

The Dacca Dyeing and Manufacturing Company Ltd.

Nature of Business	The main business of the company is weaving , dyeing , finishing and printing facilities producing high quality of bed sheet, table cloth, shirting fabrics etc.
Subscription Open	August 30, 2009
Subscription Close	September 03 , 2009
For Non resident Bangladeshi	August 30, 2009 to September 12, 2009
Offer Price (Tk.)	10.00
Face Value (Tk.)	10.00
Market lot (Share)	500
Sponsors Portion (Share)	28,000,000
Public Offer (Share)	17,000,000
Total Issued Shares	45,000,000
Total Paid up Capital (after IPO)	Tk. 450,000,000.00
Reason for IPO:	Acquisition of plant and machineries, working capital and expenses for IPO.
EPS (as per prospectus)	Tk. 1.24 (as on 30.06.08)
NAV per share (as per prospectus)	Tk. 21.01 (as on 30.06.08)
Manager to the Issue	ICB Capital Management Ltd.
Application Document Available at:	DSE & CSE Library, DSE Members house, Issue Manager, Underwriter and designated banks.
Website	www.dacca-dyeing.com

(If there is any contrary information please communicate with DSE through e-mail: listing@dsebd.org)

Disclaimer:

The contents of this presentation are entirely based on disclosures made by the company. Therefore, DSE does not assume any responsibility on the authenticity of the facts and figures presented thereof.

Brief Overview of the Company

1. Date of Incorporation : December 31, 1963
2. Authorised Capital : Tk. 1000 m
3. Paid up Capital : Tk. 280 m

Details of the Issue:

Description	Ordinary Shares	Offer Value In Taka	Capital in Taka
Public Offering	17,000,000	10	170,000,000
Total Issue	17,000,000	10	170,000,000

Paid up Capital after IPO:

Particulars	Ordinary Shares	Face Value (Tk.)	Capital in Taka
*Pre-IPO Paid up capital	28,000,000	10	280,000,000.00
IPO	17,000,000	10	170,000,000.00
Paid up capital after IPO	45,000,000	10	<u>450,000,000.00</u>

*Note: The company has reported that it has obtained permission for issuance of Right share from SEC on 09.04.08 for Tk. 5.00 crore (@ 4.6:1R).

Issue Manager: ICB Capital Management Ltd.

Auditor: Rahman Mostofa Alam & Co.

The Dacca Dyeing & Manufacturing Co. Limited.
At a glance

“The Dacca Dyeing & Manufacturing Co. Limited” was established in 1963 as a Public Ltd. company with an authorized capital of Tk. 12.50 million divided into 1.25 million shares of Tk.10.00 each. The Company was nationalized in 1972 and again returned back to previous shareholder in 1977. The Company is taken over by the present sponsors on 8th August 1995 by share transfer. Subsequently the authorized capital was increased on July 26, 1996 to Tk. 1.00 billion, comprising 100.00 million Ordinary Shares of Tk. 10.00 each. The Paid up capital of the company was also increased and the present paid up capital is Tk. 230.00 million comprising 23.00 million ordinary shares of Tk.10.00 each which includes 3 million bonus share of Tk.10.00 each. Subsequently, the company issued 50,00,000 right shares of Tk. 10 each at a ration of 4:6:1 amounting Tk. 5 crore on July 10, 2008 to its existing equity shareholders which consent has been accorded by the Securities and Exchange Commission on April 9, 2008. Considering the above events, the present paid-up capital of the company stood at Tk.28 crore.

The Dacca Dyeing is the pioneer and one of the successful venture in home textile sector of the country and the recipient of the President award for quality export in 1969-70, 1977-78 and the prestigious International Award in 1980. The Dacca Dyeing also is an ISO & Oeko-Tex Standard 100 certified Company, engaged in production of 80% cotton and poly cotton blended bed linen, table linen and terry towel.

