transferee
1. Khondoker Afia Sultana	1,500,000	Salam Obaidul Karim
2. Mrs. Sayeeda Karim	500,000	
3. Mr. Khondoker Aminur Rahman	300,000	

Amount in Taka	
31-Dec-09	31-Dec-08

**04. RESERVE & SURPLUS :**

	<b>11,927,419</b>	<b>16,373,390</b>
Retained Earnings ( <b>Note-04.01</b> )	7,931,162	11,045,047
Tax Holiday Reserve ( <b>Note-04.02</b> )	3,996,257	5,328,343
<b>Total:</b>	<b>11,927,419</b>	<b>16,373,390</b>

**04.C Retained Earnings:**

	<b>7,931,162</b>	<b>11,045,047</b>
Opening balance	11,045,047	7,223,196
Less: Prior adjustment	-	449,035
Less: Stock dividend	10,500,100	-
Add: Profit during the year	7,386,215	4,270,886
<b>Total:</b>	<b>7,931,162</b>	<b>11,045,047</b>

Stock dividend has been approved in 3rd EGM of the Company dated 26 December 2009. The name of the shareholders whose name appear in the register were eligible to get the stock dividend Accordingly, 10,50,010 shares of Tk. 10 each were allocated amongst 80,40,000 shares.

**04.C Tax Holiday Reserve:**

	<b>3,996,257</b>	<b>5,328,343</b>
Opening Balance	5,328,343	4,067,073
Prior Years' adjustment (note-32)	-	449,035
Addition during the period (for three months)	-	812,235
Less: Cash Dividend	1,332,086	-
<b>Total:</b>	<b>3,996,257</b>	<b>5,328,343</b>

**05. LONG TERM LOAN- SECURED :**

**NCCBL A/C- 230000650**

	<b>38,496,586</b>	<b>38,065,833</b>
Opening Balance	38,065,833	-
Add: Addition during the period	-	38,000,000
Add: Interest charge during the period	5,778,753	65,833
	43,844,586	38,065,833
Less: Payment made during the period	5,348,000	-
<b>Total:</b>	<b>38,496,586</b>	<b>38,065,833</b>

The above loan has been availed for extension of its project secured by mortgage of company's Land, Building & Machinery.

**06. LEASE PAYABLE:**

	<b>8,635,499</b>	<b>9,918,327</b>
Opening Balance	9,918,327	7,366,033
Add : Addition during the period	-	3,233,967
	9,918,327	10,600,000
Less : Payment during the period	1,282,828	681,673
<b>Total:</b>	<b>8,635,499</b>	<b>9,918,327</b>

In accordance with the Bangladesh Accounting Standard (BAS)-17, Lease payable has been accounted for to the extent of Lease Assets & Capital Work in-progress and adjusted with the principal portion of instalments paid.

07. FIXED ASSETS : TK. 118,644,629 (Year 2008: Tk. 94,142,611)

<b>Amount in Taka</b>												
SL. No.	Particulars	Cost				Rate of Dep. (%)	Depreciation				Written Down Value as on 31.12.2009	Written Down Value as on 31.12.2008
		Balance as on 01.01.2009	Addition during the year	Adjustment during the year	Total as on 31.12.2009		Balance as on 01.01.2009	Charged during the year	Adjustment during the year	Total as on 31.12.2009		
<b><u>Manufacturing Components:</u></b>												
1.	Land & Land Development	9,953,080	23,505,574	-	33,458,654	-	-	-	-	33,458,654	9,953,080	
2.	Factory Building & Construction	18,533,091	743,732	-	19,276,823	5%	3,478,865	773,167	-	4,252,032	15,024,791	
3.	Plant & Machinery :											
a	Plant & Machinery-Purchased	87,192,785	8,089,943	-	95,282,728	10%	29,028,281	6,043,317	-	35,071,598	60,211,130	
b	Plant & Machinery-Lease	7,845,350	-	-	7,845,350	10%	784,535	706,081	-	1,490,616	6,354,734	
4.	Electric Installation	3,524,602	-	-	3,524,602	10%	1,187,706	233,690	-	1,421,396	2,103,206	
<b><u>Administrative Components:</u></b>												
5.	Office Equipments	995,253	61,785	-	1,057,038	10%	261,869	77,240	-	339,109	717,929	
6.	Furniture & Fixture	1,073,531	20,500	-	1,094,031	10%	233,825	86,021	-	319,846	774,185	
<b>Total: As on 31.12.2009</b>		<b>129,117,692</b>	<b>32,421,534</b>	<b>-</b>	<b>161,539,226</b>		<b>34,975,081</b>	<b>7,919,516</b>	<b>-</b>	<b>42,894,597</b>	<b>118,644,629</b>	
<b>Total : As on 31.12.2008</b>		<b>110,609,099</b>	<b>18,508,593</b>	<b>-</b>	<b>129,117,692</b>		<b>26,501,052</b>	<b>8,474,029</b>	<b>-</b>	<b>34,975,081</b>	<b>94,142,611</b>	

**Allocation of Depreciation:**

	<u>Notes</u>	<u>31-Dec-09</u>	<u>31 December 2008</u>
Manufacturing overhead	25.01.03	7,756,255	8,299,241
Administrative expenses	26	163,261	174,788
<b>Total:</b>		<b>7,919,516</b>	<b>8,474,029</b>

		<b>Amount in Taka</b>	
		<b>31-Dec-09</b>	<b>31-Dec-08</b>
<b>08. CAPITAL WORK IN PROGRESS (CWIP):</b>		<b>68,324,120</b>	<b>74,037,693</b>
Opening Balance		74,037,693	7,616,636
Less: Adjustment (Excess refunded from Premier Leasing)		-	10,325
		74,037,693	7,606,311
Add: Addition during the period		2,134,870	74,276,732
		76,172,563	81,883,043
Less: Transfer to Plant & Machinery		7,848,443	7,845,350
<b>Total:</b>		<b>68,324,120</b>	<b>74,037,693</b>
<b>09. ADVANCE, DEPOSIT &amp; PRE-PAYMENTS :</b>		<b>4,986,638</b>	<b>5,079,479</b>
Advance against Tax		3,202,386	2,317,149
Advance against VAT		60,113	98,968
Advance Lease deposit-Premier Leasing		270,690	950,690
Advance against Salary		236,169	33,872
Advance against AAA		800,000	800,000
Security Deposit- Telephone (3 Nos.)		30,000	30,000
Security Deposit- Electric Connection (Mymansing PBS-2)		85,000	85,000
Office Rent-Senakalyan Bhaban		302,280	263,800
Lease Deposit		-	500,000
<b>Total:</b>		<b>4,986,638</b>	<b>5,079,479</b>
<b>10. INVESTMENT IN SHARE</b>		<b>-</b>	<b>1,347,140</b>
AB Bank Ltd.		-	170,690
Al-Arafa Bank Ltd.		-	151,075
Exim Bank Ltd.		-	183,525
Jamuna Bank Ltd.		-	26,000
Shahjalal Islami Bank Ltd.		-	307,550
South East Bank Ltd.		-	213,775
Standard Bank Ltd.		-	144,025
Trust Bank Ltd.		-	150,500
<b>Total:</b>		<b>-</b>	<b>1,347,140</b>
<b>11. TERM DEPOSIT RECEIPTS (TDR):</b>		<b>4,261,273</b>	<b>1,134,517</b>
Opening Balance (with Premier Leasing & Finance Ltd.)		1,134,517	1,107,751
Add: New FDR-Standard Chartered Bank		3,000,000	-
		4,134,517	1,107,751
Add : Matured in 2009		140,840	-
		4,275,357	1,107,751
Less: Adjustment for Accrued Interest (Last year)		14,084	101,751
		4,261,273	1,006,000
Add: Accretion for Net Interest		-	128,517
<b>Total:</b>		<b>4,261,273</b>	<b>1,134,517</b>

