

The Dacca Dyeing & Manufacturing Limited.

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

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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
IPO	17,000,000	10	170,000,000
Paid up capital after IPO	45,000,000	10	450,000,000

*Note: The company has reported that it has obtained permission for Rights issue from SEC on 09.04.08 for Tk. 5.00 crore (@ 4.6:1R). Subscription date of Rights offer has been fixed from 15.05.08 to 03.06.08.

Board of Directors

Name of Director	Designation	Involvement in other organization
Mr. Saifuddin Qader 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 Qader 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 Qader Chowdhury	Director	Director, The Dacca Yarn Dyeing Ltd. & QC Petroleum Ltd
Mr. Jamaluddin Qader 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 Qader 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.
Mrs. Nazli Shamima Firdous Nominated by Agrani Bank	Do	Nil

Performance at a glance:

(Figures in million Taka)

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	01.07.07 to 31.12.07 for 6 Months	Annualized
Turn Over (Sales)	174.45	167.43	333.00	605.61	453.37	906.74
<i>Growth</i>		-4.02%	98.89%	81.86%		49.72%
Cost of goods sold	134.33	127.52	256.35	453.85	352.27	704.54
<i>Growth</i>		-101.03%	-77.04%	22.38%		55.24%
Gross profit	40.11	39.92	76.65	151.76	101.12	202.24
<i>Growth</i>		-0.47%	92.01%	97.99%		33.26%
Selling & Administrative Expense	26.35	20.45	44.75	67.39	26.25	52.50
<i>Growth</i>		-22.39%	118.83%	50.59%		-22.10%
Operating Profit	13.80	19.52	31.95	84.46	74.99	149.98
<i>Growth</i>		41.45%	63.68%	164.35%		77.58%
Net Profit	2.43	2.51	4.51	22.41	16.12	32.24
<i>Growth</i>		3.29%	79.68%	396.90%		43.86%

Particulars	30.06.04	30.06.05	30.06.06	30.06.07	01.07.07 to 31.12.07 for 6 Months	Annual ized
Total Assets	835.02	1129.12	1284.83	1708.39	1608.74	
<i>Growth</i>		35.22%	13.79%	32.97%	-5.83%	
Net Assets	312.78	312.84	466.75	455.92	458.93	
<i>Growth</i>		0.02%	49.20%	-2.32%	0.66%	
NAV per share (Diluted)	13.60	13.60	20.29	19.82	19.95	
<i>Growth</i>		0.02%	49.20%	-2.32%	0.66%	
EPS (Diluted considering Bonus & Right Share)	0.11	0.11	0.20	0.80	0.58	1.15
<i>Growth</i>		3.29%	79.68%	308.16%		
Diluted EPS (considering post IPO paid-up capital including bonus & right share)				0.50	0.36	0.72

Shareholders Equity	312.78	312.84	466.75	455.92	458.93	
No. of Shares	4400000	4400000	20000000	20000000	23000000	
ROE	0.78%	0.830%	0.97%	4.92%	3.51%	7.03%
ROA	0.29%	0.22%	0.35%	1.31%	1.00%	2.00%
Net Profit Margin	1.39%	1.50%	1.35%	3.70%	3.56%	3.56%
Asset Utilization	20.89%	14.83%	25.92%	35.45%	28.18%	
Equity Multiplier	2.67	3.61	2.75	3.75	3.51	
Short-term Debt	129.54	229.61	299.01	676.99	530.33	
Long-term Debt	392.70	586.68	519.06	575.47	619.47	
Total Debt	522.24	816.29	818.07	1252.46	1149.8	
Total Debt to Total Asset	62.54%	72.29%	63.67%	73.31%	71.47%	
STD to Total Capital	15.51%	20.34%	23.27%	39.63%	32.97%	
LTD to Total Capital	47.03%	51.96%	40.40%	33.68%	38.51%	
Interest Expense	8.91	15.21	24.06	56.78	55.08	110.16
EBIT	13.57	19.32	31.57	83.15	74.04	148.08
Time Interest Earned Ratio	1.52	1.27	1.31	1.46	1.34	1.34
Current Assets	141.59	217.52	300.84	704.09	625.12	
Current Liabilities	129.54	229.61	299.01	676.99	530.33	
Current Ratio	1.09	0.95	1.01	1.04	1.18	
Quick Ratio	0.21	0.26	0.34	0.51	0.32	

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 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 coed 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 employees 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.

Use of Proceeds:

The main objective of proceeds from the initial public offering is to procure and equipment s for the weaving of the company.