Board of Directors

Name of Director	Designation	Involvement in other organization
Mr. Saifuddin Quader Chowdhury	Chairman	Chairman, QC Container Line Ltd. Managing Director, QC Shipping Ltd., QC Trading Ltd. & Eastern Maritime Ltd. Director, QC Petroleum Ltd., QC Enterprise Ltd., QC Express Line Ltd.
Mr. Giasuddin Quader Chowdhury	Managing Director	Director, QC Shipping Ltd., QC Container Line Ltd., QC Petroleum Ltd. Eastern Maritime Ltd., QC Trading Ltd. Chairman & CEO, The Dacca Yarn Dyeing Ltd. Managing Director, QC Enterprise Ltd.
Mrs. Meena Parveen Quader Chowdhury	Director	Director, The Dacca Yarn Dyeing Ltd. & QC Petroleum Ltd

Mr. Jamaluddin Quader Chowdhury	Do	Director, QC Shipping Ltd. QC Trading Ltd., Eastern Maritime Ltd. & QC Enterprise Ltd. Managing Director, QC Petroleum Ltd. CEO, QC Container Line Ltd.
Mr. Sameer Quader Chowdhury	Do	Director, The Dacca Yarn Dyeing Ltd
Mr. Md. Amirul Islam Nominated by BSRS	Do	Director, Aramit Cement Ltd., Agrani Insurance Ltd., Hakkani Pulp & Papers Mills Ltd., Bangladesh Welding Electrodes Ltd., Echo Cottons Mills Ltd., Gonoshastha Grameen Textile Ltd.

Shareholding Structure

Name of Director	Designation	% Of Holding
Mr. Saifuddin Quader Chowdhury	Chairman	2.91%
Mr. Giasuddin Quader Chowdhury	Managing Director	42.14%
Mrs. Meena Parveen Quader Chowdhury	Director	6.97%
Mr. Jamaluddin Quader Chowdhury	Do	2.46%
Mr. Sameer Quader Chowdhury	Do	7.11%
Mr. Md. Amirul Islam nominated by BSRS	Do	20%
Others	General shareholders	18.41%

Family Relationship among Director:

Mr. Saifuddin Quader Chowdhury, Mr. Giasuddin Quader Chowdhury and Mr. Jamaluddin Quader Chowdhury are brothers. Mrs. Meena Parveen Quader Chowdhury is wife of Mr. Giasuddin Quader Chowdhury and Mr. Sameer Quader Chowdhury is son of Mr. & Mrs. Giasuddin Quader Chowdhury.

Performance at a Glance:

Figure in million Tk.

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	30.06.08
Turn Over (Sales)	174.45	167.43	333.00	605.61	1092.22
<i>Growth</i>		-4.02%	98.89%	81.86%	80.35%
Cost of goods sold	134.33	127.52	256.35	453.85	870.12
<i>Growth</i>		-5.07%	101.03%	77.04%	91.72%
Gross profit	40.11	39.92	76.65	151.76	222.1
<i>Growth</i>		-0.47%	92.01%	97.99%	46.35%
Selling & Administrative Expense	26.35	20.45	44.75	67.39	66.82
<i>Growth</i>		-22.39%	118.83%	50.59%	-0.85%
Operating Profit	13.76	19.46	31.91	84.37	155.29
<i>Growth</i>		41.42%	63.98%	164.40%	84.06%
Net Profit	2.43	2.51	4.51	22.41	28.43
<i>Growth</i>		3.29%	79.68%	396.90%	26.86%
Total Assets	835.02	1129.12	1284.83	1708.39	1665.58
<i>Growth</i>		35.22%	13.79%	32.97%	-2.51%
Net Assets	312.78	312.84	466.75	455.92	483.34
<i>Growth</i>		0.02%	49.20%	-2.32%	6.01%
NAV per share (Considering 28,000,000 ordinary shares)	11.17	11.17	16.67	16.28	17.26
<i>Growth</i>		0.02%	49.20%	-2.32%	6.01%
EPS (Considering 28,000,000 ordinary shares)	0.09	0.09	0.16	0.80	1.02
<i>Growth</i>		3.29%	79.68%	396.90%	26.86%
EPS (restated) post IPO	0.05	0.06	0.10	0.50	0.63