		Amount in Taka	
		31-Dec-09	31-Dec-08
<b>12. STOCK OF CONTAINER :</b>		<b>28,000</b>	<b>144,399</b>
Opening stock of Container		144,399	1,734,749
Add : Purchase during the period		15,780,120	-
		15,924,519	1,734,749
Less: Net Value of Container Sold :		15,896,519	1,590,350
<i>Sales</i>		17,790,400	1,765,800
<i>Less: Profit on Sales</i>		1,893,881	175,450
Closing Stock of Container	<b>Total:</b>	<b>28,000</b>	<b>144,399</b>
<b>13. INVENTORIES :</b>		<b>15,709,384</b>	<b>11,995,231</b>
Raw Materials (Note-13.01)		15,565,495	9,795,055
Finished Goods (Note-13.02)		143,889	2,200,176
	<b>Total:</b>	<b>15,709,384</b>	<b>11,995,231</b>
<b>13.01 Raw Materials:</b>		<b>15,565,495</b>	<b>9,795,055</b>
Opening Balance		9,795,055	9,272,481
Add: Purchase during the period (Note- 25.01.01)		28,623,404	77,142,052
		38,418,459	86,414,533
Less: Issued during the period		22,852,964	76,619,478
	<b>Total:</b>	<b>15,565,495</b>	<b>9,795,055</b>
<b>13.02 Finished Goods:</b>		<b>143,889</b>	<b>2,200,176</b>
Opening Balance		2,200,176	269,434
Add: Cost of Production during the period (Note- 25.01)		36,698,128	97,402,762
		38,898,304	97,672,196
Less: Cost of Goods Sold		38,754,415	95,472,020
	<b>Total:</b>	<b>143,889</b>	<b>2,200,176</b>
<b>14. SPARE PARTS:</b>		<b>4,359,061</b>	<b>3,944,192</b>
Opening Balance		3,944,192	2,761,653
Addition during the period:		1,158,805	1,832,702
<i>Local</i>		1,158,805	1,832,702
<i>Foreign</i>		-	-
Spare Parts Available		5,102,997	4,594,355
Less: Issued during the period		743,936	650,163
	<b>Total:</b>	<b>4,359,061</b>	<b>3,944,192</b>

		<b>Amount in Taka</b>	
		<b>31-Dec-09</b>	<b>31-Dec-08</b>
<b>15. ACCOUNTS RECEIVABLE:</b>		<b>47,452,190</b>	<b>6,294,667</b>
Shahjalal Engineering		-	1,195,000
Asad Trading		2,992,617	-
Comilla Chemical		243,250	-
Friends Chemical		3,396,781	-
Hannan Chemical		172,500	-
Hassan Chemical		1,551,383	-
H. K. Enterprise		10,132,965	-
Jharna Chemical		1,810,552	-
Mita Chemical		5,928,215	-
N P Chemical		1,753,031	-
Shahjahan Chemical		3,163,610	-
Uttara Chemical		2,575,273	-
Venish Chemical		4,685,097	-
Others Receivable (Note- 15.01)		9,046,916	5,099,667
	<b>Total:</b>	<b>47,452,190</b>	<b>6,294,667</b>
<b>15.01 Others Receivable:</b>		<b>9,046,916</b>	<b>5,099,667</b>
Venish Chemical		-	1,511,885
Uttara Chemical		-	874,023
Mita Chemical		-	1,406,192
Mr.Jashim Uddin		13,945	56,936
Premier Leasing & Finance Ltd		-	176,500
Accrued Interest-TDR		287,560	114,628
M/S Robin Borrowing		8,000	8,000
Abul Kashem (rubber fitting)		28,000	28,000
M/S B.W Enterprise		216,000	50,000
Azhar Enterprise		115,000	27,000
Saleh Ahamed (Generator)		15,000	26,000
M/S Salam Electric Co.		5,000	5,000
B O Account		306	2,905
M/S Yeasmin Welding		769,500	665,000
Phoenix Insurance Company Ltd.		-	20,947
Khondoker Printers		-	36,252
Vat on C & F Agent		200	200
Khaza Azmiry Enterprize		-	90,000
Income Tax of C & F Agent		199	199
Shahjalal Engineering		4,495,000	-
Habib Machinery & Mills Store		1,500,000	-
Bhai Bhai Store		6,500	-
Wali Ahmed & Naser Traders		40,100	-
RN Traders		70,180	-
Litan Kumar		165,000	-
Confidence Thread		127,000	-
Janata Stell Industries		10,000	-
Mitali Engineer		10,000	-
Molly Sanitary		9,705	-

	Amount in Taka	
	31-Dec-09	31-Dec-08
Nazmul Chemical	54,900	-
Pattern	2,000	-
Prominent Furniture	30,000	-
Quantum Electronics	10,000	-
Rabbi Construction	7,000	-
Shariful Alam	50,000	-
Sharul Islam (Boiler)	500	-
Munshi Enterprise	114,351	-
Shahin Enterprise	191,803	-
GoodLuck Transport	505,581	-
Khan Business Network	27,300	-
Khondakar Printers	85,759	-
Phoenix Insurance Company Ltd.	20,947	-
Likhan Enterprise	54,580	-
<b>Total:</b>	<b>9,046,916</b>	<b>5,099,667</b>
<b>16. CASH &amp; CASH EQUIVALENTS:</b>	<b>31,722,356</b>	<b>893,630</b>
<b>Cash in Hand:</b>	<b>752,273</b>	<b>105,575</b>
Head office	750,271	77,263
Factory	2,002	28,312
<b>Cash at Bank:</b>	<b>30,970,083</b>	<b>788,055</b>
SIBL C/A- 4001 11100006809 Motijheel Br.	2,107	48,562
JBL C/A - 0010-0210003331 Gulshan Branch	951	2,101
JBL C/A - 0010-0210001636 Uttara Brance	920,602	-
Jamuna Bank Ltd. A/C # 0006-0210011891	10,175	11,325
NCC Bank A/C # 0210014874	480	42,530
Dutch Bangla Bank 10511015936	29,999,270	-
CBCL C/A- 1802001362	3,642	677,480
Soial Investment Bank 133300000121	14,884	6,058
SCB C/A-01517857601	17,972	-
<b>Total:</b>	<b>31,722,356</b>	<b>893,630</b>
i) Cash & Cash Equivalents includes Cash in Hand and at Bank in different Accounts.		
ii) Cash in Hand as on 31.12.09 was shown as per book of the company.		
<b>17. SHORT TERM LOAN :</b>	<b>57,394,188</b>	<b>31,828,842</b>
Loan Trust Receipts (LTR) ( Note- 17.01)	19,354,389	-
NCCBL O D 30180010568	33,120,407	31,828,842
Short Term Loan	4,919,392	-
<b>Total:</b>	<b>57,394,188</b>	<b>31,828,842</b>
<b>17.01 Loan Trust Receipts (LTR) :</b>	<b>19,354,389</b>	<b>-</b>
NCCBLLTR5935	8,760,437	-
NCCBLLTR 6416	6,802,676	-
NCCBLLTR5319	3,791,276	-
<b>Total:</b>	<b>19,354,389</b>	<b>-</b>

