

Issue Manager: AFC CAPITAL LIMITED

Subscription Open: December 11, 2016

Subscription Close: December 19, 2016

Company Profile:

- **Incorporation:** March 20, 2003
- **Commercial Operation:** April 01, 2007
- **Reporting Period:** Jan-Dec
- **Subsidiary and/ or Associate :** None
- **Total Employees:** 417
- **Nature of the Business:** The primary activities of the company are concentrated in manufacturing, dyeing, weaving & finishing of 100% export oriented denim fabrics and exporting the same. Core revenue of the company is generated from deemed export through export oriented local RMG against back to back LC.

Table 1: Utilization of IPO Proceeds

Details	Amount (BDT mn)	% of total
Business Expansion	479.38	63.9%
Partial Loan Pay off	250	33.3%
IPO Expenses	20.62	2.7%
Total	750.00	100.0%

Source: SSL Research & Company Prospectus

- **Export Market Share:** Pacific Denims Limited currently has 3.75% of total market share, while the company expects to enhance it further to 5.50% following utilization of IPO proceeds.
- **Major Buyers:** George, Polo, Next, Tesco, Mexx, Tommy, Lee Hang Fat, Gemo, Aldi, Kik, Adams, Woolworth, Gueldenpfennig .
- **Revenue Contribution:** The Company operates in a single product line; production of "denim fabrics" with various specifications, compositions, color and qualities. Therefore, 100% revenue generated for the Company is contributed by its only product denim fabrics.
- **Capacity:** Total installed capacity of the company stood at 18.45 million yards at the end of 2015, while actual production totaled to 14.76 million yards. Capacity utilization has been hovering around 80% over the last three years.
- **Management:** Pacific Denims Ltd is a family based company and a concern of Pacific group. Mr. Md. Shafiul Azam is the Managing Director of Pacific Denims Ltd. His post-IPO shareholding will be 14.5%. Mr. Md. Shadequul Alam, younger brother of Mr. Md. Shafiul Azam is the Chairman of Pacific Denims Limited. His post-IPO shareholding will be 8.40%.

Table 2: Key IPO Information

Face Value per share (BDT)	10
Offer Price per share (BDT)	10
Lot Size (No. of shares)	500
Lot Size (in BDT)	5,000
Authorized Capital (BDT mn)	1,200
Pre- IPO Paid-up Capital (BDT mn)	380
IPO Size (No. of shares in mn)	75
IPO Size (BDT mn)	750
Post- IPO Paid-up Capital (BDT mn)	1,130

Table 3: Income Statement Summary (BDT mn)

Details	Jun'16 (H/Y)	2015	2014	2013	2012
Revenue	927.5	1,682.5	1,604.8	1,569.6	1,543.3
<i>Growth</i>	5.58%	4.84%	2.24%	1.71%	9.44%
Gross Profit	148.31	268.15	248.75	242.94	238.86
Operating Profit	64.70	118.16	114.12	110.42	107.81
Net Profit	54.79	99.99	96.82	93.86	91.64
<i>Growth</i>	3.44%	3.27%	3.16%	2.42%	20.60%
Diluted EPS (Pre- IPO)	1.44	2.63	2.55	2.47	2.41
Diluted EPS (Post- IPO)	0.48	0.88	0.86	0.83	0.81

Table 4: Balance Sheet Summary (BDT mn)

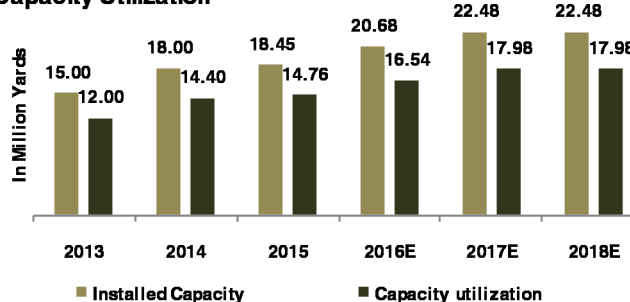
Details	30 Jun'16	31 Dec'15	31 Dec'14	31 Dec'13	31 Dec'12
Total Asset	2,129.51	1,208.5	1,088.9	1,008.7	734.4
Shareholder's Equity	1,059.08	1,004.3	904.3	915.3	821.4
Cash & Cash Equivalent	5.77	21.5	3.4	3.8	11.5
Total Liabilities	1,070.43	1,064.7	1,033.0	962.2	838.7
Paid-up Capital	380.0	380.0	380.0	380.0	380.0

Table 5: Key Financial Metrics

Details	30 Jun'16	31 Dec'15	31 Dec'14	31 Dec'13	31 Dec'12
Gross Profit Margin	15.99%	15.94%	15.50%	15.48%	15.48%
Operating Profit Margin	14.42%	14.37%	13.93%	13.92%	14.18%
Net Profit Margin	5.91%	5.94%	6.03%	5.98%	5.94%
Return on Asset (ROA)	-	4.99%	5.08%	5.31%	5.75%
Return on Equity (ROE)	-	10.48%	10.64%	10.81%	11.81%

Source: SSL Research & Company Prospectus

Capacity Utilization



Source: SSL Research & Company Prospectus

Table 6 Shareholding Structure

Category of Shareholders	No. of Ordinary Shares Held		% of holding	
	Pre IPO	Post IPO	Pre IPO	Post IPO
Sponsors & Directors	35,000,000	35,000,000	92.11%	30.97%
Institutional	-	30,000,000	0.00%	26.55%
Mutual fund	-	7,500,000	0.00%	6.64%
Individual	3,000,000	33,000,000	7.89%	29.20%
Non-Resident Bangladeshis (NRBs)	-	7,500,000	0.00%	6.64%
Total	38,000,000	113,000,000	100.00%	100.00%

Source: SSL Research & Company Prospectus

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