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	30.06.08
Shareholders Equity	312.78	312.84	466.75	455.92	483.34
No. of Shares	4400000	4400000	20000000	20000000	28000000
ROE	0.78%	0.80%	0.97%	4.92%	5.88%
ROA	0.29%	0.22%	0.35%	1.31%	1.71%
Net Profit Margin	1.39%	1.50%	1.35%	3.70%	2.60%
Asset Utilization	20.89%	14.83%	25.92%	35.45%	65.58%
Equity Multiplier	2.67	3.61	2.75	3.75	3.45
Short-term Debt	129.54	229.61	299.01	676.99	521.07
Long-term Debt	392.70	586.68	519.06	575.47	661.17
Total Debt	522.24	816.29	818.07	1252.46	1182.24
Total Debt to Total Asset	62.54%	72.29%	63.67%	73.31%	70.98%
STD to Total Capital	15.51%	20.34%	23.27%	39.63%	31.28%
LTD to Total Capital	47.03%	51.96%	40.40%	33.68%	39.70%
Interest Expense	8.91	15.21	24.06	56.78	118.18
EBIT	13.57	19.32	31.57	83.15	154.85
Time Interest Earned Ratio	1.52	1.27	1.31	1.46	1.31

Net Tangible Asset per Share:

(As per Audited Accounts as on 30.06.08)

Particulars	Amount in Taka
Current Assets:	
Inventories	401,584,050
Trade & other receivable	229,410,082
Advance, deposits & prepayments	66,369,482
Cash & Bank balance	8,853,673
	706,217,287
Non-current Assets:	
Fixed Assets (at cost less depreciation)	959,312,183
Investment in shares	50,000
	959,362,183
Total Assets (A)	1,665,579,470
Current Liabilities	521,066,634
Non-current Liabilities	661,173,351
Total Liabilities (B)	1,182,239,985
Net Tangible Assets (A-B)	483,339,485
No. of ordinary shares	23,000,000
Net Tangible Assets per shares	21.01

Use of proceeds:

The proceeds of the shares from the public offering (IPO) will be used for the following reasons:

SL. No.	Particulars	Taka
1	Acquisition of plant and machineries	124,325,000.00
2	Working capital	40,000,000.00
3	Expenses for IPO	5,675,000.00
	Total	170,000,000.00

Description of Fixed Assets:

(As per Audited Accounts as on 30.06.08)

Name of the Assets	Acquisition cost	(Amount in Taka)	
		Written	down
		value	
Land & Development	179,842,477	179,842,477	
Factory Building & Other Construction	153,790,812	140,731,027	
Sales Center Development	4,891,081	3,016,734	
Plant & Machinery	739,214,058	564,233,856	
Electrical Instrument	4,045,822	2,154,991	
Laboratory Equipment	6,360,805	4,531,575	
Workshop Equipment	6,257,600	2,693,691	
Office Equipment	5,897,005	3,637,451	
Furniture & Fixture	2,316,114	1,818,141	
Website Development	78,500	28,590	
Vehicles	76,122	3,142	
Air conditioner & Compressor	2,760,276	1,305,679	
Gas Line	3,187,228	2,316,635	
Generator	46,707,922	36,105,404	
Telecommunication Equip.	617,106	216,521	
Sundry Assets	1,482,693	843,643	
Capital Work-in- Process	15,832,627	15,832,627	
Total	1,173,358,247	959,312,183	

Risk factors and management perceptions about the risks

Any investment always associates with risks. Among those risks some can be averted, others are beyond control, which may causes of loss. Before making any investment decision, Investors should take the risks factors into consideration. Major such factors are described in brief as under:

Interest rate risk

Interest / financial charges are paid against any kind of borrowed fund. Volatility in money market and increased demand for loan presses on interest rate structure to be fixed in high. Rising of interest rate increases the cost of fund for a company, which have borrowed fund and consequently profit is squeezed.