		<b>Amount in Taka</b>	
		<b>31-Dec-09</b>	<b>31-Dec-08</b>
<b>18</b>	<b>ACCOUNT PAYABLES:</b>	<b>2,576,652</b>	<b>577,765</b>
	Dohar Chemical	173,750	-
	Ffinix Insurance Company Ltd.	293,370	-
	Good Luck Transport	-	30,045
	Tax Deducted at Sources	283,143	177,855
	M/S A. A Enterprise	94,344	1,065
	M/S Shain Enterprise	-	28,197
	M/S Munshi Enterprise	-	5,649
	Alam & Sons (Pvt) Ltd.	-	104,035
	Khondoker Aminur Rahaman (Remuneration)	-	15,000
	Sayeeda Karim (Remuneration)	-	25,000
	Suspense A/C	-	190,919
	Mojibar Iron Store	10,000	-
	Monaf Khan	1,200	-
	M.P Erection And Eng.	47,000	-
	Alfaysal Chemical	8,000	-
	SK Enterprise	295,997	-
	Abdul Jalil	2,795	-
	Port Charge	34,967	-
	Proposed Cash Dividend	1,332,086	-
	<b>Total:</b>	<b>2,576,652</b>	<b>577,765</b>
<b>19.</b>	<b>ADVANCE DEPOSIT :</b>	<b>28,500,000</b>	<b>19,419,910</b>
	Asad Treading	2,000,000	1,260,720
	Comilla Chemical Supply	200,000	-
	Dohar Chemical	1,500,000	1,700,000
	Hassan Chemical Supply	3,000,000	1,927,368
	Friends Chemical & Pharm.	2,000,000	2,116,969
	Jharna Chemical Supply Co.	5,000,000	5,853,915
	Mita Chemical	1,500,000	-
	N. P. Chemical	2,000,000	3,682,319
	Shahjahan Chemical ind.	5,400,000	2,789,322
	Uttara Chemical	600,000	-
	H. K. Enterprise	4,500,000	89,297
	Venish Chemical	800,000	-
	<b>Total:</b>	<b>28,500,000</b>	<b>19,419,910</b>
<b>20.</b>	<b>PROVISION FOR INCOME TAX:</b>	<b>6,258,011</b>	<b>1,826,282</b>
	Opening Balance	1,826,282	-
	Addition during the year	4,431,729	1,826,282
	<b>Total:</b>	<b>6,258,011</b>	<b>1,826,282</b>

		<b>Amount in Taka</b>	
		<b>31-Dec-09</b>	<b>31-Dec-08</b>
<b>21. PROVISION FOR EXPENSES :</b>		<b><u>1,072,756</u></b>	<b><u>1,018,276</u></b>
Audit Fees		274,869	185,654
Electricity Bill - Factory		168,007	111,891
Electricity Bill Head Office		7,191	2,714
Telephone Bill - Head Office		6,973	2,880
Office Rent		42,136	-
Service Charge		58,624	-
Wasa Bill		1,618	-
Vat on Office Rent		15,114	-
Water Bill		6,269	-
Salary (Admin. & Selling)		242,955	294,300
Legal Fees		15,000	-
Wages		188,400	335,837
Dish Antina Bill		600	-
Remunerations		45,000	85,000
<b>Total:</b>		<b><u>1,072,756</u></b>	<b><u>1,018,276</u></b>
<b>22. PRELIMINARY EXPENSES :</b>		<b><u>11,957</u></b>	<b><u>13,286</u></b>
Opening Balance		13,286	14,762
Less: Written off during the period		1,329	1,476
<b>Total:</b>		<b><u>11,957</u></b>	<b><u>13,286</u></b>
<p>The above expenses were incurred for incorporating of the company which shall be written off by at least 10% on the retained balance and fully within 10 (Ten) years from 2004, as per decision of the Board of Directors.</p>			
<b>23. DEFERRED EXPENSES :</b>		<b><u>361,602</u></b>	<b><u>401,780</u></b>
<b>Pre-operational Expenses:</b>		<b>361,602</b>	<b>401,780</b>
<i>Opening Balance</i>		401,780	446,422
<i>Less: Written off during the period</i>		40,178	44,642
<p>The above expenses were incurred for incorporating of the company which shall be written off by at least 10% on the retained balance and fully within 10 (Ten) years from 2004, as per decision of the Board of Directors.</p>			

		Amount in Taka	
		2009	2008
<b>24.</b>	<b>SALES-NET OF VAT:</b>	<b>63,398,016</b>	<b>110,126,475</b>
	Gross Sales (Note- 24.01)	72,907,722	126,645,465
	Less : VAT	9,509,706	16,518,990
	<b>Total:</b>	<b>63,398,016</b>	<b>110,126,475</b>
<b>24.01</b>	<b>Gross Sales :</b>	<b>72,907,722</b>	<b>126,645,465</b>
	Sulphuric Acid	72,791,288	126,570,268
	Battery Grade Water	116,434	75,197
	<b>Total:</b>	<b>72,907,722</b>	<b>126,645,465</b>
	Sales decrease compared to last year due to reduction of demand for global economic recession and huge price reduction in the international market also reduces total sales price although production and sales in quantity have no significant difference. The price was come down Tk. 7,500 per MT from Tk. 25,334 per MT.		
<b>25.</b>	<b>COST OF GOODS SOLD :</b>	<b>38,754,415</b>	<b>95,472,020</b>
	Opening Stock of Finished Goods (Note-13.02)	2,200,176	269,434
	Add: Cost of Production (Note-25.01)	36,698,128	97,402,762
		38,898,304	97,672,196
	Less: Closing Stock of Finished Goods (Note-13.02)	143,889	2,200,176
	<b>Total:</b>	<b>38,754,415</b>	<b>95,472,020</b>
	During the period 6,490,168 Kgs of Sulphuric Acid with a cost of Tk. 36,698,128. Valuation of Closing Stocks is stated at as under :		
	Sulphuric Acid 25,467 Kgs @ Tk. 5.65 at 31December	= TK. 143,888.55	
<b>25.01</b>	<b>Cost of Production :</b>	<b>36,698,128</b>	<b>97,402,762</b>
	Opening Stock Available	9,795,055	9,272,481
	Last year Stock in Transit	-	-
	Add: Purchase of Raw Material (Note -25.01.01)	28,623,404	77,142,052
		38,418,459	86,414,533
	Less: Closing Stock of Raw Material (Note-25.01.02)	15,565,495	9,795,055
	Raw Material Consumed	22,852,964	76,619,478
	Add: Manufacturing Overhead (Note-25.01.03)	13,845,164	20,783,284
	<b>Total:</b>	<b>36,698,128</b>	<b>97,402,762</b>
<b>25.01.01</b>	<b>Purchase of Raw Material:</b>	<b>28,623,404</b>	<b>77,142,052</b>
	Purchase of Raw Materials	20,849,107	68,955,610
	Stock in Transit	7,774,297	8,186,442
	<b>Total:</b>	<b>28,623,404</b>	<b>77,142,052</b>

