

March 2016

IPO Review on Dragon Sweater and Spinning Limited (DSSL)

Issue Manager: Swadesh Investment Management Limited

Subscription Open: January 07, 2016

Subscription Close: January 26, 2016

Trading Debut: March 23, 2016

DSE and CSE trade code: DSSL

Company Profile:

- **Incorporation:** August 23, 2000
- **Reporting Period:** July– June
- **Nature of the Business:** It is a 100% composite export oriented spinning and sweater manufacturing company.
- **Clients:** Wal– Mart, C&A, Zara, Macys, K– Mart, Lidel, Next, Buffalo, Primark etc.

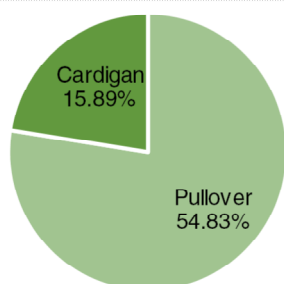
Utilization of IPO Proceeds

Details	% of total	BDT mn
Imported Machinery	39.6%	158.20
Building & other civil construction	45.8%	183.12
Spare parts & installation cost	2.8%	11.34
Working capital	7.4%	29.74
IPO cost	4.4%	17.60
Total	100.0%	400.00

3 months (Jul-Sep)	2014	2015
NPAT (BDT mn)	29.5	32.57
Pre- IPO EPS (BDT)	0.49	0.54
Post- IPO EPS (BDT)	0.30	0.33
Growth		11.9%

9 months (Jan-Sep)	2014	2015
NPAT (BDT mn)	66.51	80.16
Pre- IPO EPS	1.11	1.34
Post- IPO EPS	0.67	0.80
Growth		20.3%

Chart 1: Sales breakdown, 2014



Source: Company

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)	5000
Authorized Capital (BDT mn)	1,500
Pre- IPO Paid-up Capital (BDT mn)	600
IPO Size (No. of shares in mn)	40
IPO Size (BDT mn)	400
Post- IPO Paid-up Capital (BDT mn)	1,000

Income Statement Summary (BDT mn)

Details	2011	2012	2013	2014
Revenue	639.12	689.43	758.93	766.82
Growth	19.37%	7.87%	10.08%	1.04%
Gross Profit	179.17	191.43	203.34	208.16
Operating Profit	118.66	135.46	142.80	147.67
Net Profit	63.63	80.19	86.78	89.08
Growth	153.12%	26.03%	8.22%	2.65%
Diluted EPS (Pre-IPO)	1.06	1.34	1.45	1.48
Diluted EPS (Post-IPO)	0.64	0.80	0.87	0.89

Balance Sheet Summary (BDT mn)

Details	2011	2012	2013	2014
Total Asset	1241.22	1371.80	1648.70	1624.83
Shareholder's Equity	677.16	757.35	1044.13	1127.49
Cash & Cash Equivalent	15.57	15.74	158.85	190.64
Total Debt	529.27	584.21	568.36	451.40
Paid- up Capital	287.16	287.16	600.00	600.00
Revaluation Reserve	317.56	275.94	239.97	208.85
NAVPS (BDT)	11.29	12.62	17.40	18.79

Key Financial Metrics

Details	2011	2012	2013	2014
Gross Profit Margin	28.03%	27.77%	26.79%	27.15%
Operating Profit Margin	18.57%	19.65%	18.82%	19.26%
Net Profit Margin	9.96%	11.63%	11.43%	11.62%
RoA	5.16%	6.14%	5.75%	5.44%
RoE	9.86%	11.18%	9.63%	8.20%
Debt to Equity	0.78	0.77	0.54	0.40

Particulars	Capacity Utilization
Sweater	97.26%
Spinning	79.96%

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