Management view

The management of the company is always aware of interest rate, which is concerned to the cost of fund of the company. The management prefers in procuring of the long- term fund with minimum fixed interest rate and the short term fund with reasonable competitive rate. On the other hand management of the company is emphasizing on equity based financing.

Exchange rate risk

The company is 80% export oriented. The products of the company are sold against foreign currency and payments for raw material are also made in foreign currency. If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On other hand if exchange rate goes down margin is squeezed in local currency.

Management view

The exchange rate of the country I traditionally witnessed of upward trends, which makes ample opportunity of export. On the other hand, management perceives revaluation of local currency i.e. down trend of exchange rate will have little impact on profitability of the company.

Industry risk

Textile is the largest industrial sub-sector in Bangladesh. It contributes highest in the country's total export earnings, gives employment to over four million people meets the second basic need for clothing of the country and contributes around 50% of the industrial value addition. But, after phasing out of the MFA, the global textile trade is now free

from quota restriction. The phasing out of MFA has created a tough competitive environment, where Bangladesh is now competing with the countries like China, India, Pakistan, Indonesia, and Thailand, Vietnam etc. Countries those are very strong in production of textile goods.

Management view

The textile industry has successfully coped with the post MFA competitive situation. The force, which is helping the sector for its strong existence, is emergence of backward linkage industry. Backward linkage industries are supporting for minimizing lead-time and cost of production.

Market technology related risk:

Market risk

Among the functional areas in a textile company, marketing exerts the sheer part of the importance. Proper implementation of the marketing tools as well as identifying new clients will ensure the success of the project. The continuous changes on preference in the yarn market force the company to catch the trend. For which the company has to produce goods for international demand.

Management view

The company set its focus only exports market through inland back-to-back letter of credits. The management is trying to sell through direct contact with the customers in the selected regions understanding their needs. The company also has established relationship with potential buyers across the world and expects to find market for its capacity despite competition prevailing in the sector,. Further, the commercial banks and financial institutions provide a thrust in the textile sector as they provide credit facilities to textile industries to acquire the yarn for their final products.

Technology Related Risk

The production facilities of textile sectors are based on high tech machineries. So any invention of new and more cost effective technology may cause functional obsolescence resulting in further substantial capital investment.

Management view

The Dacca Dying and Manufacturing Company Ltd. are equipped with the most modern technological change has taken place in this industry so far. Furthermore according to feasibility study report as well as in practice this projects earning capacity is satisfactory and pay back period is short. So investment in the machineries will be removed before any major technological change becomes commercially effective. In addition the project is capable to absorb any small technological changes.

Potential of existing government regulations

The Company operates under companies' act, taxation policy by NBR, Security and Exchange Commission (SEC)'s rules and rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the company adversely.

Management view

Unless any adverse policies are taken, which may materially affect the industry as a whole; the business of the company will not be affected. Government emphasizes on the growth of textile industry to boost up the export of home textile goods. Yet the promoters and the sponsors have endeavor to convince the policy makers for adopting favorable terms and conditions, which will eventually help the home textile manufacturers of Bangladesh to compete with the low cost locations in the global arena.

Potential changes in global or national policies

The performance of the company may be, affected by the political and economical instability both in Bangladesh and worldwide .Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Management view

The Company can prosper in a situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and so also for us.

Operational Risks

Shortage of power supply, labor unrest unavailability or price increase of raw material natural calamities like flood, cyclone, earth quack etc. may disrupt the production of the company and adversely impact the profitability of the company.

Management view

The company as well as the benefit package will restrain the employs to leave their assignment and go for any employee movement for higher benefit packages. The project of the company is situated at a high land where less record of flood. The factory building has strong RCC foundation RCC floor, pre- fabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through insurance. The company is also facilitated to keep a rational reserve for any future price escalation of the raw materials.