Amount in Taka	
2009	2008

**25.01.02 Closing Stock of Raw Material:**

	<b>15,565,495</b>	<b>9,795,055</b>
<b>Raw Materials:</b>	7,791,198	1,608,613
<i>Sulphar</i>	7,775,988	1,130,497
<i>Custic Soda</i>	15,166	197,856
<i>Lime</i>	-	127,136
<i>Soda ash</i>	44	153,124
<b>Stock in transit:</b>	7,774,297	8,186,442
<b>Total:</b>	<b>15,565,495</b>	<b>9,795,055</b>

**25.01.03 Manufacturing Overhead :**

	<b>13,845,164</b>	<b>20,783,284</b>
Wages & Allowances	2,298,554	3,781,434
Bonus	140,200	330,152
Repair & Maintenance	108,295	65,450
Labour Charges	420	-
Loading & Unloading	131,400	345,340
Carrying & Transport	778,756	1,780,111
Rent for Staff Quarter	-	332,800
Testing Fees	16,500	9,040
Telephone	7,800	
Conveyance	23,697	29,751
Cellphone-Factory	11,320	11,940
Spare Parts	743,936	650,163
Cooker Bill	2,000	15,500
Ifter	16,301	4,435
Fuel for Generator	479,000	3,864,050
Maintenance of Generator	35,156	71,500
Electricity Bill	1,012,015	927,705
Office Maintenance Factory	26,825	19,657
Printing & Stationery	-	7,626
Entertainment	249,828	232,743
Medical Expenses	6,906	4,646
Depreciation ( <b>Note- 07</b> )	7,756,255	8,299,241
<b>Total:</b>	<b>13,845,164</b>	<b>20,783,284</b>

26. ADMINISTRATIVE EXPENSES :

		Amount in Taka	
		2009	2008
		<u>5,950,579</u>	<u>6,464,281</u>
Salary & Allowances	2,486,940	2,322,610	
Bonus	121,800	294,494	
MD's Remuneration	540,000	520,000	
Director's Remuneration	480,000	480,000	
Travelling & Conveyance	89,704	92,590	
Office Maintenance	24,015	32,818	
Advertisement	23,472	-	
UP TAX	5,000	6,737	
Repair & Maintenance	7,200	9,579	
Entertainment	56,806	99,999	
Office Rent	225,336	219,840	
Rates and Taxes	55,000	198,610	
Internet Bill	41,993	42,000	
Plantation	2,000	11,780	
Water Bill	26,612	26,918	
Service Charges	315,104	307,776	
WASA Bill	9,708	9,708	
Electric Bill	29,505	36,646	
Printing & Stationery	35,838	216,994	
Postage & Telegram	7,020	4,215	
Telephone Bill	127,587	205,670	
Paper & Periodicals	5,937	6,047	
Audit Fees	289,215	201,361	
Registration & Renewal	77,035	125,495	
Lease Charge	131,853	-	
Legal Fees	50,430	30,000	
Dish Line Bill	3,600	3,600	
Vat on Office Rent	39,296	-	
Uniform	2,790	25,390	
Credit Rating Fee	-	55,000	
Computer Maintenance	35,110	14,309	
Insurance Premium	342,358	609,473	
Bank Charge and other Charges	99,054	79,834	
Depreciation (Note- 07)	163,261	174,788	
<b>Total:</b>	<u><u>5,950,579</u></u>	<u><u>6,464,281</u></u>	

		<b>Amount in Taka</b>	
		<b>2009</b>	<b>2008</b>
<b>27.</b>	<b>SELLING &amp; DISTRIBUTION EXPENSES:</b>	<b>733,474</b>	<b>755,440</b>
	Salary & Allowances	628,543	582,238
	Bonus	18,500	50,171
	Printing & Stationary	21,975	10,601
	Travelling & Conveyance	23,849	33,266
	Entertainment	35,607	74,364
	Advertisement	5,000	4,800
	<b>Total:</b>	<b>733,474</b>	<b>755,440</b>
<b>28.</b>	<b>NON- OPERATING INCOME:</b>	<b>8,207,556</b>	<b>1,223,636</b>
	Sales of Wastage, Scrap & Unused Materials	5,785,332	82,400
	Interest on T. D. R.	313,772	155,674
	Rebate on Profit (SIBL # 3764)	-	810,112
	Profit on Sale of Container	1,893,880	175,450
	Income of Share	204,141	
	Dividend Income(cash dividend)	8,400	-
	Miscellaneous	2,031	-
	<b>Total:</b>	<b>8,207,556</b>	<b>1,223,636</b>
	Non-operating income shows a significant amount which arised on selling of wastage, Scrap and unused Materials, Acid Container and Plastic Bags junked from starting of production		
<b>29.</b>	<b>FINANCIAL CHARGES :</b>	<b>14,307,654</b>	<b>2,210,963</b>
	SIBL 4001 3380000033 8 Ind.	-	646,104
	Commercial bank of ceylon-1802001362	46,905	-
	Commercial bank of Ceylon-Loan A/c-10204	199,028	-
	Standard Chartered bank-5178576	698,690	-
	N C C Bank LTR-5319	426,876	-
	N C C Bank PAD-6340	29,591	-
	N C C Bank PAD-6902	84,778	-
	N C C Bank LTR-5935	535,221	-
	N C C Bank LTR-6416	207,173	-
	SIBL 4001 32300003991COM	-	83,944
	SIBL 4001 32300004948COM	-	76,866
	SIBL 4001 33100006821COM	-	13,566
	SIBL 4001 33100006850COM	-	13,452
	SIBL 4001 33100006907COM	-	15,658
	SIBL 4001 33100006913COM	-	16,034
	SIBL 4001 33100007101COM	-	12,012
	SIBL 4001 33100007556COM	-	13,933
	SIBL 4001 33100007619COM	-	20,350
	SIBL 4001 34500000698 CC	-	264,977
	NCCBL 0028-2330000650 TERM	5,775,103	63,333
	NCCBL 30180010568 HYPO	4,880,217	28,267
	Premier Leasing & Finance Limited	1,424,072	942,467
	<b>Total:</b>	<b>14,307,654</b>	<b>2,210,963</b>

		Amount in Taka	
		2009	2008
<b>30.</b>	<b>WRITTEN OFF EXPENSES:</b>	<b>41,507</b>	<b>46,118</b>
	Preliminary Expenses (Note-22)	1,329	1,476
	Deferred Expenses (Note-23)	40,178	44,642
	<b>Total:</b>	<b>41,507</b>	<b>46,118</b>
<b>31.</b>	<b>BASIC EARNING PER SHARE:</b>	<b>0.91</b>	<b>0.53</b>
	Net Profit/(Loss) After Tax- during the year	7,386,214	4,270,886
	Divided by,-		
	Opening Quantity of Shares-	8,040,000	
	10,000 Shares Issued on 09/04/09		
	Weighted Average Quantity of Shares = $10,000 \div 365 \times 267$	7,315	
	6,050,010 Shares Issued on 28/12/09		
	Weighted Average Quantity of Shares = $6,050,010 \div 365 \times 3$	49,726	
	Weighted Average number of Shares:	8,097,041	8,097,041
	<b>Basic Earning per Share:</b>	<b>0.91</b>	<b>0.53</b>

**32. NUMBER OF EMPLOYEES:**

The numbers of employees of the company at the year then ended were as follows:

<b><u>Category</u></b>	<b><u>Personnel</u></b>
Manufacturing Workers (Including one Foreign Employee)	<b>54</b>
Sales & Distribution Officers and Staff	<b>9</b>
Administrative Officers and Staff	<b>8</b>
<b>Total Employees:</b>	<b><u>71</u></b>

**33. DEFERRED TAX:**

No deferred tax assets and liabilities exist as there is no temporary difference of any assets and liabilities with the record of tax authority.

**34. RELATED PARTY TRANSACTION:**

The company in normal course of business has not entered into any transaction with any individual/ entity that fall within definition of related party contained in Bangladesh Accounting Standards-24 (BAS-24).

**35. GENERAL:**

- i) Figures shown in the accounts have been rounded off to the nearest Taka.
- ii) Previous year figures have been re-arranged where necessary to conform to current year's presentation.
- iii) There were no material events occurring after the Balance Sheet date, which could affect the transactions of the financial Statements.
- iv) All shares have been fully called up and paid up.
- v) There was no contingent Liability.
- vi) Bank Balance shown in the accounts are duly reconciled.

Sd/-  
**Company Secretary**

Sd/-  
**Director**

Sd/-  
**Managing Director**

**Auditors' Certificate**  
as per  
**section 135(1) of the Companies Act, 1994**

As per section 135(1) and part II of Schedule III of the Companies Act 1994, Salvo Chemical Industry Limited has prepared the following Comparative Balance Sheet (Statement of Assets and Liabilities) as of 31 December 2009, 2008, 2007, 2006 and 2005 and Comparative Income Statement (Statement of Profits and Losses) for the year ended 31 December 2009, 2008, 2007, 2006 and 2005. This for the year ended 2005 have been audited by Rafiman Mostafa Alam & Co., Chartered Accountants. Only those for the years ended 31 December 2006, 2007, 2008 and 2009 have been audited by us. Our responsibility is limited to review the corresponding audited financial statements and confirm that related information have been correctly extracted from the relevant financial statements respectively.

We have reviewed the relevant audited financial statements and confirm that the following information have been correctly extracted from those audited financial statements:

1. **Salvo Chemical Industry Limited** was incorporated vide Reg. No. "C-44978(1446) 2002" on 29 January, 2002.
2. The Comparative Income Statement (Profits and Losses) of the company over the last five years were as follows:

**Comparative Income Statement**  
(Statement of Profits and Losses as per Para 24(2)(a) of part II of Schedule III)  
For the years ended December 2009, Dec 2008, Dec 2007, Dec 2006 and Dec 2005

Particulars	Amount in Taka				
	31-Dec-2009	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
<b>Operating Income :</b>					
Sales- Net of VAT	63,398,016	110,126,475	49,463,939	33,244,691	13,730,800
Less : Cost of goods sold	38,754,415	95,472,020	38,788,466	23,799,717	7,336,813
<b>Gross Profit (a)</b>	<b>24,643,601</b>	<b>14,654,455</b>	<b>10,675,473</b>	<b>9,444,974</b>	<b>6,393,987</b>
<b>Operating Expenses :</b>					
Administrative Expenses	5,950,579	6,464,281	2,688,044	1,694,883	1,013,025
Selling & Distribution Expenses	733,474	755,440	455,009	443,931	426,014
<b>Total Operating Expenses (b)</b>	<b>6,684,053</b>	<b>7,219,721</b>	<b>3,143,053</b>	<b>2,138,814</b>	<b>1,439,039</b>
<b>Total Operating Profit (c) = (a-b)</b>	<b>17,959,548</b>	<b>7,434,734</b>	<b>7,532,420</b>	<b>7,306,160</b>	<b>4,954,948</b>
<b>Non-operating Activities :</b>					
<b>Non-operating Income (d)</b>	<b>8,207,556</b>	<b>1,223,636</b>	<b>3,139,266</b>	-	-
<b>Non-operating Expenses:</b>					
Financial Charges	14,307,654	2,210,963	4,574,183	3,851,725	3,632,343
Written off Expenses	41,507	46,118	51,243	56,937	63,263
<b>Total Non-operating Expenses (e)</b>	<b>14,349,161</b>	<b>2,257,081</b>	<b>4,625,426</b>	<b>3,908,662</b>	<b>3,695,606</b>
<b>Profit / (Loss) adjustment A/C (f)</b>	-	<b>508,114</b>	-	-	-
<b>Net Profit/(Loss) before Tax (g)=(c+d-e+f)</b>	<b>11,817,944</b>	<b>6,909,403</b>	<b>6,046,260</b>	<b>3,397,498</b>	<b>1,259,342</b>
Less : Tax Holiday Reserves	-	812,235	2,418,504	1,358,999	201,495
Less : Provision for Income Tax	4,431,729	1,826,282	-	-	-
<b>Net Profit/(Loss) After Tax</b>	<b>7,386,215</b>	<b>4,270,886</b>	<b>3,627,756</b>	<b>2,038,499</b>	<b>1,057,847</b>
Profit / (Loss) brought forward	11,045,047	7,223,196	3,595,440	1,556,941	499,094
Less: Prior year's Adjustment	-	449,035	-	-	-
Less: Stock Dividend	10,500,100	-	-	-	-
<b>Retained Earnings to be carried forward</b>	<b>7,931,162</b>	<b>11,045,047</b>	<b>7,223,196</b>	<b>3,595,440</b>	<b>1,556,941</b>
<b>Basic Earning Per Share (EPS):</b>	<b>0.91</b>	<b>8.59</b>	<b>7.52</b>	<b>4.23</b>	<b>1.57</b>

3. The Comparative Balance Sheet (Statement of Assets and Liabilities) of the company over the last five years were as follows:

**Comparative Balance Sheet**  
(Statement of Assets and Liabilities as per Para 24(2)(b) of part II of Schedule III)  
As at 31 Dec 2009, 31 Dec 2008, 31 Dec 2007, 31 Dec 2006 & 31 Dec 2005

	Amount in Taka				
	31-Dec-2009	31-Dec-2008	31-Dec-2007	31-Dec-2006	31-Dec-2005
<b>SOURCES OF FUND :</b>					
<b>Shareholders' Fund:</b>					
Share Capital	141,000,100	80,400,000	80,400,000	80,400,000	80,000,000
Reserve & Surplus	11,927,418	16,373,390	11,290,269	5,244,009	1,846,511
	<b>152,927,518</b>	<b>96,773,390</b>	<b>91,690,269</b>	<b>85,644,009</b>	<b>81,846,511</b>
<b>Loan Fund :</b>					
	25,664,391	26,965,833	1,815,482	4,402,098	8,304,370
Long Term Loan - Secured	38,496,586	38,065,833	4,341,755	6,483,309	8,304,370
Less : Current Maturity	12,832,195	11,100,000	2,526,273	2,081,211	-
Lease Payable	5,756,999	9,918,327	7,366,033	-	-
	<b>31,421,390</b>	<b>36,884,160</b>	<b>9,181,515</b>	<b>4,402,098</b>	<b>8,304,370</b>
<b>Total:</b>	<b>184,348,908</b>	<b>133,657,550</b>	<b>100,871,784</b>	<b>90,046,107</b>	<b>90,150,881</b>
<b>APPLICATION OF FUND :</b>					
Fixed Assets at cost less Depreciation	118,644,629	94,142,611	84,108,047	91,308,391	69,059,818
Capital Work In-progress	68,324,120	74,037,693	7,616,636	-	-
<b>Current Assets :</b>	<b>108,518,902</b>	<b>30,833,255</b>	<b>29,975,443</b>	<b>27,717,692</b>	<b>42,396,312</b>
Advance, Deposits & Pre-payments	4,986,638	5,079,479	2,801,239	920,795	800,317
Investment in Shares	-	1,347,140	-	-	-
Term Deposit Receipts (TDR)	4,261,273	1,134,517	1,107,751	-	-
Stock of Container	28,000	144,399	1,734,749	-	-
Inventories	15,709,384	11,995,231	9,541,915	21,983,072	26,657,924
Spare Parts	4,359,061	3,944,192	2,761,653	3,037,567	2,901,250
Accounts Receivable	47,452,190	6,294,667	10,246,510	1,715,000	12,009,839
Cash and Cash Equivalents	31,722,356	893,630	1,781,626	61,258	26,982
<b>Current Liabilities :</b>	<b>111,512,302</b>	<b>65,771,075</b>	<b>21,289,526</b>	<b>29,698,224</b>	<b>21,874,613</b>
Short Term Loan	57,394,188	31,828,842	8,892,796	14,400,535	21,364,859
Advance Deposits	28,500,000	19,419,910	9,021,234	9,752,610	-
Current Maturity-Long Term Loan	15,710,695	11,100,000	2,526,273	2,081,211	-
Provision for Income Tax	6,258,011	1,826,282	-	-	-
Provision for Expenses	1,072,756	1,018,276	453,800	300,436	509,754
Accounts Payable	2,576,652	577,765	395,423	3,163,432	-
<b>Net Current Assets:</b>	<b>(2,993,400)</b>	<b>(34,937,820)</b>	<b>8,685,917</b>	<b>(1,980,532)</b>	<b>20,521,699</b>
<b>Preliminary Expenses</b>	<b>11,957</b>	<b>13,286</b>	<b>14,762</b>	<b>16,402</b>	<b>18,225</b>
<b>Deferred Expenses</b>	<b>361,601</b>	<b>401,780</b>	<b>446,422</b>	<b>701,846</b>	<b>551,139</b>
<b>Net Assets:</b>	<b>184,348,907</b>	<b>133,657,550</b>	<b>100,871,784</b>	<b>90,046,107</b>	<b>90,150,881</b>

4. The company has declared Cash Dividend of Tk. 1,332,086 and has issued Stock Dividend of Tk. 10,500,100 in its 40th Board of Directors meeting and 3rd EGM as well held on 26th December 2009.
5. The company has no subsidiaries.
6. No proceeds or part of the proceeds of the issue of shares were applied by the company in purchase of any business.

Dated, Dhaka;  
22 April, 2010

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

**SALVO CHEMICAL INDUSTRY LIMITED**  
**CASH FLOW STATEMENT**  
**for the year ended 31 December 2009, 2008, 2007, 2006 and 2005**

	Amount in Taka				
	31 Dec' 2009	31 Dec' 2008	31 Dec' 2007	31 Dec' 2006	31 Dec' 2005
<b>A. <u>Cash from Operating Activities :</u></b>					
Cash received from customer	63,398,016	126,645,465	48,732,564	55,007,140	4,971,919
Cash received from other than operating income	8,207,556	1,223,636	3,139,266	-	-
Cash Paid to Suppliers, Expenses & Others	(81,874,976)	(104,066,379)	(36,291,834)	(12,235,943)	(18,172,734)
Finance Charges (Payment of Interest)	(14,307,654)	(2,210,963)	(4,574,183)	(3,851,725)	(3,632,343)
Lease Rental paid	(1,282,828)	(681,673)	-	-	-
<b>Net Cash used by Operating Activities (Total of "A"):</b>	<b>(25,859,886)</b>	<b>20,910,086</b>	<b>11,005,813</b>	<b>38,919,472</b>	<b>(16,833,158)</b>
<b>B. <u>Cash from Investing Activities :</u></b>					
Fixed Assets	(26,707,961)	(10,663,243)	(277,798)	(30,499,811)	(17,128,556)
Investment in Shares	1,347,140	(1,347,140)	-	-	-
Term Deposit Receipts (TDR)	(3,126,756)	(26,766)	(1,107,751)	-	-
Capital Work In-progress	-	(66,421,057)	(250,603)	-	-
Advance Deposits	9,080,090	-	-	-	-
<b>Net Cash used by Investing Activities (Total of "B"):</b>	<b>(19,407,487)</b>	<b>(78,458,206)</b>	<b>(1,636,152)</b>	<b>(30,499,811)</b>	<b>(17,128,556)</b>
<b>C. <u>Cash from Financing Activities (Increase/ Decrease):</u></b>					
Long Term Loan - Secured	430,753	33,724,078	(2,141,554)	(1,821,061)	(1,139,558)
Share Money Deposit	-	-	-	-	(50,000,000)
Share Capital	50,100,000	-	-	400,000	77,500,000
Short Term Loan	25,565,346	22,936,046	(5,507,739)	(6,964,324)	7,607,515
<b>Net Cash used by Financing Activities (Total of "C"):</b>	<b>76,096,099</b>	<b>56,660,124</b>	<b>(7,649,293)</b>	<b>(8,385,385)</b>	<b>83,967,957</b>
<b>Net Increase/ Decrease in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>30,828,726</b>	<b>(887,996)</b>	<b>1,720,368</b>	<b>34,276</b>	<b>6,243</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>893,630</b>	<b>1,781,626</b>	<b>61,258</b>	<b>26,982</b>	<b>20,739</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>31,722,356</b>	<b>893,630</b>	<b>1,781,626</b>	<b>61,258</b>	<b>26,982</b>

Sd/-  
Company Secretary

Sd/-  
Director

Sd/-  
Managing Director

Dated, Dhaka;  
18 May, 2010

***Auditors' Certificate***  
***on***  
***the accounting ratios for the year ended 31 December 2009 along with***  
***those for the years ended 31 December 2008, 2007, 2006 and 2005***

*We have examined the following accounting Ratio Analysis of Salvo Chemical Industry Limited for the year ended 31 December 2009 along with those for the years ended 31 December 2008, 2007, 2006 and 2005 which have been submitted by the management of Salvo Chemical Industry Limited to us. The preparation of the following ratio analysis is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of financial statements for the year ended 31 December 2009 along with those for the year ended 31 December 2008, 2007, 2006 and 2005.*

*Based on our review, we certify that the company has properly prepared the accounting Ratio Analysis including Basic EPS using acceptable principles on the basis of financial statements for the year ended 31 December 2009 along with those for the years ended 31 December 2008, 2007, 2006 and 2005.*

Particulars	31 Dec,2009	31 Dec,2008	31 Dec,2007	31 Dec,2006	31 Dec,2005
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**Liquidity Ratios:**

Current Ratio	0.97	0.47	1.41	0.93	1.94
Quick Ratio	0.79	0.21	0.83	0.16	0.68
Debt Equity Ratio	0.68	0.82	0.22	0.24	0.36

**Operating Ratios:**

Accounts Receivable Turnover Ratio	1.34	17.50	4.83	19.38	1.14
Inventory Turnover Ratio	3.06	10.01	7.92	25.11	3.38
Asset Turnover Ratio	0.28	0.88	0.43	0.28	0.12

**Profitability Ratios:**

Gross Margin Ratio ( % )	38.87	13.31	21.58	28.41	46.57
Operating Income Ratio ( % )	28.33	6.75	15.23	21.98	36.09
Net Income Ratio ( % )	18.64	6.27	12.22	10.22	9.17
Return on Asset Ratio ( % )	2.50	2.14	2.97	1.7	0.94
Return on Equity Ratio ( % )	7.73	7.14	6.59	3.71	1.47
Basic Earning per Share	0.91	6.32	7.52	4.23	1.57
Net Asset Value per Share	18.89	120.36	114.04	106.52	102.31

*Note: Basic Earning per Share (EPS) presented above for the years ended on 31 December 2007, 2006 and 2005 were computed considering "Net Earnings before Tax" due to the company was availing Tax Holiday under Section- 46A of the Income Tax Ordinance, 1984 and the Tax Holiday Reserve implies the part of divisible profit. As the Tax Holiday period was ended on 31 March 2008, Net Earnings for the 1st quarter of that year was considered in a same way.*

Dated, Dhaka;  
23 November, 2010

**S. F. Ahmed & Co.**  
Chartered Accountants

## **Additional Disclosure by the Auditor**

### **Discloser-01:**

Prior consent of SEC pertaining to issuance of stock dividend has not been obtained. Prayer to get permission has been filed with the SEC before authentication of Financial Statements (Section 189 of the Companies Act, 1994) and signing of Auditors' Report. Management has disclosed the on-going circumstances in note # 03 of the Notes to the Financial Statements.

The audit of the Financial Statements for the year ended 31 December 2009 has been conducted in accordance with the International Standards on Auditing as adopted in Bangladesh (BSA) [**Published in October 2006, Copyright 2006, by the Institute of Chartered Accountants of Bangladesh, Applicable for audits of financial statements for the period from on or after 01 January 2005 to on or before 31 December 2009**] complying with the Securities and Exchange Commission Order No.- SEC/ CFD/ 2001/Admin/ 02-03 dated the 4th October, 2001. These standards and the assurance engagement under Section-210 of the Companies Act, 1994 require us to provide reasonable assurance but not limited assurance or absolute assurance expressing independent opinion in respect of truth and fairness of the company's transactions.

Securities and Exchange Commission imposed **conditions under Section 2CC** of the Securities and Exchange Commission Ordinance, 1969 to take prior consent for any further issue of share vide letter no.- SEC/CI/CPLC-194/09/186 dated 20 July 2009. But, issuance and accountability of any sorts of shares are the liability and responsibility of the company's management since the approval authority is the Registrar of Joint Stock Companies and Firms (RJSCF).

The Auditors' Report and Financial Statements annexed therewith has been signed and authenticated after reasonable time of filing prayer to get consent of the SEC and after getting approval from the RJSCF.

The company has prepared financial statements in accordance with International Accounting Standards as adopted in Bangladesh (BAS) complying the Securities and Exchange Commission Order No.- SEC/ CFD/2001/ Admin/ 02-03 dated the 4th October, 2001. We have explored our opinion on these Financial Statements whether those give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the result of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act, 1994. Therefore, stock dividend shown under the head paid-up capital which was issued on 28 December 2009 complying 39th and 40th Board Meetings and 3rd EGM, is true and fair. However, Auditors are unable to express any sort of opinion providing award of jurisprudence whether the transaction(s) was/ were lawful.

### **Discloser-02:**

Audit of the Financial Statements for the year ended 31 December 2009 has been conducted in accordance with the International Standards on Auditing as adopted in Bangladesh i.e. the Bangladesh Standards on Auditing (BSA) [**Published in October 2006, Copyright 2006, by the Institute of Chartered Accountants of Bangladesh, Applicable for audits of financial statements for the period from on or after 01 January 2005 to on or before 31 December 2009**] complying the Securities and Exchange Commission Order No.- SEC/ CFD/ 2001/ Admin/ 02-03 dated the 4th October, 2001. These standards and the assurance engagement under Section- 210 of the Companies Act, 1994 require providing only reasonable assurance expressing independent opinion pertaining to truth and fairness of the company's transactions.

Opinion of the independent auditors' has been provided in accordance with **Appendix-1** of the "**Specimens of Auditor's Report**" of **BSA-700** since the Salvo Chemical Industry Limited was unlisted till 31 December 2009. Therefore, such discloser was not necessary to be incorporated in the audit opinion.

However, all the revenue expenditures were incurred for the purpose of the company's business.

**Discloser-03:**

Financial Statements for the year ended 31 December 2009 have been prepared in accordance with the International Accounting Standards (IAS) as adopted in Bangladesh and audit of those financial statements has been conducted in accordance with the International Standards on Auditing as adopted in Bangladesh i.e. the Bangladesh Standards on Auditing (BSA) [**Published in October 2006, Copyright 2006, by the Institute of Chartered Accountants of Bangladesh, Applicable for audits of financial statements for the period from on or after 01 January 2005 to on or after 31 December 2009**] complying the Securities and Exchange Commission Order No.- SEC/ CFD/ 2001/ Admin/ 02-03 dated the 4th October, 2001. These standards and the assurance engagement under Section- 210 of the Companies Act, 1994 require us to provide reasonable assurance but not limited or absolute assurance.

However, opinion of the independent auditors' has been provided in accordance with **Appendix- 1** of the "**Specimens of Auditor's Report**" of **BSA-700** since the Salvo Chemical Industry Limited was unlisted till 31 December 2009. Therefore, provisions of the Securities and Exchange Rules, 1987 (Rule 11, 12 and 13) were not applicable to the Company.

**Discloser-04:**

"A footnote to the balance sheet **may be** added to show separated contingent liability" is an optional requirement subject to presence of **contingent liability**.

However, there was no contingent liability as on 31 December 2009 and in this regards a discloser was included in "v" ) of note number- 35 in "Notes to the Financial Statements" annexed with the Auditors' Report.

**Discloser-05:**

In fulfillment of this issue, **note number-13 and 25** of the "Notes to the Financial Statements" annexed with the Auditors' Report, have been **separately clarified** and accordingly those have been certified after re-verification thereof with the working files kept by us.

**Discloser-06:**

In fulfillment of this issue, **note number- 25** of the "Notes to the Financial Statements" annexed with the Auditors' Report, has been **separately clarified** and accordingly those have been certified after re-verification thereof with the working files kept by us.

**Discloser-07:**

In notes number "07"; "14" and "25.01.01" cost of acquisitions/ purchases are calculated complying Bangladesh Accounting Standards (BAS)-16, 17 and 2 respectively. Necessary disclosers were disclosed in **notes number "02.03"and "02.04"** respectively. However, the portions of imports aggregated with those notes were calculated on "Cost Insurance & Freight (C.I.F)" basis.

**Discloser-08:**

Certificate provided.

**Discloser-09:**

No such fund arrangement had been maintained by the company. The company provides 2 (two) yearly bonuses to its' permanent employees which covers averagely 6% of EBIT.

**Discloser-10:**

Three of Directors were allowed to get remuneration in accordance with the Article-121 of the Articles of Association.

**Discloser-11:**

Revised cash flow statement has been provided separately with due certification.

**Discloser-12:**

Stock dividend being **Bonus Shares** had been **allowed** in 3rd EGM on 26 December 2009 out of Retained Earnings (Net Profit) up to 31 December 2008 of the Company in the form of Ordinary Shares. Those were issued **out of dividend converting to ordinary shares (through accounting adjustments)** and was not issued **in exchange of consideration** (peculiarly, not by other than cash). In other words, issuance of bonus shares i.e. Stock Dividend was not in exchange of any sort of worthy tangible or intangible property though the transactions were unable to influence the cash flows of the Company.

**Discloser-13:**

Mr. Khondoker Aminur Rahman was allowed to get 47,320 Ordinary Shares in 39th and 40th board meeting and 3rd EGM as well. Accordingly he was allotted such shares on 28 December 2009 and the transaction was fairly accounted for by the management. All relevant particulars were represented in **note number-03** of the "Notes to the Financial Statements" annexed with the Auditors' Report.

**Discloser-14:**

Mr. Khondoker Aminur Rahman was not share holder since 04 December 2009 to 27 December 2009. He had been allowed for 47,320 Ordinary Shares due to his succession in the profit up to 31 December 2008. In support of 39th and 40th board meeting and 3rd EGM, he was allotted the above shares on 28 December 2009 and the transaction was fairly accounted for by the management in their **Statutory Books**. Accordingly the RJSCF has approved the matter and has issued Certified Copy of **Form-XV on 25 March 2010**.

**Discloser-15:**

"Directors remuneration" and "director's fee/ remuneration for attending at the board meeting" are of different in nature of expenditure which can be incurred under the provision of the Articles of Association of the Company. "Directors remuneration" can be allowed in terms of the Article-121 and Article-120 of the Articles of Association of the company. Conversely, "director's fee/ remuneration for attending at the board meeting" can be allowed in accordance with Article-119 of the Articles of Association. Both allowances require decision of the board.

However, "director's fee/ remuneration for attending at the board meeting" was not attainable for payment by reason of non-decision at the board meeting since three (3) of Directors (including Managing Director) were allowed by the board to get "remuneration" in accordance with the Article-121 of the Articles of Association of the company. Directors (Discloser-16) were remunerated due to there direct participation in the company's affairs.

**Discloser-16:**

During the year under audit (year ended on 31 December 2009), following directors were eligible to get remuneration:

Name of Directors	Designation	Remuneration	
		Monthly	Yearly
<b>A. Managing Director's Remuneration:</b>			
Khondoker Afia Sultana	MD	<b>45,000</b>	<b>540,000</b>
<b>B. Directors' Remuneration:</b>			
Mrs. Sayeeda Karim	Director Admin.	25,000	300,000
Mr. Khondoker Aminur Rahman	Director Marketing	15,000	180,000

**Discloser-17:**

No other directors excepting discloser-16 were allowed to receive any sort of remuneration from the company.

**Discloser-18:**

Three (3) of Directors (including Managing Director) were allowed by the board to get "remuneration" in accordance with the Article-121 of the Articles of Association of the company. They were remunerated due to their direct participation in the Company's affairs.

**Discloser-19:**

No. So far our result of applied tests of control, he was not engaged to serve the company from 01 January 2010.

**Discloser-20:**

No fictitious assets (preliminary and deferred expense) were included in calculating **net asset value per share**. For reference, figures were taken from audited "Statement of Financial Position".

**Discloser-21:**

"Net tangible assets value per unit of share" was calculated duly on the basis of the number of shares outstanding as on 31st December 2009. Also, this was determined on the basis of weighted average number of shares. Both methods were used in computing and presenting different results for the consideration of better one on the different perspective.

**Discloser-22:**

The company maintained as far as possible **wide policies** for keeping accounting records and for best preparation in accordance with BAS and BFRS. Only **Significant Accounting Policies** were represented by note number- 02 in "Notes to the Financial Statements" annexed with the Auditors' Report. Certainly, "Notes to the Financial Statements" is an integral component amongst other 4 (four) components as required by the International Accounting Standard (IAS)-1 adopted, as (BAS)-1 "Presentation of Financial Statements".

The management in their Significant Accounting Policies, under note number 02.11 of the "**Notes to the Financial Statements**", name of another 4 (four) components were presented disclosing whether those 4 (four) components were annexed with the "**Notes to the Financial Statements**" or not. Grammatically and in approach this was not required to mention in its own sight.

**Discloser-23:**

Cash dividend as shown in note number- 18, represented a balance as of 31 December 2009 and was clearly remained unpaid as on that date.

**Discloser-24:**

In computation of results of Basic EPS for ratio analysis, net profit after tax for a particular year was divided by the weighted average number of shares as of the **year end date for that relevant year**. But in the Statement of Comprehensive Income, comparative figure of net profit after tax for the year ended 31 December 2008 was divided by the weighted average number of shares **as of 31 December 2009**. This methodology had been taken by the management in accordance with paragraph 42, 46 and 50 of the BAS-33, "Earning per Share".

**Quotation of paragraph 46 of the BAS-33-** *"An enterprise should present basic and diluted earnings per share on the face of the income statement for each class of ordinary shares that has a different right to share in the net profit for the period. An enterprise should present basic and diluted earnings per share with **equal prominence for all periods presented.**"*

However, at the place of ratio analysis, no "Statement of Comprehensive Income" has been presented. Therefore, obligation of "**equal prominence for all periods**" **may not be applicable**.

Dated, Dhaka;  
11 August 2010

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